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(Exceeds 300 pages)

Proceeding/Serial No: 91164764

Filed: 12-15-2008

Title: Memorandum in Opposition to Applicant's Motion for Partial Summary Judgment to Dismiss Opposer's Claim of Dilution

Part 1 of 2

Document contains Appendix S (Book: The Romance of Moving Money: Brink's Inc.).

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TTAB

Docket No. 05666.0002

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

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BRINK'S NETWORK, INCORPORATED	)	
	)	
Opposer	)	
	)	
v.	)	Opposition No. 91164764
	)	
THE BRINKMANN CORPORATION	)	
	)	
Applicant	)	

MEMORANDUM IN OPPOSITION TO APPLICANT'S MOTION FOR PARTIAL SUMMARY JUDGMENT TO DISMISS OPPOSER'S CLAIM OF DILUTION

I. INTRODUCTION

This matter is before the Board on Applicant's Motion for Partial Summary Judgment to Dismiss Opposer's Claim of Dilution (hereinafter "Applicant's partial summary judgment motion"). In its motion, Applicant asserts that Opposer's dilution claim is precluded on grounds that relate both to the merits of that claim and Applicant's affirmative defense of laches.

As discussed more fully below, Applicant is not entitled to the relief sought by its motion for two fundamental reasons: (1) there are genuine issues of material fact relating to key elements of the dilution claim, and (2) Applicant is not entitled to judgment as a matter of law sustaining its laches defense to Opposer's dilution claim.

II. PROCEDURAL BACKGROUND OF APPLICANT'S PARTIAL SUMMARY JUDGMENT MOTION

On January 17, 2003, Applicant filed the opposed application to register the trademark BRINKMANN for a variety of goods including "home security systems and components therefor, namely, motion sensitive home security lights, detectors, receivers, transmitters, adapters and wall mount brackets" (hereinafter "home security systems and components therefor") in International Class 9.[1] After obtaining several extensions of the opposition period, Opposer timely filed a Notice of Opposition on April 1, 2005, directed solely to home security systems and components therefor".[2]

This opposition is based on Opposer's prior use and registration of the marks BRINK'S and BRINK'S HOME SECURITY, alone and in combination with designs, for residential and commercial security systems and related residential and commercial security alarm and monitoring services, among other goods and services. The grounds for opposition asserted in the Notice of Opposition are

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[1] Although the opposed application provides a June 12, 1978 date of first use for all goods in International Class 9 including home security systems and components therefor, ¶ 13 of Applicant's Answer admits that the June 12, 1978 date of first use "is not applicable to its home security systems and components (as properly defined)." Applicant has admitted that the actual date of first use of the mark BRINKMANN for home security systems and components therefor is October 1989. *See* Declaration of J. Baxter Brinkmann Under 37 C.F.R. § 2.20 submitted in support of Applicant's Partial Summary Judgment Motion, ¶ 10. It should be noted in this regard that the "security" products described in ¶ 7 of the Brinkmann Declaration and shown in Exhibit 4 thereto which purportedly were sold as early as 1975, are products for "security" officers (policemen, state troopers and other security personnel), not products used by a home owner to enhance the security of his or her residence.

[2] The specific goods in question were clarified in the Board's Order entered on June 28, 2005.

likelihood of confusion and likelihood of dilution under §§ 2(d) and 43(c) of the Federal Trademark Act, respectively.

Applicant's Answer, filed on May 16, 2005, asserted as an affirmative defense that Opposer "is precluded by the doctrine of laches from opposing Applicant Brinkmann's U.S. trademark application serial No. 76/483,115." (Answer, ¶ 26.) That defense presumably is directed to both the §§ 2(d) and 43(c) grounds for opposition.

On August 12, 2008, Opposer filed a Motion for Partial Summary Judgment Dismissing Applicant's Laches Defense (hereinafter "Opposer's partial summary judgment motion") which resulted in the entry of an Order on August 19, 2008, pursuant to Rule 2.127(d) of the Trademark Rules of Practice that suspended proceedings pending a decision on Opposer's partial summary judgment motion.

On or about September 23, 2008, Applicant filed the partial summary judgment motion directed to Opposer's dilution claim which is now before the Board. Applicant's partial summary judgment motion ostensibly is predicated on the assertion that "Opposer's allegation of dilution under Section 43(c) fails as a matter of law *because, on the undisputed record, Opposer is guilty of laches*." (Applicant's Partial Summary Judgment Motion, p. 1; emphasis added.) However, as discussed below, Applicant's partial summary judgment motion is directed both to the merits of Opposer's dilution claim and the affirmative defense of laches.

III. ARGUMENT

As demonstrated below, the grant of partial summary judgment dismissing Opposer's dilution claim is precluded by the existence of genuine issues of material fact and because Applicant is not entitled to judgment as a matter of law dismissing the dilution claim either on the merits of that claim or based on the laches defense.[3]

A. THE GRANT OF PARTIAL SUMMARY JUDGMENT DISMISSING OPPOSER'S DILUTION CLAIM IS PRECLUDED BY GENUINE ISSUES OF MATERIAL FACT

Applicant's partial summary judgment motion is focused exclusively on the following elements of Opposer's § 43(c) dilution claim: (1) the opposer's mark is famous; and (2) the opposer's mark became famous prior to the use of the applicant's mark. Specifically, Applicant argues that Opposer's dilution claim is "fatally flawed" because Opposer cannot demonstrate that the marks pleaded in the

[3] There is an inherent conflict between the two portions of Applicant's summary judgment motion – namely, arguing that Opposer's dilution claim is unfounded, on one hand, and that the same claim is barred by laches, on the other. Although Applicant's answer correctly characterizes laches as an affirmative defense, its partial summary judgment motion fails to take into account the basic legal proposition that an affirmative defense, by definition, admits the elements of the plaintiff's *prima facie* case, but seeks to avoid the imposition of liability based on facts that are <u>outside</u> the scope of that *prima facie* case. *See, e.g.,* Wright & Miller, *Federal Practice and Procedure,* § 1270 n. 2; *Ford Motor Co. v. Transport Indemnity Co.*, 795 F.2d 538, 546 (6th Cir.1986) (an affirmative defense raises matters extraneous to the plaintiff's *prima facie* case); *Gwin v. Curry,* 161 F.R.D. 70, 71 (N.D. Ill. 1995) (an affirmative defense accepts rather than contradicts the well-pleaded allegations in the complaint); *Federal Deposit Ins. Corp. v. Hurdman,* 655 F. Supp. 259, 262 (E.D. Cal. 1987) (affirmative defenses plead matters extraneous to the plaintiff's *prima facie* case which deny the plaintiff's right to recover even if the allegations of the complaint are true). Thus, in the context of a laches defense in an opposition proceeding, the applicant admits, for purpose of that defense, that the opposer has established a *prima facie* case with respect to the grounds for opposition (*e.g.,* confusion and/or dilution is likely), but maintains that the relief sought is precluded based on facts outside the grounds for opposition; namely, that the opposer has unreasonably delayed in contesting registration of the mark in question. Applicant's partial summary judgment motion is directed both to the merits of Opposer's dilution claim and Applicant's laches defense. These two grounds for partial summary judgment are inherently in conflict because, as noted above, the affirmative defense of laches admits the *prima facie* elements of Opposer's claim. While Applicant may seek to explain away the fundamental inconsistency in its positions by taking refuge in the concept of pleading alternative grounds for relief or defenses as contemplated by Rule 8(a) Fed. R. Civ. P., nowhere does Applicant's alternative summary judgment motion articulate such a position.

Notice of Opposition have become famous and that those marks attained famous status prior to Applicant's first use of the mark BRINKMANN for any goods. (Applicant's Partial Summary Judgment Motion, pp. 2 and 13-14.)[4]

As Opposer bears the burden of proof on its dilution claim, Applicant in seeking summary judgment dismissing that claim has the initial burden to demonstrate the absence of any evidence supporting the challenged elements of that claim. *See e.g., Celotex Corp. v. Catrett*, 477 U.S. 317, 325 (1986). In attempting to meet that burden, Applicant relies solely on the fact that the dates of first use of the marks BRINK'S and BRINK'S HOME SECURITY recited in several of the pleaded registrations of those mark are subsequent to the purported first use of the mark BRINKMANN in 1978. Applicant acknowledges the 1912 date of first use stated in Opposer's Registration Nos. 529,622 and 1,309,375, but asserts that Opposer's "bare bones response" to Applicant's Interrogatory No. 25 fails to disclose any facts that would demonstrate the acquisition of fame prior to 1975 [sic: 1978]. Applicant's reliance on Opposer's answer to Interrogatory No. 25 is fundamentally misplaced because that interrogatory seeks the factual bases for the allegation in ¶ 9 of the Notice of Opposition that Opposer's mark BRINK'S "had become exceedingly well-known and a famous mark . . . long prior to the *filing date of the opposed application*." (Emphasis added.) The answer to Interrogatory No. 25 accordingly focuses on factual information relating to use of the mark BRINK'S prior to the

[4] Although Applicant's partial summary judgment motion (pp. 12-13) lists the factors to be considered in determining whether dilution is likely, the only grounds for the relief sought are the assertions that Opposer cannot demonstrate prior fame and that Opposer's dilution claim is barred by laches. Applicant's partial summary judgment motion does not seek relief based on the likelihood of dilution element of Opposer's § 43(c) dilution claim.

January 17, 2003 filing date of the opposed application. As the critical date selected by Applicant in drafting Interrogatory No. 25 is January 17 2003, Applicant cannot rely on Opposer's answer to that interrogatory to argue that there is no genuine issue of material fact with respect to the acquisition of fame prior to 1978.

Opposer respectfully submits that Applicant has not discharged its initial burden under Rule 56. But even if Applicant had met that requirement, Opposer has presented sufficient evidence in opposition to the present motion to permit a reasonable fact finder to decide the issues in question in Opposer's favor. That evidence must be viewed in the light most favorable to Opposer with all reasonable inferences from such evidence being drawn in Opposer's favor. *E.g., Opryland USA Inc. v. Great American Music Show, Inc.*, 970 F.2d 847 (Fed. Cir. 1992); *Avia Group International, Inc. v. L.A. Gear California, Inc.,* 853 F.2d 1557 (Fed. Cir. 1988); *University Book Store v. University of Wisconsin Board of Regents*, 33 USPQ2d (TTAB 1994); *Fram Trak Industries Inc. v. WireTracks LLC,* 11 USPQ2d 1284 (TTAB 1989).

As discussed below, Opposer's showing establishes at a minimum that there are genuine issues of material fact with respect to the fame elements of Opposer's dilution claim. Such evidence precludes the grant of summary judgment dismissing that claim. *See Opryland USA, Inc. v. Great American Music Show, Inc.,* 970 F.2d 847 (Fed. Cir. 1992); *Flatley v. Trump, supra.*

1. <u>Fame Element</u>

As part of its case-in-chief, Opposer has produced and is relying on a survey entitled "Consumer Perceptions of Brinkmann" conducted in December 2005 by Dr. Michael A. Rappeport, of RL Associates. A true copy of the survey report, which was previously served on Applicant,[5] is attached as Appendix A to the Declaration of Dr. Michael A. Rappeport filed concurrently herewith (hereinafter the "Rappeport Dec.").

The purpose of the survey is to determine whether Applicant's use of the trademark BRINKMANN in connection with home security products is likely to cause confusion with respect to the source or sponsorship of such goods. (Rappeport Dec., ¶ (4)). That survey disclosed that 35% of the respondents were likely to be confused as to the source or sponsorship of the home security products sold by Applicant under the mark BRINKMANN. (*Id.,* App. A, p. 10.)

It is Dr. Rappeport's opinion that the results of the survey also establish that the mark BRINK'S is famous for dilution purposes. (*Id.,* ¶ (9).) Specifically, the survey disclosed that 79% of the respondents who had heard of the name BRINKS stated on an unaided basis that they identified that name with armored security trucks and/or home security services. (*Id.,* ¶¶ (6) and (7).) According to Dr. Rappeport, the recognition of a name on an unaided basis by 78% or 79% of the general public meets the standard for a mark to be famous. (*Id.,* ¶ (8).) That conclusion is supported by Board decisions that relied on survey results showing very similar levels of unaided awareness of a particular mark by consumers as establishing that a mark is famous for § 43(c) purposes. *7-Eleven Inc. v. Wechsler,* 83 USPQ2d 1715, 1727-1728 (TTAB 2007) (73% awareness sufficient to establish fame); *NASDAQ Stock Market Inc. v. Antartica S.r.l.,* 69 USPQ2d 1718, 1736-1737 (TTAB 1998) (80% awareness sufficient to establish fame).

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[5] A true copy of the survey report was served on Applicant on December 20, 2005.

Dr. Rappeport's opinion also is supported by the extensive use of the mark BRINK'S and variations thereof since 1912 discussed below. The record accordingly contains admissible evidence that refutes Applicant's mere contention -- totally unsupported by any evidence -- that the mark BRINK'S is not famous for § 43(c) purposes. The record evidence at a minimum creates a genuine issue of material fact with respect to the fame of the mark BRINK'S which precludes the grant of summary judgment dismissing Opposer's dilution claim.

2. Timing of Acquisition of Fame Element

The record submitted by Opposer in opposition to the present motion provides a strong evidentiary basis for the conclusion that the mark BRINK'S acquired fame prior to the first use of BRINKMANN in connection with any goods in 1978. The Declaration of David R. Kapella and attached evidentiary materials, which are submitted concurrently herewith, establish the widespread usage and strong, exclusive association of the mark BRINK'S with Opposer's predecessor companies on the part of the general population of the United States in the years prior to 1978. The evidence includes the substantial sales of BRINK's services and the nationwide presence of Brink's during the years in question as well as extensive publicity in key media including *Life* and *Collier's* magazines, newspapers and films. Circumstantial evidence of this type has been relied on by the Courts to support an inference that a mark has become famous. *See, e.g., Thane International, Inc. v. Trek Bicycle Corp.,* 305 F.3d 894 (9th Cir. 2002) (press accounts establishing popularity and recognition of brand); *Victoria's Cyber Secret L.P. v. V Secret Catalogue, Inc.,* 161 F. Supp.2d 1339 (S.D. Fla. 2001) (evidence of extensive sales); *Mattel, Inc. v. Internet Dimensions, Inc.,* 55 USPQ2d 1620 (S.D.N.Y. 2000) (evidence of use of mark in print advertisements).

3. Opposer Has Demonstrated the Existence of Genuine Issues of Material Fact as to the Fame Elements of its Dilution Claim

The present motion is predicated on Applicant's position that Opposer cannot produce any evidence establishing the challenged fame elements of its dilution claim. That position is fundamentally contradicted by the Rappeport and Kapella Declarations which demonstrate, at a minimum, that there is a genuine evidentiary conflict as to the fame elements in dispute, particularly in light of the established principle that all reasonable inferences and doubts drawn from the record must be resolved in favor of the non-moving party. *E.g., Opryland USA Inc. v. Great American Music Show, Inc., supra; Avia Group International, Inc. v. L.A. Gear California, Inc., supra*; *University Book Store v. University of Wisconsin Board of Regents, supra*; *Fram Trak Industries Inc. v. WireTracks LLC, supra.*

While Applicant may present arguments attacking the Declarations in question, Opposer respectfully suggests that Board should reject the introduction of any new evidence through Applicant's reply brief given the fact that Opposer will not have an opportunity to respond to such new evidence. *See Remos v. Feierman*, 2001 WL 388787, at *8 (TTAB 2001) (not citable as precedent) (denying applicant's request for an adverse inference where the request was raised by the applicant for the first time in her reply brief, because the opposer had no opportunity to respond to the merits of the applicant's request).

B. APPLICANT'S MOTION DOES NOT ADDRESS THE CRITICAL ISSUE OF WHEN DILUTION BECAME A COGNIZABLE BASIS FOR CONTESTING REGISTRATION IN AN *INTER PARTES* PROCEEDING

Applicant argues that "Opposer's allegation of dilution under Section 43(c) of the Trademark Act fails as a matter of law because, based on the undisputed record, Opposer is guilty of laches." (Applicant's Partial Summary Judgment Motion, p. 1.)

Applicant proceeds to make a detailed argument in support of that assertion, relying essentially on two earlier-issued registrations of marks containing the word BRINKMANN, neither of which cover home security systems and components therefor, which Opposer has not contested on dilution grounds. Specifically, Applicant argues that Opposer can be charged with laches because it never challenged Registration No. 1,153,730 of the mark BRINKMANN or Registration No. 2,779,986 of the mark BRINKMANN BACKYARD KITCHEN -- or the use of those marks for the goods described in those registrations -- on dilution grounds. (*Id.*, 18-20.) For the reasons discussed below, that argument is fundamentally flawed.

Turning first to the question of use, the fact that Opposer has not challenged Applicant's use of the two marks in question on dilution grounds has no relevance in the present context. The Board's jurisdictional power extends only to adjudicating issues of trademark registration, not use. *See e.g., Big Blue Products, Inc. v. International Business Machines Corp.,* 19 USPQ2d 1072, 1075 (TTAB 1991). Accordingly, the fact that Opposer never challenged Applicant's <u>use</u> of the marks BRINKMANN and/or BRINKMANN BACKYARD KITCHEN for any of the goods described in Registration Nos. 1,153,730 and 2,779,986, respectively, on dilution grounds is meaningless in a laches context in an *inter partes* registration proceeding. As clearly noted in *National Cable Television Ass'n, Inc. v. American Cinema Editors, Inc.,* 937 F.2d 1572, 1581 (Fed. Cir. 1991), laches in an opposition or cancellation proceeding is not determined under a standard based on the time running from knowledge of <u>use</u>; rather, delay is measured from the first time when an objection could be made to <u>registration</u> of the mark in question, namely, when an application is published for opposition. *Accord, Lincoln Logs Ltd. v. Lincoln Pre-Cut Log Homes, Inc.,* 971 F.3d 732, 734 (Fed. Cir. 1992) (in a trademark opposition or cancellation proceeding, the laches defense is tied to a party's registration of a mark, not to a party's use of the mark); *Ohio State University v. Ohio University,* 51 USPQ2d 1289, 1295 (TTAB 1999); *DAK Industries, Inc. v. Daiichi Kosho Co.,* 25 USPQ2d 1622, 1624 (TTAB 1992).

Thus, the proper focus of Applicant's argument should be the fact that Opposer has not challenged Applicant's right to register, not its right to use, the marks which are the subject of Registration Nos. 1,153,730 and 2,779,986 on dilution grounds. Correctly viewed in that context, the critical question – which Applicant basically ignores – is when could Opposer have first contested Applicant's right to <u>register</u> any BRINKMANN mark for home security systems and components therefor – or indeed any other goods -- on dilution grounds?

With respect to a challenge to registration based on a state dilution statute, the answer is "never". It is well settled that an alleged violation of a state dilution statute is not a cognizable ground for contesting registration in an *inter partes* proceeding before the Board. *See e.g., Enterprises Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.,* 330 F.3d 1333 (Fed. Cir. 2003), *reh'g en banc denied,* (July 9, 2003), *cert.* denied, 540 U.S. 1089 (2003); *Devries v. NCC Corp.,* 227 USPQ 705, 706 (TTAB 1985); *K2 Corp. v. Philip Morris Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*, 555 F.2d 815 (CCPA 1977).

Accordingly, the key question in this context is when could Opposer have first asserted a challenge to any of Applicant's registrations based on a § 43(c) dilution claim. Although the Federal Trademark Dilution Act became effective on January 16, 1996, that same year the Board held that it did not have authority to adjudicate an opposition based on a § 43(c) dilution claim. *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ2d 1953, 1954-1955 (TTAB 1996). The *Babson Bros.* decision, however, was essentially overruled by the passage of the Trademark Amendments Act of 1999[6] (hereinafter the "TAA") which provides that dilution under § 43(c) is a cognizable ground for opposition if the opposed application was filed on or after the January 16, 1996 effective date of the Federal Trademark Dilution Act. *See Boral Ltd. v. FMC Corp.,* 59 USPQ2d 1701, 1702 (TTAB 2000). Similarly, the TAA provides that a petition to cancel a registration can be based on a § 43(c) dilution claim if the registration in question issued on or after January 16, 1996, although such a cancellation claim is subject to the five-year limitations period set forth in § 14(1) of the Federal Trademark Act .

C. THE FACT THAT OPPOSER HAS NOT CHALLENGED APPLICANT'S PRIOR REGISTRATION NO. 1,153,730 DOES NOT SUPPORT A FINDING OF LACHES IN THIS PROCEEDING

It is clear that Opposer, as a matter of law, could not have ever opposed the application which matured into Registration No. 1,153,730 of BRINKMANN on dilution grounds because that application was filed on November 13, 1978, nearly twenty years before the critical date of January 16, 1996.[7] Moreover, a petition to cancel Registration No. 1,153,730 on § 43(c) dilution grounds filed after the effective date of the TAA would be precluded by § 14(1) of the Federal Trademark Act which provides that such a claim must be commenced within five years from the issuance of the registration. Thus, as a matter of law and logic, Opposer cannot be charged

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[6] Pub. L. 106-43, 113 Stat. 218 (August 5, 1999).

[7] Indeed, at p. 2 of Applicant's Memorandum in Opposition to Opposer's Motion to Defer Consideration of Applicant's Motion for Partial Summary Judgment belatedly filed on November 12, 2008, Applicant admits that it obtained Registration No. 1,153,730 "nearly 30 years ago, before dilution even became a ground for opposition or cancellation of a federal registration."

with laches for failing to challenge Registration No. 1,153,730 because no such proceeding was available at any relevant time period.

The defense of laches cannot be predicated on delay during a period of time when the party-plaintiff could not, as a matter of law, initiate the legal proceeding purportedly barred by that defense. *Stallworth v. Monsanto Company,* 1975 U.S. Dist. LEXIS 13263 (N.D. Fla., March 21, 1975). In short, a party-plaintiff cannot be charged with laches for failing to take some legal action which it had no lawful ability to take. *Native American Arts, Inc. v. Chrysalis Institute, Inc.,* 2002 U.S. Dist. LEXIS 4472 (N.D. Ill., March 21, 2002).

D. OPPOSER'S DECISION NOT TO CHALLENGE APPLICANT'S REGISTRATION NO. 2,779,986 DOES NOT SUPPORT A FINDING OF LACHES IN THIS PROCEEDING

The application which matured into Registration No. 2,779,986 of the mark BRINKMANN BACKYARD KITCHEN, for combined outdoor grill and kitchen appliance units comprised of gas grills, sinks and coolers, was filed on October 11, 2000, and published for opposition on October 22, 2002. While that registration is subject to challenge under § 43(c), Opposer did not contest the application that matured into Registration No. 2,779,986 on dilution grounds in light of Board decisions dealing with the required degree of similarity in a § 43(c) context. Thus, for the reasons discussed below, the fact that Opposer has not contested Applicant's right to register the mark BRINKMANN BACKYARD KITCHEN on dilution grounds does not support a laches defense in this opposition proceeding.

1. <u>Under Controlling Board Authority, the Marks BRINKS and BRINKMANN BACKYARD KITCHEN Are Not Sufficiently Similar to Support a Dilution Claim</u>

The Board's decisions in the dilution area require a substantially stronger degree of similarity as between the marks in issue than is required in a § 2(d) likelihood of confusion context, namely, that the marks must be identical or substantially similar for dilution to be likely to occur. *E.g., 7-Eleven Inc. v. Wechsler, supra* (BIG GULP and GULPY are not sufficiently similar); *Carefirst of Maryland, Inc. v. FirstHealth of the Carolinas Inc.*, 77 USPQ2d 1492, 1510, (TTAB 2005), *appeal dismissed*, 171 Fed. Appx. 838 (Fed. Cir. 2006) (CAREFIRST and FIRSTCAROLINA CARE are not sufficiently similar); *Toro Co. v. ToroHead Inc.*, 61 USPQ2d 1164, 1179 (TTAB 2001) TORO and TORO MR & Design are not sufficiently similar). In this instance, although the marks BRINK'S and BRINKMANN *per se* are sufficiently similar to support a dilution claim, the inclusion of the wording BACKYARD KITCHEN in the composite mark covered by Registration No. 2,779,986 (*viz.*, BRINKMANN BACKYARD KITCHEN) poses a significant obstacle to a successful challenge on § 43(c) dilution grounds in light of the Board's identical or substantially similar standard as articulated in the cases cited above.[8] Opposer should not be charged with laches for not asserting a dilution claim against a prior registration of a mark that is not identical to or substantially the same as an allegedly diluted mark.[9]

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[8] Apart from the visual and phonetic dissimilarity resulting from the inclusion of the words BACKYARD KITCHEN, those words have no meaningful commercial connotation in connection with home security systems and components therefor, which also militates against a finding that BRINK'S and BRINKMANN BACKYARD KITCHEN are confusingly similar.

[9] Although the words BACKYARD KITCHEN are disclaimed in Registration No. 2,779,986, that fact does not preclude their consideration in assessing whether the marks BRINK'S and BRINKMANN BACKYARD KITCHEN are sufficiently similar for purposes of a § 43(c) claim. It is well settled in this regard that the disclaimed portion of a composite mark -- such as the words BACKYARD KITCHEN shown in Registration No. 2,779,986 -- cannot be ignored in determining the question of confusing similarity or the lack thereof. *See Shen Mfg. Co., Inc. v. Ritz Hotel, Ltd.*, 393 F.3d 1238, 73 USPQ2d 1350 (Fed. Cir. 2004), *cert. denied*, 126 S. Ct. 357 (U.S. 2005) ("The disclaimed elements of a mark, however, are relevant to the assessment of similarity . . . . This is so because confusion is evaluated from the perspective of the purchasing public, which is not aware that certain words or

2. Even If BRINK'S and BRINKMANN BACKYARD KITCHEN Were Sufficiently Similar to Support a Dilution Claim, the Time for Challenging Registration No. 2,779,986 of the Mark BRINKMANN BACKYARD KITCHEN Is Tolled by the Filing of the Present Opposition Proceeding

Applicant argues that Opposer is guilty of laches with respect to opposing the subject application to register BRINKMANN on dilution grounds because Opposer has not challenged registration of the mark BRINKMANN BACKYARD KITCHEN on the same grounds. That argument is predicated on the unarticulated premise that these marks are sufficiently similar to support a cognizable dilution claim which Opposer contests. But assuming *arguendo* that these marks meet the very high level of similarity required for a dilution claim, the filing of the present opposition should toll the time period for any challenge to Applicant's registration of BRINKMANN BACKYARD KITCHEN on dilution grounds. It is clear in that regard that the filing of an opposition proceeding against an application to register a particular mark has the effect of tolling laches with respect to any objection to the use of that mark. *Citibank, N.A. v. Citytrust,* 644 F. Supp. 1011, 1914 (E.D.N.Y. 1986); *Alfred Dunhill of London, Inc. v. v. Kasser Distillers Products Corp.,* 350 F. Supp. 1341, 1367 (E.D. Pa. 1972). Opposer respectfully submits that the same conclusion should be reached in an *inter partes* registration proceeding before the Board; namely, the filing of an opposition against one mark on dilution grounds should toll laches with respect to petitioning for cancellation of a registration of a confusingly similar mark on the same grounds.

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phrases have been disclaimed."); *In re Shell Oil Co.*, 992 F.2d 1204, 26 USPQ2d 1687 (Fed. Cir. 1993).

3. Based on the Tolling of Laches Resulting from the Filing of the Present Opposition Proceeding, the "Delay" between the Publication of the BRINKMANN BACKYARD KITCHEN and the Filing of the Present Opposition Proceeding Is Reasonable

As a result of the TAA, the earliest point at which Opposer could have challenged Applicant's right to register the mark BRINKMANN BACKYARD KITCHEN on dilution grounds would have been October 22, 2002, when the application that matured into Registration No. 2,779,986 was published for opposition. Thus, the period of any "delay" is roughly thirty (30) months; namely, from October 22, 2002, when the application in question was published until April 1, 2005, when the present opposition was commenced. A "delay" of that magnitude generally does not rise to the level of laches in an opposition proceeding. *See, e.g., Plymouth Cordage Co. v. Solar Nitrogen Chemicals, Inc.*, 152 USPQ 202 (TTAB 1966) (delay of three years insufficient to constitute laches).

Although the Board recently concluded that laches can be asserted against a dilution claim, *Hornsby v. TJX Companies, Inc.,* 87 USPQ2d 1411, 1419 (TTAB 2008), the question of what period of time constitutes unreasonable delay with respect to a § 43(c) dilution claim in an opposition proceeding does not appear to have been addressed. In making such a determination, Opposer respectfully submits that the Board should adopt the conceptual approach used by a clear majority of the U.S. Circuit Courts of Appeals of looking to the appropriate statute of limitations to measure the reasonableness of the delay in a trademark infringement and unfair competition context. Because there is no statute of limitations with respect to a § 32 infringement claim or a § 43(a) unfair competition claim, these courts look to the analogous state statute of limitations to measure the reasonableness of the alleged delay and hold that a delay which does not exceed the analogous statute of limitations is presumptively reasonable.[10]

However, in the context of a § 43(c) dilution claim, there is no need to search for an analogous state statute of limitations because there is a federal statute of limitations directly applicable to a § 43(c) dilution claim. Section 1658 of Title 28 of the United States Code, which was enacted on December 1, 1990, specifically provides that:

> "Except as otherwise provided by law, a civil action arising under an Act of Congress enacted after the date of enactment of this section may not be commenced later than 4 years after the cause of action accrues."

This four-year "catch all" federal statute of limitations is applicable to a cause of action arising under any federal law enacted after December 1, 1990. *Jones v. R.R. Donnelley,* 541 U.S. 369, 370 (2004). The § 1658 four-year statute of limitations accordingly is applicable to dilution claims arising under § 43(c) which became effective on January 16, 1996. T.J. McCarthy, *McCarthy on Trademarks and Unfair Competition,* § 24:130 (2008). Consistent with the rationale of the Circuit

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[10] This approach has been followed by the U.S. Courts of Appeals for the Second, Third, Fourth, Sixth, Seventh, Ninth and Eleventh Circuits and by a number of District Courts in other Circuits. *E.g., Jarrow Formulas, Inc. v. Nutrition Now, Inc.*, 304 F.3d 829 (9th Cir. 2002); *Chattanooga Manufacturing Co. v. Nike, Inc.*, 301 F.3d 789 (7th Cir. 2002); *Lyons Partnership, L.P. v. Morris Costumes*, 243 F.3d 789 (4th Cir. 2001); *Kason Industries, Inc. v. Component Hardware Group, Inc.*, 120 F.3d 1199 (11th Cir 1997); *Beauty Time, Inc. v. VU Skin Systems, Inc.*, 118 F.3d 140 (3d Cir. 1997); *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187 (2d Cir. 1996). *Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362 (6th Cir. 1985), *cert. denied*, 476 U.S. 1158 (1986); *Icon Health & Fitness, Inc. v. Nautilus Group, Inc.*, No. 1:02cv00109tc, 2005 U.S. Dist. LEXIS 39765 (D. Utah, Oct. 24, 2005); *Minnesota Mining and Manufacturing Co. v. Beautone Specialties*, 82 F. Supp.2d 997 (D. Minn. 2000); *Derrick Manufacturing Corp. v. Southwestern Wire Cloth, Inc.*, 934 F. Supp. 796 (S.D. Tex. 1996); *Kusek v. The Family Circle, Inc.,* 894 F. Supp. 522 (D. Mass. 1995).

decisions cited above, the controlling federal statute of limitations in 28 U.S.C. § 1658 should be used to measure the reasonableness of the alleged "delay" in the present laches context. Because the 30-month "delay" in this instance is less than the four-year statute of limitations prescribed in § 1658, it is presumptively reasonable. As Applicant has not presented any evidence that would rebut that presumption, it is controlling in the present summary judgment context and precludes the relief which Applicant seeks.

E. APPLICANT'S RELIANCE ON THE CONSTRUCTIVE NOTICE PROVISION OF § 22 OF THE FEDERAL TRADEMARK ACT IS MISPLACED

Applicant argues that Opposer is guilty of laches because it had constructive notice of Applicant's use of the mark BRINKMANN since 1981 by virtue of the issuance of Registration No. 1,153,730. (Applicant's Partial Summary Judgment Motion, pp. 6 and 19.) However, the only constructive notice effect flowing from the issuance of Registration No. 1,153,730 arises under § 22 of the Federal Trademark Act which provides that the issuance of a registration on the Principal Register is constructive notice of the registrant's claim of ownership, not use, of the mark which is the subject of that registration.

F. APPLICANT'S RELIANCE ON THE *MOREHOUSE* DEFENSE IS MISPLACED

At pp. 15-16 of its partial summary judgment motion, Applicant argues that a laches defense may be based on the opposer's failure to object to the applicant's prior registration of substantially the same mark for substantially the same goods or services, which is the recognized defense first articulated in *Morehouse Mfg. Corp. v. J. Strickland & Co.*, 407 F.2d 881 (CCPA 1969). However, assuming that

Applicant can properly rely on the unpleaded *Morehouse* defense,[11] that defense is not applicable in this instance because the record establishes that Applicant does not own a registration of BRINKMANN -- or any other mark substantially the same as BRINKMANN -- that covers the home security systems and components therefor at issue in this proceeding or any substantially similar goods. Moreover, Applicant has not presented any authority whatsoever for the novel proposition that the *Morehouse* defense should apply when the prior registration relied on by the party asserting that defense does not cover the substantially same mark for substantially the same goods or services, as the following discussion demonstrates to be true in this instance.

Applicant's response to Opposer's Interrogatory No. 6 identified the following seven products sold under the mark BRINKMANN that comprise "home security systems and components therefor" as described in the opposed application:

> Home Security Solar Motion Activated Lighting System, and all components thereof
>
> Solar Home Security SL-7 Motion Detector
>
> Solar Home Security SL-8 Motion Detector
>
> Home Security Halogen Motion Detector
>
> Home Security 110° Motion Detector
>
> Home Security 180° Motion Detector

[11] The *Morehouse* defense is an affirmative defense. *See Haggar Co. v. Hugger Corp.,* 172 USPQ 253, 254 (TTAB 1988). As an affirmative defense, it must be specifically pleaded in the Answer in a proceeding. Rule 8(c) Fed. R. Civ. P. Accordingly, because Applicant failed to allege the *Morehouse* defense in its Answer, it should not be allowed to rely on that defense in support of its partial summary judgment motion. *See Intermed Communications, Inc. v. Chaney,* 197 USPQ 501, 503 n.2 (TTAB 1977).

Home Security Wireless Security Systems, and all components thereof.[12]

Applicant's designated Rule 30(b)(6) witness, Ms. Helen Dunham, confirmed that the seven items listed in the answer to Interrogatory No. 6 are an accurate identification of all of the products that are included in the descriptive language "home security systems and components therefor" covered by the opposed application. (Dunham Dep., pp. 19:23-21:15.[13]) Ms. Dunham testified that none of following items in the description of goods in Registration No. 1,153,730 of the mark BRINKMANN fall within the home security systems and components therefor identified in Applicant's answer to Interrogatory No. 6: electrical extension cords; radar detectors; electronic metal detectors, head phones and search coils; and electronic connectors for use in connection with electronic metal detectors. (Dunham Dep., pp. 28:21-32:8 and Ex. 6[14].) Ms. Dunham also testified that she was not aware of any other registrations of the mark BRINKMANN that cover home security products. (Dunham Dep., p. 35:2-16.[15]) As a Rule 30(b)(6) witness, Ms.

[12] A true copy of Applicant's response to Opposer's Interrogatory No. 6 (which was marked as Exhibit 2 during the deposition of Applicant's Rule 30(b)(6) witness Helen Dunham) is attached as Appendix A to the Declaration of Kristin T. D'Andrea in Opposition to Applicant's Motion for Partial Summary Judgment to Dismiss Opposer's Dilution Claim (hereinafter "D'Andrea Declaration") which is filed concurrently herewith. The same response to Interrogatory No. 6 was stated in Applicant's First Amended Answers to Opposer's First Set of Interrogatories (Exhibit 1 to the Dunham deposition), a true copy of which is annexed to the D'Andrea Declaration as Appendix B.

[13] A true copy of Dunham Dep. pp. 19:23 – 21:15 is annexed as Appendix C to the D'Andrea Declaration.

[14] True copies of Dunham Deposition pp. 28:21-32:8 and Ex. 6 are annexed as Appendices D and E, respectively, to the D'Andrea Declaration.

[15] A true copy of Dunham Dep., p. 35:2-16, is annexed as Appendix F to the D'Andrea Declaration.

Dunham was required to testify as to the information reasonably available to Applicant and her testimony is binding on Applicant. *See, e.g., Poole v. Textron, Inc.,* 192 F.R.D. 494, 504 (D. Md. 2000); *United States v. Taylor,* 166 F.R.D. 356, 361 (M.D.N.C. 1996).

Ms. Dunham's testimony that Registration No. 1,153,730 does not cover home security systems and components therefor as specified in the answer to Interrogatory No. 6 and that Brinkmann does not have any other registrations of BRINKMANN that cover home security products was not challenged, explained, limited or corrected in any respect on cross-examination by Applicant's counsel. (Dunham Dep., p. 70:14-16.[16]) That binding testimony accordingly precludes any legitimate reliance on a *Morehouse* defense because the record establishes that Registration No. 1,153,730 of the mark BRINKMANN (Stylized) does not cover the same products or substantially the same products as the home security systems and components therefor described in the opposed application which are at issue in this proceeding and that Applicant does not own any other registrations of BRINKMANN that cover such goods. *See Jackes-Evans Mfg. Co. v. Jaybee Mfg. Corp.,* 481 F.2d 1342, 1345 (CCPA 1972); *TBC Corp v. Grand Prix Ltd.,* 12 USPQ2d 1311, 1314 (TTAB 1989); *Bausch & Lomb Inc. v. Leupold & Stevens Inc.,* 1 USPQ2d 1497, 1500 (TTAB 1986); *Mason Engineering and Design Corp. v. Mateson Chemical Corp.,* 225 USPQ 956, 961 (TTAB 1985); *Liberty & Co. Ltd., v. Liberty Trouser Co., Inc.,* 216 USPQ 65, 68 (TTAB 1982); *Penn Dairies, Inc. v. Pennsylvania Agricultural Cooperative Marketing Ass'n,* 200 USPQ 462, 465 (TTAB 1978); *Lee Byron Corp. v.*

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[16] A true copy of Dunham Dep. p. 70:14-16 is annexed as Exhibit G to the D'Andrea Declaration.

H.D. Lee Co., Inc., 196 USPQ 576, 578 (TTAB 1977); *Haggar Co. v. Hugger Corp., supra.* Indeed, Ms. Dunham admitted that the very reason that Applicant filed the opposed application is that Registration No. 1,153,730 did not cover all of the products on which the mark BRINKMANN was used. (Dunham Dep. pp. 37:9-38:11.[17])

Applicant attempts to expand the *Morehouse* defense by arguing that it should apply regardless of whether the goods in the pre-existing registration are substantially the same as or different from the goods in the opposed application.[18] However, Applicant has not cited any authority for such an expanded application of the *Morehouse* defense because none exists. Indeed, such an expanded application of the *Morehouse* defense would be contrary to the very rationale of that established principle of trademark law.

G. THE RECORD FAILS TO ESTABLISH ANY DETRIMENTAL RELIANCE BY APPLICANT ON OPPOSER'S PURPORTED DELAY

The argument advanced by Applicant directed to the detrimental effect of Opposer's purported "delay" consists of a claim of material prejudice based on Applicant's continued and expanded use of the BRINKMANN for the products in issue. Applicant correctly notes that a "party asserting laches must show not only unreasonable delay but also circumstances compelling enough to give rise to an estoppel, that is, the party asserting the defense has relied upon the delay to its detriment." (Applicant's Partial Summary Judgment Motion, p. 20 (citations omitted;

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[17] A true copy of Dunham Dep. pp. 37:9-38:11, is annexed as Appendix H to the D'Andrea Declaration.

[18] This argument also ignores the fact that a dilution claim could not be asserted in an *inter partes* proceeding until the TAA was enacted. *See* Section III.B. *supra* at pp. 9-12.) That factor alone precludes extension of the *Morehouse* defense to the present matter.

emphasis added).) Indeed, it has long been recognized that one of the critical elements of an estoppel defense, such as the one asserted by Applicant, is that the party asserting that defense has relied upon the inaction in question. *See e.g., Carter-Wallace, Inc. v. Procter & Gamble Co.,* 434 F.2d 794, 803 (9th Cir. 1970) (laches is not mere passage of time, but requires detrimental reliance); *Anheuser-Busch, Inc. v. Du Bois Brewing Co.,* 175 F.2d 370 (3d Cir. 1949), *cert. denied,* 339 U.S. 934 (1950) (in order for the plaintiff to be estopped, the defendant must have changed its position "in reliance upon the misleading representation" by the plaintiff).

Nowhere does Applicant present any evidence that its continuing use of the mark BRINKMANN was made in reliance on Opposer's alleged inaction. To the contrary, Applicant's Rule 30(b)(6) witness Ms. Dunham testified as follows that Applicant's continued use of the mark BRINKMANN was based on the conviction that such use does not result in likelihood of confusion or dilution:

> Q. Ms. Dunham, it's Brinkmann Corporation['s] position and its belief, is it not, that its use of the trademark "Brinkmann" for home security products is not likely to cause confusion, correct?
>
> A. Yes.
>
> Q. And its' the position and belief of Brinkmann Corporation that its use of the trademark "Brinkmann" is not likely to cause dilution of the distinctive qualities of the Brinks trademark, correct?
>
> A. Yes.
>
> Q. And Brinkmann Corporation has proceeded in defending this opposition based on those positions and beliefs, correct?
>
> A. Yes

That testimony demonstrates that Applicant's continued use of the mark BRINKMANN for such goods is predicated on that conviction, and not on any detrimental reliance on Opposer's failure to object to use or any prior registration of the mark BRINKMANN. The estoppel by laches defense asserted by Applicant should not be sustained when the defendant's use and promotion of the challenged mark was based on its own opinion and belief of no conflict, rather than in reliance on a belief that the plaintiff did not intend to take any action. *See Citibank, N.A. v. Citibanc Group, Inc.,* 215 USPQ 884, 906 (N.D. Ala. 1982), *aff'd,* 724 F.2d 1540, 1546 (11th Cir. 1984); *VIP Foods, Inc. v. V.I.P. Food Products,* 200 USPQ 105, 110 (TTAB 1978); *Vantage Mercantile v. New Trends, Inc.,*183 USPQ 304, 309 (TTAB 1974). Where a party is asserting estoppel by laches, as Applicant is in this instance, reliance on the adverse party's inaction is an essential element of that defense. *See A.C. Aukerman Co. v. R.L. Chaides Construction Co.,* 960 F.2d 1020, 1042 (Fed. Cir. 1992) (*en banc*). The record before the Board is devoid of any evidence demonstrating Applicant's reliance on Opposer's alleged delay.

Accordingly, Opposer respectfully submits that the prejudice which Applicant claims to have sustained is not related to, much less the proximate result of, any reliance on Opposer's "delay" in objecting to the registration of the mark BRINKMANN.

IV. CONCLUSION

For the reasons stated above, Opposer respectfully submits that Applicant's partial summary judgment motion should be denied.

BRINK'S NETWORK, INCORPORATED

Date: December 15, 2008

By: [signature]

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CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Memorandum in Opposition to Applicant's Motion for Partial Summary Judgment to Dismiss Opposer's Claim of Dilution was served on the following counsel of record for Applicant by Federal Express overnight delivery this 15th day of December, 2008:

Gary A. Clark, Esq.
Susan Hwang, Esq.
Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071

[signature]

Docket No. 05666.0002

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK, INCORPORATED Opposer	)	
v.	)	Opposition No. 91164764
THE BRINKMANN CORPORATION Applicant	)	

DECLARATION OF DR. MICHAEL A. RAPPEPORT
IN OPPOSITION TO APPLICANT'S MOTION
FOR PARTIAL SUMMARY JUDGMENT
TO DISMISS OPPOSER'S CLAIM OF DILUTION

Dr. Michael A. Rappeport declares as follows:

(1) I am a Founding Partner of R L Associates and knowledgeable as to the facts stated in this Declaration.

(2) In December 2005, I prepared an expert witness report entitled "Consumer Perceptions of Brinkmann" (hereinafter the "Report").

(3) The Report summarizes the purpose, methodology, results and significance of a study which RL Associates conducted for the firm of Howrey LLP, counsel for Brink's Network, Inc., the owner of the mark BRINK'S and the opposer in the above-captioned opposition proceeding. True copies of the Report and my *curriculum vitae* are attached to this Declaration as Appendices A and B, respectively.

(4) The principal purpose of the study in question is to measure whether the use of the mark BRINKMANN in connection with home security products is likely to cause confusion as to the source or sponsorship of such goods on the part of consumers of such goods. (Appendix A, p. 1.)

(5) The universe for the study consisted of people who owned their own home because, according to my understanding, the appropriate universe is actual or potential customers of Brinkmann Corporation, the applicant in the above-identified opposition proceeding. However, given the ubiquity of home ownership in the United States, I do not see any reason why the results would differ if the universe for this study were extended from homeowners to the public at large.

(6) The questionnaire used in the study was presented to a random sample of 140 people who were shown a card with the work "Brinks" and asked:

Q.1 Have you ever heard of this company?

1. YES – GO TO Q2
2. NO – DON'T KNOW – GO TO Q3

Q.2. As far as you know, what products or services does this company make or provide? If you do not know, please tell me so.

(6) Of the 140 respondents who participated in the study, 113 said they had heard of the Brinks company. Of these, 109 or 78% of the entire sample on a completely unaided basis answered Question 2 that Brinks provided armored security and/or home security services. The specific responses are summarized below:

TABLE 1
Recognition of the Name BRINKS

Number of respondents	140
Claim to recognize name	79%
Net identify as armored security and/or home security	78%
Armored Trucks	41%
Home Security	45%

(7) The study thus disclosed that 78%-79% of the respondents who had heard of the name BRINK'S stated, on an unaided basis, that they identified that name with armored security trucks and/or home security services.

(8) In my experience, the recognition of a name or mark on an unaided basis by 78% or 79% of the general public meets the standard for a mark to be famous.

(9) Based on the results summarized above and my experience, it is my opinion that the study establishes that the mark BRINK'S is famous for dilution purposes.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed at Princeton, New Jersey, on November 14, 2008.

Michael Rappeport

Michael A. Rappeport

Nov 14, 2008

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Declaration of Dr. Michael A. Rappeport in Opposition to Applicant's Motion for Partial Summary to Dismiss Opposer's Claim of Dilution was served on the following counsel of record for Applicant by Federal Express overnight courier service this 15th day of December, 2008:

Gary A. Clark, Esq.
Susan Hwang, Esq.
Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071

APPENDIX A

CONSUMER PERCEPTIONS OF BRINKMANN

A STUDY CONDUCTED FOR

HOWREY LLP

DECEMBER 2005

RL ASSOCIATES

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I – INTRODUCTION

<u>Background</u>

The Brink's Company and its predecessors and related companies (collectively Brink's) have been in the security industry since 1859. We have been informed that Brink's began as a delivery company in 1859, and that by 1956 Brink's was the world's largest armored car company. We have also been informed that in 1983, Brink's entered the home security industry by offering monitored alarm systems and related services under the name and mark BRINKS in various forms.

The Brinkmann Corporation (Brinkmann) is a manufacturer of outdoor cookers, smokers, outdoor lighting, hand-held lighting and other similar products. Brinkmann has recently applied for a registration of the mark BRINKMANN for a number of goods including products for home security.

<u>Goals of the Research</u>

Brink's, acting through its attorney Howrey LLP, has filed an opposition to Brinkmann's application to register BRINKMANN. This opposition is based on the position that the use of the mark BRINKMANN for home security products is likely to cause confusion as to the source or sponsorship of such products on the part of consumers of such goods. Howrey commissioned R L Associates to conduct a fair and unbiased test of that position. This is a report on that test.

II – METHODOLOGY

Introduction

Before beginning our discussion of the specific methodology used in this survey, we think it is important to note that the methodology used in any survey research project involves some degree of compromise between conflicting objectives. For instance, on the one hand, there is a desire to completely control the survey process, and on the other hand, a desire to replicate actual market conditions. It is therefore important to keep in mind throughout our discussion of methodology that, of necessity, the procedures used incorporated such compromises.

General Approach

The primary objective in this case is to determine how respondents perceive the marks at issue. Thus, it was necessary to design a study in which respondents were able to see these marks. Theoretically, there are three realistic approaches to showing material to the general public: in-home interviews, interviews utilizing presentation of material via the Internet, and mall intercept interviews. A random sample of in-home interviews is prohibitively expensive. Internet surveys do not currently permit sufficient control of the interview process; that is, for a study posted on the Internet there can be significant self-selection on the basis of the actual subject matter, as opposed to just not wanting to do interviews. Fortunately, extensive testing over a wide range of survey research issues has demonstrated that the results obtained from a well-designed mall intercept study come very close to those achieved under what are considered optimum random sample conditions, but at a much lower cost. For these reasons, the general approach used in this study was mall intercept interviews. We note that regardless of whether a survey is intended for use in litigation or for use as general market research, mall intercept interviews are one of the most common ways of doing such surveys, and are generally accepted in the field as valid survey methodology.

Universe, Sample Frame and Sample

There are three issues related to drawing an appropriate sample:

1. Defining the proper universe from which to draw the sample.
2. Constructing a sample frame of potential interviewing sites projeactable to the universe.
3. Assuring the sample is drawn in such a way as to be representative of this universe.

Universe – In a study such as this, we understand an appropriate universe to be people who are likely to be actual or potential purchasers and/or users of the product at issue. Since the issues in this study center on home security products and services, we defined the appropriate universe for this study as people who own their own home.

Sample Frame – As discussed above, the methodology used in this study was mall intercept interviews. The specific mall locations used in our study were geographically distributed throughout the United States, one or two malls in each of the nine census regions, depending on the relative population size of the region.[1] Organizing the sample frame in this way improves the national projectability of the sample.

Sample Selection – Interviewers were instructed to attempt to select potential respondents by approaching every third apparently appropriately aged person who walked past them on the floor of the mall. Potential respondents were first "screened" using four qualifying requirements:

- Respondents had to be over the age of 25.
- Respondents had to own their own home.
- Respondents could not have participated in an interview in any shopping mall in the past three months.
- Additionally, as is standard when showing respondents something that must be read or looked at closely, if respondents said they use glasses or contact lenses to read or shop, they had to have their glasses or contact lenses available for the interview.

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[1] Two mall locations were selected in each of the five census regions with larger populations (Middle Atlantic, East North Central, South Atlantic, West South Central, Pacific), and one mall location was selected in each of the remaining four regions (New England, West North Central, East South Central, and Mountain).

Honoraria – Both because offering respondents a small honoraria increases the response rate (and thus improves the reliability of the survey), and because we believe that there is an emerging understanding that there is an ethical responsibility to pay willing respondents for their time, respondents were offered between $1.00 and $5.00, depending on the interviewing firm that conducted the interview. Respondents were then taken to a private room to be interviewed.

Questionnaire

Once respondents were in the interview facility, they were seated and told:

I'm now going to show you a card with a name on it and ask you a few questions.

Some of the respondents were then handed a card that said "BRINKMANN," while the other respondents were handed a card that said "BRINKS." The respondents were then asked:

Q1. *Have you ever heard of this company?*

Those respondents who said they had heard of the company were asked the follow-up question:

Q2. *As far as you know, what products or services does this company make or provide? If you do not know, please tell me so.*

All respondents were then asked:

Q3. *I am now going to show you 7 file cards with various products or services typed on them. Here is the first card. (Even though you may not have heard of [Brinkmann/Brinks] before), please tell me if you think [Brinkmann/Brinks] makes or provides the products or service typed on this card, or don't you know?*

After the respondent answered the question, the first card was taken back, and the respondent was handed the next card. This process was repeated until the respondent had seen all 7 cards discussed below. A complete copy of the questionnaire is included in Appendix A.

Controls and Stimuli

Our standard approach to litigation surveys includes the use of "controls" to identify and distinguish that portion of the results due to "guessing" or other forms of "noise", from that portion of the results representing consumer confusion. In this instance, consumer confusion is a mistaken perception that BRINKMANN home security products and BRINKS home security products and services emanate from the same source or have a common sponsorship. In this case, our approach was to ask respondents about seven different products and services. By looking at the pattern of results for these seven different products and services we can estimate the noise, and thus estimate the actual degree to which homeowners mistakenly perceive that

BRINKMANN home security products and BRINKS home security products and services have a common source and/or sponsorship. The seven products and services tested were:

The goods and services at issue - Home security services

Two products that Brinkmann makes but Brink's does not - Outdoor cooking products and Q-beam spotlights

A product that Brink's makes but Brinkmann does not, but which people may think of as a subclass of "Home Security" - Locks and safes

A service that Brink's offers but Brinkmann does not - Armored trucks

Two products or services that are not made or provided by either company – Heating and ventilation, and laboratory equipment.

Interviewing

Courts have consistently held that surveys conducted for use in litigation require that the interviewing be done by professional interviewers who are shielded from the client sponsoring the work, from the purpose of the study, and even from the fact that the study is being conducted for litigation. That is, the interviewing procedures must be "double blind." For this reason, in this study the interviewers and their supervisors were never told for whom the study was being conducted, nor that it was being conducted for litigation purposes. Furthermore, we believe that in this study the interviewer instructions and, more importantly, the test procedures themselves are transparent, in the sense that an independent observer could not tell who had commissioned the survey. A total of 308 interviews were conducted by 14 interviewing firms. Each firm was instructed to conduct 22 interviews, 12 with the "BRINKMANN" stimulus and 10 with the "BRINKS" stimulus. The name and location of the interviewing firms are:

MacIntosh Survey Center – Warwick Mall in East Providence, RI (1)
Quick Test – Sunrise Mall in Massapequa, NY (2)
Northeast Data – Wayne Towne Center in Wayne, NJ (3)
Mid-America Research – Yorktown Center in Lombard, IL (4)
Consumer Opinion Center – Fox River Mall in Appleton, WI (5)
C & C Market Research in Central Mall in Salina, KS (6)
Mid-America Research – Lenox Square Mall in Atlanta, GA (7)
Mid-America Research – De Soto Square Mall in Bradenton, FL (8)
Graham & Associates – Bel Air Mall in Mobile, AL (9)
Quick Test – Hulen Mall IN Fort Worth, TX (10)
Quick Test – Lakeline Mall in Cedar Park, TX (11)
C & C Market Research – Westminster Mall in Westminster, CO (12)
Consumer Pulse – Clackamas Town Center in Portland, OR (13)
Consumer Pulse – Galleria at South Bay in Redondo Beach, CA (14)

All interviews were conducted in September 2005 by professional interviewers employed by the firms listed above each of whom we consider reliable and trustworthy. In addition to their general training and experience as interviewers, each interviewer was provided with a copy of written instructions, which specifically instructed them in the proper procedures for this study. A copy of the instructions are included in Appendix B.

Validation

In order to ensure that the interviewing was carried out as reported, two members of the RL Associates professional staff independently read all of the interviews. This practice allows us to look for patterns in the questionnaires conducted by a particular interviewer (e.g., repetition of an unusual phrase) that indicate that the questionnaires were not completed correctly, or were simply made up by the interviewer.

In addition, at least 20% of each interviewer's work is currently being formally validated by AVC Research, an independent interviewing service located in Belvedere, New Jersey. The purpose of this formal validation is to determine whether the respondent recalled participating in the interview, not to verify a respondent's answers to any particular question. As of this date, it is our opinion that all interviews were carried out according to our instructions.

Personnel And Remuneration

Dr. Michael Rappeport is responsible for all aspects of this survey. Dr. Rappeport's resume, including cases and publications, is attached as Appendix C. R L Associates is being compensated $46,000 for the survey. Dr. Rappeport's hourly compensation rate for any subsequent time is $500/hour.

III – DATA, ANALYSIS AND CONCLUSION

Data

In Question 3, respondents were asked about seven products or services. In one cell 168 respondents were asked whether they thought Brinkmann made or provided each of the seven products or services. In the other cell, 140 respondents were asked whether they thought Brink's made or provided each of the seven products or services. Table I shows the percentage of respondents in each cell saying yes that Brinkmann/Brinks made that product or provided that service. The products or services have been grouped below by us for clarity in presentation. The respondents saw the cards shuffled, and thus presented in random order.

Q3. I am now going to show you 7 file cards with various products or services typed on them. (Even though you may not have heard of [BRINKMANN/BRINKS] before), please tell me if you think [BRINKMANN/BRINKS] makes or provides the products or service typed on this card, or don't you know?

	BRINKS	BRINKMANN
Number of Respondents	(140)	(168)
Home Security Services	86%	57%
Locks and Safes	77%	54%
Armored Trucks	81%	47%
Outdoor Cooking Products	7%	16%
Q-Beam Spotlights	20%	12%
Heating and Ventilation	7%	12%
Laboratory Equipment	4%	13%

Analysis

The various products and services presented to respondents play different roles in this analysis:

- The two products and services that are not made or provided by either company - heating and ventilation and laboratory equipment - serve as estimates of the base noise in the survey; that is of the percentage of people who "guess" that a company makes every product asked about. Thus, for BRINKMANN the noise is the average of the 12% for heating and ventilation and the 13% for laboratory equipment, or a best estimate of the noise is approximately 12%.

- Two products that Brinkmann makes but Brink's does not - outdoor cooking products and Q-beam spotlights – serve as estimates of the proportion familiar with actual BRINKMANN products. Since the greater the actual familiarity with historic Brinkmann products the less that answers of "BRINKMANN" constitute guessing, it is conservative to use the largest recognition of an actual BRINKMANN product. Thus, a conservative estimate of actual familiarity with BRINKMANN products is 16%, the reported recognition of BRINKMANN for outdoor cooking products.
- The service that Brink's offers but Brinkmann does not - armored trucks. This is a gross (i.e. not net of noise) estimate of the proportion of consumers that are likely to confuse the source of those products and services actually made by Brink's when they are sold under the mark BRINKMANN. Thus, the gross confusion level as to the source of products made by Brink's when sold under the mark BRINKMANN is 47%.

We turn now to the goods and services at issue - home security products and services. Given that 47% of respondents identified Brinkmann as a source of armored cars, we believe that the 57% saying that Brinkmann provides home security services can be attributed to two causes:

- Consumers who are actually familiar with Brinkmann's provision of home security services.
- Consumers who are familiar with Brink's provision of home security goods and services, and based on that familiarity are confusing the source or sponsorship of the goods and services at issue when they are sold under the mark BRINKMANN.[2]

The goal of the analysis is to estimate the size of these two factors (i.e. the likelihood of confusion). That is, the issue in analyzing this data is how to break down the 57% of consumers who perceive Brinkmann as providing home security services (i.e. goods and services both Brinkmann and Brink's sell) into the proportion giving that answer because Brinkmann does offer home security services, and the proportion giving that answer due to their recognition of the name and mark BRINK'S, leading to confusion as to the source or sponsorship of the goods and services at issue when they are sold under the mark BRINKMANN. There are several ways of

[2] Note that the percentage who identified Brinkmann as the source for "locks and safes" is similar to the results for "home security services" (54% versus 57%), which is consistent with the idea that consumers "see locks and safes" as a subclass of "home security services".

estimating the first of these factors, (the proportion saying Brinkmann provides home security services because Brinkmann does in fact offer home security services).

- Given that Brinkmann has been in the business of selling outdoor cooking equipment for longer than it has been in the business of selling home security services, the proportion correctly identifying Brinkmann as selling outdoor cooking equipment, (i.e. 16% minus the noise of 12%, or net of noise 4%) can be seen as a possible upper bound on the proportion correctly identifying Brinkmann as selling home security services. Thus, a first estimate of the proportion saying Brinkmann for home security services because Brinkmann does offer home security services is 4%.
- Given that Brinkmann is not in the business of providing armored car services, the difference between the proportion saying Brinkmann for home security services and the proportion saying Brinkmann for armored car services (57% minus 47% or 10%) provides a second estimate of the proportion saying Brinkmann for home security services because Brinkmann does offer home security services. Thus, a second estimate of the proportion saying Brinkmann for home security services because Brinkmann does offer home security services is 10%.
- However, this 10% estimate probably overestimates the proportion of consumers who say Brinkmann for home security services because Brinkmann does offer home security services. The reason for this overestimation is that, at least for this sample of consumers, Brink's is better known for home security services than it is for armored cars (86% versus 81%). Since consumers who do not recognize Brink's as a provider of armored cars cannot confuse Brinkmann with Brink's for armored cars, it is likely true that proportionately about 2-3% of this 10% difference simply reflects people who recognize Brink's as a provider of home security goods and services but do not recognize Brink's as a provider of armored cars. Thus, a third estimate of the proportion saying Brinkmann for home security services because Brinkmann does offer home security services is 10% minus 2-3% or 7-8%.

The range of estimates of consumers who say Brinkmann for home security services because Brinkmann does offer home security services is from 4% to 10%.

From the point of view of Brink's, the most conservative of these estimates is 10%. Thus the most conservative way of using this data to estimate the gross (i.e. not net of noise) proportion of consumers likely to be confused as to the source or sponsorship of home security goods and services sold under the mark BRINKMANN is to use the measured value of the proportion saying BRINKMANN for home security services minus the most conservative estimate of those giving that response because Brinkmann does offer home security services, or 57% -10% = 47%. However, this figure must be reduced in the usual way by the estimate of the noise. Consequently net of noise, the best estimate of the proportion of consumers likely to be confused as to the source or sponsorship of home security goods and services sold under the mark BRINKMANN is 47% minus the noise, which is 47% minus 12% = 35%.

Conclusion

We believe this data provides strong support that at least 35% of this appropriate universe is likely to be confused as to the source or sponsorship of these products. We note that in our experience 35% is far greater than the proportion that courts and the Trademark Trial and Appeal Board have always seen as legally sufficient to demonstrate likelihood of confusion.

Michael Rappeport
Dec 16, 2005

APPENDIX A

QUESTIONNAIRE

FAMILIARITY STUDY - RG 678

OFFICE USE ONLY

Hello, my name is ______ from ______. I'd like to ask you a few questions. I am not selling anything; I just want your impression of some things. It will only take about five minutes. [IF NECESSARY: Your responses are, of course, confidential]

1S. what is your age?
1 24 or less -- **TERMINATE**
2 25 to 39 -- CONTINUE
3 40 to 64 -- CONTINUE
4 65 or more -- CONTINUE

2S. Do you own your own home?
1 YES -- CONTINUE
2 NO -- **TERMINATE**

3S. Have you participated in a survey in any shopping mall in the past three months?
1 YES -- **TERMINATE**
2 NO -- CONTINUE

4S. Do you normally wear glasses or contact lenses to read?
1 YES, ASK: Do you have those glasses with you or do you have your contacts in?
1 YES -- CONTINUE
2 NO -- **TERMINATE**
2 NO, DON'T WEAR -- CONTINUE

5S. INTERVIEWER OBSERVATION: SEX 1 MALE 2 FEMALE

BRING QUALIFIED RESPONDENTS BACK TO THE INTERVIEWING FACILITIES.

AT THE FACILITIES, RESPONDENTS ARE TO BE SEATED AT A TABLE AND IF APPROPRIATE SAY: If you normally wear glasses for reading, please put them on now.

INTERVIEWER: HAND RESPONDENT CARD 'Z' AND SAY, "I'm now going to show you a card with a name on it and then ask you a few questions.

Q1. Have you ever heard of this company?

1 YES – GO TO Q2

2 NO - DON'T KNOW - GO TO Q3.

Q2. As far as you know, what products or services does this company make or provide? If you do not know, please tell me so.

____

Q3. I am now going to show you 7 file cards with various products or services typed on them. Here is the first card. (Even though you may not have heard of Brinkmann before), please tell me if you think Brinkmann makes or provides the products or service typed on this card or don't you know?

INTERVIEWER: SHUFFLE CARDS AND SHOW TO RESPONDENT <u>ONE AT A TIME</u>. RECORD AN ANSWER FOR EACH CARD.

a) Armored Trucks	1 YES	2 NO	3 DON'T KNOW
b) Heating and Ventilation	1 YES	2 NO	3 DON'T KNOW
c) Home Security Services	1 YES	2 NO	3 DON'T KNOW
d) Laboratory Equipment	1 YES	2 NO	3 DON'T KNOW
e) Locks and Safes	1 YES	2 NO	3 DON'T KNOW
f) Outdoor Cooking Products	1 YES	2 NO	3 DON'T KNOW
g) Q-Beam Spotlights	1 YES	2 NO	3 DON'T KNOW

TAKE BACK 1ST CARD AND SAY: Here is the 2nd card. (Even though you may not have heard of Brinkmann before), please tell me if you think Brinkmann makes or provides the products or service typed on this card or don't you know?

REPEAT PROCESS UNTIL ALL 7 CARDS HAVE BEEN SHOWN TO THE RESPONDENT.

Q4. I ________________ verify that I conducted this interview on (date) __________

at (time) __________. INTERVIEWER SIGNATURE:__________________

Q5. May I have your first name and phone number since my supervisor may want to verify that I conducted this interview?

______________ (_ _) _ _ _ - _ _ _ _. Thank you for your time.

-page 2w-

INTERVIEWER: HAND RESPONDENT CARD 'W' AND SAY, "I'm now going to show you a card with a name on it and then ask you a few questions.

Q1. Have you ever heard of this company?

1 YES – GO TO Q2

2 NO - DON'T KNOW - GO TO Q3.

Q2. As far as you know, what products or services does this company make or provide? If you do not know, please tell me so.

____

Q3. I am now going to show you 7 file cards with various products or services typed on them. Here is the first card. (Even though you may not have heard of Brinks before), please tell me if you think Brinks makes or provides the products or service typed on this card or don't you know?

INTERVIEWER: SHUFFLE CARDS AND SHOW TO RESPONDENT ONE AT A TIME. RECORD AN ANSWER FOR EACH CARD.

a) Armored Trucks	1 YES	2 NO	3 DON'T KNOW
b) Heating and Ventilation	1 YES	2 NO	3 DON'T KNOW
c) Home Security Services	1 YES	2 NO	3 DON'T KNOW
d) Laboratory Equipment	1 YES	2 NO	3 DON'T KNOW
e) Locks and Safes	1 YES	2 NO	3 DON'T KNOW
f) Outdoor Cooking Products	1 YES	2 NO	3 DON'T KNOW
g) Q-Beam Spotlights	1 YES	2 NO	3 DON'T KNOW

TAKE BACK 1ST CARD AND SAY: Here is the 2nd card. (Even though you may not have heard of Brinks before), please tell me if you think Brinks makes or provides the products or service typed on this card or don't you know?

REPEAT PROCESS UNTIL ALL 7 CARDS HAVE BEEN SHOWN TO THE RESPONDENT.

Q4. I ________________ verify that I conducted this interview on (date) __________

at (time) __________. INTERVIEWER SIGNATURE: __________________

Q5. May I have your first name and phone number since my supervisor may want to verify that I conducted this interview?

________________ (_ _) _ _ _ - _ _ _ _. Thank you for your time.

APPENDIX B

SUPERVISOR AND INTERVIEWER INSTRUCTIONS

MEMO TO SUPERVISORS:

FAMILIARITY STUDY – RG678

QUOTA: 22 distributed at follows:
10 Pink Questionnaires using Pink Card "W"
12 Yellow Questionnaires using Yellow Card "Z"

PLEASE CALL ME AFTER YOU HAVE CAREFULLY REVIEWED THESE INSTRUCTIONS. I WOULD LIKE TO TALK TO YOU BEFORE YOU START THIS JOB.

The respondents for this study should:

- be male or female
- be 25 years of age or older
- own their own home
- not have participated in an interview in any shopping mall in the past three months
- have their eyeglasses with them, or their contact lenses in, if they need them to read or shop
- not be friends, family, or acquaintances of the interviewer or interviewing facility manager

There is a _____ incentive for participating in this study. An incentive check is / is not enclosed.

Only experienced interviewers are to work on this project.

We ask that you carefully review the questionnaire and the interviewer instructions with the interviewers before they start interviewing. It is essential that all interviews be conducted completely and correctly.

Each interviewer is to have their own set of interviewer instructions.
*** Before conducting any interviews, ALL interviewers working on this study must read and sign a copy of the interviewer instructions. The signed interviewer instructions must be returned to RL Associates <u>at the end of the study</u>.** Work will not be accepted from interviewers who did not sign the interviewer instructions prior to conducting interviews.

The screen can be filled out in pencil, but the interview itself should be conducted in **<u>black or blue PEN</u>**. We do not want the interviewer to erase or "white out" ANYTHING that he or she writes. If the respondent changes his or her mind, record the change verbatim. If the interviewer makes a mistake, he or she should cross the mistake out, and put their initials by the change.

MEMO TO SUPERVISORS, CON'T

Please be sure the interviewer fills in ALL of the information that is asked for at the end of the questionnaire (Q4 and Q5). Interviewers are to print their full name, enter the date and time the interview was conducted, and sign the bottom of the interview. They are also to ask the respondent for his or her FIRST name and phone number.

Please be sure that the interviewer does not record the respondent's name and phone number anywhere except at the place indicated at the end of the questionnaire.

We ask that a minimum of three interviewers work on the project.

1 No one interviewer should do more than one half of the interviews.
2 No interviewer is to do less than 5 interviews

Do not edit the questionnaires. We want to see the questionnaires exactly as the interviewer records them and submits them to you. This is why it is crucial that the interviewer carefully follow the instructions.

We WILL NOT PAY for work that is incomplete, incorrectly completed, or unreadable. If you or the interviewers have ANY questions about this study, please call me!

We have to have the completed interviews BACK IN OUR OFFICE ____________________.
Please ship the completed interviews and ALL materials, including:

- Completed questionnaires
- Cards
- Signed interviewer instructions

IN THE SAME PACKAGE. You can ship the study back to us in one of two ways:

a) UPS NEXT DAY AIR - our UPS shipping number is 080 340
b) FEDERAL EXPRESS P1 – Our Federal Express account number is 008601631

If you have any questions or concerns, please call 609-683-9200.

Thank you very much.

I ____________________ [print name] have read the above supervisor instructions

and the interviewer instructions on ____________ date at ___________ time.

Signature:

FAMILIARITY STUDY–RG678
FORMS W (PINK) and Z (YELLOW)

INTERVIEWER INSTRUCTIONS

RESPONDENTS SHOULD BE:
- Male or female
- Age 25 or older
- Own their own home
- Please attempt to select potential respondents by approaching every third person that passes by you.
- **DO NOT interview more than one person traveling with any given group of people.**
- Respondents cannot have been interviewed in any mall facility in the past 3 months
- **DO NOT interview a friend, relative or anybody else that you know.**

AS ALWAYS:
- Please dress neatly and behave professionally. Do not chew gum, drink, eat or wear sunglasses during the interview.
- RECORD **ALL** responses in full.
- Interviews should be conducted in a **DARK** pen. Press hard. Write neatly and legibly.
- Responses should never be erased.
- Things written in [CAPITALS] are a message to you, the interviewer, and are not to be read aloud.
- **READ ALL statements and questions exactly, in full, and in the order in which they are posed.**
- READ SLOWLY and CLEARLY. Do NOT use any words or phrases except exactly what is written on the questionnaire.
- **At the bottom of each interview there is a place for you to put your name as well as the date and time of the interview. This must be completed and signed.**

IT IS IMPORTANT TO NOTE THAT **THERE ARE NO "RIGHT" ANSWERS**. WHAT WE ARE INTERESTED IS **WHAT THE RESPONDENT THINKS**. TO US, WHATEVER THE RESPONDENT SAYS IS "RIGHT".

MATERIALS
This study has two forms of the questionnaire; **pink and yellow.**

THE INTERVIEW
TAKE RESPONDENT BACK TO OFFICE. SEAT RESPONDENT

INTERVIEWER: SHOW RESPONDENT PINK CARD "A" WITH PINK QUESTIONNAIRE AND YELLOW CARD "C" WITH YELLOW QUESTIONNAIRE AND SAY, "I'm now going to show you a card with a name on it and then ask you a few questions.

Q1. Have you ever heard of this company?

1 YES – GO TO Q2

2 NO - DON'T KNOW - GO TO Q3.

Q2. As far as you know, what products or services does this company make or provide? If you do not know, please tell me so.

____

X DON'T KNOW, NO OPINION -- CONTINUE

Q3. I am going to show you 7 file cards with various products or services typed on them. Here is the first card. (Even though you may not have heard of ________ before), please tell me if you think _________ makes or provides the products or service typed on this card or don't you know?

INTERVIEWER: SHUFFLE CARDS AND SHOW TO RESPONDENT ONE AT A TIME. RECORD AN ANSWER FOR EACH CARD.

a) Armored Trucks	1 YES	2 NO	3 DON'T KNOW
b) Heating and Ventilation	1 YES	2 NO	3 DON'T KNOW
c) Home Security Services	1 YES	2 NO	3 DON'T KNOW
d) Laboratory Equipment	1 YES	2 NO	3 DON'T KNOW
e) Locks and Safes	1 YES	2 NO	3 DON'T KNOW
f) Outdoor Cooking Products	1 YES	2 NO	3 DON'T KNOW
g) Q-Beam Spotlights	1 YES	2 NO	3 DON'T KNOW

TAKE BACK 1ST CARD AND SAY: Here is the 2nd card. (Even though you may not have heard of _________ before), please tell me if you think _________ makes or provides the products or service typed on this card or don't you know?

REPEAT PROCESS UNTIL ALL 7 CARDS HAVE BEEN SHOWN TO THE RESPONDENT.

At the bottom of the interview, there is a place for you to record your name, the date and time of the interview. Make sure to fill this in.

If the respondent does not understand any question, read the question again.
DO NOT EXPLAIN OR INTERPRET THE QUESTION FOR THEM.
DO NOT USE ANY WORDS OR PHRASES EXCEPT EXACTLY WHAT IS WRITTEN ON THE QUESTIONNAIRE.

IF YOU HAVE ANY QUESTIONS, PLEASE ASK YOUR SUPERVISOR.

I ______________________ [print name] have read the above interviewer instructions

on ______________ date at ____________ time. Signature:

APPENDIX B

APPENDIX C

RESUME OF MICHAEL RAPPEPORT

DR. MICHAEL RAPPEPORT

Dr. Rappeport has worked in market and survey research areas for more than 35 years, the last 27 as a partner of R L Associates. As part of his function he has made more than 200 appearances as an expert witness in legal cases at trial and/or through deposition. His testimony has dealt with statistics and statistical analysis, marketing, and public opinion in cases in such disparate areas as trademark infringement, libel, damages for failure to fulfill a contract, and reapportionment. He has also testified as an expert in a number of quasi-legal proceedings before a range of public boards, agencies and regulatory bodies.

Education

B.S. Physics, RPI, Troy, New York 1957

M.S. Electrical Engineering, Yale University, New Haven 1958

PH.D. Statistics, New York University, 1968

Professional positions

1975 - present: Founding partner, R L Associates, survey research and consulting firm

Dr. Rappeport has had wide experience both in the direction of all kinds of surveys of human populations and as a consultant in statistical, strategy planning and survey research areas. Two areas in which he has been particularly active are studies on public policy, and studies for use in litigation. Along with responsibility for the management of the firm, Dr. Rappeport has direct responsibility for all statistical aspects of the firm's work. In the main this encompasses sample design and the use of a wide variety of statistical analysis techniques. He has designed projectable national and regional probability samples of all civilian non-institutional telephone households, and a very wide range of specialized samples of all types.

1969 - 1972; 1973 - 1975: Vice president and chief statistician, Opinion Research Corporation, Princeton, New Jersey

1972 - 1973: Vice president, Response Analysis Corp. Princeton, New Jersey

1959 - 1969: Supervisor, Bell Telephone Laboratories, Holmdel, New Jersey

Teaching

At various times, Dr. Rappeport has taught or conducted guest lectures in a number of colleges and universities. He has been an adjunct instructor in both Research Methods and Political Public Opinion at Rutgers University, and taught a course in Marketing at Rider College.

Articles and Speeches

Over the course of the last 25 years, Dr. Rappeport has written approximately 40 published articles, and given more than 70 speeches. He has spoken at a number of meetings of legal organizations including:

Faculty member – ABA-ALI seminar on Dilution – February 2004

Participation in a 2003 panel of the Amer. Intellectual Property Law Assoc.

Participation in a 2001 panel of the Advanced Practitioners Prog of the Intl. Trademark Assoc.

A 1998 speech to the Bar for the Federal Circuit

Witness at a mock trial at the Feb. 1998 Meeting - American Bar Association Antitrust Section

A 1996 speech to the New Jersey Intellectual Property chapter of the Inns of Court.

A 1995 panel presentation for the CLE program, American Bar Assoc. - Antitrust Section.

A 1995 speech to the CLE program, American Bar Assoc. - Intellectual Property Section

Witness at a mock trial at the 1995 meeting of the American Intellectual Property Law Assoc.

Among the wide cross-section of other types of organizations where he has spoken at an annual or other major meeting are Planned Parenthood Federation of America, United States Trademark Association, Travel and Tourism Research Association, Newspaper Research Council, Pennsylvania Hospital Association, and New Jersey Political Science Association.

Other

Dr. Rappeport is currently listed in Who's Who in the East, and several other similar publications dealing with the Legal Profession, Social Sciences and Marketing. He has served on a variety of civic and professional boards. Among those most directly related to his professional activities:

Editorial Board of the "Trademark Reporter" 1993 - 1996, 1997 - 2004

Board of Advisors - Citizens Committee on Bio-Medical Ethics 1986 - 1994

New Jersey State Bio-Ethics Task Force on Public and Professional Education - 1989- 1992

Board of Directors, American Association for Public Opinion Research, 1976 - 1980; Standards Chairman 1979 - 1980

Cases in which Michael Rappeport has appeared either by deposition or in trial as an expert witness 2001-2005. Date shown is first appearance. Unless noted all cases listed were in United States District Courts.

2005
October Deposition – Astra Zeneca v TAP Pharmaceuticals – District of Delaware
October Deposition – Arista Records et al v Columbus Farmers Market – District of New Jersey
June Deposition – The City of New York v. Albert Elovitz – Southern District New York
April Deposition and August Trial – Dosatron Intl v Agri-Pro – Middle District Florida
April Testimony Deposition – Franklin Loufrani v Wal-Mart Stores – Trademark Trial and Appeal Board
March Deposition – In the Matter of Certain Ink Markers – U.S. International Trade Commission
March Deposition – Mylan v Procter & Gamble – Southern District New York
Feb. and June Depositions – Toyota Motor Sales v Aliments Lexus – Eastern District New York

2004
August Trial – Catamount v Microsoft – District of Vermont
Feb. Deposition - Weight Watchers v Luiginos – Southern Dis NY
Feb. Trial – Trettco v HDS New England – Dis. of Massachusetts

2003
Dec. Deposition - Georgia Pacific v Procter & Gamble – No. Dis. of Georgia
Dec. Deposition and Feb 2004 Trial – Trettco v HDS New England – Dis. of Massachusetts
Sept. Deposition – Winn v. Eaton – Central Dis. of California
Aug. Deposition – In the matter of certain Agricultural Vehicles – Intl. Trademark Commission
Feb. Deposition – Microsoft v Lindows.com – West. Dis. Of Washington
Jan. Deposition and Feb. Trial - Pharmacia v GlaxoSmithKline II– District of New Jersey
Jan. Trial – Ardex v Chemrex – Western District Of Pennsylvania
Jan Deposition and Feb. Trial – Inliten v Santa's Best – Southern District Ohio

2002
Dec Deposition – Pharmacia v GlaxoSmithKline – District of New Jersey
Nov. Deposition – Maui v Del Monte – Central District California
Oct. Deposition and Nov. Trial – Spotless v A&E – E.D.N.Y.
Sept. Deposition – Twentieth Century Fox v Marvel Enterprises, Tribune Entertainment – SDNY
July Deposition – Philips Oral Healthcare v Salton – Western District of Washington
June Deposition and July Trial – Scotts v United Industries – So. District Florida
June Deposition – Eurotech v Cosmos European Travel – E. D. Virginia
April Testimony and December rebuttal Deposition – QVC v Weick Family Inc. – TTAB
April Deposition – Astra Zeneca v Ferndale – Eastern District Michigan
Feb. Deposition and August 2004 trial – Catamount v Microsoft – District of Vermont
February Trial – Koala Corp v Prince Lionheart – District of Colorado
February Trial – Morelli v Tiffany – Eastern District of Pennsylvania

2001
November Deposition – J&J Snackfoods v Earthgrains – District of New Jersey
November Deposition – Nissan Motors v Nissan Computer – Central District of California
November Trial Affidavit – ABC (Ford West) v Autonation – Central District of California
October Deposition – Qwest Communications v Worldquest Networks – Eastern. District of Virginia
October Deposition and February 2002 Trial– National Distillers v Refreshment Brands – SDNY
July Deposition and Nov. Testimony – Sara Lee v Kayser-Roth – Trademark Trial & Appeal Board
May Trial – SBCH v J&J Merck – Southern District of New York
February Deposition – Isenbeck v Beck – Southern District of New York
January Deposition – Cache v M.Z. Berger – Southern District of New York

List of publications of Michael Rappeport 1992-2005

The Democratic Ethos and the Positive Sum Society – Society – July-August 2003

A Rejoinder to a Critique – The Trademark Reporter; November-December 2002

Litigation Surveys – Social Science as Evidence – The Trademark Reporter; July-August 2002

Applying Daubert; National Law Journal, January 21, 2002

When Consumer Beliefs are Based on a Court's Intuition - One More Issue Arising From Conopco (with Sandra Kornstein-Cohen): The Trademark Reporter; March-April 1997

Is Judaism Splitting Into Two religions; Sh'ma; April 1996

The Role of the Survey "Expert" - A Response to Judge Posner; The Trademark Reporter, March-April 1995

The Future of the American Jewish Community; Sh'ma; December 1994

The Patient Self Determination Act; Implementation of the Law in Nursing Homes; (co-author); Paper presented at the 122nd Annual Meeting of the American Public Health Association November, 1994

Condition Critical; (co-author); Paper presented at the 1994 Annual Meeting of the American Society of Law, Medicine and Ethics; October 1994

Statistically Based Evidence; National Law Journal, Op-ed Page; August 1993

Prognosis Good for Lower Medical Care Inflation; Wall Street Journal Op-Ed page; February, 1993

Predicting the Election - Why Clinton Will Win; The Sunday Record (Bergen County, New Jersey); August 1992. In addition Dr. Rappeport was a columnist on a weekly basis for the Bergen Record throughout much of 1991. Columns dealt with a wide range of statistical and public opinion issues from crime in New Jersey to the proper reporting of retail sales.

Docket No. 05666.0002

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK, INCORPORATED	)	
Opposer	)	
v.	)	Opposition No. 91164764
THE BRINKMANN CORPORATION	)	
Applicant	)	

DECLARATION OF KRISTIN T. D'ANDREA IN OPPOSITION TO APPLICANT'S MOTION FOR PARTIAL SUMMARY JUDGMENT TO DISMISS OPPOSER'S CLAIM OF DILUTION

KRISTIN T. D'ANDREA declares as follows:

(1) I am a Litigation Case Manager employed by Howrey LLP, counsel for Opposer Brink's Network, Incorporated, in the above-referenced opposition proceeding and have responsibility for maintaining the files in connection with that proceeding. The facts set forth below are based on my personal knowledge and, if called as a witness, I could and would testify competently with respect to these facts.

(2) Attached hereto as Appendix A is a true copy of Applicant's original response to Opposer's Interrogatory No. 6 which was marked as Dunham Dep. Ex. 2.

(3) Attached hereto as Appendix B is a true copy of Applicant's response to Opposer's Interrogatory No. 6 as set forth in Applicant's First Amended and

Supplemental Responses to Opposer's First Set of Interrogatories which was marked as Dunham Dep. Ex. 1.

(4) Attached hereto as Appendix C is a true copy of pp. 19-21 of the deposition of Helen Dunham, Applicant's Rule 30(b)(6) witness, taken on February 16, 2007 (hereinafter "Dunham Dep.").

(5) Attached hereto as Appendix D is a true copy of Dunham Dep. pp. 28-32.

(6) Attached hereto as Appendix E is a true copy of Dunham Dep. Ex. 6.

(7) Attached hereto as Appendix F is a true copy of Dunham Dep. p. 35.

(8) Attached hereto as Appendix G is a true copy of Dunham Dep. p. 70.

(9) Attached hereto as Appendix H is a true copy of Dunham Dep. pp. 37-38.

(10) I am familiar with the online records of the U.S. Patent and Trademark Office and how to access copies of U.S. trademark registrations and to review the assignment database with respect to such registrations.

(11) Attached hereto as Appendix I is a printout of Registration No. 529,622 of the mark BRINK'S (Stylized Print) which I accessed on the <www.ustpo.gov> website on December 11, 2008.

(12) According to the online records of the U.S. Patent and Trademark Office, Registration No. 529,622 issued on August 22, 1950.

(13) Attached hereto as Appendix J is a print out of the assignment information for Registration No. 529,622 which I accessed on the online records of the U.S. Patent and Trademark Office which shows that Opposer Brink's Network, Inc. is the record owner of Registration No. 529,622.

In accordance with 28 U.S.S. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed at Washington, D.C., this 11th day of December, 2008.

Kristin T. D'Andrea

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Declaration of Kristin T. D'Andrea in Opposition to Applicant's Motion for Partial Summary to Dismiss Opposer's Claim of Dilution was served on the following counsel of record for Applicant by Federal Express overnight courier service this 15th day of December, 2008:

Gary A. Clark, Esq.
Susan Hwang, Esq.
Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071

APPENDIX A

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED, Opposer,	)
VS.	) Opposition No. 91164764
THE BRINKMANN CORPORATION Applicant.	)

Certified Copy

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ORAL DEPOSITION OF
HELEN DUNHAM
FEBRUARY 16, 2007
VOLUME I

****

ORAL DEPOSITION OF HELEN DUNHAM, produced as a witness at the instance of the Opposer, and duly sworn, was taken in the above-styled and numbered cause on the 16th day of February, 2007, from 9:03 a.m. to 10:57 a.m., before Stacey R. Cruz, CSR in and for the State of Texas, reported by machine shorthand, at the offices of Carrington Coleman, Sloman & Blumenthal, located at 901 Main Street, Dallas, Texas, in accordance with the Federal Rules of Civil Procedure and the provisions stated on the record or attached hereto.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK, INCORPORATED, Opposer, v. THE BRINKMANN CORPORATION, Applicant.	Opposition No. 91164764

APPLICANT BRINKMANN'S RESPONSES TO OPPOSER BRINK'S NETWORK'S FIRST SET OF INTERROGATORIES

Pursuant to FED. R. CIV. P. 33 and 37 C.F.R. § 2.120, Applicant The Brinkmann Corporation ("Brinkmann") hereby responds to OPPOSER BRINK'S NETWORK, INCORPORATED'S FIRST SET OF INTERROGATORIES served by Opposer Brink's Network, Incorporated ("Brink's Network") by mail on September 6, 2005.

GENERAL OBJECTIONS

1. Brinkmann objects to each interrogatory insofar as it is vague, overly broad, oppressive, harassing or vexatious; imposes burden or expense that outweighs its likely benefit; seeks a legal conclusion; and/or seeks information not relevant to the claim or defense of any party.

Δ π EXHIBIT 2
Deponent
Date Rptr.
WWW.DEPOBOOK.COM

discuss Brink's Network's filing of the first request for extension of time to file the Notice of Opposition.

Brinkmann reserves the right to amend and/or supplement this response as its investigations and discovery progress.

__INTERROGATORY NO. 6:__

Identify with specificity all goods Applicant provides under the mark BRINKMANN which Applicant believes to be included in the description "home security systems and components therefor."

__RESPONSE TO INTERROGATORY NO. 6:__

Subject to and without waiving the General Objections, which are incorporated by reference, Brinkmann provides the following response:

Brinkmann considers the following products offered under the mark BRINKMANN to be included in the description "home security systems and components therefor":

- Home Security Solar Motion Activated Lighting System, and all components thereof
- Solar Home Security SL-7 Motion Detector
- Solar Home Security SL-8 Motion Detector
- Home Security Halogen Motion Detector
- Home Security 110° Motion Detector
- Home Security 180° Motion Detector
- Home Security Wireless Security System, and all components thereof

Brinkmann offers replacement lamps for these products.

APPENDIX B

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED,	)
	)
Opposer,	)
VS.	) Opposition No. 91164764
	)
THE BRINKMANN CORPORATION	)
	)
Applicant.	)
	)
	)

Certified Copy

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ORAL DEPOSITION OF
HELEN DUNHAM
FEBRUARY 16, 2007
VOLUME I

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK, INCORPORATED, Opposer, v. THE BRINKMANN CORPORATION, Applicant.	Opposition No. 91164764

APPLICANT BRINKMANN'S FIRST AMENDED AND SUPPLEMENTAL RESPONSES TO OPPOSER BRINK'S NETWORK'S FIRST SET OF INTERROGATORIES

Pursuant to FED. R. CIV. P. 33, Applicant The Brinkmann Corporation ("Brinkmann") hereby amends and supplements its responses to OPPOSER BRINK'S NETWORK, INCORPORATED'S FIRST SET OF INTERROGATORIES served by Opposer Brink's Network, Incorporated ("Brink's Network") by mail on September 6, 2005.

GENERAL OBJECTIONS

1. Brinkmann objects to each interrogatory insofar as it is vague, overly broad, oppressive, harassing or vexatious; imposes burden or expense that outweighs its likely benefit; seeks a legal conclusion; and/or seeks information not relevant to the claim or defense of any party.

Δ π EXHIBIT 1
Deponent H. DUNHAM
Date 2.14.07 Rptr. S.C.
WWW.DEPOBOOK.COM

discuss Brink's Network's filing of the first request for extension of time to file the Notice of Opposition.

Brinkmann reserves the right to amend and/or supplement this response as its investigations and discovery progress.

INTERROGATORY NO. 6:

Identify with specificity all goods Applicant provides under the mark BRINKMANN which Applicant believes to be included in the description "home security systems and components therefor."

RESPONSE TO INTERROGATORY NO. 6:

Subject to and without waiving the General Objections, which are incorporated by reference, Brinkmann provides the following response:

Brinkmann considers the following products offered under the mark BRINKMANN to be included in the description "home security systems and components therefor":

- Home Security Solar Motion Activated Lighting System, and all components thereof
- Solar Home Security SL-7 Motion Detector
- Solar Home Security SL-8 Motion Detector
- Home Security Halogen Motion Detector
- Home Security 110° Motion Detector
- Home Security 180° Motion Detector
- Home Security Wireless Security System, and all components thereof

Brinkmann offers replacement lamps for these products.

APPENDIX C

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED,	)	Certified Copy
Opposer,	)	
VS.	)	Opposition No. 91164764
THE BRINKMANN CORPORATION	)	
Applicant.	)	

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ORAL DEPOSITION OF
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MR. COOPER: Mr. Clark, I assume that if any additional information would have been uncovered that related to interrogatory number 1, it would have been included in what was served yesterday?

MR. CLARK: Correct, counsel.

MR. COOPER:: Which is Exhibit 1.

Q. (BY MR. COOPER) Ms. Dunham-- I don't think Mr. Clark will disagree with me, but in this opposition proceeding shortly after the notice of opposition was filed, Brinkmann Corporation amended the home security part of the description -- home security products part of the description in the opposed application, and it now reads as, quote, Home security systems and components therefore; namely, motion-sensitive home security lights, detectors, receivers, transmitters and wall-mount brackets.

A. Okay.

Q. Closed quotes.

Okay. In that context, the wall-mount brackets are wall-mount brackets for home security products, correct?

A. Correct.

Q. Okay. Would you please looks at interrogatory number 6 in Exhibit 2?

A. (Witness complies.)

Q. There is a listing there that's about two-thirds down the page of the products offered under the mark "Brinkmann" that are included in the description, quote Home security systems and components therefore. Do you see that?

A. Yes.

Q. There are one, two, three, four, five, six, seven products, correct?

A. One, two, three, four, five, six.

Q. Let me read them.

A. Okay.

Q. The first is home security solar motion-activated lighting system --

A. Okay.

Q. -- and all components thereof, correct?

A. Yes.

Q. The next is solar home security SL-7 motion detector, correct?

A. Yes.

Q. The next is solar home security SL-8 motion director, correct?

A. Okay. Yes.

Q. And the next is home security halogen motion detector, correct?

A. Yes.

Q. And the next is home security 110-degree motion detector, correct?

A. Yes.

Q. And the next is home security 180-degree motion detector, correct?

A. Yes.

Q. And the last is home security wireless security system and all components thereof, correct?

A. Yes.

Q. And since the answer to the interrogatories are not verified, can I ask you, please, to confirm that this is an accurate statement with respect to the products that are included in the description "home security systems and components therefore"?

A. Yes.

MR. COOPER: Let me ask the reporter to mark as Dunham Deposition Exhibit 3 a document produced by Brinkmann Corporation bearing production No. BM 01702.

(Exhibit Number 3 marked.)

Q. (BY MR. COOPER) Ms. Dunham, would you please look at Exhibit 3.

A. Yes.

Q. Do you recognize that?

A. Yes.

Q. This is a -- packaging for a Brinkmann home

APPENDIX D

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED,	)	**Certified Copy**
Opposer,	)	
VS.	)	Opposition No. 91164764
THE BRINKMANN CORPORATION	)	
Applicant.	)	

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ORAL DEPOSITION OF
HELEN DUNHAM
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blank spot in the deposition transcript here and ask you, after the deposition is over, to confirm that "Brinkmann" is used as a trademark on labels or tags affixed to the components and so indicate in that blank space; is that agreeable?

MR. CLARK: Well, except that the question, I think, is a little unclear. You're asking as to every product in the home security --

MR. COOPER: Generally. Or labels or tags generally used on the various home security products so we have trademark use on the product as well as on packaging.

MR. CLARK: All right. So long as it's understood --

MR. COOPER: General.

MR. CLARK: -- the answer doesn't require it on every product.

MR. COOPER: Of course. Of course.

A. ____

____

MR. COOPER: I've asked the reporter to mark as Exhibit 6, Dunham Exhibit 6, a copy of registration number 1153730, which was produced as document BM 001706.

(Exhibit Number 6 was marked.)

Q. (BY MR. COOPER) Ms. Dunham, do you recognize

Exhibit 6?

A. Yes.

Q. Now, this registration issued on May 12, 1981. Is that what it shows?

A. Yes.

Q. Okay. That was before you began your employment with Brinkmann Corporation?

A. Yes.

Q. Okay. If you would look, please, in about the middle of the page on the right-hand side after the word "for," it has, quote, Electrical extension cords, brackets, radar detectors, semicolon, and electronic metal detectors, headphones and search coils and electrical connectors for use therewith. Do you see that?

A. Yes.

Q. Okay. Some of the wording here specifically "radar detectors and electronic metal detectors, headphones and search coils" has been lined through. Do you see that?

A. Yes.

Q. What does that mean?

A. I don't know what that means.

MR. COOPER: Mr. Clark, can we agree that what this means is, is that when this registration was renewed in 2001, these goods were deleted? The lined-through goods?

MR. CLARK: Well, I'm -- the record will speak for itself on the renewal. I believe you're right about that, whether the lined-through is -- relates to that, I don't know.

MR. COOPER: Okay.

MR. CLARK: I -- I don't know what that means.

MR. COOPER: But I think if you looked at a copy of the registration as it appears on the US Patent and Trademark Office website, you would see that radar detectors and electronic metal detectors, headphones and search coils are within brackets.

MR. CLARK: Right.

MR. COOPER: That generally means that those goods have been deleted in the renewal, correct?

MR. CLARK: I agree with that.

MR. COOPER: Okay.

Q. (BY MR. COOPER) Okay. Now, electrical extension cords are not among the list of home security products listed in interrogatory number 6; is that correct?

A. No.

Q. It's not correct?

A. I'm sorry.

Q. Let me try to ask the question again.

A. I'm sorry.

Q. We have the agreed list of home security systems and components listed in the answer to interrogatory number 6 on page 8 of Exhibit 2, correct?

A. Yes.

MR. CLARK: Why don't you look --

Q. (BY MR. COOPER) Look at that, please.

A. Okay.

Q. Electrical extension cords are not among those items, correct?

A. Well, there are -- there is an electric cord that goes from some of these products.

Q. An electric extension cord is a cord that is used in a home or an office so that you can attach a -- some sort of an electrical device to a electrical outlet that is too far away for the cord, from the device, to reach; is that correct?

A. Yes.

Q. Okay.

A. So, no, it's not.

Q. Right. And radar detectors are not among the items listed in the answer to interrogatory number 6, correct?

A. Yes.

Q. And electronic metal detectors, headphones and search coils are not among the items listed in the answer to interrogatory number 6, correct?

A. Right.

Q. And electric connectors for use in connection with electronic metal detectors are not listed in interrogatory number 6, correct?

A. Correct.

Q. Okay.

MR. COOPER: I asked the reporter to mark as Dunham Deposition Exhibit 7 a copy of a -- an item that I will represent, Mr. Clark, was one of the specimens found in the file history or registration number 1153730.

(Exhibit Number 7 was marked.)

Q. (BY MR. COOPER) Ms. Dunham, do you recognize Exhibit 7?

A. Yes.

Q. This is a counter display for the Q-beam portable electric spotlight; is that correct?

A. Yes.

Q. And do you recognize that product?

A. Yes.

Q. And this shows a -- it says it has a cigarette lighter receptacle; is that correct?

MR. COOPER: Excuse me one second, please.

APPENDIX E

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED,	)	Certified Copy
	)	
Opposer,	)	
VS.	)	Opposition No. 91164764
	)	
THE BRINKMANN CORPORATION	)	
	)	
Applicant.	)	
	)	
	)	

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ORAL DEPOSITION OF
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VOLUME I

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Int. Cls.: 9 and 11

Prior U.S. Cls.: 21, 26 and 34

Reg. No. 1,153,730

Registered May 12, 1981

United States Patent and Trademark Office

TRADEMARK
Principal Register

BRINKMANN

The Brinkmann Corporation (Texas corporation)
4215 McEwen Rd.
Dallas, Tex. 75240

For: ELECTRICAL EXTENSION CORDS, BRACKETS, ~~RADAR DETECTORS, AND ELECTRONIC METAL DETECTORS, HEAD-PHONES AND SEARCH~~ COILS, AND ELECTRIC CONNECTORS FOR USE THEREWITH, in CLASS 9 (U.S. Cls. 21 and 26).

First use Jun. 12, 1978; in commerce Jun. 12, 1978.

For: CHARCOAL FIRED AND ELECTRIC ROASTING, GRILLING AND BARBECUE COOKERS FOR DOMESTIC USE AND PORTABLE ELECTRIC LIGHTS AND FILTERS, AND REPLACEMENT LAMPS, in CLASS 11 (U.S. Cls. 21 and 34).

First use Aug. 24, 1978; in commerce Aug. 24, 1978.

Ser. No. 193,053, filed Nov. 13, 1978.

ABRAM I. SACHS, Primary Examiner

Δ π EXHIBIT 6

Deponent

Date Rptr.

WWW.DEPOBOOK.COM

BM 001706

APPENDIX F

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED,	)	Certified Copy
	)	
Opposer,	)	
VS.	)	Opposition No. 91164764
	)	
THE BRINKMANN CORPORATION	)	
	)	
Applicant.	)	
	)	
	)	

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A. No.

Q. Are you aware of any registrations of the trademark "Brinkmann" for the home security products that are listed -- cover the home security products listed in the answer to interrogatory number 6 in Exhibit 2?

A. I'm sorry. Can you repeat that, please?

Q. Okay. One of the areas that we are asking about in the deposition is prior registrations that Brinkmann Corporation owns that purportedly cover home security products. The one that was produced is the registration which has been marked as Exhibit Number 6.

A. Okay.

Q. My question to you is: Are you aware of any other registrations of Brinkmann that purportedly cover home security products?

A. No.

MR. COOPER: All right. I asked the reporter to mark as Dunham Deposition Exhibit 9 a copy of the file history of application serial number 76483115, which is the application involved in this opposition proceeding.

(Exhibit Number 9 was marked.)

Q. (BY MR. COOPER) Ms. Dunham, do you recognize Exhibit Number 9?

A. No.

Q. Well, I'm going to be asking you some questions

APPENDIX G

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK INCORPORATED, Opposer,

vs. — Opposition No. 91164764

THE BRINKMANN CORPORATION Applicant.

Certified Copy

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them support the latches defense, counsel, but certainly the sales history documents and the advertising documents support the position that Brinks should have known about Brinkmann and its home security systems and they also support the prejudice, the continued investment, in those products and the use of the "Brinkmann" mark in those products.

MR. COOPER:: Well, this is not a question, but I think we probably will be moving for summary judgment and dismissing the latches defense, and we'll test some of these points in that context. Give me just a minute, please. Go off the record.

(Break taken.)

MR. COOPER: I have no further questions under direct examination.

MR. CLARK: I have no questions.

(Proceedings concluded.)

APPENDIX H

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE
THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK)
INCORPORATED,) **Certified Copy**
)
Opposer,)
VS.) Opposition No. 91164764
)
THE BRINKMANN CORPORATION)
)
Applicant.)
)
)

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Q. Is she still with the company?

A. No.

Q. Do you know where she is now?

A. No, I don't.

Q. And would decisions to file applications for federal registrations of trademark have been part of Ms. McDonald's responsibilities?

A. Yes.

Q. The next question I'm asking you is in your Rule 30(b)(6) capacity as -- as actually all the other questions are -- what were the reasons for filing the application that's been marked as Exhibit 9? And I am not inquiring as to any advice from counsel.

A. The Brinkmann trademark came up for renewal. And at that time --

MR. COOPER: Excuse me for interrupting. You said the Brinkmann trademark came up for renewal. You're referring to the registration number 1153730 marked as Exhibit 6?

THE WITNESS: Yes.

MR. CLARK: I'm sorry. Go ahead.

A. Okay. It came up for renewal, and we were just -- we decided to file in -- in all the classes that we were using the mark.

Q. (BY MR. COOPER) So you didn't think that

Exhibit 6 provided sufficient reg- -- sufficient coverage in terms of products?

A. Exhibit 6?

Q. Exhibit 6 is the registration that came up for renewal.

A. Okay. That trademark?

Q. Yes.

A. Okay. Well, I think we realized at that point, that it didn't cover all of our products, and therefore we decided to file in all the classes that would cover our products.

Q. Okay. Do you know if Ms. McDonald consulted with counsel? And that's -- I'm not asking for the substance of the consultation, but whether or not she had any discussions with counsel about filing a new application?

A. Oh, I'm sure she did.

Q. And would that have been Mr. Clark?

A. Yes.

Q. Do you know whether any opinion was rendered by Mr. Clark or any other attorney regarding the filing of the application that has been marked as Exhibit 9?

MR. CLARK: And let me ask for clarification. Are you referring to a formal written opinion?

MR. COOPER:: Either written or verbal, but let's --

APPENDIX I

United States Patent and Trademark Office

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Trademarks > Trademark Electronic Search System (TESS)

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TARR Status | ASSIGN Status | TDR | TTAB Status ***(Use the "Back" button of the Internet Browser to return to TESS)***

Word Mark	BRINK'S
Goods and Services	IC 035. US 101. G & S: RECEIVING CHECKS, CASHING THE SAME, MAKING UP PAYROLLS, CARRYING SAME OR OTHER MONEYS OR SECURITIES, GUARDING AND PROTECTING SAME AND PAYING PAYROLLS, HANDLING CLEARINGS, SELLING TICKETS, HANDLING PROCEEDS FROM CONVENTIONS, EXHIBITIONS, AND PERFORMANCES, REPAIRING SAFES, CHESTS, CASH PROTECTORS, AND SIMILAR EQUIPMENT. FIRST USE: 19120101. FIRST USE IN COMMERCE: 19120101
Mark Drawing Code	(5) WORDS, LETTERS, AND/OR NUMBERS IN STYLIZED FORM
Serial Number	71531433
Filing Date	August 15, 1947
Current Filing Basis	1A
Original Filing Basis	1A
Registration Number	0529622
Registration Date	August 22, 1950
Owner	(REGISTRANT) BRINKS, INCORPORATED CORPORATION ILLINOIS 711 WEST MONROE STREET CHICAGO ILLINOIS

	(LAST LISTED OWNER) BRINK'S NETWORK, INC. CORPORATION BY ASSIGNMENT DELAWARE 203 BANKCROFT BUILDING 3411 SILVERSIDE ROAD WILMINGTON DELAWARE 19810
Assignment Recorded	ASSIGNMENT RECORDED
Type of Mark	SERVICE MARK
Register	PRINCIPAL-2(F)
Affidavit Text	SECT 15. SECTION 8(10-YR) 20010108.
Renewal	3RD RENEWAL 20010108
Live/Dead Indicator	LIVE

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APPENDIX J

Assignments on the Web > Trademark Query

Trademark Assignment Abstract of Title

Total Assignments: 2

Serial #: 71531433 **Filing Dt:** 08/15/1947 **Reg #:** 529622 **Reg. Dt:** 08/22/1950

Registrant: BRINKS, INCORPORATED

Mark: BRINK'S

Assignment: 1

Reel/Frame: 0089/0032 **Received:** **Recorded:** 05/02/1962 **Pages:** 1

Conveyance: ASSIGNS ALL ITS INTEREST IN SAID MARK, AND THE GOOD WILL ASSOCIATED THEREWITH.

Assignor: BRINK'S, INCORPORATED **Exec Dt:** 04/25/1962
Entity Type: CORPORATION
Citizenship: ILLINOIS

Assignee: BRINK'S, INCORPORATED **Entity Type:** CORPORATION
Citizenship: DELAWARE

Correspondent: ROBERTSON & YOUTIE
2212 P.S.F.S. BLDG.
12 S. 12TH ST.
PHILADELPHIA 7, PA

Assignment: 2

Reel/Frame: 1452/0600 **Received:** 04/24/1996 **Recorded:** 04/19/1996 **Pages:** 6

Conveyance: ASSIGNS THE ENTIRE INTEREST

Assignor: BRINK'S, INCORPORATED **Exec Dt:** 12/26/1995
Entity Type: CORPORATION
Citizenship: DELAWARE

Assignee: BRINK'S NETWORK, INC. **Entity Type:** CORPORATION
ONE THORNDALE CIRCLE **Citizenship:** DELAWARE
DARIEN, CONNECTICUT 06820-1225

Correspondent: FRANK J. THOMPSON
111 PROSPECT STREET
STAMFORD, CT 06901

Search Results as of: 12/11/2008 08:38 AM

If you have any comments or questions concerning the data displayed, contact PRD / Assignments at **571-272-3350**.
Web interface last modified: October 18, 2008 v.2.0.2

Docket No. 05666.0002

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

BRINK'S NETWORK, INCORPORATED	)	
	)	
Opposer	)	
	)	
v.	)	Opposition No. 91164764
	)	
THE BRINKMANN CORPORATION	)	
	)	
Applicant	)	

DECLARATION OF DAVID R. KAPELLA
IN OPPOSITION TO APPLICANT'S MOTION
FOR PARTIAL SUMMARY JUDGMENT
TO DISMISS OPPOSER'S CLAIM OF DILUTION

David R. Kapella declares as follows:

(1) I am the Curator of The Brink's Museum located at 919 S. California Avenue, Chicago, Illinois 60616, which maintains a collection of documents, records and other memorabilia that record the history and heritage of The Brink's Company and its predecessors, corporate parents, subsidiaries and affiliates (hereinafter collectively "Brink's") which began operations in the year 1859. I am knowledgeable as to the facts stated in this Declaration.

(2) I was employed by Brink's in various capacities, including supervisor and manager, for approximately thirty-five years beginning in 1969. I have been the curator of The Brink's Museum (hereinafter "Museum") since February 2005, and I am familiar with the documents, records and other

materials maintained at the Museum. I am submitting this Declaration, in my capacity as Museum Curator, based on my personal knowledge of the history of Brink's as well as my ability to testify as to the accuracy and authenticity of documents and publications that relate to the company history, as set forth below.

(3) Brink's and the various services provided under the BRINK'S name and mark have received extensive publicity in various media in the years prior to 1978, which has come to the attention of the general public throughout the United States.

(4) Attached hereto as Appendix A is an example of such publicity consisting of an article entitled "Brink's, Inc., takes on an inside job" written by William Gruber which appeared in the newspaper *Chicago Today* on October 19, 1973. That article begins with the statement "[t]hink about moving money under guard, and the chances are that the name Brink's will come to mind." The article goes on to state that:

> "For more than a century, Brink's Inc., has specialized in the movement of money and other valuables. It's armored cars, painted battleship grey, and guards with drawn pistols are a familiar sight outside banks and other businesses handling large amounts of cash."

Chicago Today is a printed publication available to the general public in libraries or of general circulation among members of the public.

(5) There were a number of articles about Brink's in various magazines read by the general public during the years prior to 1978. Annexed hereto as

Appendices B, C and D, respectively, are copies of the following articles including the cover page of the magazines in question:

(a) An article entitled "Brink's Inc." by Frances Levinson which appeared in the June 25, 1945 edition of *Life* magazine (pp. 45, 46, 48, 50 and 52) that describes the history and operation of Brink's, with a prominent picture of Brink's headquarters in Chicago, Illinois, described as "Little Fort Knox" on the first page of the article.

(b) An article entitled "THIS WEEK'S EVENTS: Robbery team that stole $1 million from Brink's in 1950 after elaborate rehearsals is seized on deadline by FBI" appeared in the January 23, 1956 edition of *Life* magazine (pp. 24-29) that describes the capture of the gang that conducted the robbery of the Brink's facility in January 1950.

(c) An article entitled "They Stole $2,500,000 – and Got Away with It" by Joseph F. Dinneen which appeared in the January 8, 1954 edition of *Collier's* magazine (pp. 88-109) that describes the robbery of the Brink's facility in January 1950. The title of this article is prominently displayed on the cover of the January 8, 1954 edition of *Collier's* magazine.

Life and *Collier's* magazines identified in (a), (b), and (c) above are printed publications available to the general public in libraries or of general circulation among members of the public.

(6) The mark BRINK'S was used in a number of commercial contexts during the period 1950-1978 to promote various products. An example is shown in the photograph of Brink's guards transporting a $100,000 prize for a PEPSODENT toothpaste contest in 1950, a true copy of which is attached as Appendix E.

(7) In the 1970's, Brink's provided financial security analysis services to a variety of businesses that cater to the general public including banks, hotels, and various retail stores nationwide. Armored cars bearing the mark BRINK'S were commonly seen at such locations throughout the 1970's and earlier. A true copy of a brochure promoting BRINK'S security analysis services is annexed hereto as Appendix F.

(8) During the period 1970-1978 and thereafter, Brink's and/or its corporate parent issued Annual Reports showing, among other things, sales revenue generated from providing services under the mark BRINK'S.

(9) Attached hereto as Appendix G is a true copy of the Brink's Annual Report for 1970 which lists sales revenue of $73,659,000 and $63,981,000 for the years 1970 and 1969, respectively. At p. 1, the 1970 Annual Report summarizes the development of Brink's as follows:

> "Although Brink's began in 1859, its services are as modern and progressive as today. Over these 112 years your company has developed from a horse-drawn wagon carting trunks, carpet bags, sample cases and packages to and from the railroad stations into the largest armored car service in the world, operating 1,180 armored vehicles from 135 offices."

(10) The nationwide geographic scope of Brink's business as of 1970 is shown at p. 3 of the 1970 Annual Report which lists more than 100 branch offices in cities located throughout the United States, all of which were identified by use of the name and mark BRINK'S.

(11) Attached hereto as Appendix H is a true copy of the Annual Report for 1971 which shows Brink's sales revenue as $91,165,000 for that year at p. 8.

(12) Attached hereto as Appendix I is a true copy of the Annual Report for 1972 which shows Brink's sales revenue as $98,642,000 for that year at p. 8.

(13) Attached hereto as Appendix J is a true copy of the Annual Report for 1973 which shows Brink's sales revenue as $105,226,000 for that year at p. 10.

(14) Attached hereto as Appendix K is a true copy of the Annual Report for 1974 which shows Brink's sales revenue as $109,627,000 for that year at p. 10.

(15) Attached hereto as Appendix L is a true copy of the Annual Report for 1975 which shows Brink's sales revenue as $119,373,000 for that year at p. 12. This Annual Report also states that Brink's expanded its operation by providing service in the following cities across the United States:

Charlotte, North Carolina

Little Rock, Arkansas

Fort Lauderdale, Florida

Salt Lake City, Utah

San Antonio, Texas

Nashville, Tennessee

Carbondale, Illinois

Tacoma, Washington

Des Moines and Clinton, Iowa

(16) Attached hereto as Appendix M is a true copy of the Annual Report for 1976 which shows Brink's sales revenue as $129,633,000 for that year at p. 14.

(17) Attached hereto as Appendix N is a true copy of the Annual Report for 1977 which shows Brink's sales revenue as $129,884,000 for that year at p. 13. As indicated in that Annual Report, Brink's was providing its services in 165 metropolitan areas across the United States and Canada.

(18) Attached hereto as Appendix O is a true copy of the Annual Report for 1978 which shows Brink's sales revenue as $138,471,000 for that year at p. 15.

(19) The BRINK'S name and mark received extensive publicity in the 1978 film "The Brink's Job", starring the actor Peter Falk that recounts the robbery of a Brink's facility located in Boston, Massachusetts on January 17, 1950, in which more than $2,700,000 in cash and securities were stolen. At that time, the robbery of the Brink's facility was the largest robbery in U.S. history. Attached hereto as Appendix P is a true copy of an advertisement for the film "The Brink's Job" describing the robbery as "The robbery nobody thought could happen by the guys nobody thought could pull it off."

(20) The robbery of the Brink's facility in Boston in 1950 was the subject of at least two books. Attached hereto as Appendices Q and R, respectively, are copies of the cover and inside title and copyright notice pages of the following books:

(a) "Big Stick-Up at BRINK'S", by Noel Behn (G.P. Putnam's Son, New York, 1977).

(b) "The Great BRINK'S HOLDUP", by Sid Feder and Joseph F. Dinneen (Doubleday & Co., Garden City, New York 1961).

The books identified in (a) and (b) above are printed publications available to the general public in libraries or of general circulation among members of the public.

(21) Attached hereto as Appendix S is a true copy of a book entitled "The Romance of Moving Money: Brink's Incorporated" written by Forrest Crissey in 1934 in honor of the seventy-fifth anniversary of the founding of The Brink's Company. Based on my familiarity with the documents and related materials comprising the records of Museum, the historical summary of the development of Brink's in this book is accurate.

The book entitled "The Romance of Moving Money: Brink's Incorporated" written by Forrest Crissey is a printed publication available to the general public in libraries or of general circulation among members of the public.

(22) As a result of the longstanding, continuous, nationwide operation of Brink's for more than 100 years, as evidenced by the documents submitted herewith and the records at the Museum relating to the nature and operation of the BRINK'S business, the name and mark BRINK'S had become widely

recognized by the general consuming public in the United States as an identification of the source of the services provided under that name and mark well before 1978.

In accordance with 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct. Executed at Chicago, Illinois on December 15, 2008.

David R. Kapella

David R. Kapella

CERTIFICATE OF SERVICE

I hereby certify that a true copy of the foregoing Declaration of David R. Kapella in Opposition to Applicant's Motion for Partial Summary to Dismiss Opposer's Claim of Dilution was served on the following counsel of record for Applicant by Federal Express overnight courier service this 15th day of December, 2008:

Gary A. Clark, Esq.
Susan Hwang, Esq.
Sheppard, Mullin, Richter & Hampton LLP
333 South Hope Street, 48th Floor
Los Angeles, California 90071

APPENDIX A

Chicago today Finance

by William Gruber
Financial Editor
CHICAGO TODAY

Brink's, Inc., takes on an inside job.

Think about moving money under guard, and the chances are that the name Brink's will come to mind.

For more than a century, Brink's, Inc., has specialized in the movement of money and other valuables. It's armored cars, painted battleship grey, and guards with drawn pistols are a familiar sight outside banks and other businesses handling large amounts of cash.

Now the company is broadening its services to include the inside of a customer's operation.

According to Joseph Hasselhoff, Brink's executive vice president, about 85 per cent of the $16 billion lost by businesses each year due to crime are the result of internal thievery—larceny, fraud, embezzlement, dishonesty and the like.

At the request of some of its armored car customers, Brink's started a few years ago to make a security analysis of a firm's entire operations. The service expanded to the point that a new subsidiary, Brink's Security Service Inc., was formed.

Each analysis, carried out by a team of professionals, is tailored-made to the requirements of the individual client and attempts to scrutinize every facet of the operation. Cost of the analysis can range from about $1,000 for a small bank up to $3,000.

The team spends a week or two at the site, checking the firm's physical security procedures, property controls and inventory methods. It deals primarily with the chief executive of the firm.

"We try to put ourselves in the place of the person who might be contemplating a crime," explains Leonard Becicka, vice president of Brink's Security Service and a former provost marshall of the 5th Army before he retired.

Clients include banks, hotels, retail outlets, warehouses and other operations where a number of people handle merchandise or valuables that could be stolen. Each type of firm has its unique vulnerabilities to crime, Becicka said.

On completion of the analysis, a report is made to the client containing suggestions and recommendations regarding any discrepancies in security uncovered by the Brink's team. The report may suggest new or corrected procedures, or the installation of protective devices, but it does not sell any equipment itself.

"We think we can be more objective this way," said Hasselhoff. "Sometimes we've found that the client had too many cameras or other equipment to do the job properly. We try wherever possible to save the firm money by building the security program within the organizational structure."

Some of the basic areas covered by a Brink's security analysis include: control of persons entering or leaving; procedures for indoctrinating personnel concerning loss prevention; adequacy of security officer personnel; inventory control procedures; internal records, routing and methods of operation; accountability of funds and other valuables; personnel selection, screening procedures and identification; the need for or adequacy of existing detection systems; and development of security plans for new structures.

Most firms are quite cautious about whom they hire, says Becicka. But they frequently make the error of not having a firm plan of operation in the event of an emergency, such as a kidnapping or extortion plot.

He is most emphatic about the need for thoro screening of job applicants, however, and thinks the lie detector is an excellent tool in many cases.

In addition to the initial security analysis, Brink's recommends follow-up checks every six months of a year. "A firm often can become overly relaxed if there is no crime against it over a long period," says Hasselhoff. "A bank's cameras, for example, can get out of focus. And people involved in the handling process get lax."

The Brink's unit currently consists of seven persons working out of the firm's main Chicago office, altho they have handled assignments in other parts of the country. There are plans to expand the service, however, but Becicka says that his biggest problem is to find qualified personnel.

APPENDIX B

ADUATION

APPENDIX B

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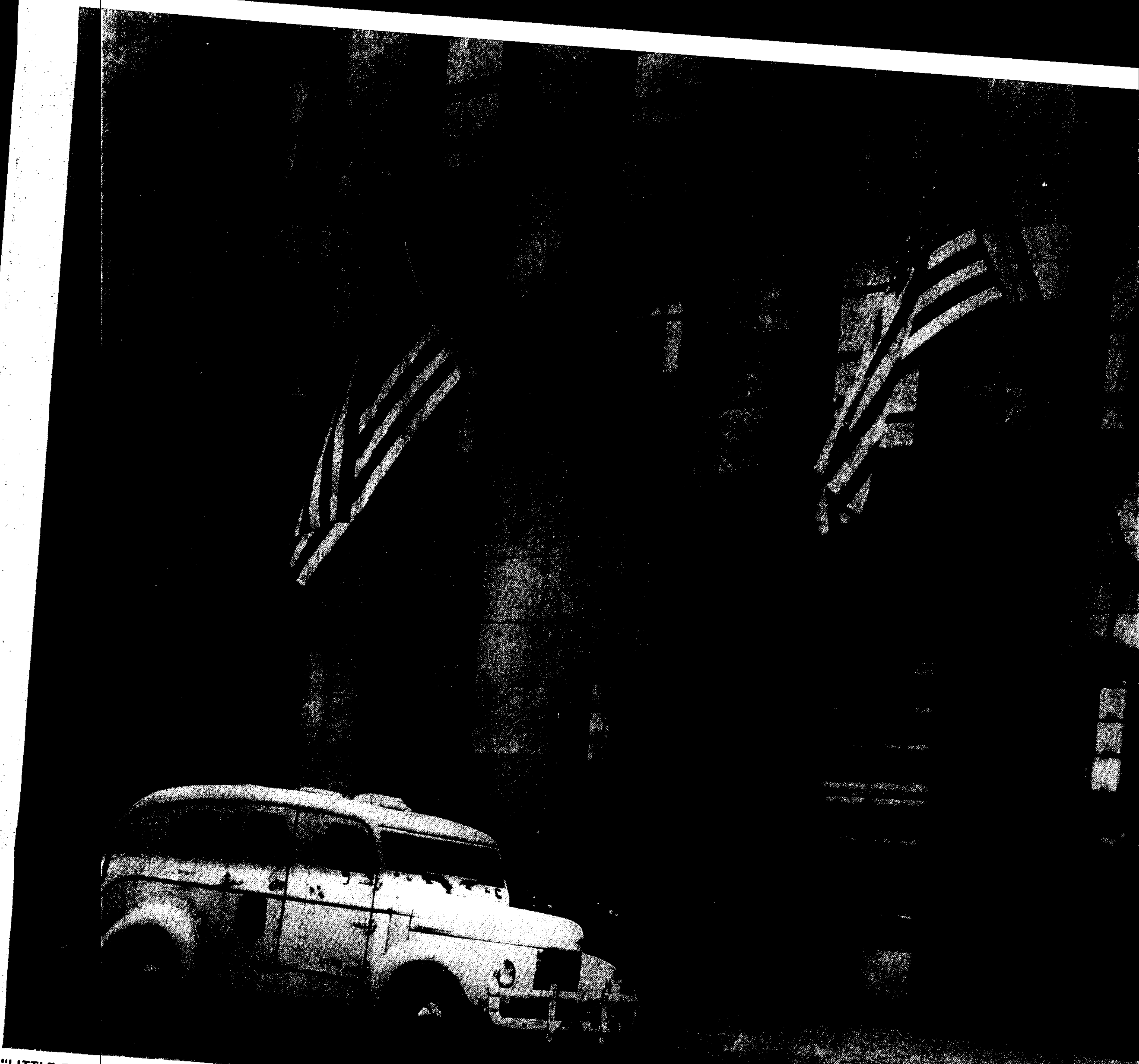

"LITTLE FORT KNOX" IS CHICAGO HEADQUARTERS OF BRINK'S PANZER FORCE OF ARMORED CARS, LIKE ONE ABOVE, WHICH TRANSPORTS BILLIONS AROUND U.S.

BRINK'S, MOVERS OF MONEY

ITS ARMORED CARS, FORTRESS VAULTS, SHARPSHOOTERS STAND READY TO MEET POSTWAR CRIME WAVE

by FRANCES LEVISON

Early one morning last week a gray armored truck drove up to the Clark Street entrance of Chicago's First National Bank. Four men, wearing holster belts heavy with bullets, jumped out and strode into the bank in single file. Inside the truck a fifth man kept watch through small portholes in the aluminum body. A machine gun and a tear-gas gun lay by his side.

The leader of the quartet who had entered the bank approached the cashier's window, presented several checks and received a written receipt. From another window he began drawing sacks of coins—80 sacks of pennies with $50 in each, 40 sacks of nickels with $250 in each, 20 sacks of dimes, 20 of quarters and 20 of half dollars with $500 in each. He loaded his $44,000 haul onto a hand truck and rolled it outside to the armored car. His companions gave him no assistance. Their hands rested on their pistol butts, their eyes ranged the bank, the street outside, the windows overhead. When all the sacks were stowed inside the truck, the four men re-entered the bank and collected three mail pouches containing $1,956,000 in paper currency. Then they climbed back in the truck and drove off.

Some minutes later the gray truck turned into an alley behind a massive brick building in West Monroe Street. Over the front doorway appeared the single word "Brink's." Above the rear driveway, where the truck halted briefly, a watchman peered down from a protruding glass turret that clung like a blister to the grim wall three stories high. He pressed a button. A door slid open. The truck drove inside with its $2,000,000 cargo. Bank Crew No. 305 had come home safely, as usual.

To Chicagoans the frowning building which swallowed up Crew 305 and their truck is known as Little Fort Knox. It is the national headquarters of Brink's, Inc., a self-effacing but extremely tough organization which handles more money than any other institution in the world. It is, moreover, the supreme headquarters of a privately owned armored force that operates throughout the U. S. and Canada. Behind its 27-inch walls are iron-barred vaults and arsenals of machine guns, carbines and assorted small arms. The nickname Little Fort Knox is actually an

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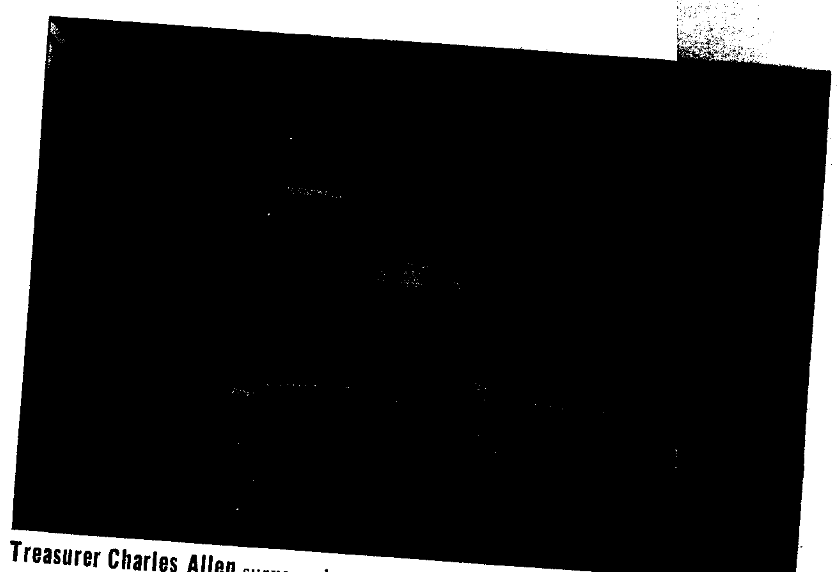

Treasurer Charles Allen surveys the varied weapons used to guard Brink's treasures. In Brink's arsenal are machine guns and carbines, tear-gas guns, assorted small arms.

BRINK'S CONTINUED

understatement. For whereas the inert treasure of Fort Knox in Kentucky totals a mere $13,000,000,000, Little Fort Knox cares for hundreds of live billions yearly—sums which exceed in fact the entire national debt of $242,000,000,000. A few of Brink's panzer units have hauled more than $2,500,000,000 around a single city in a single day.

It is Brink's boast that in 85 years of moving money and valuables, no client has ever lost a cent. Today Brink's serves 50,000 customers in 4,000 cities in this hemisphere. It handles payrolls for corporations, transfers millions of dollars from Federal Reserve banks to member banks and shuttles huge quantities of money and securities among all kinds of business and financial institutions. It is indeed the main artery of America's monetary system. But Brink's carries other treasures too. It moves precious metals for the U. S. Treasury, ration stamps for cities and fragments of radium for hospitals.

Every day millions of U. S. workers receive their wages in the form of cash supplied by Brink's. For example, the money which Bank Crew No. 305 brought last week to Little Fort Knox included among other things the $1,000,000 weekly payroll of the International Harvester Company. This was tucked into 25,000 brown envelopes by girls working in "cages" on an upper floor of Little Fort Knox. Next day armed Brink's messengers slung hand trays over their shoulders and personally distributed the envelopes to 25,000 Harvester employes in the company's various Chicago branches.

A notable criminologist has said, "If an act of God suddenly were to obliterate Brink's . . . the effect would be an instantaneous outburst of robbery and murder." Brink's became a national institution as a result of the crime wave which followed World War I. At the moment its forces are gathering to combat an expected outburst of larceny and violence after World War II. Brink's, unterrified, predicts that the coming crime wave will be the bloodiest ever—and that Brink's business will be the best ever.

Although Little Fort Knox is the SHAEF of Brink's motorized army, subsidiary strongholds are dispersed among 70 of the nation's more important financial centers. Little Fort Knox itself is an example of the Maginot school of design. Four separate vaults surround a solitary elevator placed squarely in the center of the building. Push buttons dot the inner walls at strategic spots. When one of these buttons is pressed, a siren screams, signaling workers to don gas masks, clear the corridors and lock themselves in the vaults. Other buttons and pedals touch off streams of tear gas aimed at doors and passageways. The only time this system went into action was one day when a nervous new employe named Sammy accidentally stepped on a tear-gas pedal. As every jet in the place began spouting, couriers hurried forth and bought up all the handkerchiefs in the neighborhood. Everyone on the first floor wept for a solid week till the fumes were cleaned out.

There is no banklike hush inside Brink's. Sacks stuffed with thousands of dollars are tossed about like bean bags. Bills lie strewn before girls in the pay-envelope department like leaves of lettuce. Yet for all this apparent unconcern with the materials of their trade, Brink's people observe a routine distinguished by infinite precaution. Whenever a package changes hands, even in the heart of Little Fort Knox, a receipt is signed. Everyone entering or leaving the vaults must fill out a time form. When guards carry money in the elevator, they ride alone. Messengers never know till they come to work each morning what calls they will make during the day. Brink's employes regard their duties with a kind of awe. Their work, involving

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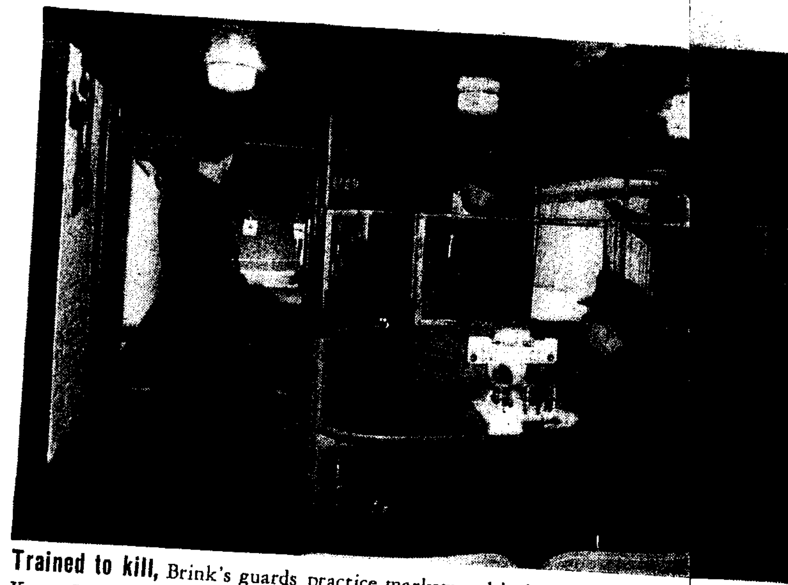


Trained to kill, Brink's guards practice marksmanship in pistol range in Little Fort Knox. For capturing or wounding a bandit, the men get $500; for killing one, $1,000.

BRINK'S CONTINUED

only the endless shifting of green paper and metal from one place to another, holds none of the creative fascination that pervades any industrial plant. But in an age of fiscal idolatry, Brink's is like a priesthood that watches over the shrine. The very presence of money endows the simplest movements of its men with the dignity of a ritual.

In its own way Brink's has met the major and minor crises of modern times. During the depression it hastily dispatched truckloads of cash to halt bank runs. In 1933, when all the banks closed, Brink's guarded, shipped and stored most of the free currency in the U. S. And when beer returned after 15 dry years, brewers called on Brink's guards to protect their precious fermenting vats against highjackers. Occasionally dedicated to less serious purposes, Brink's was once called on to transport the Navy goat from Annapolis to Franklin Field, Philadelphia, when the Army threatened larceny.

Brink's armored force—now comprising more than 600 trucks which cover 6,000,000 miles a year—grew out of a single horse and wagon purchased by a young man named Perry Brink a few years before the Civil War. A Vermonter, Brink had gone west to find adventure and a fortune and had wound up in Chicago, then a sprawling town suffering from too many people and too few services. Observing disconsolate new arrivals lugging heavy trunks and carpetbags on their own shoulders, Brink conceived a bright idea. He bought a wagon and a horse and drove to the railroad station. Brink's express service came into being on Sept. 10, 1859 when Perry Brink relieved a grateful traveler of his leather trunk and delivered it from station to hotel.

Founder Brink carried Lincoln's luggage

From the very beginning Brink's business was brisk. As operator of the only express service in town, he handled the luggage of delegates to the Republican Convention of 1860, which nominated Abraham Lincoln for President, and personally carried Lincoln's worn carpetbags up the steps of the Tremont House. Soon Brink found he needed helpers. Being a thrifty Yankee he shrewdly hired only single men who would board with him. Thus he kept tabs on his employes' habits and at the same time retrieved part of the small wages he paid them.

Before the telephone, Brink's Chicago City Express Company communicated with its customers by means of a huge blackboard erected on the busy corner of Randolph and State Streets. Here patrons chalked up requests for services, and messengers, stopping by at regular intervals, learned what jobs awaited them. Brink's early loads were baggage, beer barrels and strongboxes filled with gold and silver. Its first delivery of payday money was made for Western Electric in 1891. In time Brink's money-moving and payroll services grew to national proportions and superseded its express business entirely. Eight years ago the firm name was changed to Brink's, Inc.

For the first half century of its existence Brink's did business without bloodshed. Chicago, contrary to popular impression, was once a peaceful city, and Brink's messengers either walked the streets unarmed or drove wagons with a token gun under the seat. Cash and other valuable items were simply hidden under wrappings of old clothes and dirty newspapers. By the simple device of appearing insignificant, Brink's weathered two depressions and several periods of high prosperity without a holdup. But one August day in 1917 a

CONTINUED ON PAGE 50

Armed guards stationed outside the main vaults keep masks on hand in case alarm sets off tear-gas jets. Vaults are protected by 27-inch walls, iron bars, electric eyes.

BRINK'S CONTINUED

young Brink's messenger strolled up the front walk of a Chicago leather plant carrying two satchels filled with $9,100 in payroll money. Suddenly men jumped from bushes beside the walk, poured slugs from sawed-off shotguns into the lone messenger and killed him on the spot. Their victim was Barton Allen, son of Brink's president, Frank Allen. The gunmen, a gang led by one "Ammunition" Wheed, were quickly caught, the money was recovered and Wheed was hanged. Brink's promptly revised its procedures. Abandoning its strategy of casual obscurity for one of invulnerability, Brink's built the first armored car in America and soon had a fleet of bullet-proof trucks for all money-moving operations. It taught its men to use the guns they carried and ordered them to shoot to kill. To its guards Brink's offered two rewards: $500 for wounding or capturing a bandit, $1,000 for killing one. The offers still stand.

A Brink's truck is dynamited

In the few years following World War I Brink's learned a lesson about the relationship between war and crime. Peaceful Chicago changed into a gangsters' heaven. Racketeers stalked every city in the land. And despite its new arms and armor, and its chain of fortresses that spanned the continent, Brink's did not succeed in scaring off all attack. Several trucks were held up, and four Brink's men lost their lives in action. The $500 and $1,000 rewards were paid out to Brink's straight-shooters several times each. Perhaps the most spectacular assault ever made upon Brink's was a high explosive job conceived by Paul Jawarski, the "cherub of the church choir" —a Pennsylvania gangster with 26 murders charged to his record. In 1927 Jawarski and friends dug a tunnel underneath a highway outside Pittsburgh and filled it with dynamite. Then they sat down beside the road and waited till a Brink's truck and escort car rolled by. Jawarski's land mine went off so violently that the truck soared into the air and crashed open. Before the stunned guards in the escort car, who had also enjoyed a high ride, regained consciousness the gangsters escaped with the truck's contents of $103,834.38. Jawarski was ultimately captured and electrocuted. As a result of the dynamiting, Brink's trucks were redesigned. Today they cannot be blown open by anything short of a 57-mm. anti-tank gun.

Many people who have seen its uniformed troops in operation believe that Brink's is a government organization like the FBI or Secret Service. As a matter of fact Brink's men are usually deputized either under a county sheriff or a city police department. They are licensed to carry and use firearms on duty but must check their guns each night at Brink's. In emergencies they have aided the police in apprehending criminals. One alert Brink's messenger meted out quick justice when his companion was shot down by a gunman outside the Wilson Company's packing plant not long ago. Ordered at pistol point to hand over the payroll box which he carried suspended from a strap on his shoulders, the messenger said, "Here," and pushed it at the surprised bandit so quickly the latter stood helpless for a moment, both arms occupied with his clumsy box of loot. In that instant the Brink's man whipped out his revolver and shot the robber down. On another occasion an armored car crew came to the aid of Oklahoma police who had trapped a band of desperate gunmen in

CONTINUED ON PAGE 52

a house. The gangsters had taken a stand and were blazing away fiercely in all directions. The battle ended only when Brink's men drove their armored truck up to the windows and tossed enough tear gas inside to drive the bandits into the open, where they surrendered.

Brink's trucks are completely bulletproof, from their armored gasoline tanks to their shatterproof glass windows which never open. Some have ventilating turrets on top to protect crews from tear-gas attacks. Each truck is manned by at least two armed guards. This minimum crew is augmented if the truck's contents exceed $7,500. Three men ride with shipments of $7,500 to $50,000; four men go along when the truck contains between $50,000 and $150,000; and five men escort any treasure in excess of $150,000. If a delivery involves more than $1,000,000 the number of guards depends on the danger of the trip. Each Brink's truck is insured up to $5,000,000 and no truck ever carries more than that.

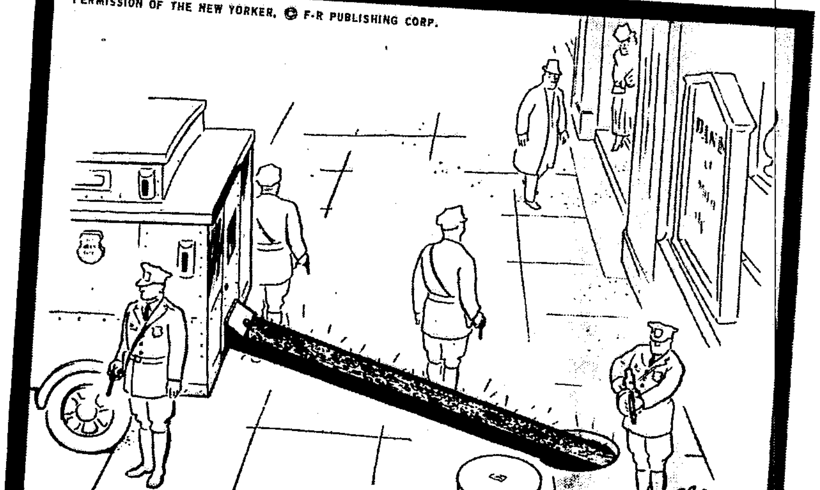
None of the fabulous wealth it handles belongs to Brink's and none ever lingers in any of Brink's repositories for more than 72 hours. But before it slips through Brink's deft hand, enough of it clings to the custodial fingers to provide a substantial annual profit. Brink's charges a cigar store $16.50 a month, for example, to collect daily receipts totaling $1,000. It charges a bank $25,000 to move $1,000,000 across the street. From such fees Brink's last year netted an income approaching seven figures.

There are no longer any Brinks at Brink's, Inc. Old Perry Brink passed on the presidency to his son, but in the next generation the family faded from the scene. The president today is Frank Allen, a hearty septuagenarian who came to Brink's in 1892 as veterinary to its 150 horses. He is still called "Doc" Allen, though he has been president for the last quarter century and has had nothing to do with horses in that time.

Although Little Fort Knox is filled with old-timers from top to bottom, they are not prone to relax in their leather armchairs or to rest on Brink's tradition of invulnerability. Brink's G-2 section is already making plans to meet the expected postwar blitzkrieg of bank robbers and highwaymen. And they are preparing the public for it. Their lively sales force collects accounts of all large-scale larcenies and reprints them in a weekly bulletin designed to terrify prospective clients into a contract with Brink's. Some of their scare-heads. read, "FOUR GUNMEN SEIZE $30,000 ON WAY TO BANK," . . . "WOMAN BANK MESSENGER SCRAMS WITH $2,200". . . . When a particularly big theft is reported, Brink's is likely to applaud it as "ONE SWELL HOLDUP."

In an upper story of Little Fort Knox, carefully hidden from enemy eyes, Brink's keeps a full-size model of its secret postwar weapon: a complex, hyperassault-proof, three-sealed-compartment combat truck. Reports indicate that this extraordinary vehicle is of colossal size and contains such implements of modern warfare as directional control boards and a two-way radio. It has even been hinted darkly that it may also be equipped with antiaircraft guns and radar. For, warns Brink's, "Flying bank robbers and other airborne criminals are just around the corner." Viewing the future with its own peculiar rosy glasses, Brink's cheerfully proclaims that things are bound to get worse and worse. "History reveals that war is always followed by an increase in crime. . . . J. Edgar Hoover said last night that the recent wave of robberies is but the forerunner of a postwar crime wave which he expects to be the biggest in the nation's history."

Confidently Brink's goes on shuffling its billions as it arms for the fray.



Brink's spectacular deliveries have inspired many a cartoonist. *The New Yorker*'s Alain to the contrary, Brink's men still carry money from armored truck to bank in bags.

APPENDIX C

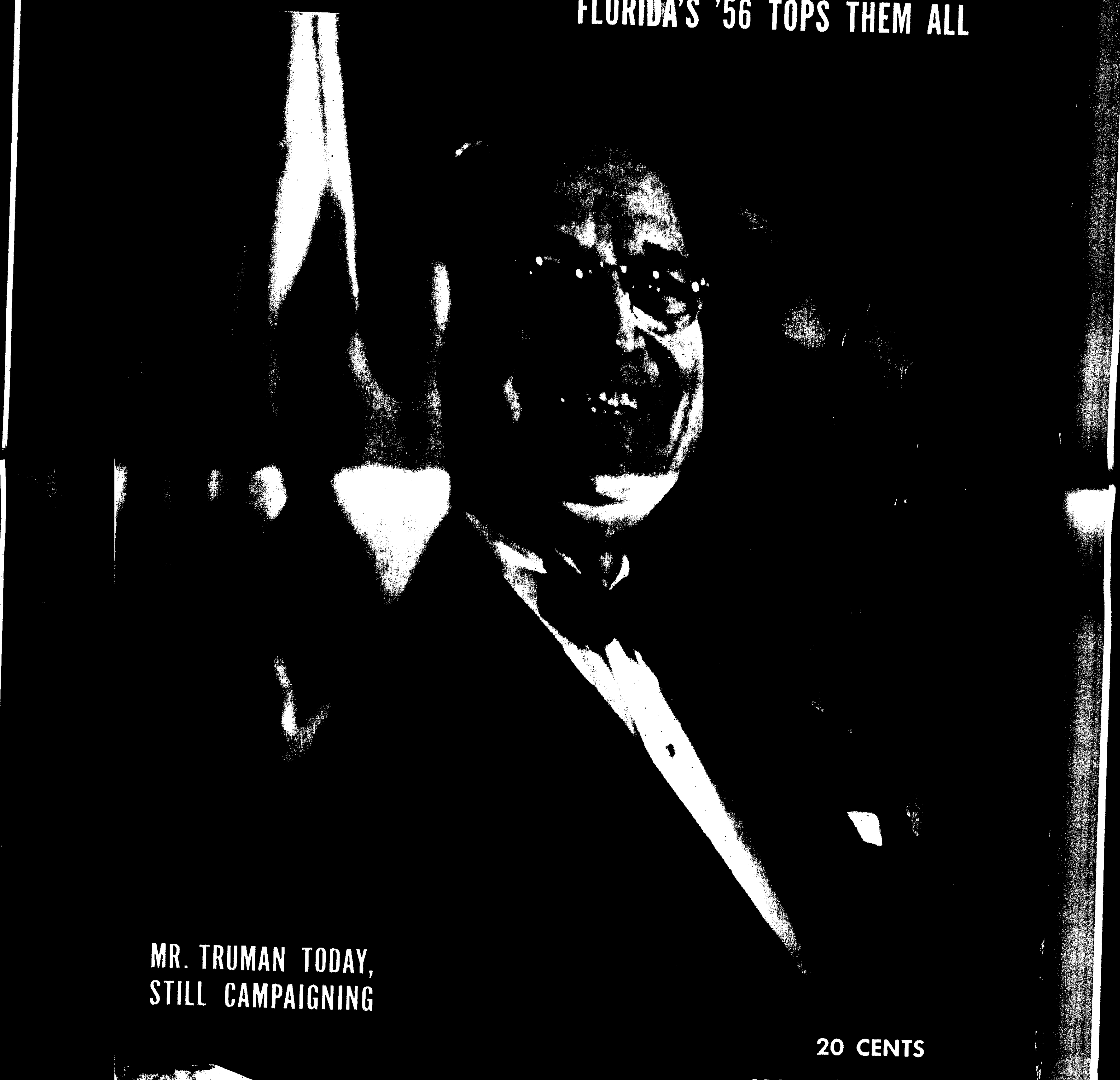
LIFE

BEGINNING IN THIS ISSUE: VOLUME II OF

THE TRUMAN MEMOIRS

BASIS FOR CONTROVERSIAL CHINA POLICY

FLORIDA'S '56 TOPS THEM ALL



MR. TRUMAN TODAY,
STILL CAMPAIGNING

20 CENTS

JANUARY 23, 1956

APPENDIX C

BRINKS009456

LIFE

Vol. 40, No. 4 January 23, 1956

HENRY BAKER
CAPTURED

JOHN S. BANFIELD
DIED IN 1955

VINCENT J. COSTA
CAPTURED

JAMES I. FAHERTY
STILL AT LARGE

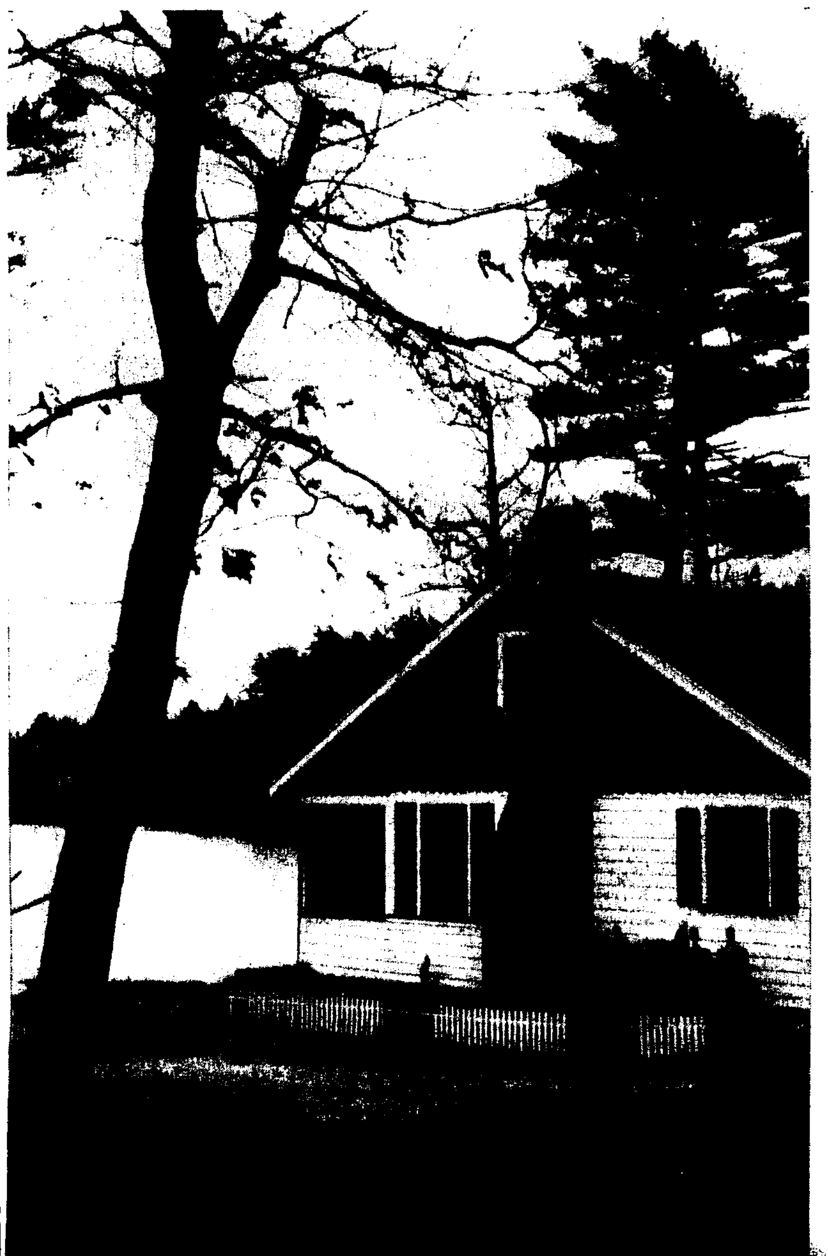
MICHAEL GEAGAN
CAPTURED

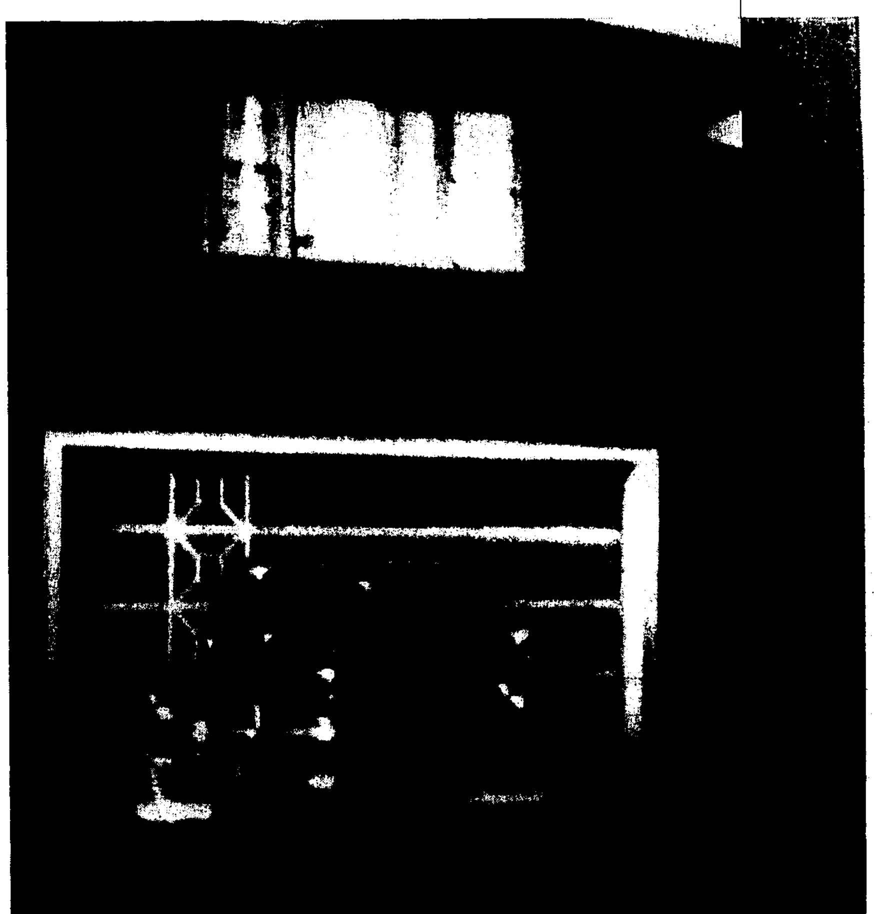
STAN
SERV

THE 11 MEN

Last week, as for many weeks past, most of the men pictured above were living quietly around Boston, in pleasant middle-class homes (*below*), seemingly doing middle-class things. Actually, they were anxiously waiting for a date to pass that would free them from the threat of life imprisonment. They comprised the well-drilled team that almost six years before had pulled the biggest robbery in U.S. history, the stickup of the Brink's armored car service office in Boston (LIFE, Jan. 30, 1950). It netted them $1,100,000 in cash—all they could safely keep in a haul that also included $1.6 million in securities, checks and traceable currency. On Jan. 17 the Massachusetts **statute**

FBI FILES ON ROBBERY in the bureau's Boston office, here being checked by Clerk Ann McCluskey, fill 177 drawers. They include tips, false accusations and testimony taken at time of the robbery.

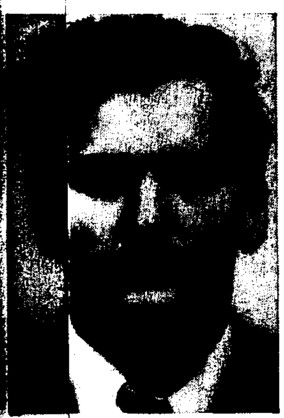




PINO'S CADILLAC stands outside his $17,500 home in Boston suburb. He was first sentenced in 1928 for carnal assault, later for theft of a dozen golf balls.

← **COSTA'S COTTAGE,** a summer home in Pembroke, Mass., was occupied by the criminal, his wife and five children while year-round home was being built nearby.

GAN

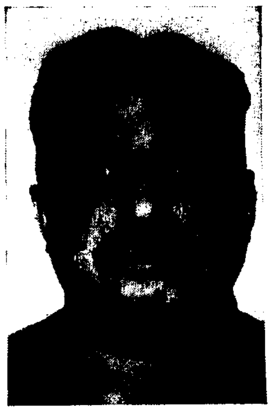


STANLEY A. GUSCIORA
SERVING A SENTENCE

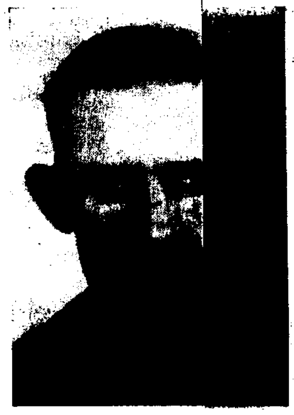
ADOLPH MAFFIE
CAPTURED

JOSEPH F. McGINNIS
CAPTURED

JOSEPH J. O'KEEFE
SERVING A SENTENCE



ANTHONY PINO
CAPTURED



THOMAS RICHARDSON
STILL AT LARGE

WHO STOLE A MILLION

of limitations on the crime would, subject to certain interpretations, run out and they could be immune from prosecution for robbery. The federal limitations statute had already expired.

But five days before the state could lose its claim on them, FBI agents fanned out over Boston and within 93 minutes rounded up six of the eight robbers still alive and at liberty. The Brink's case, after years of false leads and official frustration, had finally been solved.

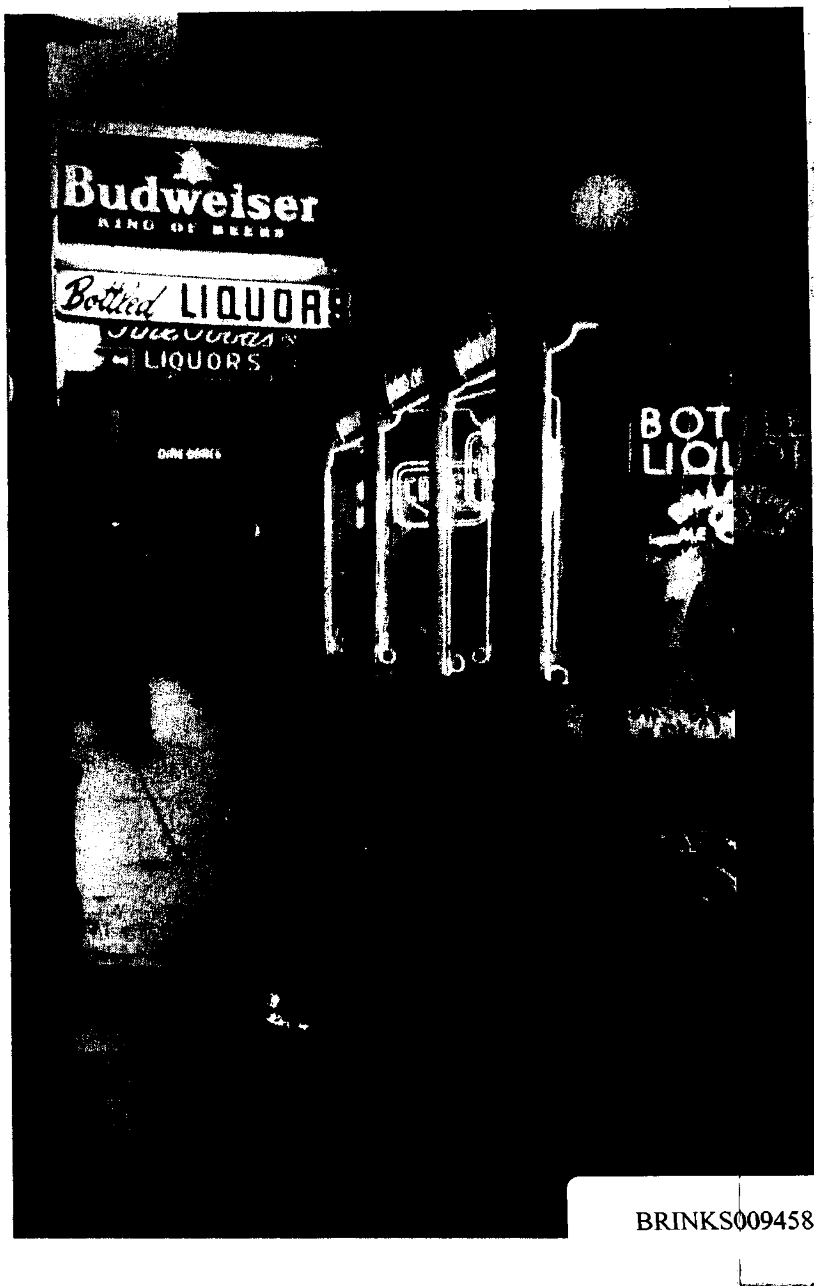
This was the more stunning because long months before, most of the 11 had been mentioned in connection with the heist and had been called to testify before a grand jury. But nothing was proved. In the way of criminal veterans the gang members had stolidly continued, without tell-tale sign of sudden wealth, their superficially respectable lives.

But one of them, a thin man named Joseph J. O'Keefe, who was serving 27 months for probation violation in Springfield jail, had become fed up. A long-suspected member of the Brink's gang, he had never received his "end" of the loot from the others. When he beefed, his ex-partners had him shot at twice. On Feb. 4 he was to be released from jail into a world full of eager enemies. Wooed by FBI men, "Specs" O'Keefe spilled to G-men and to County Prosecutor Garrett H. Byrne all the details of the great Brink's robbery (*next page*).

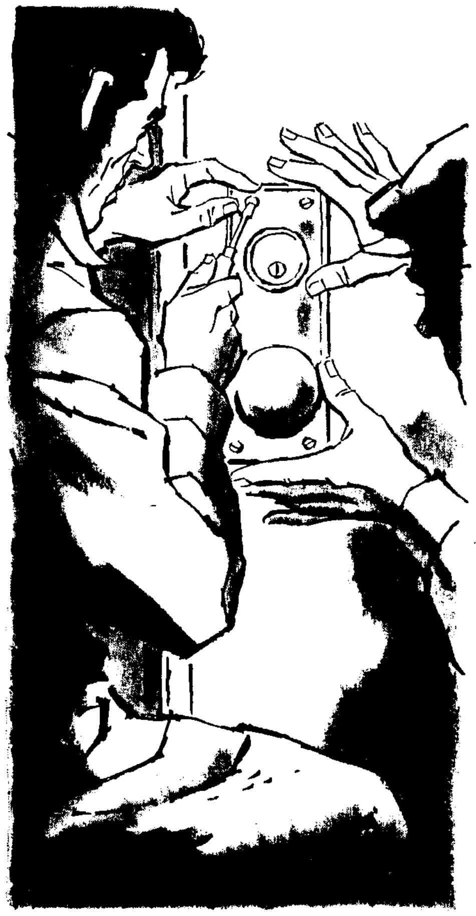
FBI CHIEFS who cracked case are Edward Powers, head of Boston office, Assistant Edward Hargett.

GEAGAN'S DOG scratches plaintively at door of his $20,000 home in Milton, Mass. His wife drew the blinds, locked herself in with their 7-year-old daughter.

McGINNIS'S LIQUOR STORE in Boston is checked by policeman. Though McGinnis had a police record, the store still obtained a liquor license from the state. →



RECRUITING A ROBBER needed to bring band up to strength, gang member Adolph Maffie (*right*) talks with "Specs" O'Keefe (*left*), over drinks in 1948 in Boston bar. O'Keefe came in readily.



REMOVING DOOR LOCK at Brink's enabled robbers to make keys. Locks were taken off and replaced without attracting notice.

HOLDUP STRATEGY was hammered out at innumerable meetings held at homes of gang members. Here Maffie (*seated, center*) and O'Keefe (*left*)

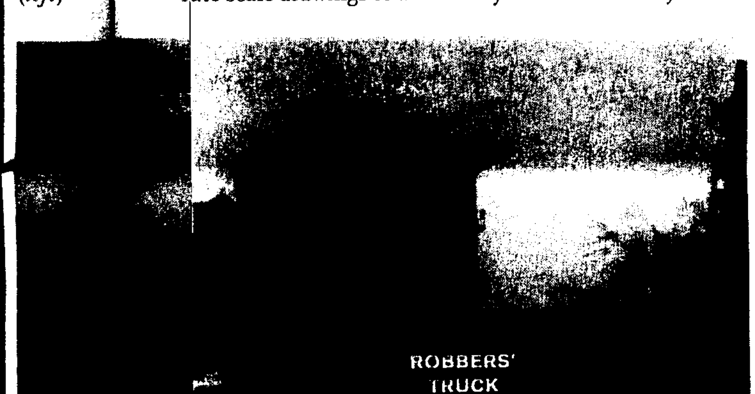
ROBBERS' ROUTE *is* shown *in* cutaway drawing superimposed on photograph of east side of Brink's building. Gang waited in truck parked on Snowhill Street (*right*) until lookout, who had previously arrived by car on Prince Street, flashed a signal from tenement roof. Then they left the truck, crossed the playground and entered Brink's. After unlocking several doors and crossing counting room, they surprised clerks whom they forced

it in-
nem-
(*left*)

attend a briefing session. The robbers were so thoroughly trained that O'Keefe can still make accurate scale drawings of Brink's layout from memory.

EARLY TRY is called off when the lookout on the roof across from Brink's warns gang that a police car is prowling the street below.

AT ZERO HOUR, in cramped confines of getaway truck, seven of the gang get ready to step out in rainy street. Men carried Halloween masks which they put on once they were inside building.



to open gate to vault. After binding clerks and looting vault, robbers returned to getaway truck along path they came by. The crime took 17 minutes.

PATIENCE MADE NEAR-PERFECT CRIME

by HERBERT BREAN

On the basis of O'Keefe's confession, it is possible now to tell how the great Brink's robbery was very nearly the perfect crime. There were two cogent reasons: the lengthy rehearsals that preceded it and the *esprit de corps* of the 11 cynical toughs who committed it.

Sometime in 1948 Joe McGinnis, a liquor dealer with a long "sheet" for robbery and narcotics, began talking with Tony Pino about the possibility of robbing Brink's. Presently, from among those whose bad records made them good prospects, they began recruiting the sizable corps such a job would require, including dapper Vince Costa, a good wheelman, Henry Baker, wise with locks, Richardson and Faherty, both handy with guns, Maffie, a cool gee on a stickup, and Specs O'Keefe, a likely comer.

Brink's was housed in a three-story garage building (*left*) in Boston's tough North End surrounded on three sides by tenements. From the roofs members of the gang studied Brink's operations by day and night through binoculars and telescope. They saw that each night the money carried in by Brink's armored trucks was put in a vault. The drivers usually checked in by 6:30 or 6:45, leaving five clerks to put the money away. This was completed by 7:30. So if they struck between 6:45 and 7:30, it should be easy. But there were locked doors between the money and the street.

They began breaking into the building late, first gaining entrance through a fire door. Two or three would go in around midnight; apparently once the money was in the vault, Brink's vigilance relaxed. Some 20 such sorties were made. The lock in every door they might have to open was carefully removed, presumably by Baker, and sped to a locksmith at once to have a key made for it. It was put back the same night.

Every member of the gang grew to know intimately the layout of the premises he was to loot. In addition floor plans and charts by the dozens were drawn and studied. They devised a kind of uniform which would make the robbers indistinguishable one from another and yet unobtrusive if exposed to street surveillance: pea jackets, rubber-soled shoes and chauffeurs' caps. The now famous Halloween masks, gloves and guns for use once they got in the building were agreed on.

By October 1949 they were making "practice runs." By winter they were ready. But at least a dozen times they arrived in their canvas-covered truck to do the job, only to discover something wrong. Once a vault light was shining through a window. Other times there were unfamiliar lights inside. On the night of Jan. 17, 1950 a cold drizzle conspired to keep people off the streets or to bend their heads unobservantly down. The lookout flashed all clear. What followed—described in photo-diagram at left—went so smoothly it was almost anticlimactic.

An hour later they were in Maffie's home in Roxbury. They dumped their enormous haul into cartons and, in a remarkable gesture of mutual trust, left the fortune in an unguarded house. They went unconcernedly home or were carefully "seen" around town in ways that would establish partial alibis. Next day they returned and counted up the haul, agreed to destroy $1,557,183.83 in negotiables and nearly $100,000 in new bills whose serial numbers were traceable. So cautiously did they operate that the loot was not "cut up" for at least a month afterward. By that time the police were fruitlessly tracking down clues (*next page*).

CONTINUED

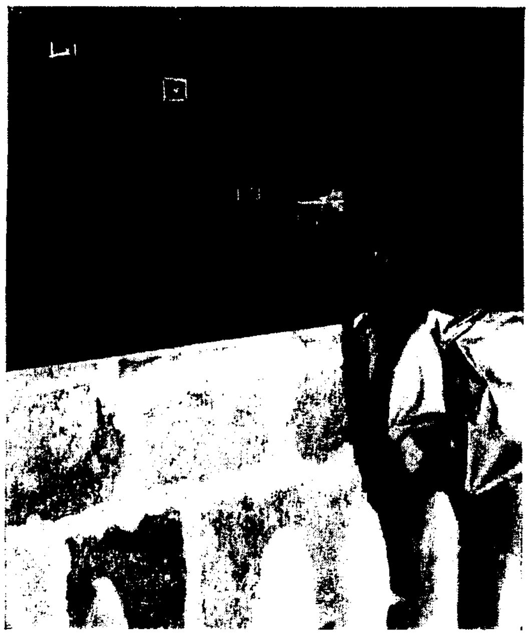
CLUES FAILED AND KILLERS STRUCK BEFORE THE CASE WAS CRACKED

PLUNDERED VAULT at Brink's as it looked on the night of the crime yielded only a few clues. One was chauffeur's cap (*right*) dropped by one of the robbers during getaway.

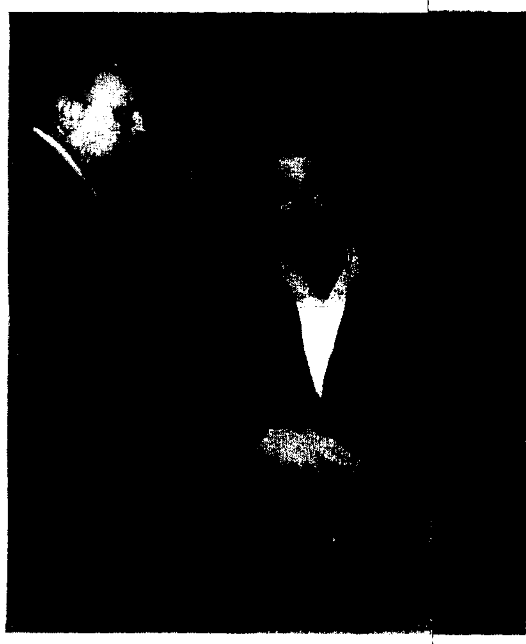
ROBBER'S ROPE, with which thieves bound Brink's men, is compared with other rope in hope of tracing its source.

CITY DUMP of Stoughton, Mass. yielded the dismantled remains of the getaway truck two months after robbery. The find pointed suspicion at O'Keefe who lived nearby.

MYSTERY VICTIM was Carlton O'Brien, who was shot dead outside West Warwick, R.I. home in 1952 after being mistakenly publicized as gang member.



BULLET HOLES in Dorchester, Mass. house were result of a 1954 murder attempt on O'Keefe by gunman hired by mob who feared O'Keefe would squeal.



RUB-OUT ARTIST "Trigger" Burke leaves Boston cell after his arrest as suspect in O'Keefe shooting. He escaped from jail, was recaptured months later.

O'KEEFE'S GIRL, Helen Poskus, was questioned by the police when Specs disappeared after the murder attempt.

A BRAIN behind the holdup, with Mc-Ginnis, was pudgy Tony Pino who, here manacled, treated arrest as a big joke.

KEY WITNESS, Specs (*left*), goes to face a grand jury in the Suffolk County courthouse. With him is District Attorney Garrett H. Byrne who is prosecuting the case. After hearing witnesses, the jury handed down 46 indictments.

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APPENDIX D

Collier's

JANUARY 8, 1954 • FIFTEEN CENTS

The SOLUTION to the

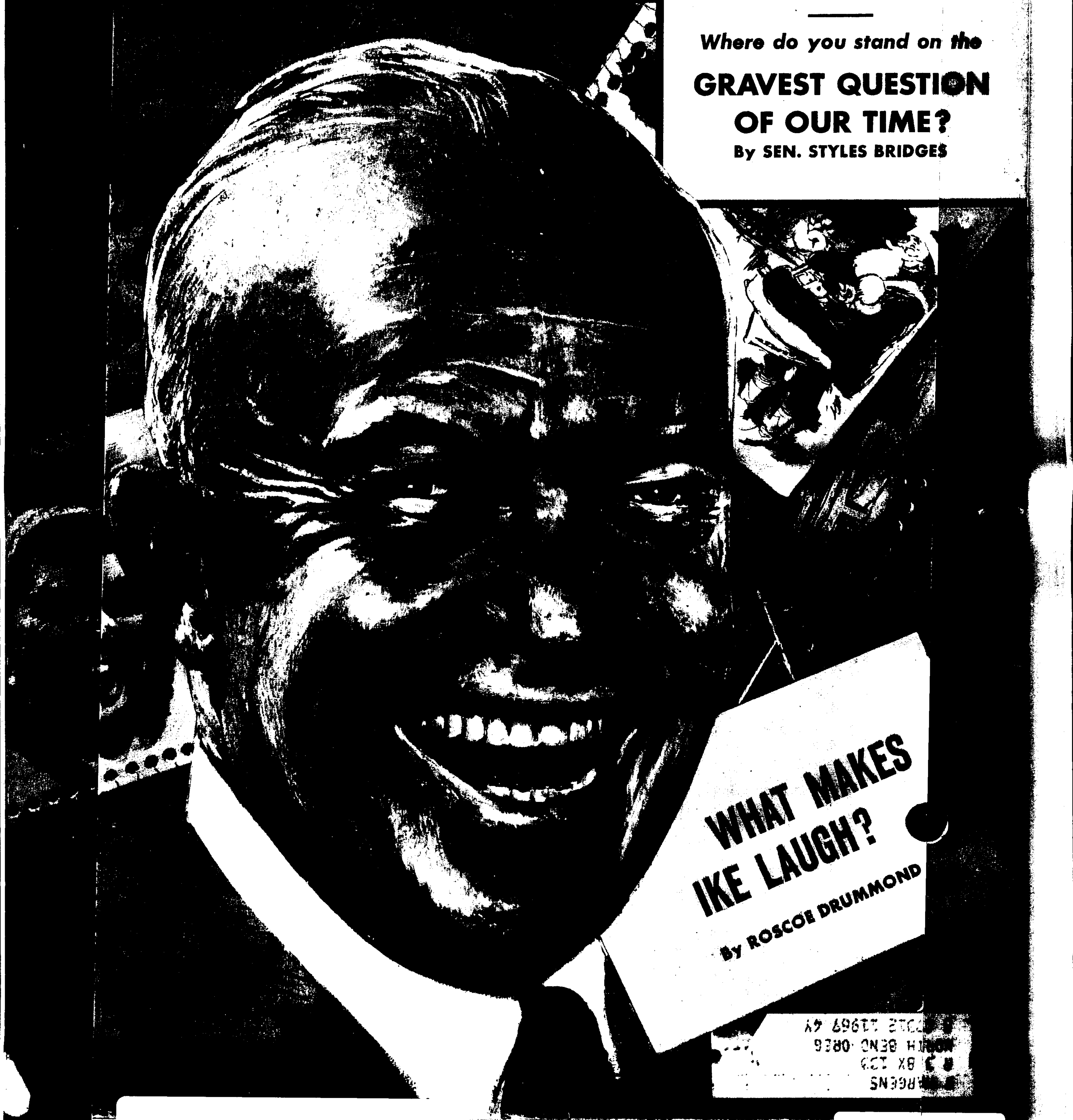
GREAT BRINK'S ROBBERY?

Joseph F. Dinneen tells the Crime Story of the Century

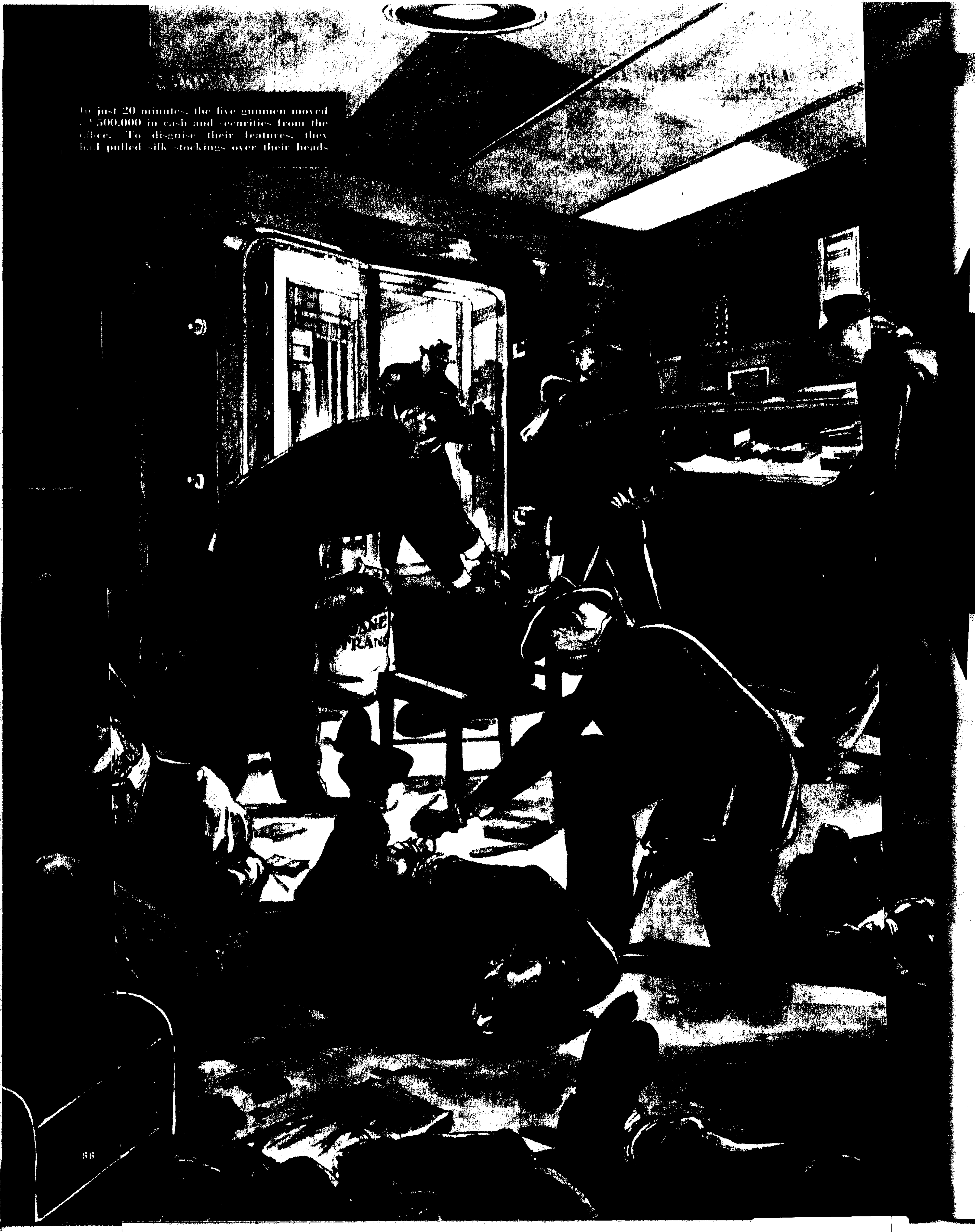
Where do you stand on the

GRAVEST QUESTION OF OUR TIME?

By SEN. STYLES BRIDGES



APPENDIX D



In just 20 minutes, the five gunmen moved $2,500,000 in cash and securities from the office. To disguise their features, they had pulled silk stockings over their heads

Police and the FBI were sure they knew who masterminded the robbery. But the crook had an alibi: When the gang struck, he was talking to a cop whose entire career was linked with his. Was their strange friendship the key to the crime?

THEY STOLE $2,500,000

—and Got Away with It

A TRUE-TO-LIFE PARALLEL TO THE GREAT BRINK'S ROBBERY

By JOSEPH F. DINNEEN

ILLUSTRATED BY WILLIAM SHARP

• On the evening of January 17, 1950, seven men wearing rubber Halloween masks, visored caps and pea jackets held up and robbed the Brink's, Inc., armored-truck garage in Boston's North End of $1,600,000 in cash and an additional sum in bonds and securities. The haul was the largest in the history of modern crime.

Nearly four years of investigation by federal, state and city authorities has failed either to uncover the stolen treasure or to bring a single indictment for the holdup. Rewards totaling $160,000 still await anyone who can supply information that will lead to the arrest and conviction of the bandits.

A year ago federal authorities hinted they were about to break the case. The U.S. attorney's office in Boston summoned a parade of witnesses before the federal grand jury and expected indictments would be handed down. But on last January 15th the jury reported there was not enough evidence to warrant any indictments. Two days later, the federal statute of limitations expired, outlawing any future federal prosecution of the Brink's gang on armed-robbery charges. However, the gang still can be prosecuted by the Commonwealth of Massachusetts for robbery and by the federal government on conspiracy charges.

What happened to the federal government's case? Just how much do investigators know about the background of the crime? How have members of the gang been able to escape prosecution? And, most important, what are the prospects for eventual solution of the robbery?

The answers to at least some of these questions are locked in the files of the Federal Bureau of Investigation and the Boston Police Department. Next to officers of these agencies —and the robbers—the man who probably knows most about the crime is Joseph F. Dinneen, veteran reporter and columnist for the Boston Globe, whose masterful summary of the case appeared in Collier's for January 13, 1951.

Now Dinneen has written a story about a mythical holdup in a mythical city—a story that might be called a true-to-life parallel to the Brink's holdup. But it is far more than just the story of a single robbery; it is a brilliant study of the whole anatomy of crime. Drawing on knowledge gained in more than 20 years of reporting crime and politics, Dinneen delves into the amazing interdependence of our law-enforcement agencies and the underworld, into the whole intricate fabric of law enforcement in the U.S.

It is a never-before-told story, with a message so vital for these times that Collier's is publishing it at far greater length than usual.

Story Starts on Next Page

THE CRIME STORY OF THE CENTURY

THIS is the story of a cop, a crook and a crime. The crime was the theft of $2,500,000; so unprecedented was the sum, so bold and baffling the gangland coup, that the robbery was headlined throughout the nation for months afterward. But an even bigger, more fascinating story lay behind the crime: the strange friendship between the cop and the crook who was accused of committing the robbery.

The story properly begins about the turn of the century, when two immigrant families came to the United States from Europe.

Patrick and Anna Gallagher left Ireland's County Mayo for America the day after they were married in 1897. They settled on the West Side of town; and there Eddie, their only son, and his two sisters were born.

Through the local ward boss, Patrick got a job with the city water department. When his son graduated from St. Eulalia's parochial school at fourteen, he was deemed old enough to help in the family's support.

Eddie Gallagher worked first in a book-bindery, then as a roustabout in a rubber factory. But he was ambitious; he enrolled in night school and earned a certificate of competence.

When the U.S. entered World War I in 1917, Eddie Gallagher was a nineteen-year-old sergeant in the National Guard. He never got overseas. After his honorable discharge from the Army, he began attending night law school. He was still a student there when he passed the civil service exams for the police force.

Soon after his appointment as a patrolman, Eddie married. He continued his law studies; later, under the shock of the death of his first-born son, he was to quit school, never to return. Instead, he was to become an omnivorous reader, a specialist in police practice who knew the Police Manual by heart, an interpreter of its regulations even for his superiors on the force.

But all that lay ahead when, early on the morning of July 4, 1924, Gallagher—still a raw rookie cop—shot fourteen-year-old Anthony Turchino and set in motion a chain of events that would be

Tony Turchino was an infant when he arrived in America in 1910. Forty years later, he was to star in the underworld's greatest coup

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THE CRIME STORY OF THE CENTURY

climaxed by the most celebrated crime of the century. . . .

Tony Turchino was a six-month-old infant in arms when his parents came to America in 1910. Giovanni and Maria Turchino had planned it that way back in Sicily, after much correspondence with Giovanni's brother, Enrico, who had preceded them by six years.

Enrico, a foundry laborer, met the trio at the pier after they had passed through customs and immigration. He took them by trolley to a basement flat he had obtained in the neighborhood known as Brickbottom. Next day Giovanni went to work in a drop-forge shop.

The immigrants gradually became accustomed to the sound and fury of Brickbottom: the scream of reamers in the ironworks, the clatter of boring machines and drills, the rumble of stamping machines; sparks and smoke belching from high chimneys, freight cars clanking, dynamos shrieking. They learned to live with the black soot, clouds of white steam, the derricks, hoists, donkey engines, and hills of coal waiting to be burned at the power plant. But other aspects of Brickbottom—those Enrico never could describe in his letters—would require a longer, more painful adjustment.

Where Tough Characters Congregated

Brickbottom and adjoining Cherry Valley were the toughest sections of the city. Barrooms and taverns were crowded every night with ironworkers and longshoremen, channel-barge sailors, workers in the transit-company repair shops, day laborers who shoveled raw sugar in the refineries, and transient bums from other places and ports. Murder and violence were frequent. Robbery, arson, assault and battery—every kind of misdemeanor, crime and felony was regularly recorded on local police blotters.

But while Brickbottom spawned criminals, it also produced clergymen, doctors, lawyers, teachers, and soldiers with superb records in two world wars. The sprinkling of great people and the larger number of average, law-abiding citizens brought up in the neighborhood would forever after refer to Brickbottom as a challenge which inspired them to seek a better life. Jailbirds, parolees and ex-convicts would cite the place as the cause of their troubles, saying: "What chance did I have? It made me what I am today." Both were right.

In this environment Tony Turchino learned to creep and walk; in this environment he attended school and grew to manhood. But environment alone could not be blamed for making him and his boyhood pals, Red Sweeney, Gussie Acosta and Henry Raglund, the core of a larger group of career criminals who would spend little time in jails and much money keeping out of them.

Tony was seven or eight when his father talked to Uncle Enrico about taking out first naturalization papers; Giovanni's shop foreman had suggested it. Enrico disapproved, but Giovanni took a day off, went to the Federal Building, applied for the papers, and later filed them.

Because of their meager knowledge of English, the Turchinos had come to depend on Enrico to read their mail. When Giovanni received his official notice to report at the Federal Building for his second papers, he did not realize it was an official notice; he just handed it to Enrico to translate. Either Enrico's familiarity with English was not what he claimed, or he solved a problem for his brother very casually—and fatefully. He said it was an ad, and threw it into the stove. The Turchinos watched it burn.

Giovanni did nothing more about acquiring citizenship. There were other matters on his mind. He had become hard of hearing, and the job in the drop-forge shop was more of a struggle. His family had grown; besides Tony, there were now two small daughters to support.

Tony was beginning to develop the standard characteristics of a juvenile delinquent. He did not like school and found ways to avoid it. He feigned sickness as often as he could, played hooky when he could not. The streets were more exciting. So was the narrow back yard behind the long line of mill-type houses where the Turchinos lived. A high board fence separated the yards from the railroad tracks on the other side and the ship channel beyond; it proved a barrier to the kids only until they were big enough to climb over it.

School-attendance officers often came to the Turchino flat to ask why Tony stayed away. Maria could not understand the truancy check, nor could she explain it to her husband. Tony—then facile in the family's native tongue though later he was to speak and understand very little of it—would craftily deceive his parents. A skillful liar, he would describe the truant officer as an unimportant American functionary, a nuisance to the parents of all immigrant school children, an official with vague and complex duties too difficult to explain. Nor was Uncle Enrico able to clarify the problem. By the time his parents learned what Tony had been up to, it was too late.

Tony's progress through school was slow. He was kept back in the fourth and fifth grades; by the sixth, he was a thirteen-year-old among eleven-year-olds. A school-department interpreter was sent to his home to explain why. For the first time, Giovanni and Maria heard about Tony's absences, his companions, his contempt for free education.

Giovanni and Maria suddenly understood a lot about which the interpreter knew nothing: the complaint of the strange man for whom Tony had sold papers and who fired him because he had been short $7.20; the candy bars, the five-and-ten knickknacks that Tony brought home so often; the dozen baseballs, the bat, mask and glove he could not afford. They knew now that all these acquisitions could not have come to him as gifts from the mysterious boys' club, as he had told them.

When the visitor left, Tony's father beat him unmercifully while his mother sat in a rocker and cried. Giovanni had never known such anger, Maria such hurt. It did no good. Tony was already an incorrigible.

The next year he was arrested for playing baseball in the street. High-priced lawyers, decades later, would cite this arrest as evidence that Tony had been underprivileged; there would be no one around to recall that an open schoolyard was less than three minutes' walk from Tony's house, or that a big playground with a supervised athletic program was also nearby.

Juvenile Court Judge Was Baffled

Neither Tony nor his lawyers of later years would re-create anything like the original scene in juvenile court when, as a thirteen-year-old, he was arraigned before a judge experienced in saving delinquents. The judge analyzed the boy before him in these simple words:

"If I could only get through to you, Tony, I might be able to straighten you out. But it's clear to me that I'm making no impression on you whatsoever. I suppose you'll follow your own wayward path and wind up, sooner or later, as a problem that cannot be solved because you won't permit it to be . . ."

About a year later, at three-twenty on the morning of July 4, 1924, Tony, then fourteen, was shot and badly hurt by rookie patrolman Edward B. Gallagher. The boy was sent to City Hospital for blood transfusions. The newspapers erupted in protest. Tony, they said, had done nothing wrong, had been an innocent child at play. They demanded an investigation. No matter what the provocation, indignant editorial writers said, shooting a youngster shortly before a Fourth of July dawn—a time for legalized fireworks, Roman candles and noisemakers—was unpardonable; traditionally, all police and parental restraint of children was lifted on the holiday.

In their news columns, the papers carried the facts. Tony and his playmates had decided to camp out the night before the Fourth in his back yard by the railroad fence and had built a lean-to for shelter. But before they turned in, they made a lot of noise scampering about the neighborhood, cutting clotheslines, tipping over ash barrels and swill buckets, perhaps breaking a window here and there. A neighbor complained and Patrolman Gallagher was sent to the scene. The children ran. He ordered them to halt. When they didn't, he fired.

Later that morning Gallagher was brought before gray-haired Police Superintendent Tom Concannon, who had to decide whether to send the rookie patrolman before a police trial board, and, if so, on what charges. The board could reprimand, discipline or fire Gallagher.

Grim Boot Training for a Rookie Cop

Gallagher was then twenty-six. He looked at the superintendent indifferently, not caring. Ten weeks in Brickbottom had toughened him; it had been grim boot training, and he was fed up.

"How did you get into this mess?" Concannon asked quietly. A career man on the force, he himself had begun as a patrolman.

"Two complaints," Gallagher answered curtly. "One was from a milk-wagon driver who reported a case of quart bottles and a gallon of cream missing from his wagon; I found the remains later in a back-yard lean-to. The second complaint was from a Michael Defalco, who reported prowlers in his back yard. I went there; saw these figures going over the fence to the railroad tracks. They looked like men to me. I called to them to stop, warned them I'd fire. They didn't stop. I fired and hit the kid."

Concannon rubbed his chin. "Anything else?"

Gallagher shook his head. "That's all. If you want my badge, you've got it. If I've got to go up before the trial board, that's the way it will be."

"I don't want your badge," Concannon said. "All I want is facts. Don't you want the job?"

"Sure, I want the job," Gallagher replied, "but I want to live, too. In Brickbottom, a cop needs eyes in the back of his head; the way I see it, if I want to live I've got to shoot first and ask questions afterward."

"That's not what the manual says," Concannon pointed out.

"I know," Gallagher said. "The manual says I must warn a fugitive of the nature of the offense he's wanted for before I shoot. Can you imagine a cop doing that in Brickbottom? The book says I shoot only when my life is in danger, and according to the book my life is in danger only when I'm facing a firearm and the barrel is pointing at me." His voice rose. "Who wrote that one? Some constable back in 1812? I worry plenty about the gun I see, but I worry a lot more about the gun I can't see. My life is in danger wherever I look, turn or walk in Brickbottom—and you know it!"

"Go on, son," Concannon said. "Get it all off your chest."

"Maybe I'm in the wrong business," Gallagher said. "If I'm disciplined, if I'm given punishment duty, if my pay is docked, I quit. But if I stay on the force and go back to Brickbottom, I'll fire at anyone who won't stop for me at night. I've been down to that channel when the Coast Guard was chasing bootleggers unloading under the piers, I've been down to the railroad yards when the mobs were looting freight cars. Okay, that's what I'm paid to do—and I'll do it . . . with a gun in my hand."

"What's your record for arrests?"

"Twenty-two in ten weeks: six convictions, three not guilty, thirteen pending."

Concannon nodded.

"This isn't the first time I've pulled that trigger," Gallagher volunteered after a moment, "and I don't think it's the first time I've hit the target, either. I can't be sure. I've fired five times—twelve shots in ten weeks."

"You don't want to go back to Brickbottom?" Concannon asked.

"If I stay in the department, I don't care where I

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go. I'm not afraid of Brickbottom, if that's what you mean."

"You married, Gallagher?"

"Yes, sir."

"Children?"

"One."

"How is this Turchino kid?"

"I shot him in the groin. I talked with his doctor. He tells me the kid will recover all right, but the chances are he'll never have any children."

"Tough." Concannon looked out the window.

"I've been to the hospital to see him," Gallagher said. "He's got an unimportant delinquency record. Whether I'm on the force or not, I'll keep in touch with him. I'd like to help the kid out. I feel responsible for him."

Superintendent Shows a Human Streak

Concannon got up and walked around the desk. "I don't approve of flouting the manual, Gallagher—officially, that is." He put his hand on the patrolman's shoulder. "You won't go up before the trial board. You won't be disciplined. You won't be given punishment duty. In your place, chances are I'd have done the same thing. I know how you feel—and I don't blame you."

"Thanks."

"I want you to take three days off with pay. Get out of sight; give the newspapers a chance to cool off. Don't talk to anybody. Take a trip, or hide out at home—and by all means keep in touch with that Turchino kid. There won't be any hospital bill. He's a police case. How about his doctor's bills?"

"I don't know," said Gallagher. "I know his family doctor. He's on my beat."

"Take care of the doctor," Concannon advised. "Don't spend any money on him unless you have to—and if you find you have to, see me."

"I'll take care of it my own way," Gallagher said.

"Fine," Concannon nodded. "For a kid who's been a cop only ten weeks, you learn fast. I'm going to keep an eye on you. There's room for guys like you in this department." He led him toward the door. "Go home, now. Don't worry—and tell your wife not to worry."

During the weeks that followed, Gallagher kept in touch with Tony and his folks. He told the Turchinos they were to turn the doctor's bill over to him. When it came, he went to see the doctor, an old friend. "I'm the cop who shot this kid," Gallagher said. "I know you have to keep your car on the street for emergencies. Still, it's against the law." He paused a moment. "I want a receipt for this bill." The doctor grinned, and signed a receipt.

Every day, as soon as he was off his beat, the patrolman went to the hospital. Tony hated all cops, but he grudgingly came to admit that Gallagher might be an exception—and he said as much to Red Sweeney, Gussie Acosta, Henry Raglund and Tiny Harkins when they visited him. Sometimes the others were present when Gallagher went to the hospital. They viewed the officer suspiciously at first, later with some degree of tolerance.

At last they agreed with Tony that Gallagher was not the ordinary cop—and they were right. For 30 years or more they and the cop would see one another often, both in and out of courts and jails.

When, after three weeks, Tony went home, he and Gallagher were fast friends. The patrolman was only twelve years older than Tony. Each was at the threshold of a career. Gallagher would go onward and upward in the police department. Tony would serve a few widely separated years in jail and prison; the rest of the time he would live in criminal luxury, a notorious figure in numbers pools, gambling, horse and dog races, with a voice in an organization controlling a $9,000,000 annual gambling handle.

Tony's criminal record would eventually list 67 entries, 65 of them destined to be wiped out by a full pardon that would cost him, in one way or another, all of $100,000. Gallagher would never take a penny in graft or bribe from Tony or anybody else. Nevertheless, Gallagher, as a great lieutenant detective, would owe his success chiefly to Tony. Tony would owe much of his freedom to Gallagher.

Each would become part of a curious system. There are Tonys and Gallaghers in almost every big-city police jurisdiction. The most successful city detectives are those with the most friends among criminals. Some detectives search out criminals to befriend them; Gallagher picked his off with a bullet from his service revolver. . . .

Four months after Gallagher shot Tony, he winged a rumrunner escaping the Coast Guard. The next night he received his first commendation from the police commissioner, read by the captain of his division at roll call—a rare distinction for a patrolman on the force only six and a half months.

The two shootings, so close together, and the official citation did something to Gallagher. Shooting a person, even in line of duty, calls for a certain kind of courage. For most cops it is a detestable last resort. Gallagher had shot Tony in quick excitement, and there may also have been elements of personal fear and panic involved. Afterward, remorseful, he did his best to remedy what he came to consider a bad mistake. Yet though the episode hurt him personally, it helped him officially.

At the second shooting, Gallagher was less excited, more deliberate, certain now that no penalty would be involved. He was answering a citizen's alarm from a drawbridge tender at the boundary of his beat. He saw a speedboat ground on the beach near the bridge and the searchlights of a pursuing Coast Guard boat. As he ran down a dirt path by the bridge, four men clambered out of the speedboat. He called: "Stop or I'll shoot!" They ran; he shot. One man was hit. The other three got away. This time Gallagher did not go to the hospital to see his victim. The Police Department's Bureau of Criminal Investigation took over and he was no longer interested.

The record of two shootings made Gallagher both popular and unpopular on his beat and throughout the division; he was viewed with a mixture of hatred, respect and admiration. He personally felt a sense of confidence and security: he knew that hoodlums and gunmen were afraid of him. Except for Tony Turchino and his friends, gangsters kept their distance.

A Jewelry-Store Robbery on His Beat

Patrolman Edward Gallagher's first big failure as a cop came about two o'clock one November morning. Salter's Jewelry Store, on his beat, was broken into and about $1,500 worth of rings and watches were stolen. Headquarters and the local division station had already been notified by an automatic burglar alarm when Gallagher arrived on the scene, too late.

The first major failure is always a crushing blow to a new cop. Gallagher knew he would not be held responsible; such mishaps can befall any cop on any beat. Nevertheless, he felt a sense of personal blame and frustration.

Next day BCI—the Bureau of Criminal Investigation—moved in. But its detectives got nowhere. Although they found fingerprints in the store, the prints meant nothing; they were not in police files.

Gallagher knew that if he could solve the theft, Superintendent Concannon would move him up a peg. On his day off he dropped around to Tony's house to talk over the crime with Maria and Giovanni Turchino while Tony listened.

The following night, as Gallagher passed the Turchinos' house, he found Tony sitting on the front steps. "Up kind of late, Tony, aren't you?" Gallagher asked.

"Yeah. I was waiting for you. Sit down a minute." Gallagher sat down. Tony went on: "It means a lot to you to find out who stole those watches and rings?"

"An awful lot, Tony."

"I kind of think that if you was to go over to Cherry Valley and tip a kid by the name of Rusty

When Tony Turchino, a delinquent at

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at 14, refused to halt, rookie Patrolman Edward Gallagher shot and wounded him. Then, feeling sorry for the boy, he befriended him

Glynn upside down, maybe a pawn ticket would fall out of his pocket," Tony said. "I got no use for that Cherry Valley mob. They shouldn't come over here and pick off places like Salter's. Some kid in this neighborhood might be blamed.

"I hear Rusty's got a new wrist watch on. His people ain't got no dough. All of a sudden the guy's got cabbage in his pocket—and a pawn ticket. He wouldn't try to get rid of all those watches right away. He'd wait until the heat's off; so he pawns one or two, maybe. Get what I mean?"

Gallagher nodded. "Thanks, Tony."

"Look!" Tony tugged at Gallagher's sleeve until the cop looked him in the eye. "I don't know anything, see? You're a nice guy, Gallagher, and I hate Glynn and that whole Cherry Valley gang—so does every kid in Brickbottom. I didn't tell you nothing. You found it out yourself. Right?"

"Right!" Gallagher patted Tony on the back. "Nobody will ever know we talked about it, and take it from me, Tony, you'll never be sorry you trusted me."

That was a fateful conversation. Gallagher had now developed his first reliable stool pigeon. He had made a sidewalk alliance with a juvenile delinquent who was certain to become an adult criminal. He had done so casually, but not quite thoughtlessly, to satisfy a desire to avenge an invasion of his beat.

Until that night, Tony Turchino had been under an obligation to Gallagher; the patrolman had made things easier for him. But in that conversation on the steps, Tony paid off. Now Gallagher was under a dual obligation to Tony. First, he had shot him needlessly and damaged him permanently; second, Tony had put the solution of the Salter robbery in his lap. Unless Tony double-crossed him in the future, Gallagher could not let him down.

Gallagher got his captain's permission to go into Cherry Valley. He picked up Rusty Glynn. The whole affair worked out precisely as Tony had described it. Gallagher got his second commendation from the commissioner. He had succeeded where BCI had failed—because he had found a stool pigeon.

In many respects, a stool pigeon is a reprehensible character, despised by lawbreakers and law-abiders alike. Yet stool pigeons are fundamental in crime detection. Somebody must deal with them just as somebody must bury the dead. Every state, city and town police department and law-enforcement agency does business with them—including the federal income tax and narcotics bureaus, the FBI, the Secret Service. Each offers varying rewards and compensations; some set aside special funds for stool pigeons.

It Pays to Use Stoolies—Sometimes

Clinical crime laboratories may yield up much data about a crime, but a good stool pigeon with accurate information and the names of competent witnesses can reveal much more—quickly, and at a time when it will do the most good.

There's another side to the coin.

On May 20, 1925, Anthony Turchino, aged fifteen, was arraigned at a juvenile session of central district court on a charge of unlawful appropriation of an automobile. He had been passing a car parked outside a drugstore; he had a habit of looking into such cars casually to see whether the key had been left in the ignition lock. The key was in this car. He stepped in and drove it away, certain he could sell it. He was not at any time on Gallagher's beat.

He ran out of gas at a busy intersection. A traffic officer walked over to help. At the sight of the approaching cop, Tony slid from behind the wheel and tried to get out the other door—just as a motorcycle officer was pulling up. Tony stepped right into his arms. He had no license or registration.

The judge found Tony guilty and held him pending a report from the probation officer. In juvenile court a week later, with the case scheduled for disposition, Patrolman Edward Gallagher appeared as intervenor and a friend of the court.

Gallagher told of his own unfortunate experience with Tony, of Tony's background and of his parents. Gallagher said that he was working with the family and that Tony had been misled by bad companions.

The probation officer presented Tony's short juvenile court record. He reminded the court that the reform school was crowded anyway and, in view of the beat patrolman's testimony, recommended leniency. The judge acknowledged that he, too, was influenced by the testimony of the beat patrolman. Tony was given a year in the House of Correction, but the sentence was suspended.

Tony and Gallagher walked out of the courtroom together. On the way back to Brickbottom, Gallagher talked long and earnestly. "It's a lucky thing for you, Tony," he said, "that you didn't swipe that car on my beat. If you had, I couldn't have gone to bat for you. You're free now, but if you're caught again you'll have to serve that year—and the sentence for the new crime on top of it.

"Don't be a sucker. Straighten yourself out. Go back to school. Learn to do something. I don't ever want to arrest you, Tony. Don't ever do anything wrong on my beat. If you do, I'll have to pick you up."

"You're okay, Eddie," Tony said. "You got me out of that jam, and I won't forget it. You'll never have to arrest me. You'll never catch me doing anything wrong on your beat."

Tony was to be punctiliously true to his word. He would never be picked up for a crime on Gallagher's Brickbottom beat. But during the next year and a half, Tony became a problem for cops in other jurisdictions. He quit school when he was sixteen to take a job on the blackboard of an illegal horse-room across the river. His record grew longer, his wallet fatter. He worked in a rumrunning crew nights and week ends, but he landed the liquor 15 to 20 miles from Brickbottom. He refused to go near Gallagher's beat.

Tony's pals—Red Sweeney, Gussie Acosta, Henry Raglund, Fritzie Miller, Frank Martin—came to accept Gallagher on the same terms. He was still John Law to them, but a useful cop to have on their side. They saw what he did for Tony; they knew he would do the same for them. They learned, too, that they could keep him cooperative by feeding him information on what the gangs outside Brickbottom were doing.

Gallagher was always careful to report this information through proper official channels. Captain Dan Hurley of the Brickbottom-Cherry Valley Division might have been a bit slower than Concannon in spotting Gallagher as a man who would go far in the department, but when he did, he made the most of him and became one of Gallagher's closest friends. Hurley's reports to headquarters on special cases more often than not carried the line: "Information furnished by Patrolman Gallagher."

On February 14, 1928, Carroll Brown, the city's top racketeer, was shot dead by three men in the washroom of his Beachcombers night club. His diamond ring and wallet were missing. For three days the BCI was baffled.

On the fourth day, Gallagher was awakened at noon by Tony Turchino, who got him out of bed and talked fast. Gallagher called Hurley and relayed what he had learned. Hurley called Concannon. That afternoon two lieutenant detectives picked up three punks in a café on the North Side. One of them still had Brown's ring; another the wallet. Next morning, in municipal court, all three were charged with first-degree murder.

Hurley called Concannon and said: "I think I'd better put Gallagher in plain clothes. What do you think?"

On the carpet before Supt. Concannon for shooting the Turchino boy, Patrolman Gallagher explained: "In Brickbottom, if I want to live I've got to shoot first and ask questions afterward"

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THE CRIME STORY OF THE CENTURY

For some, the city's slums were a challenge that would lead to success; for Tony and his pals, they were an education in crime

"It's about time," Concannon replied.

Hurley gave the good news to Gallagher that night before roll call, adding: "I suppose you're boning up for the civil service exams for a sergeancy?"

Gallagher nodded. "I'm planning to take them in June—along with a couple hundred other candidates who have a lot more seniority than I have."

"I wouldn't worry too much about their seniority," Hurley said. "Just pass. If you get on the list, I have a notion that Concannon will requisition you for appointment. I don't think you're going to be in my division much longer—and I wish you the best of luck."

"I'll need it," Gallagher said. "My boy died, but I've got two other kids now, a boy and a girl, and another one coming along. It's tough making both ends meet. A patrolman is always broke—unless he's crooked."

Hurley grinned. "So is a sergeant, a lieutenant and a captain. You may find that out in time, too."

Gallagher had been in plain clothes less than three months when Tony Turchino was picked up on a charge that shocked and bewildered the patrolman: "abuse of a female child." He learned of Tony's arrest one Sunday afternoon when Red Sweeney called him at home. Tony was held at an East Side station and could not get bail. Gallagher called a cab and went directly to the station. He found Tony already booked and in a cell. Gallagher had him brought into the detention room, where they could talk privately.

"What's this all about, Tony?" Gallagher began. "Come clean. Don't kid me."

"Believe me, Eddie," Tony said. "I'm not guilty. We were down behind the billboards near the department-store warehouse on the East Side, shooting craps. There were twelve of us in a circle, some shooting, some betting on the side. This dame is a moron. She's been driving me nuts. I don't want any part of her. I don't even know how she found out we were there.

"The trouble with me is, ever since you shot me, I can't run. If I could I wouldn't be in this jam."

"What happened?"

"She began to bother me. I shoved her away. She kept hanging around. I told her to take a powder. She wouldn't listen, and I slapped her and told her to go home. Finally, one of the boys grabbed her by the arm and said: 'Come on, sister. Come with me.' I wasn't paying any attention, I don't know what happened. Some woman in an apartment house called the cops. In a little while a couple of prowl cars rolled up. The cops came behind the billboards and everybody ran, but I'm lame and I couldn't make it. They grabbed me. The girl puts the finger on me, and here I am behind the eight ball."

To Gallagher the story had the ring of truth. But Tony had been booked; the written record was on the blotter and there was nothing he could do about it. Tony would have to go to court.

Gallagher was present at the arraignment the next morning, but the cards were stacked. The judge, a strict moralist, listened to the testimony of the arresting officers. He also listened to the testimony of the woman in the apartment house, a Mrs. Dorothea Corbett, sixty-two, who, from a distance of more than 500 feet, had taken in the scene with field glasses.

Making Out a Good Case for Tony

Patrolman Gallagher took the stand and testified that all the evidence was contrary to the character, background and environment of the defendant. Moreover, he told the court, the charge was inconsistent with Turchino's physical condition—for which Gallagher was entirely responsible. He insisted that Mrs. Corbett must be mistaken.

It did no good. Tony Turchino was sentenced to five years in the state reformatory.

Gallagher saw Tony privately in the sheriff's office. "Tony," he advised, "don't take that sentence. Appeal it. Take it upstairs to the superior court. Tell the truth and name the guy who did it."

Tony shook his head. "I can't do that, Eddie."

"Why not?" Gallagher was surprised.

"I'm no stool pigeon. I don't rat on a guy in my gang."

Gallagher, exasperated, ran his hands through his hair. "Don't be a fool, Tony," he pleaded. "Don't be a sucker. The rat is the guy who won't come forward and take you out of the trap. Are you going to serve time for him?"

"It looks that way. If he doesn't help me, I'll take care of him when I get out."

Gallagher shook his head. "Don't do it, Tony," he urged. "Don't get into that kind of setup. Let me hire a good lawyer for you—a guy like Maurice Delaney—and appeal. Don't worry about the bills, the lawyer's fee. I'll get the dough up if I have to. I know you're on the level with me. I know you're innocent."

Tony thought it over. "You know, Gallagher," he said, "you're quite a guy. I don't know why you worry over a punk like me. Go ahead. Hire Delaney. Don't worry about money. I've got it."

Tony stayed in the county jail for four months before his case was reached. Gallagher visited him two or three times a week. Delaney did his best, but Turchino would not reveal the name of the mobster he knew was responsible. He lost the case in superior court, accepted his sentence and went to the state reformatory. He served 17 months. On October 29, 1930, he was paroled.

Meanwhile, Gallagher had passed the civil service exam for sergeant—placing third. The superintendent had the right to pick his appointee from among the first three men, and he had Gallagher transferred to BCI and made a sergeant inspector. The day Gallagher reported to Concannon, he got a surprise.

"Gallagher," the superintendent said, "you've got some friends in Brickbottom: Tony Turchino, Red Sweeney, Henry Raglund, Gussie Acosta, Fritzie Miller, Frank Martin—all criminals or potential criminals. You've gone to bat for Tony two or three times; my guess is you'd have gone to bat for any of the rest if you'd had to. Right?"

Gallagher was disconcerted and Concannon knew it.

"Just tell me the truth. Every man in BCI does. That's the only way to get along with me. Why did you go out of your way to help Tony?"

"I shot him," Gallagher said.

Concannon nodded. "I can understand that, but why did you make his friends your friends?"

Gallagher frowned, trying to think of an answer.

"Isn't it because they've been supplying you with a lot of tips and leads—or, to put it in blunt language, because they're reliable stool pigeons when they're sure they won't hurt themselves?"

"That's right," Gallagher said.

"Of course it is. That's why you were requisitioned for BCI. Do you feel any sense of shame about the way you got that information?"

"No. Why should I?"

"Why shouldn't you?" Concannon looked steadily across the desk, and Gallagher stared back.

"Part of my job," Gallagher said, "is to detect and apprehend criminals. Where the information about them comes from is of no great importance. The point is, it leads to capture and conviction. What have I to be ashamed of?"

Concannon leaned forward in his chair. "Almost *all* of *my* job is the detection and apprehension of criminals. I just want to be sure how you feel about it before I take you into that big room and assign you a desk. Do you feel any sense of loyalty to Tony and his gang?"

Gallagher knew he would have to be honest. "Yes, I guess I do. I'd hate to arrest him."

"Would you arrest him if you caught him in the commission of a crime?"

"Yes."

"Would you arrest him if you were ordered to pick him up? Would you go right into his home if you were told to, and take him out? Would you do that without warning him, without giving him a break or a chance to escape?"

"Yes."

"Why?" the superintendent asked.

"Because my loyalty to my oath, to the department, to my job, would be greater than my friendship for Tony."

"Always remember you said that yourself, Gallagher. If you do, you'll make a great detective and you'll respect yourself. If you ever forget it, you'll be thrown out of headquarters on your ear—and you may even land in jail.

"I'm going to ask you an insulting question," Concannon went on. "Don't get angry at it, but tell me the truth. Have you ever taken any money from Tony?"

Gallagher reddened. "No, sir," he said stiffly.

"Ever given him any money for any purpose?"

"No," Gallagher replied. "I offered him some money to hire a lawyer on his appeal in the case of the girl, but he didn't need it."

Warned Against Repeating His Error

Concannon nodded. "That's an understandable mistake at this point in your career," he said. "Forget it now, but never let it happen again. You've got to maintain your friendships with Tony and his gang, but you've got to understand the rules, and they'd better know them, too."

"If I've got to maintain friendships with them, how far can I go?" Gallagher asked.

"I don't care how far you go if they're picked up outside of this jurisdiction for a crime committed outside this city. Then it's the responsibility of some other police department. If they're picked up within this city for a crime committed here, it's our responsibility and you can't lift a finger for them. You can tell them that. Driving them out of the city to commit crimes is lousy crime prevention, but we have our hands full picking up crooks who come here from other cities to commit crimes."

Concannon talked to Gallagher for more than an hour, instructing, advising. He considered BCI a superintelligence unit. He made it clear that he rated detectives according to the number of criminals or informants they knew.

Stamp-out-crime newspaper editorials made him angry. "We've had crime ever since Cain slew Abel, according to one version," Concannon said. "Throughout the ages nobody has ever been able to stop crime, but I'm supposed to do it in this city because some brave writer tells me to—without telling me how. There's an old axiom: 'Set a thief to catch a thief.' That method will never stamp out crime, but it certainly is effective in keeping down the crime incidence—and that's part of your job, Gallagher.

"You've got to find the thieves who will catch the thieves for you. You've made a start with Tony and his gang. If they follow the usual pattern, they'll break up in time and go into inde-

Tony was caught red-handed in a stolen car. But a o

pendent rackets in different territories. Some will serve time; some won't. They'll throw money around lavishly when they're successful. They always do. And you will be sorely tempted. If you fall once, you're lost forever."

Two years later, in a city 44 miles away, Anthony Turchino was arrested for breaking and entering and larceny in the nighttime. Gallagher talked to Concannon, then went to the neighboring city on a department expense account. The case against Tony, who was still on parole, was dismissed. He remained out of trouble for six months, then was picked up by state police beside a broken window in a small town 35 miles away. He was booked as a suspicious person and charged with violation of parole. Gallagher talked to the state police. The case was filed.

Over the same period of time Gallagher had appeared in various courts and had talked with probation officers on behalf of Sweeney, Raglund, Acosta, Miller and Martin. On the other side of the ledger, information furnished by Tony and his gang concerning city crimes had enabled Gallagher to make 32 arrests and get 21 convictions.

In 1932 Tony was picked up in the business center of the city. He appeared in district court next morning charged with breaking and entering in the nighttime. Sentenced to two months in the House of Correction, he appealed. Gallagher met him in the court corridor after Tony had posted bail. "You learn the hard way, don't you?" he asked. "I can't do a thing for you, and you know it."

Tony smiled and shrugged. "Pipe down," he

But a one-year jail sentence was suspended after Patrolman Gallagher told the juvenile-court judge that the boy had been misled by bad companions

said. "Don't get so excited. I got a good lawyer. I'm a cinch to beat this rap." He did. A jury found him not guilty.

"How do you like that?" Gallagher asked Concannon when the verdict came down.

Concannon lifted his hands in a gesture of helplessness. "We only catch them, Eddie," he said. "The district attorney prosecutes. That's his dish."

Tony's progress as a criminal from that point on is revealed by his probation record. Here are the rungs on the ladder:

January 16, 1933: Charged with breaking and entering in the nighttime; sentenced to two years in the House of Correction; appealed; found not guilty.

June 3d: Suspicion of breaking and entering in the nighttime: released.

June 21st: Failing to slow down when hailed by an officer; $5 fine.

May 4, 1934: Suspicion of armed robbery: released.

June 18th: Speeding: $5 fine.

January 28, 1935: Suspicion of armed robbery; released.

January 31st: Suspicion of breaking and entering; released.

March 9th: Suspicion of breaking and entering; released.

March 11th: Suspicion of breaking and entering a store and entering a safe; released.

Tony was now twenty-five, and 23 items were listed on his probation record in the Central Court. Except for the three traffic violations, he had either been caught, or police had had reason to suspect him, 20 times. How many times he got away without being caught was indicated by his personal standard of living.

Tony was dapper; he drove an expensive car; he visited Florida during the winter, the mountains or

When the girl bothered Tony during a game of craps behind a billboard, he shoved her away. But the police arrested him for "abusing" her

seashore resorts during the summer. He had no salaried job, no other visible means of support, but spent money extravagantly, visited the local tracks, gambled heavily and frequented night clubs. Crime was paying handsomely.

Giovanni and Maria Turchino still lived near the railroad tracks; they preferred it that way. Tony visited them often, but it was clear they would not let him do anything for them. His sister Stella was married. She would have nothing to do with Tony, would not even acknowledge him as her brother. His other sister felt the same way.

Gallagher knew that Tony was getting away with crime, but since whatever Tony did was outside Gallagher's jurisdiction, he felt it was none of his business; he couldn't prove anything anyway.

In Numbers and Gambling Rackets

Tony's closest pals were Red Sweeney and Gussie Acosta. Their probation records were also growing. Raglund, Miller and Martin, his other friends, were in numbers pools and gambling rackets in adjoining cities. Gallagher had reason to believe that all five collaborated in occasional robberies, but he couldn't prove it.

Gallagher, at thirty-seven, was acknowledged to be one of the best detectives in BCI. He had a reputation in other cities of the country. His sources of information were widespread and appeared infallible. He was untouchable; he could not be bought, bribed or influenced.

Yet every gangster, gunman and crook in the city knew that Gallagher would be as helpful as he could if properly tipped off and given the right information. Given false information, he became tough and vindictive, and never rested until he put the double-crossing informant in jail.

When ordered to, he would pick up Tony and members of his gang and turn them over to Concannon for questioning; he would not remain in the room himself. During 1936, Gallagher picked up Tony four times on suspicion of armed robbery—twice for crimes within his own city, and twice at the request of other cities. Each time Tony was released for lack of evidence. . . .

When Tony was twenty-seven, he set out to build a legitimate business. He had no intention of reforming; he just wanted a respectable front, chiefly to have an answer for police, district attorneys and judges when they asked: "Where did this money come from?" Tony had befriended a track gambler who owned a lunch cart in a suburban city. The gambler needed money. Tony bought the place for $22,000. A short-order cook and two countermen were included in the deal.

Tony enjoyed this honest venture. He bragged about it to friends and planned to learn something about the business. When he was not around town, he was at the lunch cart. He had owned it about two months when Red Sweeney went there to outline a proposition. Tony was out. The short-order cook told Sweeney that Tony had gone to the town square to buy knives and a whetstone at the hardware store, and that he planned to go from there to a market to pick up meat and provisions. It was a short walk. Sweeney left his car at the lunch cart and followed Tony.

Tony was not in the hardware store. But Sweeney, walking up and down the aisles looking for him, saw a box of a dozen golf balls on the edge of a display counter. A congenital kleptomaniac, he snapped the box under his coat—at the moment Paul Shufro, the proprietor, turned a corner to replenish stock.

Shufro quietly followed Sweeney out of the store and watched as the thief, spotting Tony's car about 50 yards down the street, walked to it, opened the back door and tucked the box under Tony's provisions. As Shufro walked back into his store to call the police, Sweeney went into the market looking for Tony; but Tony by then was in a fish market three doors away.

Both Tony and Sweeney heard the wail of police *sirens.* Sweeney froze in the market; a known suspicious character, he was afraid he might be picked up. Tony walked to his car and got behind the wheel indifferently because he was sure that this time the police weren't looking for him. But a prowl car pulled up alongside him. Shufro had given the police the number and location of Tony's car and they soon uncovered the golf balls. Tony, bewildered, was taken to the local station to be booked.

Tony was charged with the larceny of the golf balls. Shufro positively identified him as the man who had been in his store to buy knives and a whetstone. He was released on bail. That night Sweeney told Tony everything. Tony took the rap; it seemed the easiest way out. He appeared in court, made restitution and was given three months in the House of Correction—but the sentence was suspended.

That same year, Tony was arrested once on a charge of conspiracy to steal, once for breaking and entering and having burglar's tools in his possession, once on suspicion of breaking and entering a building; once for breaking and entering in the daytime. All charges were dismissed for lack of evidence.

On January 5, 1938, he was picked up for breaking and entering in the daytime and charged with the possession of burglar's tools and conspiracy to steal. The conspiracy charge was filed, but Tony was given three to four years in State Prison on each of the other two charges. This time, appeals failed and Tony was remanded to serve the terms—a total of six to eight years in jail.

Gallagher was a regular visitor at State Prison while Tony was held there. As a by-product of the visits, Gallagher learned from Tony much about criminal goings on in the city. The prison grapevine was phenomenal. Tony knew that arrests would be made because of some of the things he told Gallagher, but he didn't care. After all, he was in, and misery loves company. Criminals who joined him in prison never knew he was responsible for their arrest.

Gallagher learned that Tony had plenty of money stashed away in safe-deposit boxes; he estimated the total at around $200,000. Once Tony made it clear that Gallagher could get at some of it if he would use part of what he got to "spring him." Gallagher said:

"Tony, you've got to get it clear in your mind that I'm first, last and always a cop. I couldn't touch your dough and look at myself in the mirror. I'll do anything I can to help you within the limits of my job. But if you were released tomorrow and committed a crime within my jurisdiction, I'd pinch you and throw you back in here again. That's the way it is—and that's the way it's got to be."

Tony grinned.

"You're all right, Gallagher," he said. "You think I'm nuts, and I think you're nuts."

Tony Turchino was paroled on September 12, 1944. He decided to take life a little easier. He bought the numbers pool bookmaking franchise for the Brickbottom and Cherry Valley territory from Johnny Lewis, who had retired, for $125,000 cash. A year later he added an illegal horse-room with full wire service two blocks from the Central Street business district. During the next three years his probation record showed only two entries for "maintaining and promoting a lottery." His horse-room was never raided.

Tony now spent his winters in Palm Beach, acquiring a deep tan and meeting the best-known gangsters, racketeers and gamblers from New York, Chicago, Detroit and lesser places. He talked shop with them, gambled for the same high stakes and, on one occasion, joined a small group that flew to Havana for a chat with Lucky Luciano when he was there.

Tony discovered that the whole pattern of crime had changed while he was in prison. It was better organized now; it had become big business. Experienced criminals were interested only in major holdups: a payroll of $200,000, a guaranteed score of $150,000 or better from a bank whose employees could be immobilized for 10 to 12 minutes, a large sum of money anywhere that could be reached and taken quickly.

All a smart guy had to do was to find his opportunity, study it, clock the employees, learn about the burglar-alarm system, deployment of guards, routes of police squad cars—and assemble his crew. Big-time criminals no longer used men from their own cities, but chose men from the underworld throughout the country: perhaps a safecracker from Brooklyn, a torch man from Detroit, a reliable triggerman from Newark and another from Chicago—men who could be depended upon not to shoot. (Murder is a tough rap. Why risk it?) Only the lookout and driver would be local boys.

The new criminal moved about the country like a business executive, and often looked like one. Well dressed, carrying a brief case with a gun in it if the job required him to provide his own, he flew from his home city to the scene of the planned crime. He checked in at the best hotel, made a phone call and was told where the boys would gather to discuss the job.

Always it was a commando raid: move in and out quickly. Speed to a prearranged hide-out. Split the take. Get back in circulation at various points in a big city, taxi back to the hotel, check out, fly home. Easy—just a few days' work.

Tony liked the new system. It did away with identifiable gangs and made detection far more difficult. However, he had his numbers pool racket and the horse-rooms; he was not specifically interested in big crime—until June, 1948.

That month he experienced one of those setbacks common to all businesses built on chance. A 10-day succession of numbers and long-shot winners shook the gambling structure of the city. It came soon after bookmakers had paid federal income taxes (Tony paid $38,000), when pay-off reserves were lower than normal and layoff money to insure bets was tight. Tony paid off, but only he knows exactly how deeply he went into debt. Some gamblers estimated he needed at least $50,000, quickly, to meet gambling losses, agents' commissions and current running expenses.

Five Masked Men Stage Perfect Crime

Not long thereafter the Blower Works was held up and a $265,000 payroll stolen. The crime was perfectly timed. An armored truck unloaded the payroll at the plant. Only a minute after the truck and its armed guards had departed, five masked men walked into the paymaster's office. They seemed to know the place intimately. Each carried a gun; each seemed to move to an appointed place.

"Press that button by your desk, Mac," one of them directed a payroll auditor. He did so, and three of the men pushed through the iron grilled door. One held the door open while the other two picked up the payroll bags. Not a shot was fired; no one was hurt.

The robbers walked down a short flight of steps to the street, stepped into a black sedan and were gone almost before a girl clerk could touch an alarm button. No one had been able to get the sedan's registration plate number. The nearest squad car was 12 minutes away.

Not a single informant turned up anywhere in the city. Gallagher brought in Tony Turchino, Red Sweeney, Acosta, Miller, Martin and 20 other probationers for questioning.

Tony insisted he knew nothing about the crime. For the first time Gallagher did not believe him. He was sure Tony was lying and told Concannon so.

For a while Gallagher's attitude toward Tony changed somewhat.

"What's eating you?" Tony asked him one night.

"I think you had something to do with the Blower Works job."

"I can't stop you from thinking, Eddie." Tony was half amused. "So what if I did?"

"If you did, you double-crossed me, Tony," Gallagher said.

Tony was astonished. "What do you mean?"

"I've told you I don't care what you do outside my jurisdiction. That's none of my business and it's not my responsibility—and I told you that if you did anything on my beat, I'd put you in jail."

"Wait a minute, Eddie. Not so fast," Tony said. "You told me you never wanted to catch me doing anything in your territory—and I told you I never would get caught. Let me straighten you out on the rules."

That wasn't the way Gallagher remembered their agreement. But he went on: "Then you do know something?"

Tony shook his head. "Eddie. Believe me, I don't know from nothing. Forget it, and let's be friends."

Gallagher shook hands, but his face was grim.

Buying into a Legitimate Business

In the fall of 1948, Tony decided to go legitimate. He had been in the numbers pool and horse-room businesses for four years. Although he had been badly scorched, he had recouped; he was now worth perhaps $500,000. What prompted him to get out of both businesses was probably less a latent yearning for respectability than a wish for real security—and the superb salesmanship of a financial promoter who told him he could acquire control of the Copp & Sturgess hardware-store chain by buying available stock.

Tony's mother and father were happy about his decision. For the first time in years he was welcome in his sisters' homes. And while he was visiting one sister, Stella, he met a widow with two pretty daughters. He fell in love and began to think of marriage—another incentive to get into a legitimate business. Eddie Gallagher applauded.

But before Tony was halfway into the stock deal, he was in trouble. He was dealing with bankers, and they disapproved of his police record. Tony put his problem before the best politico-legal engineer in the city. The lawyer said an election was coming up. If Tony would contribute $100,000 to a campaign fund, the lawyer said, he probably could get him a complete pardon. When Tony asked how his money would be spent, the lawyer replied bluntly it was none of his business. As he explained it, Tony would pay $20,000 down and, once the pardon was assured, put $80,000 more on the line. If the pardon were not forthcoming, Tony would lose his $20,000 down payment.

Tony did not like the arrangement but agreed to it. He had several conferences with the lawyer and felt like a penitent going to confession. He listed his crimes and misdemeanors and a petition was submitted through the proper channels. A couple of weeks later, the negotiator told Tony that if he delivered the remaining $80,000, he would get a full pardon. Tony was apprehensive about the risk, but paid the money—and got the promised document.

That was the story of Tony Turchino's pardon as Tony told it, but there was nothing to substantiate his account. There were no witnesses, no exchange of letters, no canceled checks or records of heavy bank withdrawals. There was only the astonishing fact that Tony Turchino, career criminal, had been pardoned. Nothing could erase that.

The slate was now clear—at least so Tony thought. He became the president of the hardware chain—and quickly found out that the headaches of a gambler and numbers pool operator are nothing compared to those of a small businessman trying to make a profit.

Within six months Tony—with no experience, background or competent advisers—was in deep water. A stockholders' suit was filed against him for an accounting. He found that although he was the heaviest stockholder, he was not the majority stockholder as he had been led to believe. Tony was tried before a master in chancery and auditor. When it was over, his $300,000 investment had shrunk to around $100,000 and he was no longer president of the hardware chain. He decided to get out altogether and sold his stock at a loss.

Tony was now a newlywed with responsibilities. He could neither buy back his numbers pool franchise nor return to the gambling business. He needed money. Legitimate business bewildered him. He wanted a racket—something he could understand. Tony's lawyer suggested he buy a terminal garage and filling station which the state had for sale. Tony, beaten and submissive, grabbed at the straw. It took almost all the cash he had left, but at least it promised a living.

A block away was Doane's Transfer, a money carrier operating a fleet of armored trucks, making up and delivering payrolls, picking up department-store cash and checks and delivering them to banks, and handling shipments to and from the Federal Reserve Bank. From his garage vantage point, Tony fell into the habit of checking the arrivals and departures of the fleet, the truck and trip numbers, the guard variations and changes. He would list them on a table he kept and speculate on the amount of money handled by the company. He noted the time the beat patrolman passed; he knew the plain-clothes men and made a record of their schedules. Sometimes Red Sweeney spelled him. The Doane's building was on a slight rise—easy to study with a pair of powerful binoculars while sitting comfortably in a chair by the window in the filling station.

Tony knew one fact for certain. There was always a fabulous amount of money in the building.

At 6:30 on a raw, misty, January night in 1950, Tony approached Gallagher, now a lieutenant detective, at the door of a hotel in busy Central Square. It was Gallagher's custom to drop in there on Tuesday nights to have an early supper in the grill with Joe Siegal of the hotel squad. Tony walked through the lobby with Gallagher, stopped by the tobacco counter, then went along to the grill to say hello to Joe before leaving.

At the same moment, Red Sweeney was talking to Police Lieutenant John Garvey of the traffic squad outside a liquor package store at the corner of East Second and O Streets. Gussie Acosta was chatting amiably with Police Sergeant Earl Springer and a bus starter at a Rapid Transit terminal. Henry Raglund was at the Stadium box office, picking up tickets to a fight.

All four men were anywhere from a quarter of a mile to a mile and a half from Doane's Transfer between 6:15 and 6:35, when a colossal haul in cash and negotiable securities was moved out of the building by five gunmen who wore women's silk stockings drawn tight over their heads to disguise their features. The bandits left the guards immobilized on the floor, their arms and legs bound, their lips taped.

The sum taken was first estimated at $1,600,000; later the figure was revised upward to $2,500,000, largely because of the value of the securities. It had been a commando-type raid, quick, easy, effective. Not a shot was fired; no one was hurt.

Man Hunt Throws City into Confusion

The turmoil of that night would last long in the city's memory: prowl cars with screaming sirens; roadblocks; traffic tie-ups; the questioning of any five men unfortunate enough to be found together in an automobile.

Because Federal Reserve money was involved, the FBI flew 75 men into the city. Against Superintendent Concannon's advice, the police commissioner mobilized all day and night police shifts; 3,000 cops were on the streets rounding up gunmen, gangsters, mobsters and known criminals. Cops who had been on different shifts for 30 years met and were introduced for the first time.

By midnight, FBI men, unfamiliar with the city, were tailing BCI men whose actions looked suspicious, and BCI men were tailing FBI men for the same reason. During the next three days and nights, 117 persons, including Tony Turchino and his gang, were questioned at police headquarters. Not a shred of information came from the suspects. Witnesses could not agree on descriptions of the gunmen. There were no fingerprints.

Three weeks later, when the police department had resumed something like normal routine, Gallagher discussed the crime with Concannon. "Tony Turchino is the key to this one," Gallagher said thoughtfully, "and I'm in the funny position of being his alibi. He had no reason to see me that night. I've never seen him at that hotel. He knew I'd be there. He made it a point to be talking to me within five minutes of the robbery. Is it coincidence that Red Sweeney was talking to Garvey at almost the same minute, that Gussie Acosta was talking to Springer, that Henry Raglund made sure the ticket seller at the Stadium would remember him?"

Gallagher talked on, drumming on Concannon's desk. "I've always felt Tony engineered the Blower Works job. This is a duplicate of it on a magnificent scale. Tony figured it out, Tony planned it. He brought in some of the boys he met at the criminal camp meetings in Palm Beach or Havana. They flew in here, stayed two or three days at our best hotel, organized the job, did it, took their cuts and got out. They came from different cities. They'll never be found together. They left no trails. Tony and his gang didn't do it, but they were in on it and Tony controlled it."

Not Anxious to Compete with FBI

"That's still guesswork and we can't break Tony down," Concannon said. "The FBI has taken jurisdiction. They've moved in on us, so I'm going to forget the case unless somebody in this department comes in with evidence. The FBI can have the case for all of me. It's a lulu. If the gunmen scattered to other cities, as you think, the FBI has the organization and the men. I haven't. In any case, I don't compete with the FBI. Why don't you tell the special agent in charge what you think?"

Gallagher shook his head. "No dice," he said. "I know how I'd feel if an FBI man came around here and told me how to run my job." He looked at the superintendent. "And you can't very well stop the men around here, including me, from competing. Any one of us would like to break the case."

In the next weeks, Gallagher latched on to Tony. He saw him as often as he could, waiting patiently for a sudden splurge of money. Months rolled by and the splurge did not come. Tony, amused, continued operating the garage and filling station. After a while, he hired two additional attendants. "I can afford them now, Eddie," he said. "Business is picking up. If you don't believe it, look at my books."

In the beginning, Gallagher used every excuse to talk to Tony about the Doane's Transfer case. Tony would listen in tolerant good humor. "I don't know from nothing about that one, Eddie," was the stock answer. "I was talking to you when the stick-up was going on—remember?"

The first anniversary of the big holdup arrived with the case still unsolved. During that year Tony had not once been arrested. The only entry on his probation record was that he had been picked up for questioning in connection with the Doane's Transfer robbery.

Early in 1951, a Kefauver committee lawyer-investigator dropped in to see Concannon and complimented him on the remarkable job he had done on law enforcement during the two weeks following the Doane's Transfer holdup. He wanted to know why the city could not maintain that standard permanently.

Concannon grinned. "Let me tell you the facts of life about law enforcement in a city this size, son," he said. "Maybe you can get your senators to do something about it. Right after the holdup I had 3,000 men on the street—enough man power to close up every bookie joint and horse-room in the city, enough to stop every numbers-pool writer in his tracks. That was during a state of emergency. The cops weren't being paid overtime and they went without sleep.

"If I had 3,000 men on the street all the time,

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THE CRIME STORY OF THE CENTURY

Crime was paying handsomely for young Tony Turchino. He was a dapper dresser, drove an expensive car and wintered in Florida

the crime rate in this city would be about one quarter of what it is now. This city would be a marvel of law enforcement. But the taxpayers are too stingy to pay the price for that kind of enforcement, and any city gets what it pays for—no more and sometimes much less—for any public service.

"I have, roughly, 2,600 patrolmen, 325 sergeants, 80 lieutenants and 33 captains to police a city with a daytime population of 2,500,000—counting the people from surrounding towns who work here—and a nighttime population of close to a million. It takes a budget of $11,000,000 to run this department.

"Out of 3,000 men, remember, at least one third are always off duty. They work eight hours a day. That means that I have 1,100 men on duty during the day and 300 of those are on traffic. The wonder of it to me is that there is so little crime with so little protection. Tell that to your Senate committee. See if they can find a way to make twins out of all my cops."

"Do you think our committee should come here?" the investigator asked.

"You're welcome, but I don't know much that the committee could turn up that it hasn't already found in other cities of this size. As far as gambling and rackets are concerned, it's a sort of branch office of New York. Gambling money moves from here to there, and from there to here. I can't prevent that, and I don't think your committee can, either."

The committee decided not to come.

Gallagher still spent all his spare time with Tony. "Any progress?" Concannon asked occasionally. Each time Gallagher shook his head. "I admire your persistence, Gallagher," Concannon said, "but I think you'd better drop it. I did long ago."

"Tony can sometimes be a very amusing guy," Gallagher said. "He's good for laughs. At least I get some of those."

At the end of the second year after the Doane's holdup, Tony's record was still perfect. There were no new entries on his probation record. He was spending money much more freely, but not lavishly. The filling station was doing well, and Tony now also ran a parking lot adjoining it.

Around the middle of May in the third year, Gallagher stopped in to see Tony. While talking to him, he observed across the street a man he was sure was an FBI agent. He said nothing to Tony about it. Tony was saying at the time: "I think I can afford a bigger place in a better neighborhood now for Alice and her kids. I was talking to a real-estate man yesterday and he showed me a place; it's going to cost about thirty-five grand."

He noticed Gallagher's preoccupation. "What's the matter with you, Eddie?" he asked. "You act like you was in a trance."

"I just thought of something I've got to do," Eddie said. "If you like the house, go ahead and buy it. I'll see you later." He left, got in his car and drove away.

An hour later he came by Tony's place from a different direction. The man he thought was an FBI agent was still there.

Gallagher drove straight to headquarters to see Concannon.

"The FBI must have something," Concannon said thoughtfully. "They now have exactly eight months left to solve the case. There's no homicide involved; it's robbery, regardless of the sum. On the third anniversary of the holdup, the federal statute of limitations takes the case out of the jurisdiction of the federal government and it lands back on our doorstep. After that, we've got to arrest and prosecute if we get the evidence."

"Tony's my pigeon," Gallagher said. "If anybody's going to bring him in, it ought to be me."

"Don't get your dander up about it," Concannon advised. "It's still the FBI's case. I'm committed to give them all the co-operation I can. If you've got anything on Tony, you'll turn your evidence over to the FBI. They're a fair outfit. Don't louse them up. I'm ordering you."

Tony's New House Was Being Watched

Gallagher, dejected, walked out of the superintendent's office. A few weeks later, on a still-light June evening, he drove out to Tony's new house, parked his car in the driveway and walked across the lawn to the door. He was sure he spotted an FBI man sitting at the wheel of a car about 50 yards down the street. "So they've got Tony's house under surveillance," he thought.

Tony's wife had cooked spaghetti and meatballs, Gallagher's favorite dish, but the officer couldn't enjoy it. His eyes strayed to the molding around the room, the telephone table; he felt sure the place was bugged with microphones, the wires tapped. After dinner, he usually just kicked off his shoes and had a highball. Tonight he invited Tony to go for a ride. Tony knew Gallagher must have something on his mind and agreed to go.

Gallagher backed slowly out of the driveway, watching his rear-vision mirror. He saw the car parked down the street start up and follow. "Tony," he began, "I'm a cop. I have a job to do, an oath I swore to. I've got to live up to it. That's the way I'm made. You're in trouble and you don't know it. The FBI is after you for the Doane's Transfer job. I think you'd do better in the state courts than in a federal court. If a time comes when you feel that you have to give, I hope you'll give to me and not to the FBI."

Tony was irritated. "Get out of that groove, will you, Eddie? I don't know anything about the Doane's job! I was talking to you that night. Nobody has anything on me."

"Maybe so, Tony," Gallagher said, "but if you'll just look in that mirror, you'll see an FBI man following us. They're tough babies, those guys; they must have something on you. They've got eight months left to pin it on you. As sure as I'm sitting at this wheel they will unless you give yourself up to me and come through with a confession."

Tony looked in the mirror. "One thing I'll say, Eddie," he said. "You're on the level. I know you'd never get somebody to follow us just to throw a scare into me. If anybody ever makes that pinch, it'll be you—not an FBI guy. But I'm telling you now, I didn't have anything to do with the Doane's job."

A few days later an FBI agent dropped in at BCI to see Gallagher. Gallagher looked at him quizzically: the man was about thirty years old, wearing a white Panama hat, gray summer suit, white shirt, blue tie. Probably an ex-GI, a law-school graduate.

"What can I do for you?" Gallagher asked.

"I'd like to have you tell me all you know about Anthony Turchino." The agent spoke with a drawl.

Gallagher smiled. "That would take hours and it would fill a book," he said.

The agent grinned pleasantly. "I've got the time and I'll listen," he said.

"Do you think you can pin the Doane's Transfer job on Tony?"

The agent nodded. "I think we could if you'd help us."

Gallagher shook his head. "I don't think I can help you much," he said. "Nobody knows Tony better than I do. I've tried to drag it out, sweat it out. I've done everything I can think of to get it out of him. I know one thing for sure, you'll never scare it out of him."

"That seems incredible, Mr. Gallagher," said the agent. "It seems to me that you must know a lot more about Turchino than you're willing to tell me at the moment." Gallagher ignored the implication.

"Do you think he had anything to do with it?" the agent asked. Gallagher thought it over. "I think he had something to do with it," he said, "but I don't know yet how much or in what connection."

When Tony got out of prison, he found crime had become big business. He met some of the big shots at Palm Beach and talked shop with them

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"He was with you that night," the agent said. "You were his alibi."

The police officer looked levelly at the federal agent. "That's right," he said.

"Can you prove he was with you, Mr. Gallagher?" the agent asked.

Gallagher flushed. "Yes," he said slowly. "Tony and I stopped in the grill and talked to Siegal of the hotel squad. You can check that with Siegal tonight around 6:30 in the same grill. He always eats there at that hour. Better still, to be sure that I don't rig it with him in advance, pick up the phone at your elbow and ask the operator to get Siegal for you at his house. Do it now."

"I'll make that check in my own way," the federal agent said.

"You'll make it my way, while I listen." Gallagher's jaw was set.

"I'm not taking orders from you," the agent retorted hotly.

"You introduced yourself. You gave me your name. You forgot to show your credentials. Get them up!"

The agent presented them. Gallagher reached for the phone. "Get me Siegal," he told the operator. He looked intently at the agent until Siegal answered, then said into the phone: "There's an FBI man here who wants to establish that I was with Tony Turchino on the night of the Doane's Transfer holdup. Talk to him."

He handed the instrument over. The agent listened, said thank you and hung up.

Gallagher Calls for a Showdown

"Now you listen," Gallagher said grimly. "You're not an FBI man talking to a witness. You're a detective from a federal bureau talking to a detective in a city police bureau. If you came here for co-operation you'll get it. But if you came here for any other purpose, make that purpose clear now!"

"Well, going through Turchino's probation record," the agent said, "I find you've always been his alibi. Out of 67 entries on his probation record, you went to bat for him 33 times in court. You were his alibi on the night of Doane's Transfer job. We'd like to know how you account for that."

Gallagher got up, looked out the window, and fought to keep his temper. Then he turned back to the younger man, his voice steely: "I've made better than 1,600 arrests in this department; sent more than 600 men to prison and two to the chair. I was able to do that because I made it my business to know people like Tony Turchino. I can see what you're leading up to and it's making me mad."

"There are other questions I'd like to ask you."

"Like what?"

"You own a $25,000 house. "Isn't that pretty good going for a guy who gets $5,300 a year?"

"I paid $10,500 for that house with an FHA mortgage 16 years ago." Gallagher's voice was rising. "It's in a good location. It has appreciated that much in value, and I wouldn't sell it because I'd have no place to go. I bank at the First National. I don't have any safe deposit boxes. I have no other income than my salary. I don't drink. I don't gamble. The only woman in my life is my wife . . ."

Tobin and McKenna, two BCI men, began moving over toward Gallagher. They had never seen him in such a towering rage. "So you think this is a corrupt police department," Gallagher said in a low voice. "You think I'm a corrupt cop. You think I've been taking money from Tony Turchino. You impertinent jerk, I'll knock your teeth—"

Tobin was behind him, locking his arms. McKenna took the agent by the elbow. Concannon, hearing the noise, came out of his office and quickly took in the situation. He approached the FBI man.

"I'm boss around here, son," he said, "and to me you're just another cop. Your special agent in charge called up to say you were coming, but he didn't say why, and I told him you'd get all the cooperation possible. You've got all that's possible now. Go back and tell your agent that I said Gallagher is an honest cop, as straight as a die, and anybody who says different will have to knock me down legally—and maybe physically. Now you'd better leave."

He walked back to his office.

Witnesses Before Federal Grand Jury

Four months later, early in October, a special federal grand jury was convened to hear evidence on the Doane's Transfer case. The FBI was ready. Assistant U.S. Attorney Stephen O'Malley would present as witnesses Anthony Turchino, Francis (Red) Sweeney, Henry Raglund, Gussie Acosta, Adolph (Fritzie) Miller and Frank Martin. George Brown, a lawyer who had represented all the suspects at various times before criminal courts, and Lieutenant Detective Edward Gallagher of BCI also would be witnesses.

During the course of an investigation, the FBI is usually able to keep secret everything its agents and investigators have learned. Every bureau employee is well disciplined; none will ever talk. Grand jury investigations are also secret. Jurors are abjured never to reveal what they have learned, or to talk about it outside.

But interposed between these two secret groups is the United States attorney's office, a wide political area, often too difficult to control. After the FBI turns its material over to this office, the attorney, the assistant attorneys assigned to the case, the clerk, stenographer, and occasionally even United States marshals and court attachés learn about it. Experienced crime reporters usually can find news sources without much trouble; so too can BCI men who hitherto have been shut out.

Even before the first witness was called, Gallagher was perplexed and worried; Concannon was angry and watchful.

The case got off to a slow start. Tony and his gang had a battery of good lawyers, but they could do little for their clients other than coach them before and after their appearances before the grand jury. Counsel for a witness could not be present in the grand jury room while he was being questioned; only the U.S. attorney or his assistants were permitted in there. A lawyer for a witness left him at the door and sometimes waited hours for him to come out. Since a witness would tell his lawyer everything that happened in the grand jury room, the lawyer also became a source of news and information, revealing usually only what was favorable to his client.

From the beginning it was apparent that the inquiry would take time. Tony Turchino, the first witness, refused to talk except to give his name and address. Assistant U.S. Attorney O'Malley brought Tony before Federal Justice William Boyle, who ordered Tony to respond to the questions asked or be held in contempt of court. Tony went to jail for contempt. At the end of three weeks 12 witnesses were in contempt.

Suspects Seen with Too Much Money

Witnesses of good reputation testified to seeing Frank Martin and four unidentified men counting $80,000 on a bed in Martin's hotel room. A witness testified that Fritzie Miller had $125,000 either in a brief case or bag in the closet of his apartment and that Red Sweeney had hidden $50,000, more or less, under the red leather seat of a chair.

At the end of a month, Attorney Brown, who had been put on the stand, came out of the grand jury room red-faced and sputtering. "Who does this guy O'Malley think he is?" he said to reporters. "The way he characterized me to that grand jury was murder; he kept shooting off his mouth about a sinister alliance between hoodlums and gangsters and lawyers and corrupt cops. I'm a criminal lawyer. I make no secret of it. I take whatever case comes to my door. That's the ethics of the profession; and I don't reveal to anybody what my client tells me. I'm going to the Bar Association with this."

"He must have something on you, George," a reporter said quietly, "or he'd never go that far."

Brown cooled off quickly. He was a good lawyer, able to think fast and look far ahead. "Whatever he thinks he's got on me, he'll never be able to use," he said.

"I'm quoting you on that," the reporter said.

"I know you are," Brown answered. "So quote it accurately. A time may come when it will help."

"What's he got on you?"

"Off the record?" Brown said.

"Okay."

"Some of the questions I was asked in there could not have been asked if my files had not been read, or for all I know, photographed; or unless somebody in my office revealed a lot about my relationship with my clients. I feel sure I can trust everybody in my office. How O'Malley learned so much is a mystery to me. The law protects me in refusing to divulge the affairs of my client. That's why I can't understand why O'Malley, as a lawyer, was so rough."

The next day it was Lieutenant Detective Edward Gallagher's turn. Before going into the grand jury room, he was questioned by O'Malley and two of his associates in the U.S. attorney's office. There O'Malley began by reviewing Tony's probation record. He pointed out that Gallagher had shot Tony at the very outset of the youth's criminal career, then traced a pattern in which Gallagher always appeared as Tony's champion and protector. "Why did you appear in the Third District Court when he was arraigned there? Did you ask the judge to give him a suspended sentence? Why did you appear in the Sixth District Court when he was about to be sentenced? You say you consulted with the probation officer, and the probation officer recommended a fine instead of a jail sentence. Would the probation officer have recommended it if you hadn't consulted with him?"

Explaining Only Made Matters Worse

Gallagher was at a loss. He couldn't explain his relationship with Tony. Every time he tried to do so, he felt he was entangling himself further. He knew he was being browbeaten.

A finger pointed at him: "You knew what kind of a man Anthony Turchino was, Gallagher; yet after twenty-five arrests you still appeared in courtrooms in his behalf! You still were using your influence to keep him out of jail or prison, where he belonged."

"But he gave me a lot of information. I couldn't arrest other criminals if Tony hadn't—"

"He gave you information: What kind of nonsense is that? You had information enough on Turchino to put him away for a hundred years. He was at large because you saw to it that he remained at large."

"But he got a full pardon," Gallagher protested for the tenth time.

"You keep harping on that. Perhaps we should look into that pardon, too. How much did the pardon cost him?"

"I'd guess about a hundred thousand dollars."

The answer genuinely astonished O'Malley. "You *guess!* Do you know?"

"All I know is pure hearsay. I was told he paid $100,000. Why don't you explore that?"

O'Malley looked down at the record. "Now we come to that term in the House of Correction."

"I repeat," Gallagher pressed what he thought was an advantage, "why don't you explore the pardon?"

O'Malley ignored the interruption. "You saw him in jail. You brought him cigarettes. You treated him as a brother." He went through the rest of Tony's 67 arrests, then arraigned Gallagher in person.

A few hours later, Gallagher went before the grand jury. Since grand-jury proceedings are reasonably informal, he was permitted to sit in a chair with his back to the foreman, the secretary of the grand jury and the court stenographer. He faced the remaining 21 of the 23 jurors, who sat in rows as in classroom.

O'Malley stood behind the jurors most of the time to compel Gallagher to keep his voice up.

Linking Gallagher with Gangdom

Once again questioning Gallagher, O'Malley brought out that there had been a close association between Gallagher and the Turchino gang.

"I'm trying to show you ladies and gentlemen of the grand jury, through this witness," he explained, "that there is a sinister, an insidious, a frightening alliance between the gangsters, the hoodlums, the criminals of this city and certain members of the police department. You've heard the miserable record. You've seen how Tony Turchino and his gang have been protected by this officer. You've heard Officer Gallagher testify that he owns a $25,000 house. His car is the latest model. He takes in the fights in New York. That costs money. He denies he had more than one bank account or any safe-deposit boxes. But it must be obvious to all of you jurors that Lieutenant Detective Gallagher has been doing very well for himself. . . ."

Reporters who braced Gallagher as he came out of the grand-jury room had never seen him looking so white, so listless and sick. "Give me a break, you guys," he said. "I don't like to let you down, but you know I can't say anything."

He went back to police headquarters and headed straight for Concannon's office. The superintendent listened intently, asked a few questions, then reached for the phone and called O'Malley.

"I have information to give the grand jury on the Doane's Transfer robbery," he told him. "I will be at the Federal Building outside the grand jury room at ten thirty tomorrow morning."

"Sorry, Superintendent," O'Malley said. "The schedule of witnesses to be heard tomorrow is all set. I simply couldn't fit you in at that time."

"I think you'll fit me in all right. If I'm not heard beginning at ten thirty, I'll call the press room at headquarters and have all the police reporters outside the grand jury room at eleven; I'll give them the information I have for the grand jury and you and the jurors can read it in the afternoon papers."

"Wait a minute," O'Malley said hastily. But Concannon hung up. Then he called Federal Judge Boyle. "Bill," he said, "O'Malley gave one of my boys a bad time before that grand jury today. I just told O'Malley that I'd be outside the grand jury room at ten thirty. I've simply got to get my man out of the rain barrel. He doesn't deserve the beating he took. If I have any trouble, I'll be over in your court looking for help."

"You've got it now. What's the story?" Boyle asked.

Concannon gave him a three-minute digest.

"You be there at ten thirty," the judge said. "You'll be heard."

Reassuring Advice from Concannon

Concannon hung up and looked across his desk at Gallagher. "Eddie," he said, "I'll tell you what to do, and you do it. Go home now. Take a good, stiff highball, and eat a good dinner. Take it easy. Relax. About an hour before bedtime take another highball, and you'll sleep like a rock. Tomorrow you'll feel like a new man. If you don't feel like coming in tomorrow, stay home. You're in the clear. Stop worrying."

At ten thirty the next morning, Concannon went before the grand jury. A dignified and respected figure, he had been in the police department for close to 50 years. Police commissioners came and went with every change in political administration, but Superintendent Concannon went on forever. They were responsible for the budget, but he decided how the millions of dollars would be spent. They proposed; he disposed.

In the grand-jury room he immediately took over. He noticed that the witness chair was placed with its back to the foreman, secretary and stenographer. Casually he swung it around so he could face them as well as the other jurors. Then he began:

"I have a lot of information that I think you grand jurors ought to have, and I'd like to present it in my own way. You know, you grand jurors have a lot of authority; you ought to be aware of it. You can, for example, order the assistant United States attorney right out of this room." O'Malley stirred. "I'm going to ask you to use that power because I'm sure I can say what I have in mind much better with him out of the way."

Concannon grinned. "You know, he'll always be butting in, and I can't have that. So, Mr. Foreman, how about getting rid of them? Let the stenographer stay; O'Malley can read what we've talked about later. Actually, you don't have to bother with him at all. You can have your own special counsel if you want. All you have to do is ask Judge Boyle. Let's talk this whole business over—man to man, so to speak." He looked toward the foreman.

A grand jury is a group of citizens organized to inquire into crimes in the jurisdiction from which the members of the jury are drawn. The jury's chief function is to hear the evidence against an accused person and decide whether it is sufficient to warrant his indictment and trial.

About the Functions of Grand Jurors

Usually a grand jury consists of 23 men and women, of whom 16 must be present at all times. They are usually a cut above run-of-the-mill veniremen available for trial juries. Many are executives. Almost all are in middle- or upper-income brackets. Once organized, they become in fact a law unto themselves. They can order a prosecutor from the room, ask summonses for any persons or records they want. Any juror can ask a question of any witness. If a grand juror's next-door neighbor gives him information concerning a crime in the area, he can bring it before the jury for action.

Almost every grand juror yearns privately for a chance to take a good healthy kick at the traces, if only to assert his own independence. When Concannon suggested that O'Malley be thrown out of the room, the response was almost instantaneous.

"Take a powder, Steve," a juror called from the back of the room.

"Yeah, you can have the rest of the afternoon off," another chimed in.

The foreman nodded to O'Malley. "You may withdraw. We'll send for you when we need you."

O'Malley bit his lip, dug his hands into his trouser pockets and stalked out, his back stiff. Concannon settled back comfortably in his chair, the first witness who did not seem to be afraid of the jurors.

"You had one of my cops down here yesterday," he began, "Lieutenant Detective Edward Gallagher. O'Malley gave him a bad time. I'd like to set the record straight here and give you some information about the Doane's Transfer job that I don't think you're going to get from any other source."

"In the first place, let me say that Gallagher is an honest detective. He has never taken a dime from Tony Turchino, or from any other criminal. He gets $5,300 a year. He's at his salary ceiling. He's top man in the department. He has always lived within his income; he does have an expense account that averages around $20 a week.

"O'Malley held Gallagher up to you as a horrible example. He wanted to know why Gallagher was always hanging around with the city's worst criminals. O'Malley knows better. Gallagher gets paid for hanging around criminals—for being friendly with toughs like Tony Turchino. That's his job. He's a detective on my force. I don't expect to find my detectives mingling with clergymen, or with other decent and respectable people;

Visiting Turchino's garage and filling station, Gall

tation,

Gallagher (in plain clothes, right) was sure that a man he spotted casually reading a newspaper across the street was an FBI agent

I expect to find them among criminals, just as I expect to find doctors among sick people.

"Gallagher probably has more friends among crooks, thieves, gunmen, gangsters and racketeers than any detective in the department. That's one reason why Gallagher always knows what they're up to. In the Doane's case, though, he was baffled because he saw Tony Turchino at the time of the holdup—and Tony couldn't be in two places at the same time.

"Gallagher feels sure Tony had a hand in that robbery. I myself am positive that Tony did, and you will be too after listening to the information I am about to give you. But strange as it may sound to you, you won't be able to do anything about Turchino."

"You mean, as a grand jury, we won't be able to do anything about him?" asked a juror.

Explaining Stool Pigeons to a Jury

"That's right," Concannon answered. "By a strange set of circumstances, you're going to find yourselves in much the same position as Gallagher. O'Malley made a good deal of the fact that Gallagher went to bat for Tony at various times. Well, it's true. Turchino was one of Gallagher's best stool pigeons. You may turn up your nose at stool pigeons, but there isn't a police department anywhere, from Scotland Yard down, that can get along without them. They give us the information we need to put criminals in jail, and tell us where to find the evidence. A detective doesn't knock his own pigeon out of the picture until he has to; then, if he can, he replaces him with another.

"Gallagher never knowingly helped Tony Turchino or any of his gang commit a crime. In fact, he kept them from committing more. There has never been anything wrong, from my point of view, in anything that Gallagher did to help a criminal after he was caught and before the courts. It would be wrong to help him before he was caught.

"Tony and his gang are before this appendage of the federal court now, and as the superintendent of police in this city I find myself in somewhat the same position as Gallagher and all of my detectives from time to time. I know Tony and his gang had a hand in the Doane's Transfer robbery, and yet I'm here to tell you that we haven't got the kind of proof and evidence that you need to indict them. The FBI has the proof and the evidence, but it's no good to them, either. They can't even bring it before you."

"Why not?" The foreman was puzzled.

"Let me lay a little foundation so you'll understand why not. There are two techniques in investigation and detection. The FBI uses one, the BCI another. The FBI builds a case secretly. It makes none of its information public. Its agents interview, examine, make reports. A criminal often doesn't even know he's being investigated. A hostile FBI witness is usually shocked in court to discover that the bureau has him cold and knows far more about him than he ever thought anybody knew. I have a great admiration for the FBI. I think it's the best and most efficient organization of its kind in the world.

"At the same time, I have a very high opinion of my own BCI. We're not stupid. But we operate in a goldfish bowl. Everybody knows what we're doing all the time. The newspapers carry a blow-by-blow account of it from day to day. Our telephones start ringing. We get letters. Stool pigeons drop around to tell us what they know—always figuring angles, hoping we won't be too tough on them when they get caught.

"This crime happened in my jurisdiction. I am responsible for the detection, apprehension and conviction of criminals in this city. Now, the state police cannot come into my jurisdiction without permission or invitation, but the FBI can. In federal crimes, their jurisdiction overlaps all others. Here was a case in which the FBI had an option. They could have left it in my lap and I would have had the headaches, but because federal funds—government bonds, veterans' checks, Federal Reserve money and such—are involved, they had a right to take over and they exercised it.

"Under federal law, they have only three years in which to identify, apprehend and begin legal action against criminals involved in certain kinds of crimes. This is one of them. There was no murder involved in the Doane's Transfer job. No shots were fired. Nobody was even scratched. The fact that a fabulously large sum of money was stolen—$2,500,000—makes no difference. The size of the loot doesn't affect the nature of the crime. In the table of Standard Reporting Statistics, it's merely one additional statistic: just one armed robbery. The federal statute of limitations on that is three years.

"If the case were in my lap, I would have seven years to solve it. That's the state statute of limitations. Therefore, if the crime remains unsolved by the FBI after three years, it comes back into my lap for an additional four years. Now, this case was, and is, a grade-A stinker. The FBI worked on it for two years and nine months before they were ready to bring it before you. They did a thoroughgoing, excellent job—down to and including recorded wire-tap conversations among all the suspects, and recordings of several conferences in a lawyer's office. The office was, as they say, 'bugged'—meaning that microphones were hidden around the room."

The grand jurors had been listening intently. "How did you find that out, Mr. Concannon?" one of them asked.

Concannon grinned broadly. "We usually know what's going on in our own back yard."

"If everybody knows they're guilty, why don't we indict them?"

"Ah! There's the question! You can't indict them because you can't hear the evidence, and here's the reason. The U.S. Supreme Court has ruled that the Federal Communications Act of 1934 forbids the use in federal courts of information obtained by wire taps. Therefore the wire-tap evidence in the Doane's Transfer case cannot be brought before you. In this dilemma, the assistant United States attorney and the FBI—with the statute of limitations deadline approaching fast—tried to drag the necessary evidence out of the suspects by bringing them before you.

"A few of them had private auditions in the assistant United States attorney's office before they came into this room. The wire-tap recordings were played back, and they heard themselves talking, discussing the Doane's Transfer job. That was supposed to break them down and make them talk before you jurors, but their lawyer was too smart for that. They refused to talk and went to jail for contempt. Why not? All they've got to do is to keep their mouths shut for three weeks now; then the federal government no longer will be able to touch them. The case will become my headache, and I'll still have four years to sweat confessions out of them."

The Man Who Wanted to Go Home

A juror in the front row looked up and said: "I think we ought to wind this thing up now, put it in your lap, close up shop and go home."

"You can't do that," Concannon said. "You'll stay in session until this grand jury expires, or until a federal judge disbands you. You'll hear the rest of the witnesses. You can't tell. Maybe O'Malley has something up his sleeve I haven't heard of—though I doubt it."

"Why did he bring Gallagher before us anyway?" another juror wanted to know.

"That's another good question," Concannon said. "It's natural, I suppose, that there should be rivalry between two forces of detectives operating in one area where they have concurrent jurisdiction. The original purpose, I assume, was to pick Gallagher's brains and bring out all that he knew about the Turchino gang. It might have worked if the approach had been different because Gallagher is normally a friendly, co-operative person. When he didn't give freely to a man he considered a rival detective in another bureau, he was threatened. He was told he would be brought before you to have his background exposed, to have his so-called protection of Tony Turchino played up. When that didn't work, he was browbeaten here.

"Anybody who knows Gallagher knows that none of these techniques would work on him. Then there was O'Malley's laughable attempt to try to intimidate me with that crack about the sinister alliance between gangdom and the police, or something like that."

"What do you think would be the most sensible way to handle the case now?" a juror asked.

"The key now," Concannon said, "is in the wire taps and tape recordings. If the FBI would hand them over to me, the chances are we could make use of them in court. A county grand jury could hear them and, if convinced, indict the accused men. Then a district attorney could bring them to trial. We could get away with it in a state court where you can't in a United States court. State, not federal, law would apply.

"If the defendants were found guilty and the convictions were sustained in the state Supreme Court, there is a strong chance that the United States Supreme Court would refuse to receive the case on the ground that the state courts had sufficient jurisdiction."

"Will you ask the FBI to turn over the recordings?" another juror inquired.

"Certainly, when the statute of limitations deprives them of jurisdiction and it becomes my responsibility."

"Then why didn't you do it before now?"

Deprived of Credit for a Victory

"It would be like asking the team that has the ball to hand it over to my side and forfeit the game. It just isn't done. The FBI is naturally disappointed. They've won the game, but they can't get public credit for it. That's not the FBI's fault. They don't write the court's decisions and they lose here by a decision in a game that was played by another team in another place."

"Isn't there some chance that you might be cited for contempt yourself, Superintendent, for talking to us so frankly and freely? You seem to be about the only guy who's come before us who knows what he's talking about."

Concannon grinned. "I don't think there's a remote chance that any federal judge in this jurisdiction—and I know them all—would find any contempt in what I have had to tell you. Although O'Malley is not in the room at the moment, he will be able to read every word I have said here, and while the stenographer is still recording, I would like to make something else part of the record, merely as part payment for that snide oratorical allegation of a sinister compact between the police and gangsters. As I came into the Federal Building today I saw O'Malley's car, with U.S. attorney plates, parked in a restricted area in front of the First National Bank.

"There are no privileged citizens in this jurisdiction, including United States attorneys, and if that car is still parked there when I leave this building, I'll see to it that it's towed away. And let me add that it will cost you a ten-dollar towing charge, O'Malley. That, plus this public record of your flouting of our city's parking ordinances, may teach you to give to show a BCI man the same consideration you give to the agents of the FBI. Read it and weep, O'Malley. This is Concannon, signing off the record."

The grand jurors were either laughing or smiling. Some even applauded.

O'Malley was pacing the corridor outside the grand jury room when Concannon came out. He looked at the superintendent uneasily.

"O'Malley," Concannon said, "if that grand jury brings in a single indictment, I'll eat it. And let me

Gallagher was preoccupied as he dined with the Turchinos. He was sure the room was "bugged" with microphones and the telephone was tapped

give you a tip that may save you ten bucks. Ask the stenographer to read you my peroration. It's a honey—a masterpiece, even if I do say so." He walked to the elevator.

Concannon was right. The day before the federal statute of limitations was to expire, the grand jury returned a "no bill." Tony Turchino and his friends appealed the contempt findings and were released on bail.

But Concannon had scarcely been able to clear the decks for action to take over the investigation of the Doane's Transfer case when a reporter phoned to tell him that the FBI had changed the complaint to "conspiracy to commit an armed robbery." It gave the FBI a fresh bite into the case.

Concannon walked out into the big room and told his detectives. "You've got to hand it to them," he said. "They hang on like a dog to a root. They can't be shaken off. Signals over. Carry on as you were. The hell with it."

He walked back into his room.

An Underworld Character in Terror

Six months later, in early summer, Tony Turchino came to Gallagher's house. His sport shirt was dripping. Perspiration also stood out in beads upon his forehead.

Gallagher had never seen him in such a state. "What's cooking?" he asked.

"Eddie, I'm terrified," Tony said. "Honest, I've never been so scared in my life."

"How come?" Gallagher asked, as he led Tony to a chair.

"The immigration inspectors have got me," Tony said. "The FBI put them up to it. They got me under the McCarran-Walter Act. These immigration inspectors are tough. When you get before them, it ain't like being before a court. The inspector can put into the record almost anything he wants. Talk about Russia!" He wiped his forehead. "A guy ain't got no rights in front of those babies."

"What's it all about?"

Tony asked for a drink. Gallagher called to his wife to bring one out. "They got me on two cases of moral turpitude," Tony explained.

Gallagher sat up, unbelieving. "New cases?"

Tony shook his head. "Old cases from my probation record."

"Relax," Gallagher said. "They can't hit you with anything on your record. You got a full pardon, remember? The record was wiped out."

Tony winced. "Not quite."

"I don't get it," Gallagher said. "A pardon wipes out the whole record."

"This one didn't and it's my own fault. When I went up to that lawyer's office before getting the pardon, I told him everything I'd done from the first time I was arrested. I gave him names and dates and everything, but I put down only the things I really did. It's like that when you make a confession in religion, ain't it? You tell only what you did. You don't tell what you didn't do, so I forgot the case about that girl when I was a kid. I didn't do that, so I didn't think of it. And I forgot about that case of the golf balls. Remember? I didn't do that, either. Those are the two cases of moral turpitude. That's all they need to send me back to Italy."

Gallagher shook his head. "What a stupid thing for a guy to do. Why didn't you ever become naturalized?"

"Until I was twenty-one, I thought I had been born in this country. I didn't learn that I wasn't a citizen until I tried to register to vote. Then I put it off and didn't do it. Every election, it was something I was going to do next year. I would have been a citizen if it hadn't been for that dope uncle of mine, Enrico. When the notice for my father's second papers came in the mail, Enrico, a wise guy who knew everything, threw it in the fire. He said it was an ad."

"You're really up against something now, Tony."

"Right," said Tony. "I wouldn't mind going to the can to do a stretch, Eddie, but this is worse than going up for life. I don't know anybody in Italy. I can't even speak the language. What am I going to do?"

"You can tell me the story of the Doane's Transfer job," Gallagher said. "You owe it to me more than to anybody."

"Suppose I did know something about it. Suppose I did tell it to you; what would it get me? Even if you sent me to the can or the FBI did, I'd

Superintendent Concannon suggested the grand jury throw the assistant U.S. attorney out of the room while he told his story. "Take a [illegible]

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be deported when I came out. Seems to me that it would be better to be deported now than after I got out. But I don't want to be deported—ever. This is my country!"

"Not quite," Gallagher said grimly.

"What am I going to do, Eddie? I'm being shipped away for two things I didn't do."

Silence Would Cause Deportation

"You're going to pick between Concannon and the FBI someday. You might as well make your choice now," Gallagher said. "You'll get a better break from Concannon. You can't clam up forever. If you keep your trap shut about the Doane's Transfer robbery," he added, "you can take the immigration rap and go back to Sicily."

Tony thought for a moment.

"I'd like to take my wife to Sicily. Suppose you were to promise Concannon that you'd open up to me in Sicily after you got there. Concannon is a smart cooky. He'd dig up an extradition treaty somewhere and maybe you could come back. If you've got any of the Doane's dough, you might be able to make a deal to stay in this country then—if you made restitution. It might cost you a million bucks or so, but I wouldn't change places with you now or ever for a million bucks, Tony."

Tony pondered for a few minutes. "And you really think a thing like that could be rigged, Eddie?" he asked.

"I'll find out from Concannon. He has all the answers."

Next day, Gallagher talked to Concannon. The superintendent shook his head, thoughtfully. "Did you ever think, Eddie, that a day would come when you'd be able to place a value of a million dollars on American citizenship? This is a honey of a switch. Here's a big powerful police agency, working through an immigration police agency, and using a threat of deportation as a third degree to sweat a confession out of Tony Turchino.

"Tony is a product of our city. We got him when he was six months old, and at forty-three he's a tough, hardened criminal. Are we responsible for that? Can anybody reasonably say the fact that he was born in Messina, Sicily, is to blame? Can we designate him now as an Italian national and demand that Italy accept responsibility for him? He became what he is in the United States. The Italian government isn't even aware of his existence—yet."

Gallagher could see that Concannon was convincing himself that there were valid reasons why Tony should be permitted to return to the United States if he were deported. "Italy," Concannon went on, "already has a number of our deportees, topped by Lucky Luciano. Are we to make Italy a penal colony for American-trained failures? If the McCarran Act is to be used as an instrument of the courts to dispose of those who can't be kept in jail, why shouldn't friendly nations tell us: 'No, thank you. You made them what they are. We don't want them and won't accept them.' Tony Turchino's sisters have become American citizens. His wife and adopted daughters are American citizens, too. It will break up a family." Concannon thought it over as Gallagher sat by silently.

Tremendous Loot Magnified the Crime

"Stripped down to its legal fundamentals," Concannon reasoned aloud, "the Doane's Transfer holdup is just another armed robbery. It's the size of the booty that distorts the crime and throws it all out of perspective. Two and a half million dollars is a lot of money, but fundamentally any holdup artist who pokes a gun into the ribs of a filling-station attendant and gets $18.75 is guilty of exactly the same crime. The amount involved doesn't change the nature of the offense.

"Let's pick that one apart, Gallagher," he went on, looking out the window. "Who lost the two and a half million? Doane's Transfer was fully insured. Lloyd's of London carried the risk. Every claimant was paid off, down to the last dollar. If Tony is shipped back to Italy, and Lloyd's of London sees a chance to get back a good part of its loss by making Tony Turchino a million-dollar American citizen, maybe Her Majesty's Foreign Office will suggest to our State Department that we let Tony come back to this country."

"So what do I do?" Gallagher asked.

"This is the first time you've got what amounts to an admission from Tony that he was in on the Doane's case," Concannon explained. "You have no witnesses. We can't prove it. It would still be your word against Tony's before the courts, and the chances are you'd never even be able to get what you've told me into the record over the objection of Tony's counsel.

"I think I'll go out on a limb on this one, Eddie. He belongs to us and not to Italy. We never make a promise to one of these birds that we don't keep. I'm sure that in view of all the other circumstances our law department can find plenty of law to bring him back—and if it works out, he'll have plenty of pressure behind him, too. Tell Tony it's a deal."

Gallagher told Tony. Tony was relieved; he knew he could trust Concannon.

"The immigration people have ordered me deported," he said. "But my lawyer has appealed the order to the federal courts. He's going to push it all the way up to the Supreme Court. I don't talk. You know that. Nobody in the gang talks. But if I ever talk, or if anybody in the gang ever talks for me, it'll be to you and Concannon."

Gallagher nodded and said, "I'll be waiting, Tony."

"Take a powder," juror in a back row yelled at the attorney

APPENDIX E

Brink's guards transported $100,000 in "loot" for a Pepsodent toothpaste contest in 1950. Contestants were required to finish a two-line jingle that began "All my friends buy Pepsodent ..." *(Photo courtesy of Brink's Museum.)*

APPENDIX E

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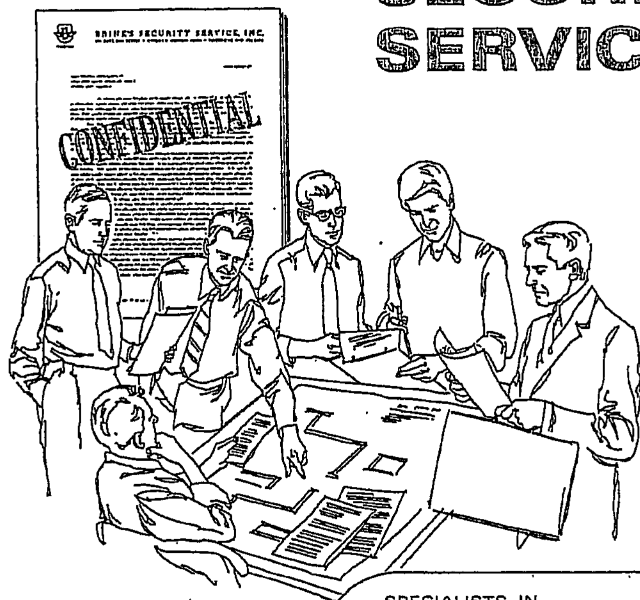
APPENDIX F

BRINK'S SECURITY SERVICE, INC.



SPECIALISTS IN

COMPREHENSIVE SECURITY ANALYSIS

APPENDIX F

BRINKS009422

For more than a century, Brink's has provided thousands of customers with security for their valued possessions. Brink's efficient security operating procedures have completely satisfied the requirements of the financial and industrial world. More than a century of diversified experience eminently qualifies Brink's to engage in all facets of security.

Businesses in the United States lose billions of dollars each year through larceny, fraud, embezzlement and dishonesty. Unfortunately these losses continue to escalate and threaten the solvency of many firms. The criminal element continues to profit handsomely from weaknesses in security which are usually caused by a failure to provide adequate safeguards.

There is an urgent need for increased vigilance and an application of more stringent security measures at all levels of management. Immediate preventive or investigative action may be necessary within your organization. Security services provided by Brink's will be performed by well-trained, competent professionals in the security industry. Assistance rendered will be in fulfillment of each clients' exacting specifications.

You can profit from a BRINK'S Security Analysis

A Brink's Security Service analysis encompasses a thorough assessment of all aspects of a firm's operation for purposes of determining its security posture. Irregularities which may contribute to present or future losses are discovered. The analysis involves an individualized in-depth perusal of all internal and external organizational security procedures.

ATTENTION DEVOTED TO SENSITIVE AREAS.

Specific emphasis is focused upon critical areas and those which contain high value items. Physical security procedures, property controls and inventory methods are scrutinized. Each business activity has vulnerabilities which are unique. Brink's security analysis is flexible and is modified to fit each facility or firm.

INDIVIDUALIZED TREATMENT.

Depending upon the type of firm involved, the security analysis may include, but is not limited to the following areas of inquiry:

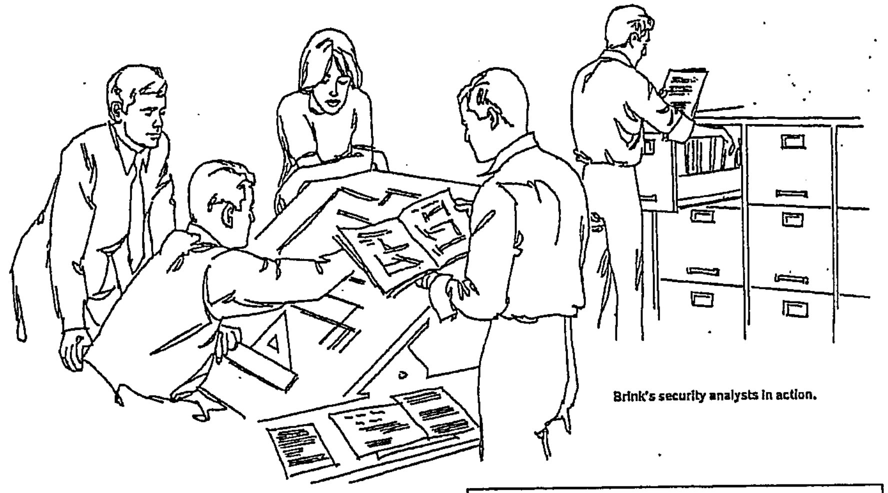
1. Control of persons entering or leaving.
2. Procedures for indoctrinating personnel concerning loss prevention.
3. Adequacy of security officer personnel.
4. Inventory control procedure.
5. Internal records, routine and methods of operation.
6. Accountability of funds and other valuables.
7. Personnel selection, screening procedures, identification.
8. The need for, or adequacy of, existing intrusion detection systems.
9. Development of security plans for new structures.

FACTUAL ANALYZATION

After all the information and facts are gathered, a careful evaluation of security irregularities will be made. The evaluation will take into consideration areas of excessive security or instances of over-protection. Guard posts may exist where they are no longer needed. Protective lighting and electronic equipment may not be required because of changes in configuration of a facility. Such situations will be examined closely, and appropriate recommendations made with a view toward saving manpower, material, equipment and funds which can be utilized to a greater advantage elsewhere.

REPORTS

Brink's analysts prepare a comprehensive and confidential report concerning their findings. The report contains definite recommendations regarding corrective action which should be taken after considering all factors such as cost and feasibility, degree of security desired, and estimation of risk. Assistance will also be rendered for implementation of the recommendations, if desired. Exhibits will be attached to the analysis when they are considered mean-



Brink's security analysts in action.

ingful. The analysis will include every conceivable aspect of security from alarms to visitor control.

CRIME PREVENTION

A security analysis is a very important crime prevention technique. The majority of crimes are committed by opportunistic individuals, frequently operating from within the firm itself. A security analysis will reveal where there are weaknesses in security so that corrections can be made. Opportunistic crime is preventable. Criminals are deterred by good security.

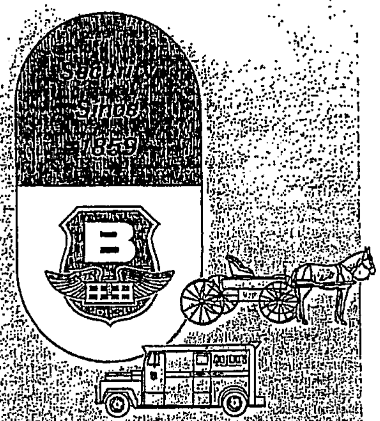
PROFITS ENHANCED

Brink's security analyses are performed by experienced and technically qualified personnel. Their findings will have significant implications in reducing losses, increasing profits and building a more healthful security environment for any business operation.

OTHER BRINK'S SERVICES

BRINK'S MOBILE PATROLS provide protection to industrial and commercial buildings. This service affords security to critical facilities against intrusion, theft, fire and vandalism. Patrolmen will be familiar with the security hazards of the area and can operate with the utmost vigilance. This patrol service is particularly adapted to protecting suburban commercial buildings, which are increasingly subject to maliciousness.

BRINK'S UNIFORMED GUARDS are carefully chosen, thoroughly screened and professionally supervised at their place of work. Brink's can provide security officers for a variety of clients, including building complexes, banks, industrial facilities and warehouses. Security officers receive special training and specific oral and written instructions for each assignment. Brink's security officers can deal objectively and impartially with employees and all security problems.



From the horse and wagon operation founded by Perry Brink in Chicago in 1859, to transport carpet bags and trunks for travelers, Brink's, Incorporated has grown to be the world's largest commercial money mover and a leader in the field of security services.

Today's modern Brink's organization offers its diversified protective services in over 140 cities in the United States and Canada, as well as in Australia, Belgium, Brazil, Britain, France, Germany, Holland, Israel, Italy, Jamaica, Switzerland, Trinidad and Venezuela — with even greater expansion in the offing.

Over 113 years of experience in the field of security enables Brink's — a name that is virtually synonymous with security — to serve you with a professionalism that can't be equalled. So, why not let a Brink's Security Service professional analyst help you solve your security problems? We'll be pleased to have a representative call.

BRINK'S SECURITY SERVICE, INC.
A subsidiary of Brink's, Incorporated.
234 East 24th Street/Chicago, Illinois 60616/Phone: (312) 326-3600

APPENDIX G

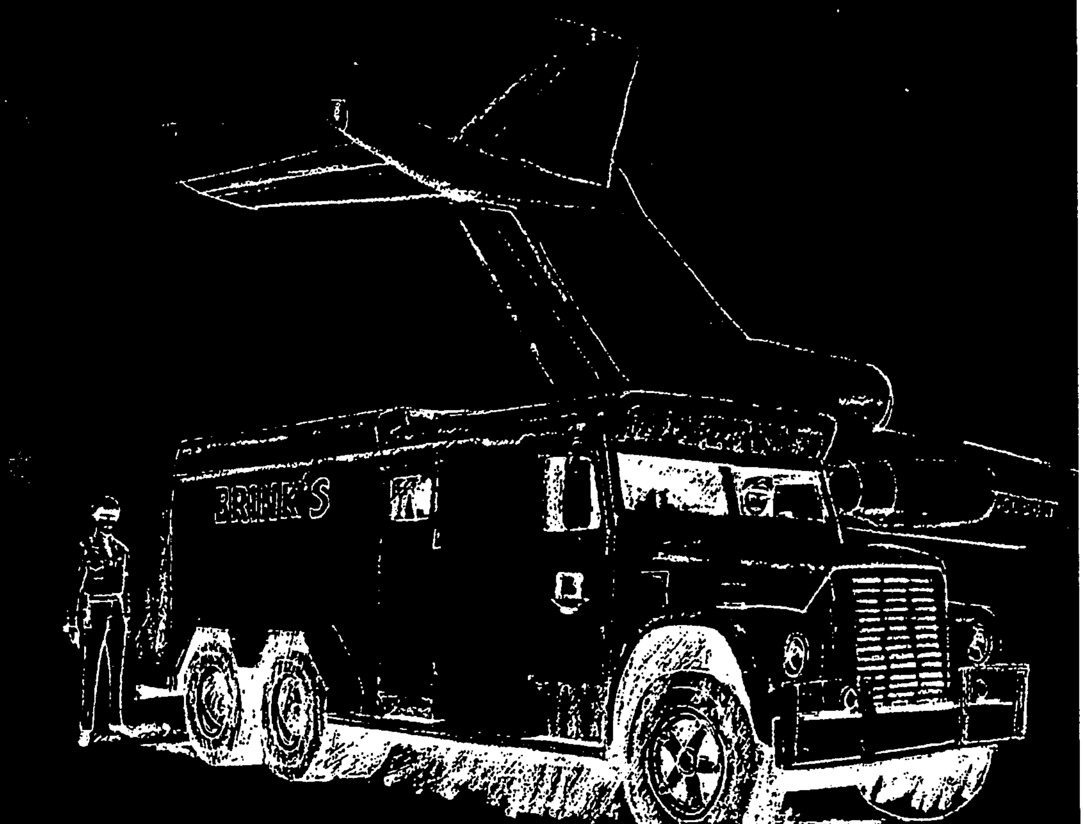
APPENDIX G

Brink's, Incorporated - 1970
Annual Report

BRINKS009426

BRINK'S

15



1970

FINANCIAL HIGHLIGHTS

	1970	1969
Revenues	$73,659,000	$63,981,000
Net Income	6,508,000	5,115,000
Earnings per Share	1.30	1.02
Total Assets	33,461,000	26,766,000
Stockholders' Equity	21,366,000	17,358,000

The Year in Review

Dear Shareholder:

In 1970, Brink's 112th year of operation, your company achieved record highs in earnings and revenues. The year also marked the first public offering of Brink's common stock when The Pittston Company sold 500,000 shares or 10% of its ownership to the public.

Net income for the year was $6,508,000, or $1.30 a share, a 27.2 percent increase over $5,115,000, or $1.02 a share, for 1969, after provision for normalized federal income tax.

Revenues in 1970 amounted to $73,659,000, a gain of 15.1 percent from $63,981,000 the previous year.

Your board of directors declared dividends for the last three quarters of 1970 which totaled 37½ cents a share. The directors also voted to have future dividends considered for payments in the months of January, April, July and October, beginning in 1971.

In other actions taken by the board during 1970, Harry C. Hagerty and James L. O'Keefe were elected Brink's directors.

Last May your company acquired Servicio Pan Americano de Proteccion, C.A., a Venezuela-based company that provides money-moving services to 11 cities in that country. Servicio, which renders essentially the same services as Brink's, was founded in 1958, employs approximately 300 persons and operates nearly 70 armored cars in Venezuela.

Although Brink's began in 1859, its services are as modern and progressive as today. Over these 112 years your company has developed from a horse-drawn wagon carting trunks, carpet bags, sample cases and packages to and from the railroad stations into the largest armored car service in the world, operating 1,180 armored vehicles from 135 offices.

We serve thousands of customers in 27 states, the District of Columbia, seven provinces in Canada, and, through affiliated companies, in Venezuela, Brazil, France, Israel, Jamaica and Trinidad.

But growth has not been limited to expansion of armored car services. In recent years we have opened up new avenues for transporting valuables. Yet each is closely allied with the basic armored car.

For example, using commercial airlines, Brink's air couriers transport millions of dollars worth of securities on regular daily schedules for many banks and brokerage houses. Courier flights extend coast to coast and include many intermediate cities with each airport departure and arrival under the surveillance of Brink's guards.

Your company also has contracts with many city governments for the collection, sorting, wrapping and deposit of coins from parking meters.

For both banks and businesses Brink's offers a coin preparation and packaging service assisted by specially designed automated machines for sorting, counting and wrapping the coins.

Still the core of our business is in the armored car area. Daily, Brink's delivers over a billion dollars in money and securities from customers to banks, to their branches and correspondents, to Federal Reserve Banks or to post offices.

We swiftly and efficiently move checks to the clearing house, wait for the sortings, fill in a signed blank check with the correct amount owed the clearing house and return to the bank with checks for posting.

Armored cars transport currency, coin and securities, for banks in all 12 Federal Reserve Districts and the Bank of Canada. And Brink's moves newly minted coins out of the U.S. Mints in Philadelphia and Denver and also transports gold bullion for the Mint.

For businesses, we provide security and efficiency in the storage, transport and deposit of money from their sales. Retailers' funds are safeguarded in the store in a special Brink's safe that can only be opened with a key retained by one of our messengers.

Even when business is closed, Brink's is working. Our personnel regularly check branch banks on Saturdays and Sundays in hundreds of locations in Canada to deter burglaries on weekends. This well-received service may be expanded to the U.S.

From the horse-drawn wagon to the armored car in 112 years, there is still one simple truth: whenever something of value is being moved, you'll probably find Brink's moving it.

The air courier service is one of our fastest-growing operations. Air couriers daily airlift such valuables as securities, furs, diamonds and works of art.

Currently we are negotiating with the Air Cargo Association, representing 27 domestic airlines, to provide similar protection services for the carriers. We have also explored with officials of several of the nation's largest airports about a service by Brink's to protect cargo when it's on the ground.

The Pittston Company, owner of 90 percent of Brink's stock at December 31, 1970, recently offered to the public an additional 500,000 shares for over-the-counter trading. Since there are 5,000,000 shares outstanding, this resulted in Pittston retaining 80% of Brink's ownership.

We recognize with gratitude the many contributions made to the company during the year by its 5,500 employees and we also express appreciation to our new stockholders for their interest, cooperation and support. Such support helped us reach new peaks in 1970 and will enable us to continue as a dynamic, growing company this year and for years to come.

E. A. Jones
President

March 22, 1971

BRINKS009430

BRINK'S, INCORPORATED BRANCH OFFICES

CENTRAL REGION

Addison, Illinois
Akron, Ohio
Canton, Ohio
Cedar Rapids, Iowa
Chicago, Illinois
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Davenport, Iowa
Dayton, Ohio
Decatur, Illinois
Detroit, Michigan
Erie, Pennsylvania
Evansville, Indiana
Flint, Michigan
Fort Wayne, Indiana
Grand Rapids, Michigan
Hammond, Indiana
Indianapolis, Indiana
Jackson, Michigan
Johnstown, Pennsylvania
Kalamazoo, Michigan
Kansas City, Missouri
Lafayette, Indiana
Lansing, Michigan
Lima, Ohio
Louisville, Kentucky
Madison, Wisconsin
Mansfield, Ohio
Milwaukee, Wisconsin
Minneapolis, Minnesota
Muncie, Indiana
Muskegon, Michigan
Oklahoma City, Oklahoma
Peoria, Illinois
Pittsburgh, Pennsylvania
Quincy, Illinois
Rockford, Illinois
Saginaw, Michigan
St. Joseph, Missouri
St. Louis, Missouri
South Bend, Indiana
Springfield, Illinois
Springfield, Ohio
Terre Haute, Indiana
Toledo, Ohio
Topeka, Kansas
Tulsa, Oklahoma
Wheeling, West Virginia
Wichita, Kansas
Youngstown, Ohio

EASTERN REGION

Albany, Georgia
Albany, New York
Athens, Georgia
Atlanta, Georgia
Baltimore, Maryland
Binghamton, New York
Birmingham, Alabama
Boston, Massachusetts
Brockton, Massachusetts
Buffalo, New York
Cocoa, Florida
Columbus, Georgia
Daytona Beach, Florida
Elmira, New York
Gadsden, Alabama
Jacksonville, Florida
Lake Worth, Florida
Lodi, New Jersey
Lowell, Massachusetts
Lynchburg, Virginia
Miami, Florida
Montgomery, Alabama
Newark, New Jersey
New Bedford, Massachusetts
New York, New York
Norfolk, Virginia
Orlando, Florida
Philadelphia, Pennsylvania
Portland, Maine
Providence, Rhode Island
Raleigh, North Carolina
Richmond, Virginia
Rochester, New York
Springfield, Massachusetts
Syracuse, New York
Tallahassee, Florida
Tampa, Florida
Utica, New York
Washington, D. C.
Wilkes-Barre, Pennsylvania
Worcester, Massachusetts

WESTERN REGION

Baytown, Texas
Beaumont, Texas
Eureka, California
Galveston, Texas
Houston, Texas
Lancaster, California
Los Angeles, California
Oakland, California
San Bernardino, California
San Diego, California
San Francisco, California
Santa Maria, California
Seattle, Washington

EASTERN CANADIAN REGION

Chicoutimi, Quebec
Halifax, Nova Scotia
Moncton, New Brunswick
Montreal, Quebec
Ottawa, Ontario
Quebec City, Quebec
Saint John, New Brunswick
St. John's, Newfoundland
Sherbrooke, Quebec
Sydney, Nova Scotia
Three Rivers, Quebec

WESTERN CANADIAN REGION

Hamilton, Ontario
Kingston, Ontario
Kitchener, Ontario
London, Ontario
Niagara Falls, Ontario
Peterborough, Ontario
Regina, Saskatchewan
Sarnia, Ontario
Saskatoon, Saskatchewan
Sault Ste. Marie, Ontario
Sudbury, Ontario
Thunder Bay, Ontario
Timmins, Ontario
Toronto, Ontario
Windsor, Ontario
Winnipeg, Manitoba

BRINK'S, INCORPORATED AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

December 31, 1970 with comparative figures for 1969

Assets	1970	1969
Current assets:		
Cash	$ 4,976,577	$ 8,035,364
Short-term investments, at cost (approximate market)	2,893,088	832,500
Accounts receivable, less estimated amount uncollectible (1970, $119,900; 1969, $54,775)	8,328,081	5,875,075
Prepaid expenses	157,430	216,285
Total current assets	16,355,176	14,959,224
Segregated currency and cash items and change funds advanced by customers—contra	2,843,758	2,959,664
Equity in and advances to foreign affiliates	3,801,340	545,136
Fixed assets, at cost (note 2):		
Land	327,712	327,712
Buildings	2,853,309	2,843,642
Motor vehicles	11,068,038	9,837,723
Safes, furniture and other equipment	5,688,582	5,027,988
	19,937,641	18,037,065
Less accumulated depreciation and amortization	10,679,448	9,916,840
	9,258,193	8,120,225
Other assets	1,202,958	181,258
	$33,461,425	$26,765,507

See accompanying notes to financial statements.

Liabilities	1970	1969
Current liabilities:		
Accounts payable	$ 1,357,453	$ 1,290,983
Dividend payable	625,000	—
Accrued liabilities:		
Payrolls	1,982,536	1,512,981
Federal taxes on income (note 3)	2,613,407	459,757
Other taxes	908,181	1,750,511
Miscellaneous	137,718	61,707
Total current liabilities	7,624,295	5,075,939
Amounts payable to banks under special agreements and liability for change funds advanced by customers—contra	2,843,758	2,959,664
Deferred taxes on income	1,627,481	1,371,855
Stockholders' equity (note 1):		
Common stock, par value $1, authorized 6,000,000 shares; issued and outstanding 5,000,000 shares	5,000,000	5,000,000
Retained earnings	16,365,891	12,358,049
Total stockholders' equity	21,365,891	17,358,049
	$33,461,425	$26,765,507

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BRINK'S, INCORPORATED AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED INCOME

Year Ended December 31, 1970 with comparative figures for 1969

	1970	1969
Operating revenues	$73,658,752	$63,980,754
Other income	640,944	330,905
	74,299,696	64,311,659
Operating expenses	56,206,440	49,441,423
Selling and administrative expenses	4,557,987	4,054,471
Other expenses	66,300	76,379
	60,830,727	53,572,273
Income before provision for taxes on income	13,468,969	10,739,386
Provision for taxes on income:		
Federal (note 3)	5,296,364	4,462,614
State and Canadian	1,664,761	1,161,747
	6,961,125	5,624,361
Net income (note 3)	$ 6,507,844	$ 5,115,025
Net income per share	$ 1.30	$ 1.02

See accompanying notes to financial statements.

BRINKS009434

BRINK'S, INCORPORATED AND SUBSIDIARIES
STATEMENT OF CONSOLIDATED RETAINED EARNINGS

Year Ended December 31, 1970 with comparative figures for 1969

	1970	1969
Balance at beginning of year	$12,358,049	$15,283,376
Add:		
Net income for year	6,507,844	5,115,025
Consolidated tax savings (note 3)	—	3,831,727
Less net income (including tax savings attributable to consolidated returns) of Armored Car Division retained by United States Trucking Corporation (note 1)	—	959,763
	6,507,844	7,986,989
	18,865,893	23,270,365
Deduct:		
Cash dividends declared	2,500,002	7,000,000
Charge resulting from recapitalization of Brink's, Incorporated (note 1)	—	3,733,031
Adjustment of retained earnings arising from exchange of shares of Brink's Express Company of Canada, Limited (note 1)	—	179,285
	2,500,002	10,912,316
Balance at end of year	$16,365,891	$12,358,049

See accompanying notes to financial statements.

BRINKS009435

BRINK'S, INCORPORATED AND SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS

(1) Principles of Consolidation and Related Matters:

The accompanying financial statements reflect the accounts of Brink's, Incorporated (a subsidiary of The Pittston Company) and its subsidiaries, except for certain foreign subsidiaries the investment in which is reflected in the balance sheet at equity value. At December 31, 1969, Brink's Express Company of Canada, Limited was owned in part by The Pittston Company and in part by Brink's, Incorporated. In February 1970, Brink's Express Company of Canada, Limited exchanged its investment in certain wholly-owned subsidiaries for all of its capital shares held by The Pittston Company and thereby became a wholly-owned subsidiary of Brink's, Incorporated. The exchange and related taxes have been reflected in 1969. As of December 31, 1969, United States Trucking Corporation, a Pittston subsidiary, transferred virtually all of the business and certain assets of its Armored Car Division to Pittston as a dividend in kind, whereupon Pittston contributed such properties to Brink's, Incorporated, resulting in a credit to Brink's paid-in capital of $265,969. Accordingly, the accompanying statements of consolidated income and retained earnings for 1969 reflect the operations of Brink's Express Company of Canada, Limited and the Armored Car Division of United States Trucking Corporation on a pooling of interests basis as though both organizations had been wholly-owned by Brink's Incorporated since January 1, 1969. The results of operations of the Armored Car Division for 1969 reflect income and expense directly attributable to that division as shown by the books of United States Trucking Corporation as well as the allocable portion of certain United States Trucking corporate operating and administrative expenses, including Federal income taxes.

In February 1970, Brink's, Incorporated changed its capitalization by issuing 5,000,000 shares of $1 par value common stock in exchange for all of the 10,000 shares of $100 par value common stock theretofore outstanding. This exchange has been reflected as of December 31, 1969 by eliminating paid-in capital ($266,969), charging retained earnings ($3,733,031) and crediting the capital stock account for $4,000,000.

There were no changes in paid-in capital during the two years ended December 31, 1970 other than those described in the preceding paragraphs.

All intercompany items and transactions have been eliminated.

Canadian currency items of wholly-owned consolidated subsidiaries included in the accompanying consolidated balance sheet consisted of current assets $2,352,354, other assets $2,042,763 and liabilities $1,470,214.

Foreign currency items have been translated into U. S. dollars at appropriate rates of exchange.

(2) Fixed Assets:

Depreciation is computed primarily on the straight line method at the following rates:

Buildings	2% - 4%
Motor vehicles	8⅓%-25%
Safes, furniture and other equipment	5% -10%

Depreciation and amortization charged to expense was $1,488,411 in 1970 and $1,322,989 in 1969.

(3) Taxes on Income:

Brink's, Incorporated joins with its parent, The Pittston Company, and other affiliates in the filing of a consolidated Federal income tax return. Brink's and Pittston have agreed that for the year ended December 31, 1970 and thereafter, Brink's portion of the consolidated tax liability shall be determined and paid to Pittston on the basis of the tax liability which Brink's would have incurred had Brink's filed separate Federal income tax returns. Prior to 1970, the total tax shown by the consolidated return was allocated to companies in the Pittston Group based on their taxable income. For comparative purposes the 1969 provision for Federal taxes on income has been adjusted to a pro forma basis excluding 1969 Federal income tax savings ($3,831,727) allocated to Brink's as a result of filing consolidated returns with The Pittston Company.

Consolidated Federal income tax returns have been audited and settled through 1966. Brink's will be charged or credited with applicable tax adjustments, if any, which may arise from audits of open years by the Internal Revenue Service.

(4) Pension Plans:

Brink's and its subsidiaries have noncontributory pension plans which provide eligible employees with retirement and disability benefits based on past and future services. The total pension expense, including amortization of prior service cost over periods of twenty-five and thirty years, was approximately $329,000 in 1970 and $234,000 in 1969. The plans provide for the funding of pension costs accrued. At December 31, 1970, the actuarially computed value of vested benefits was approximately $220,000 in excess of the total of pension funds and balance sheet accruals.

(5) Funds Statement:

Following is a statement of the source and application of funds for the year ended December 31, 1970:

SOURCE:	
Net Income	$6,507,844
Depreciation	1,488,411
Deferred income taxes	255,626
Decrease in working capital	1,152,404
	$9,404,285
APPLICATION:	
Additions to fixed assets	$2,626,379
Cash dividends declared	2,500,002
Invested in foreign affiliates	3,266,204
Increase in other assets	1,011,700
	$9,404,285

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Stockholders
Brink's, Incorporated:

We have examined the consolidated balance sheet of Brink's, Incorporated and subsidiaries as of December 31, 1970, and the related statements of income, retained earnings and source and application of funds (see note 5) for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the consolidated financial position of Brink's, Incorporated and subsidiaries at December 31, 1970 and the results of their operations and source and application of funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after application of the pro forma adjustment to Federal income taxes for 1969 described in note 3.

345 Park Avenue
New York, N.Y.
February 1, 1971

Peat, Marwick, Mitchell & Co.

BRINKS009436

BOARD OF DIRECTORS

N. T. Camicia
President and Chief Executive Officer-
The Pittston Company

H. C. Hagerty
Retired:

D. R. Hoagland
Vice President - Operations
Brink's, Incorporated

E. A. Jones
President
Brink's, Incorporated

J. L. O'Keefe
Partner
O'Keefe, Ashenden. O'Brien. Hanson, Lyons & Associates
Attorneys

J. P. Routh
Chairman of the Board
The Pittston Company

OFFICERS

E. A. Jones
President

D. R. Hoagland
Vice President - Operations

J. V. Hasselhoff
Vice President - Marketing

F. E. Wells
Vice President - International

J. W. Jones
Vice President - Special Services

R. A. Bode
Vice President and Treasurer

T. W. Donahue
Vice President - Labor Relations and Personnel

F. D. Partlan
Secretary

T. W. Jones
Vice President - Eastern

R. C. Silvers
Vice President - Central

C. E. Applequist
Vice President - Western

ANNUAL MEETING

The annual meeting of Brink's stockholders will be held May 4, 1971, at Chicago, Ill. A formal notice of the meeting, a proxy statement and a proxy will be mailed to stockholders in April.

CORPORATE HEADQUARTERS

Brink's. Incorporated
234 East 24th Street, Chicago, Illinois 60616

TRANSFER AGENT

The Continental Illinois National Bank and Trust Company of Chicago
231 South LaSalle Street, Chicago, Illinois 60690

REGISTRAR

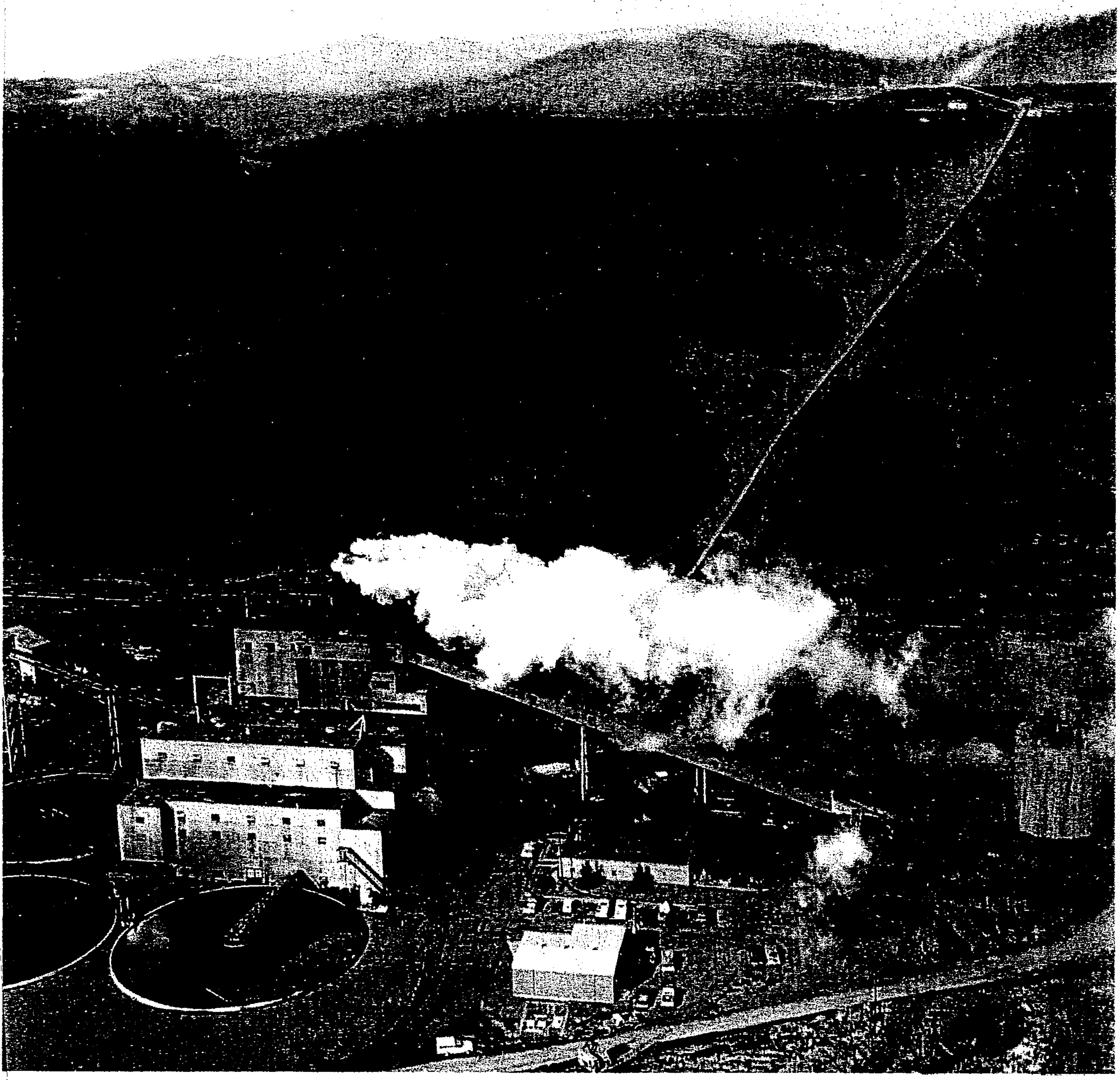
The First National Bank of Chicago
First National Plaza. Chicago. Illinois 60670

BRINK'S

APPENDIX H

The Pittston Company – Annual Report

1971



APPENDIX H

Corporate Office
250 Park Avenue, New York, N.Y. 10017

Transfer Agents
Chemical Bank, New York, N.Y.
Wells Fargo Bank, San Francisco, Cal.

Registrars
Manufacturers Hanover Trust Company, New York, N.Y.
Bank of America N.T. & S.A., San Francisco, Cal.

The common stock of The Pittston Company is listed on the New York and the Pacific Coast Stock Exchanges.

ON THE COVER

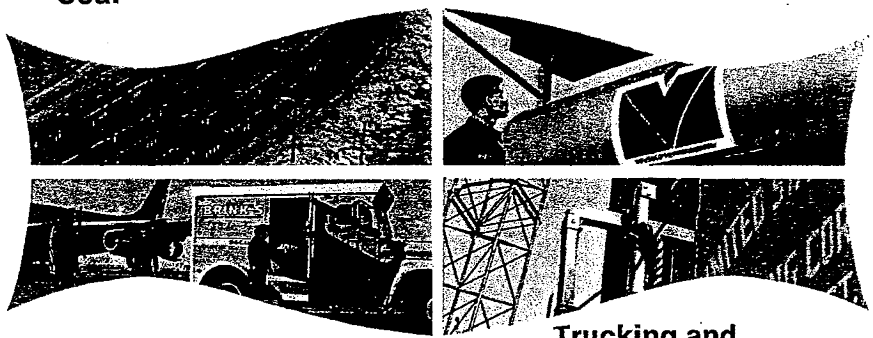
Coal Preparation plant at our Moss #3 mine in Virginia. Since the installation of the latest anti-pollution devices, the stack gas emissions are principally steam vapors which quickly disperse in the atmosphere.

Note: This annual report is not a part of the soliciting material for the Company's annual meeting to be held May 3, 1972 at Richmond, Va. A formal notice of the meeting, together with proxy statement and proxy form, is enclosed here

BRINKS009178

Coal

Oil



Brink's

Trucking and Warehousing

Highlights

	1971	1970
Net tons of coal produced	20,118,744	20,540,379
Barrels of petroleum products sold	41,708,097	47,410,671
Total revenues	$581,030,830	$505,676,954
Earnings before extraordinary net income	35,325,279	34,494,509
Earnings per share before extraordinary net income	2.17(A)	2.14(A)
Cash dividends	9,487,926	7,967,144
Stock dividends	19,720,468	17,768,026
Total dividends	29,208,394	25,735,170
Depreciation, depletion and amortization	25,409,270	18,596,996
Expenditures for property, plant and equipment, including acquisitions	48,979,108	82,877,944
At Year End		
Total assets	$446,619,549	$419,983,486
Working capital	60,442,349	52,995,537
Net property, plant and equipment	254,635,884	236,688,824
Long term debt	97,012,076	111,553,677
Stockholders' equity	208,315,931	173,686,192
Book value per common share	12.79(A)	10.76(A)
Common stock outstanding (average)	16,281,249(A)	16,135,677(A)
Number of employees	17,614	16,002
Number of stockholders	13,574	11,964

Note (A) Adjusted for the 3% stock dividend paid February 1972.

Contents

BRINKS009179

N. T. Camicia *J. P. Routh*

To the Shareholders of The Pittston Company

Revenues, net income and earnings per share reached record levels in 1971 in spite of a number of adverse events which affected the results. Earnings have increased for eight consecutive years.

Income before extraordinary credits was $35,325,000 for 1971 compared to $34,495,000 for 1970. Earnings per share before extraordinary credits increased to $2.17 this year from $2.14 last year, both figures adjusted for the 3% stock dividend paid in February 1972. Revenues were $581,031,000 in 1971 compared to $505,677,000 in 1970.

Consolidated net income for the year 1971 was $43,437,000 including $8,112,000 extraordinary credits compared to $39,442,000 including $4,947,000 extraordinary credits for 1970. Earnings per share were $2.67 in 1971 compared to $2.44 in 1970, both adjusted for the 3% stock dividend paid in February 1972.

The Company sold 500,000 shares of Brink's, Incorporated common stock to the public in each of the years 1970 and 1971. We have retained ownership of 4,000,000 shares of Brink's common stock, or 80% of the total outstanding shares. Extraordinary credits for the year 1971 of $8,112,000, or $.50 per share, and for the year 1970 of $4,947,000, or $.30 per share, reflect the profit from the sale of Brink's stock less charges for the write-off of property and equipment in each year net of taxes.

BRINKS009180

The financial condition of the Company continues to improve. Working capital increased by $7,447,000 while long-term debt was reduced by $14,542,000 during the year. Both of these improvements in financial condition occurred in a year when $48,979,000 was disbursed for property, plant and equipment, including acquisitions, to support the planned expansion of operating facilities and to replenish equipment with the most modern designs available.

All divisions of the Company were profitable in 1971. The Oil Division and Brink's established new earnings records for the year and are looking forward to a continuation of this trend.

Fourth quarter 1971 earnings were materially affected when the United Mine Workers ceased work in the entire coal industry on October 1, 1971. The miners did not return to work until November 23, 1971, when the Federal Pay Board approved the terms of the first year of the new contract. Coal production was further affected during the year by the railroad strike and unauthorized work stoppages by the miners prior to the expiration of their old contract. These events prevented 1971 earnings from reaching still higher levels than were achieved. As a result of the new contract, domestic coal prices have been increased under the rules of the Federal Price Commission. There are no price controls on approximately 50% of our coal because it is sold in the export market.

The future of your Company is good providing labor conditions in the Coal Division improve as we expect. Steel production is expected to increase in the years ahead, and the demand for coking coal needed to manufacture steel should also increase. Our Oil Division is the largest independent supplier of fuel oil in the Northeast. Brink's is the largest company of its type in the world, and it is anticipated that it will grow as the demand for security services increases. Each of our operations deals with a basic commodity or service which should benefit from the continued expansion of our economy.

Above all, we believe that our long-range future is bright because we own reserves of more than one billion tons of premium metallurgical coal. Most of these reserves are high fluidity coking coals which enable our worldwide customers to blend less expensive, lower quality coals with them to form coke. This characteristic allows our coal to melt and remain fluid in the coke oven until lesser quality coals in the blend are cemented into a hard coke necessary for the blast furnace. We believe that steel manufacturers throughout the world will continue to demand this specialty coal for many years.

During the year your Company added two senior executives to the management team. Mr. John B. Kebblish was named Executive Vice President—Coal and Mr. Francis J. Palamara became Executive Vice President—Administration. Both of these men joined the Company at the age of forty-six. Each brings to the Company experience and expertise which will help us achieve our plans for future growth and expansion in the years ahead.

As a company heavily committed to natural resources, we are aware of our responsibility to preserve the air, water and land we use. Throughout the Company, at all operating levels, we have active programs designed to protect the environment.

We are grateful for the confidence and support of our stockholders and customers. We again extend our gratitude to all our employees whose efforts have contributed so much to the success of the Company.

J. P. Routh — *Chairman of the Board*

N. T. Camicia — *President and Chief Executive Officer*

March 9, 1972

BRINKS009181

Review of Operations

Coal

The Coal Division contributed 56% of the operating income of the Company in 1971. Many of the problems which faced us have been resolved. Coal production is expected to be more normal in 1972 resulting in a material improvement in operating earnings for this division.

When we started the year 1971 we had a production goal of about 27 million tons, which we felt was achievable. Actual coal production for the year was 20,100,000 tons, slightly below our 1970 production of 20,500,000.

The United Mine Workers contract expired on September 30, 1971. The miners ceased work in the entire coal industry on the following day and did not return to work until November 23, 1971. During this period the United Mine Workers Union and the coal operators worked out a new three-year contract, and the Federal Pay Board approved its terms for the first year.

In the months preceding the expiration of the old labor contract, there was an acceleration of unauthorized work stoppages throughout the coal fields. In addition, the railroad strike affected the major carriers of our coal, forcing most of our mines to shut down for about five days beginning the end of July. Still another factor which affected coal production for the year was a further decline in productivity.

With improved labor conditions, a major reduction in unauthorized work stoppages, and the opportunity to improve the level of productivity, we believe that coal production for 1972 will materially exceed that of 1971.

In the year ahead we have commitments to sell most of our coal production. Our high-grade metallurgical coal will account for approximately 70% of the tonnage, while the balance will be steam coal for utility and industrial use. About half of our total production of coal will go to the export market.

A large portion of our export coal will be high fluidity metallurgical coal used by major worldwide steel producers. In 1971 we were the largest exporter of coal in the United States. We are continuing to expand our export business. During the year we signed a long-term contract with a major steel company in France to supply 550,000 tons of metallurgical coal per year beginning in 1974. A new mine with an annual capacity of 900,000 tons will be developed for this contract. The additional coal produced from this mine will be available for the French steel producer or sold to other steel companies who require our specialty metallurgical coal.

To meet the future growth plans for the Coal Division, we have, in various stages of construction and planning, seven new mines which will start producing

Coal Sold (in millions of tons)

		1971	1970
Domestic	Metallurgical	3.6	3.8
	Utility	5.1	5.8
	Industrial	1.7	1.5
		10.4	11.1
Export	Metallurgical	10.2	10.5
	Utility	.7	.3
	Industrial	.4	.4
		11.3	11.2
	Total	21.7	22.3
	Own Production	20.1	20.5
	Purchased Coal	1.6	1.8
	Total	21.7	22.3

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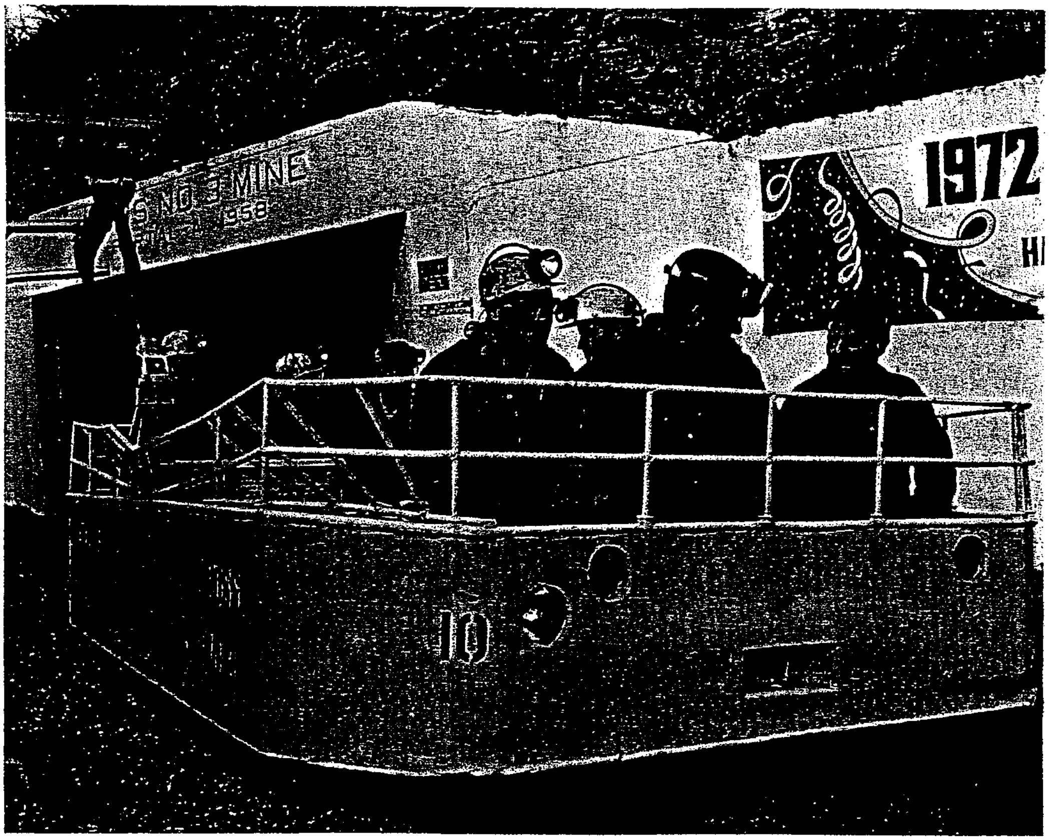
coal during the next four years. An ultimate annual production capacity from these new mines of over 6,000,000 tons of metallurgical coal will help meet our future new business as well as replace depleted tonnage from some of our existing mines. During 1971 we acquired three small coal companies with an aggregate annual production of approximately 1,000,000 tons.

Coal miners have traditionally been one of the most progressive labor forces in America. Their union leadership has encouraged the use of new equipment which has resulted in better mining conditions. The men have always been proud of their work and have demonstrated time and again their ability to cope with innovation and change. Working together, the miners, the union and the operators will strive to reach the common goal of making the mines safer while increasing production.

These personnel carriers transport our miners to and from their work stations underground.



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Oil

The Oil Division again increased both revenues and earnings, setting new records in 1971.

The Oil Division markets fuel oils in the metropolitan area of New York City, northeastern New Jersey, upstate New York, the New England States and eastern Canada. Over one-half the fuel oil sold in the United States is consumed in this area. We operate 40 strategically located bulk terminals, having total storage capacity of approximately five hundred million gallons. They are supplied by our Pittston Marine fleet of nine oil barges with a total carrying capacity in excess of eight million gallons. Distribution from terminals is serviced by an over-the-road oil vehicle fleet of approximately 700 units.

Even with a decrease in the physical volume of oils marketed, improved results in 1971 were achieved. Stringent environmental controls throughout our marketing area have increased the demand for higher priced low-sulphur grades of home heating oils, which were in scarce supply in the first part of the year. Later in the year, demand lessened due to the unusually warm weather in the closing quarter of 1971. In addition, the volume of low-sulphur heavy fuel oils delivered to industrial consumers increased during the year.

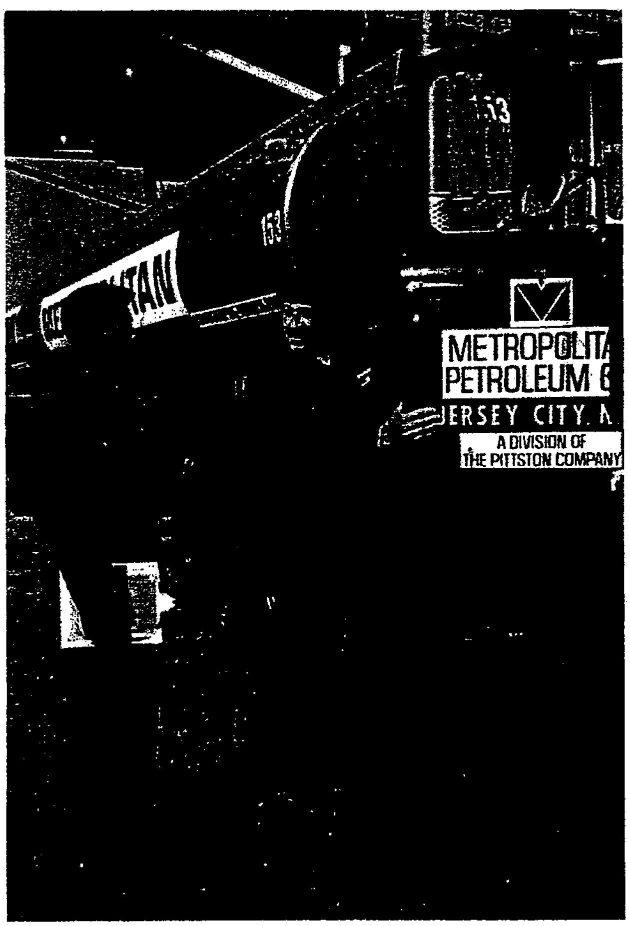
Our Canadian marketing branch realized substantial gains in 1971. The Montreal terminal facilities were enlarged as were storage facilities at Springfield, Mass. and New Haven, Conn. Progress was achieved in upgrading and modernizing terminals to provide more efficient pollution controls. This important program will continue with several terminals scheduled for 1972.

Our plans for the development of an oil refinery at our property at Eastport, Maine are progressing. We have retained engineering experts to complete refinery and marine facility studies in 1972 to determine the economic and environmental requirements for a refinery in that location.

Our small but growing Metropolitan Petrochemical affiliate continues its progress, concentrating its marketing efforts in the northeast United States. This unit produces light and heavy oil conditioners, heavy-duty cleaning agents and anti-pollution devices. A new development in 1971 was the creation of a harbor pollution control service to help industry and government make our water environment cleaner and safer using the latest equipment and technology to effect rapid containment and cleanup.

With improved supply conditions to support our selling efforts, we expect to increase fuel oil volume in 1972 resulting in another year of continued profitable performance.

One of our fleet of 700 trucks used to deliver fuel oil.



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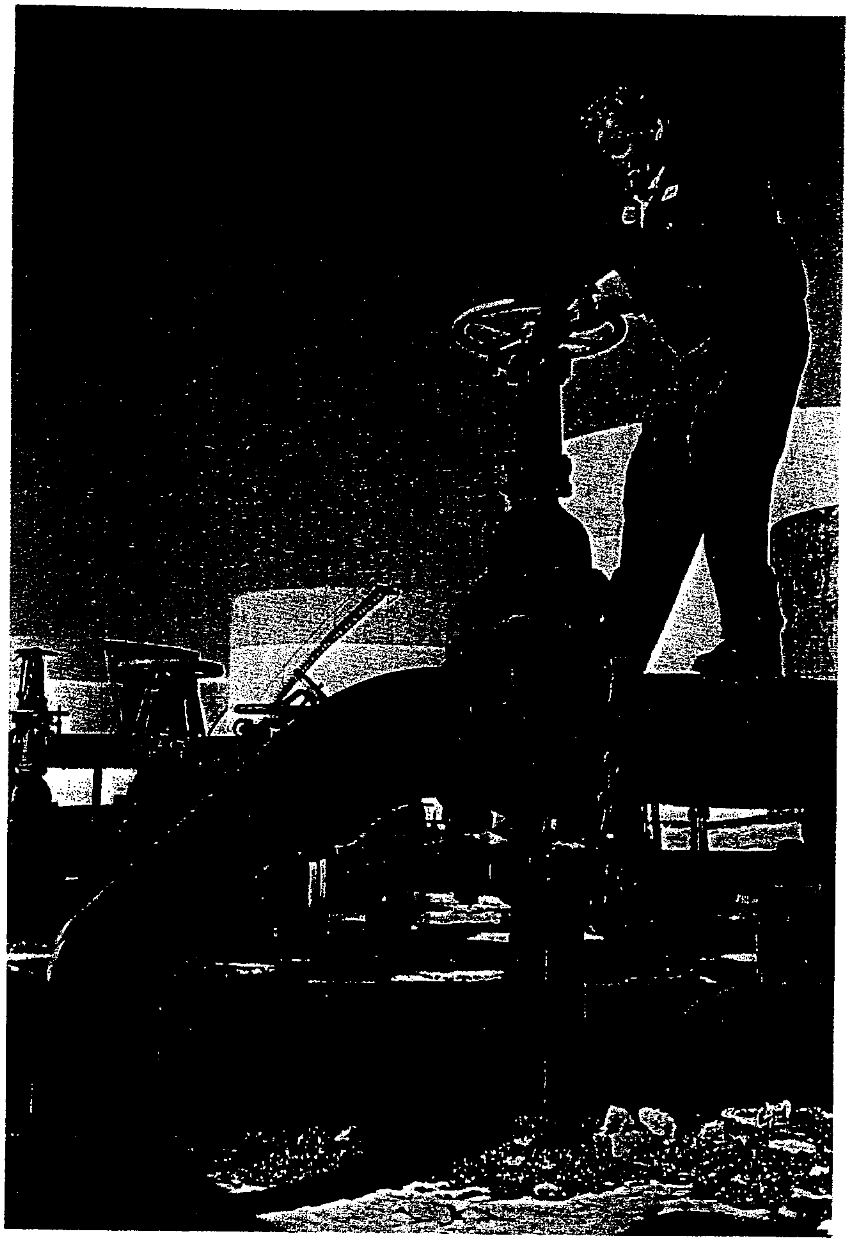

Opening the valve to permit transfer of oil cargo from ocean tanker to tank storage.

Additives and conditioners formulated by our petrochemical unit for addition to fuel oil to abate pollution by improving burner performance.

Brink's

The Pittston Company owns 80%, or 4,000,000 shares, of the outstanding common stock of Brink's, having sold 10% in each of the years 1970 and 1971.

Brink's operates in over 160 cities serving 6,300 communities in the United States and 7 foreign countries. Expansion has taken place in both the domestic and foreign markets. The basic business of Brink's has been the transportation of valuables by armored car. In recent years it has expanded its services to include air courier business, movement and storage of valuables for airline shippers, delivery of newly minted currency and the movement of banks and brokerage houses to new quarters. Under current study is a plan to offer uniformed guard services if results in test areas prove successful.

Earnings and revenues reached new highs in 1971. Brink's earned $8,703,000 on revenues of $91,165,000 in 1971 compared to net income of $6,508,000 on revenues of $74,862,000 in 1970. Net income increased 34% while revenues increased 22%. A balance sheet and a statement of income and retained earnings of Brink's will be found beginning on page 22.

Brink's has invested abroad and has used its expertise to develop full service Brink's operations in Canada, France, Israel, Brazil, Venezuela, Jamaica and Trinidad. Further international expansion to England, Switzerland, Italy, Belgium and Germany is in the planning stage, and very shortly three additional offices will be opened in Canada, where we now have 23 offices.

The increase in the worldwide crime rate has emphasized the need for security. With its long experience and existing network of offices throughout the world, Brink's is in a unique position to offer a variety of security services. The future for Brink's is bright and we expect that 1972 will be another good year for this company.

Brink's Financial Highlights

	Revenues (in thousands)	Earnings (in thousands)	Earnings Per Share
1971	$91,165	$8,703	$1.74
1970	74,862	6,508	1.30
1969	63,981	5,115	1.02
1968	56,728	4,295	.86
1967	48,911	3,290	.66
1966	44,527	2,845	.57
1965	40,638	2,425	.48

Brink's air courier service combines the security of armored car ground transporta with the long distance capability of jet airc

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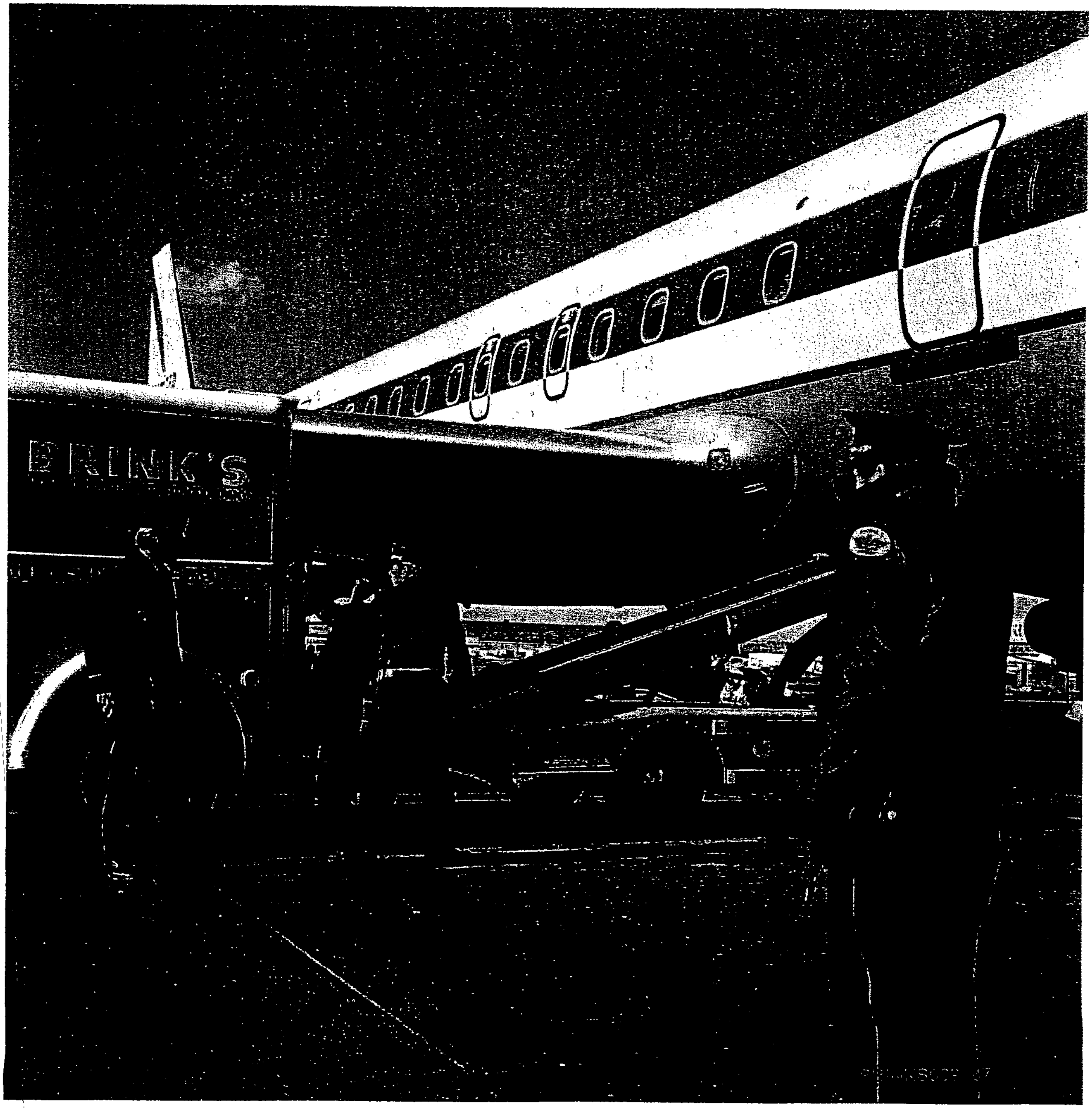

BRINK'S

Trucking and Warehousing

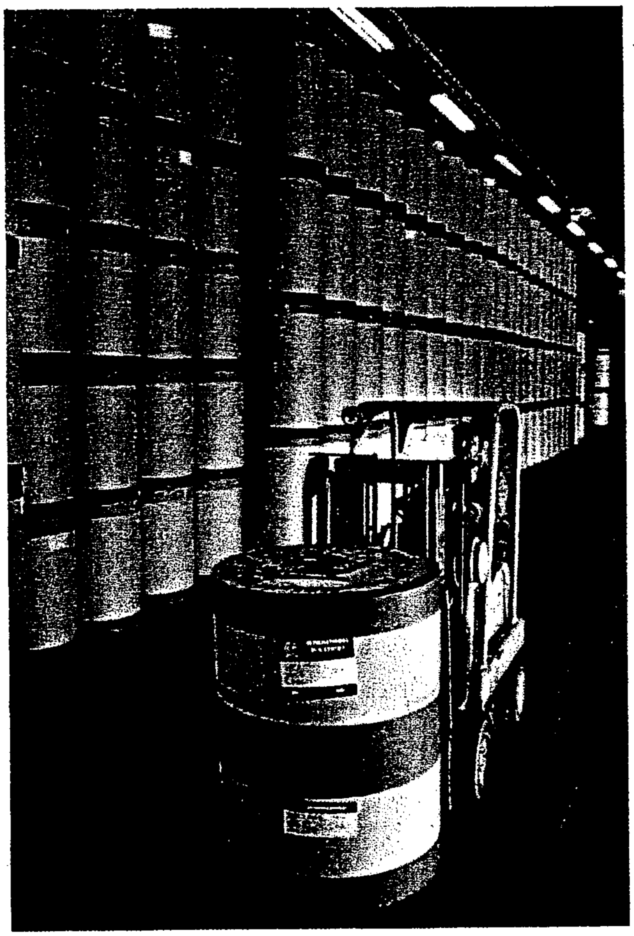
Our trucking and warehousing operations center around warehouses serving the metropolitan areas of New York—New Jersey, Baltimore—Washington, Atlanta and Jacksonville. The trucking operations are primarily involved in moving materials into and out of these warehouses on a regional basis.

Our warehouses have storage capacity of approximately 2,700,000 square feet, of which 65% is located in the New York—New Jersey metropolitan area. Among the many diverse types of products stored are consumer goods, construction components and industrial material, equipment and supplies.

We operate a truck fleet of approximately 900 units, including both conventional and specialized pieces of equipment. We have the capability of handling very large and heavy pieces and installing them in upper floors of high buildings. This division delivered all of the aluminum exterior panels used on the 110-story twin towers of the World Trade Center under construction in New York City.

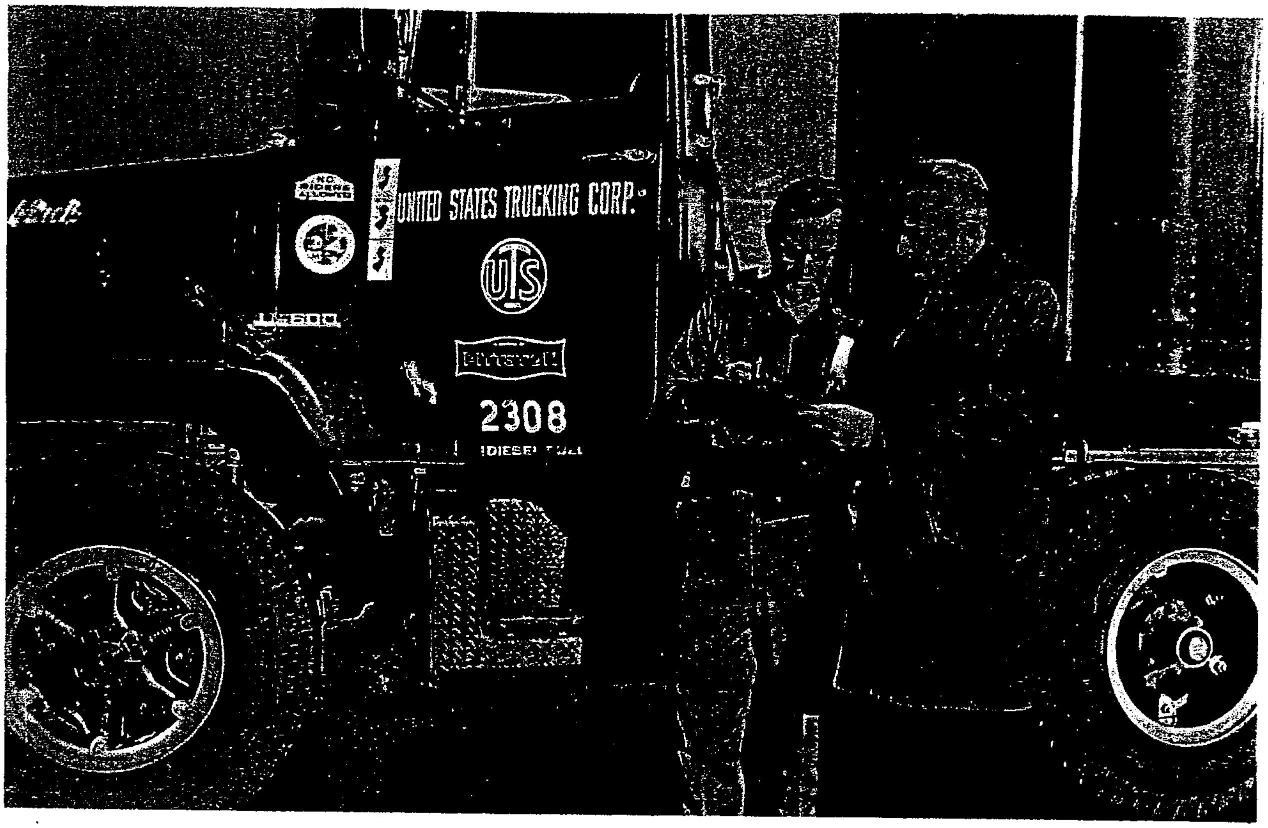
This division leases approximately 350 truck units to customers. In many cases, we supply our leasing customer with the manpower and supervision to insure an efficient freight-handling operation.

During 1971 we were adversely affected by labor problems, both in our own operations and in the industries we serve. The dock strike and prolonged strikes affecting some of our large customers, reduced the volume of materials handled. These labor difficulties accounted for a reduction of approximately $300,000 in net income in 1971 compared to 1970. Most of the labor problems affecting this division are resolved, and as the economy expands in 1972, we expect our earnings to increase.



Storage of newsprint for New York area newspapers exceeds 4,000 tons at our 500,000 square foot warehouse in Secaucus, N.J.

BRINKS009188

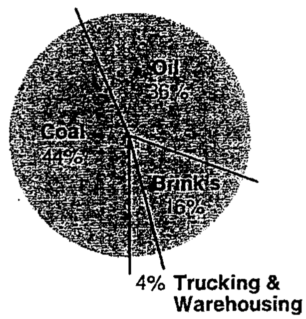


Prompt delivery of merchandise is expedited by efficient routing from warehouses convenient to metropolitan areas.

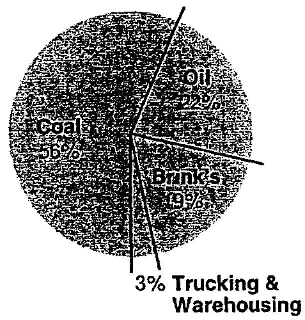
Preparing to hoist a fifteen ton turbine to the 14th floor of a midtown New York City building.

1971 Source of

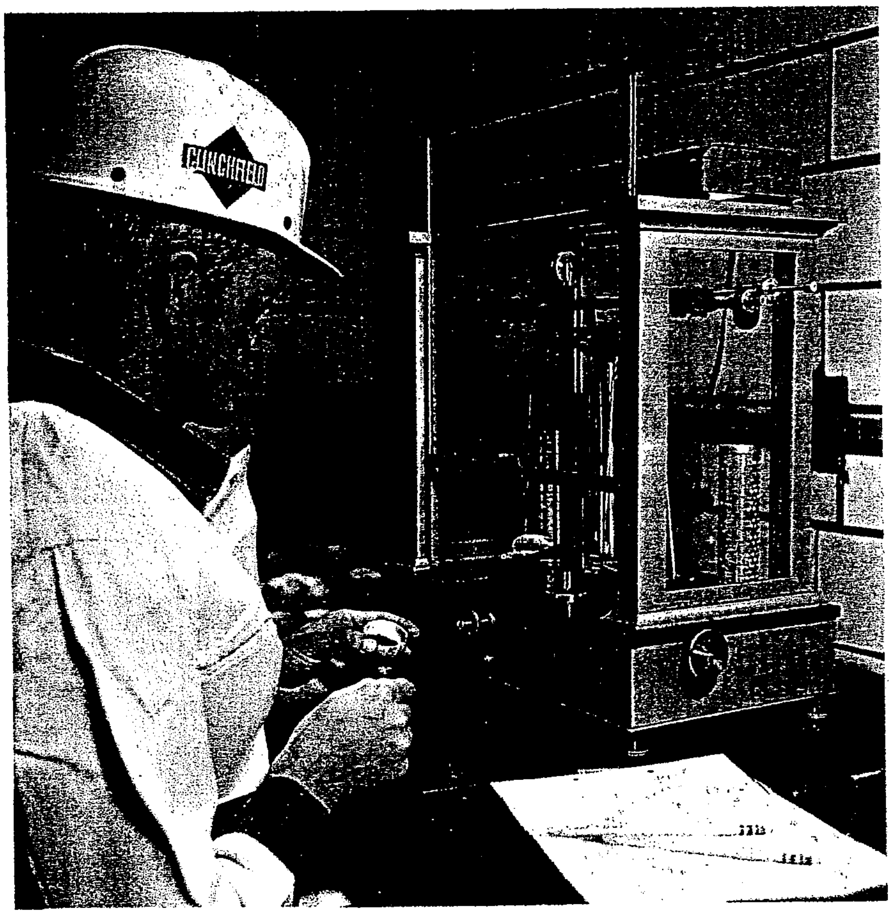
Revenue



Income



Quality control is accomplished at our modern coal laboratories by expert technicians.



Ten Years in Review

Sales and Income (in thousa

Calendar Year	Sales and Operating Revenues	Net Incon
1971	$581,031	$35,32
1970	505,677	34,49
1969	419,526	17,18
1968	402,403	16,30
1967	386,957	15,87
1966	315,604	12,42
1965	288,078	10,43
1964	257,127	8,90
1963	262,891	7,94
1962	246,529	8,55

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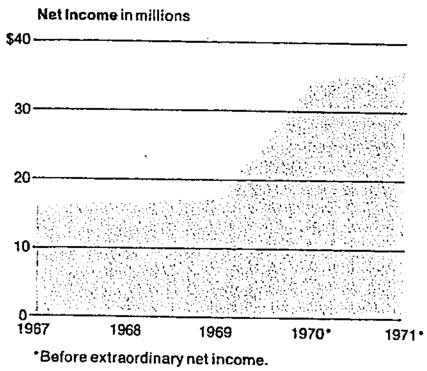

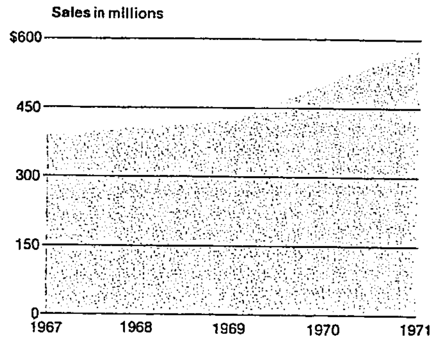

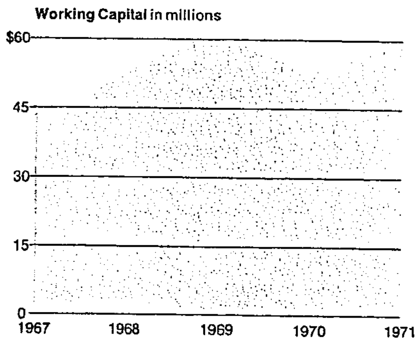

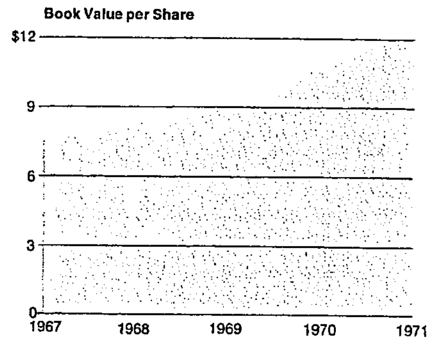

Financial Position (in thousands)

Working Capital	Net Property, Plant and Equipment	Total Assets	Long Term Debt	Stockholders' Equity
$60,442	$254,636	$446,620	$ 97,012	$208,316
52,996	236,689	419,983	111,554	173,686
61,933	175,981	325,125	89,684	141,556
53,194	172,826	316,664	89,379	129,432
43,296	170,622	303,708	89,084	117,832
44,039	149,873	259,351	76,515	105,062
42,384	132,676	232,762	67,463	97,084
36,474	121,597	213,552	59,167	93,186
34,298	116,934	201,838	60,458	89,200
32,805	112,033	193,564	61,907	84,986

Common Stock (A)

Shares Outstanding (average)	Earnings Per Share	Cash Dividends Per Share	Book Value Per Share
16,281,249	$2.17(B)	$ .58	$12.79
16,135,677	2.14(B)	.49	10.76
15,958,706	1.08	.37	8.87
15,815,899	1.03	.36	8.18
15,613,196	1.02	.35	7.55
15,412,328	.81	.34	6.82
15,421,667	.68	.30	6.30
15,656,362	.57	.24	5.95
15,705,589	.51	.21	5.68
15,671,480	.55	.17	5.42

(A) Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1972.
(B) Before extraordinary net income.

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CONSOLIDATED BALANCE SHEET
December 31, 1971 and 1970

ASSETS	1971	1970
Current Assets:		
Cash	$ 27,736,366	$ 25,703,253
Short term investments—at cost (approximate market)	16,390,577	15,259,992
Notes and accounts receivable, less estimated amount uncollectible (1971, $2,402,974; 1970, $2,408,833)	81,861,974	82,817,840
Inventories, at the lower of actual or replacement cost:		
Fuels	43,479,753	34,800,487
Merchandise	1,537,058	1,379,172
Supplies	3,600,282	4,412,600
	48,617,093	40,592,259
Prepaid expenses	2,943,516	1,577,326
Total Current Assets	177,549,526	165,950,670
Property, Plant and Equipment—at cost (Notes 2 and 4):		
Bituminous coal lands	101,851,360	95,433,438
Land, other than coal lands	9,378,438	8,304,778
Buildings	18,364,987	19,751,956
Machinery and equipment	273,108,899	249,503,454
	402,703,684	372,993,626
Less accumulated depreciation, depletion and amortization	148,067,800	136,304,802
	254,635,884	236,688,824
Other Assets	14,434,139	17,343,992
	$446,619,549	$419,983,486

See accompanying notes to financial statements.

BRINKS009192

LIABILITIES	1971	1970
Current Liabilities:		
Notes payable	$ 30,865,262	$ 693,595
Current maturities of long term debt (Note 4)	19,323,934	17,994,416
Accounts and dividends payable	46,037,020	46,499,587
Accrued liabilities (including income taxes, 1971, $1,671,712; 1970, $32,340,528—Note 3)	20,880,961	47,767,535
Total Current Liabilities	117,107,177	112,955,133
Long Term Debt, less current maturities (Note 4)	97,012,076	111,553,677
Other Liabilities	5,008,276	5,187,613
Deferred Income Taxes (Note 3)	13,662,255	14,464,282
Minority Interest in Brink's, Incorporated, a subsidiary	5,513,834	2,136,589
Stockholders' Equity (Notes 4, 5 and 7):		
Common Stock, par value $1.00 per share: Authorized: 25,000,000 shares Issued: 1971, 15,985,950 shares; 1970, 15,472,455 shares	15,985,950	15,472,455
Capital in Excess of Par Value	95,941,212	77,895,703
Retained Earnings	98,130,200	82,285,125
	210,057,362	175,653,283
Less Common Stock in treasury, at cost (1971, 147,249 shares; 1970, 225,159 shares)	1,741,431	1,967,091
Total Stockholders' Equity	208,315,931	173,686,192
	$446,619,549	$419,983,486

BRINKS009193

CONSOLIDATED INCOME STATEMENT

Years Ended December 31, 1971 and 1970

	1971	1970
NET SALES AND OPERATING REVENUES	$581,030,830	$505,676,954
COSTS AND EXPENSES		
Cost of sales and operating expenses	448,892,546	383,947,297
Selling and administrative expenses	26,884,859	21,551,320
Depreciation, depletion and amortization	25,409,270	18,596,996
Taxes, including taxes on income (Note 3)	36,822,517	41,320,989
Interest and bond expense, net	6,061,452	5,157,269
Minority interest in earnings of a subsidiary	1,634,907	608,574
TOTAL COSTS AND EXPENSES	545,705,551	471,182,445
INCOME BEFORE EXTRAORDINARY ITEMS	35,325,279	34,494,509
Extraordinary items, net credit (Note 6)	8,111,507	4,947,988
NET INCOME (Note 1)	$ 43,436,786	$ 39,442,497
PER SHARE: (a)		
Income Before Extraordinary Items	$2.17	$2.14
Extraordinary Items, Net Credit (Note 6)	.50	.30
NET INCOME (Note 1)	$2.67	$2.44
Shares Outstanding (average) (a)	16,281,249	16,135,677

(a) Adjusted for the 3% stock dividend paid February 1972.

See accompanying notes to financial statements.

BRINKS009194

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Years Ended December 31, 1971 and 1970

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock
Balance at December 31, 1969	$ 4,995,503	$77,303,524	$62,051,538	($2,794,456)
Consolidated net income	—	—	39,442,497	—
Market value of 142,238 shares of Common Stock issued as a 3% stock dividend February 9, 1970, plus $373,976 cash paid in lieu of issuance of fractional shares	142,238	10,353,504	(10,869,718)	—
Sale of 55,244 shares of Common Stock under Stock Option Plans	55,244	507,987	—	—
Par value of 10,279,470 shares of Common Stock issued as a 200% stock distribution in June 1970	10,279,470	(10,279,470)	—	—
Exchange of 97,780 shares of Treasury Common Stock for net assets acquired in a transaction accounted for as a pooling of interests (Note 1)	—	10,158	(372,048)	849,807
Cash dividends declared—$.49* per share	—	—	(7,967,144)	—
Other items	—	—	—	(22,442)
Balance at December 31, 1970	15,472,455	77,895,703	82,285,125	(1,967,091)
Consolidated net income	—	—	43,436,786	—
Market value of 457,585 shares of Common Stock issued as a 3% stock dividend February 11, 1971	457,585	17,310,441	(17,768,026)	—
Sale of 55,910 shares of Common Stock under Stock Option Plans	55,910	616,130	—	—
Exchange of 90,000 shares of Treasury Common Stock for net assets acquired in a transaction accounted for as a pooling of interests (Note 1)	—	118,938	(335,759)	786,321
Acquisition of 12,090 shares of Common Stock for Treasury (12,086 shares obtained through purchase of a subsidiary)	—	—	—	(560,661)
Cash dividends declared—$.58* per share	—	—	(9,487,926)	—
Balance at December 31, 1971	$15,985,950	$95,941,212	$98,130,200	($1,741,431)

**Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1972.*

See accompanying notes to financial statements.

BRINKS009195

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended December 31, 1971 and 1970

	1971	1970
Sources of Working Capital		
Consolidated net income including extraordinary net credits of $8,111,507 in 1971 and $4,947,988 in 1970 (Note 6)	$43,436,786	$39,442,497
Add (deduct) items not involving cash:		
Depreciation, depletion and amortization	25,409,270	18,596,996
Deferred income taxes	(802,027)	(305,954)
Minority interest in the net income of a subsidiary	1,634,907	608,574
Write-off of property and equipment (Note 6)	4,756,451	1,982,005
Working capital provided from consolidated net income including $62,447,851 from operations in 1971 and $53,925,293 in 1970	74,435,387	60,324,118
Additions to long term debt (including $5,300,000 in 1971 and $30,075,000 in 1970 related to acquisition of subsidiaries)	6,553,101	33,195,258
Disposals of property, plant and equipment	866,327	1,590,659
Miscellaneous	5,153,733	(1,877,046)
Total sources of working capital	87,008,548	93,232,989
Applications of Working Capital		
Additions to property, plant and equipment (including $5,247,001 in 1971 and $44,727,846 in 1970 related to acquisition of subsidiaries)	48,979,108	82,877,944
Reductions of long term debt	21,094,702	11,325,166
Cash dividends declared	9,487,926	7,967,144
Total applications of working capital	79,561,736	102,170,254
Increase (decrease) in working capital	$ 7,446,812	($ 8,937,265)
Increases (Decreases) in Components of Working Capital:		
Current Assets:		
Cash and short term investments	$ 3,163,698	$ 3,753,588
Notes and accounts receivable, net	(955,866)	16,054,397
Inventories	8,024,834	10,356,314
Prepaid expenses	1,366,190	225,144
	11,598,856	30,389,443
Current Liabilities:		
Notes payable and current maturities of long term debt	31,501,185	(6,680,505)
Accounts and dividends payable	(462,567)	10,296,695
Accrued liabilities	(26,886,574)	35,710,518
	4,152,044	39,326,708
Increase (decrease) in working capital	$ 7,446,812	($ 8,937,265)

See accompanying notes to financial statements.

BRINKS009196

NOTES TO FINANCIAL STATEMENTS

1 Principles of Consolidation and Related Matters:

The accompanying financial statements reflect the accounts of The Pittston Company and its subsidiaries, except for certain insignificant foreign subsidiaries the investment in which is reflected in the balance sheet at equity value.

Two coal mining companies were acquired in each of the years 1971 and 1970, and were accounted for by the purchase method. The operations of these companies are included in Pittston's consolidated income statement from dates of acquisition (March 1, 1971, and May 1 and December 1, 1970). The companies were acquired for cash and notes totalling $8,415,000 in 1971 and $43,132,181 in 1970. The pro forma consolidated results of operations for the calendar years 1971 and 1970, on the assumption that the companies were acquired at the beginning of 1970, are shown in the following table.

	1971	1970
	(Dollars in thousands)	
Net sales and operating revenues	$582,362	$536,525
Income before extraordinary items	35,422	39,215
Net income	43,534	44,162
Per share:		
Income before extraordinary items	$2.18	$2.43
Net income	$2.67	$2.74

Income for 1971 was adversely affected by the coal miners' work stoppage from October 1, 1971 to November 23, 1971.

The net assets of one small coal mining company were also acquired during each of the years 1971 and 1970, in exchange for Treasury Common Stock of Pittston in transactions accounted for as poolings of interests. Because of the insignificance of these transactions, prior periods have not been restated.

2 Property, Plant and Equipment:

Depreciation is being provided principally on the straight line method at varying rates depending upon estimated useful life. Depletion of bituminous coal lands is being provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground.

Property, plant and equipment at December 31, 1971 includes $4,934,767 ($5,871,165 at December 31, 1970) representing the net book value of properties formerly operated by the Company. These properties produce revenue under a timber cutting agreement, and under leases calling for royalties on a per-ton-mined basis.

3 Taxes:

Provision for income taxes totalled $24,550,659 in 1971 and $33,622,909 in 1970 (including $4,878,683 in 1971 and $5,257,289 in 1970 relating to extraordinary items). These provisions reflect, respectively, credits of $802,027 and $305,954 for deferred taxes. The Company uses the "flow through" method of accounting for the 7% investment credit, which amounted to $1,185,958 in 1971 and $119,803 in 1970. The effective U.S. income tax rate varies from year to year depending mainly on the amount of percentage depletion. U.S. income tax returns have been audited and settled through the year 1968.

Property, payroll, franchise and other taxes totalled $17,150,541 in 1971 as compared with $12,955,369 in 1970.

4 Long Term Debt:

Consists of the following:

	1971	1970
Senior:		
6⅛% First Mortgage Sinking Fund Notes due 1982	$21,234,000	$ 23,380,000
6% Notes due 1973 and 1974	4,662,000	8,243,000
Bank Loans due 1975	10,000,000	14,000,000
Notes due 1975	5,400,000	7,200,000
Notes due 1977	13,940,000	16,728,000
Other Obligations, principally at 4%—6½%	12,758,126	10,795,677
	67,994,126	80,346,677
Subordinated:		
6¼%—5¾% Notes due 1981	15,428,950	16,241,000
6¼% Notes due 1976	2,189,000	2,736,000
5½% Notes due 1985	6,900,000	7,430,000
6% Notes due 1987	4,500,000	4,800,000
	29,017,950	31,207,000
Total Long Term Debt, Less Current Maturities	$97,012,076	$111,553,677

The 6⅛% First Mortgage Sinking Fund Notes are secured by a mortgage upon certain coal properties having an aggregate net book value of approximately $77,500,000 at December 31, 1971. There are no other issues of long term debt secured by a significant lien on specific assets.

The bank loans due 1975 bear interest at ¼% above the prime rate in effect from time to time; the notes due 1975 bear interest at ½% above the prime rate; and the notes due 1977 are at the prime rate, with a minimum of 6% and a maximum of 7½%.

For the four years through December 31, 1976, minimum repayments of long term debt outstanding are as follows:

1973	$21,159,889
1974	17,984,664
1975	14,239,510
1976	10,753,199

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Notes to Financial Statements *(continued)*

Under the terms of certain issues, the Company has agreed to usual restrictions relating to consolidated working capital, cash distributions to stockholders, and the amount of additional funded debt which may be incurred. At December 31, 1971, consolidated retained earnings not restricted as to cash distributions to stockholders were $71,061,045.

5 Capital Stock:

In December 1971 and 1970, the directors declared 3% stock dividends, resulting in the issuance of 475,192 additional shares of Common Stock in February 1972 and 457,585 shares in February 1971. At December 31, 1971 and 1970, retained earnings of $19,720,468 and $17,768,026, respectively, were appropriated for the issuance of the stock dividends.

The Company has authority to issue up to 2,000,000 shares of Preferred Stock, par value $10 per share. No shares are presently issued or outstanding.

6 Extraordinary Items:

Extraordinary items consisted of the following:

	1971	1970
	(In thousands)	
Profit from the sale of 10% of the outstanding shares of a subsidiary, Brink's, Incorporated, in each year	$17,747	$12,187
Write-offs of property and equipment	(4,756)	(1,982)
	12,991	10,205
Provision for income taxes	(4,879)	(5,257)
Net credit	$ 8,112	$ 4,948

The write-offs reflected above represent principally idle mine facilities. In 1970, certain of these facilities were written down. In 1971, because of high costs principally associated with the new Federal Coal Mine Health and Safety Law, management concluded that it would be uneconomical to reopen the remainder of these idle mines. Accordingly, the net book value of such facilities was written off.

7 Stock Options:

Under the 1969 Plan and earlier plans, key employees are granted options to purchase shares of the Company's Common Stock at 100% of quoted market value. The plans provide for the granting of five-year options, which are exercisable in instalments of up to 20% annually, beginning one year from date of grant, and exercisable in full after four and one-half years from date of grant. In addition, the 1969 Plan permits the granting of ten-year options, which are not exercisable during the first five years of their term, but are exercisable in full thereafter.

The table below summarizes the activity in the plans. The data have been adjusted, in accordance with the anti-dilution provisions in the plans, for stock dividends and distributions, including the 3% stock dividend paid February 1972.

	1971	1970
Shares granted	36,925	94,790
Shares issued	55,910	56,901
Options outstanding at year end:		
Shares	197,458	220,085
Aggregate option price	$5,687,980	$5,050,538
Shares available for future grants, at year end	464,150	500,539

8 Pension Plans:

The Company and its subsidiaries have several noncontributory pension plans which provide eligible employees with retirement and disability benefits based on past and future services. The total pension expense was $2,637,000 in 1971 and $1,570,000 in 1970, which includes amortization of prior service cost over periods up to forty years. The plans provide for the funding of the pension costs accrued. The actuarially computed value of vested benefits in excess of the total pension funds and balance sheet accruals at year end was approximately $5,886,000 in 1971 and $4,307,000 in 1970.

ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
345 Park Avenue, New York, N.Y. 10022

To the Stockholders
The Pittston Company:

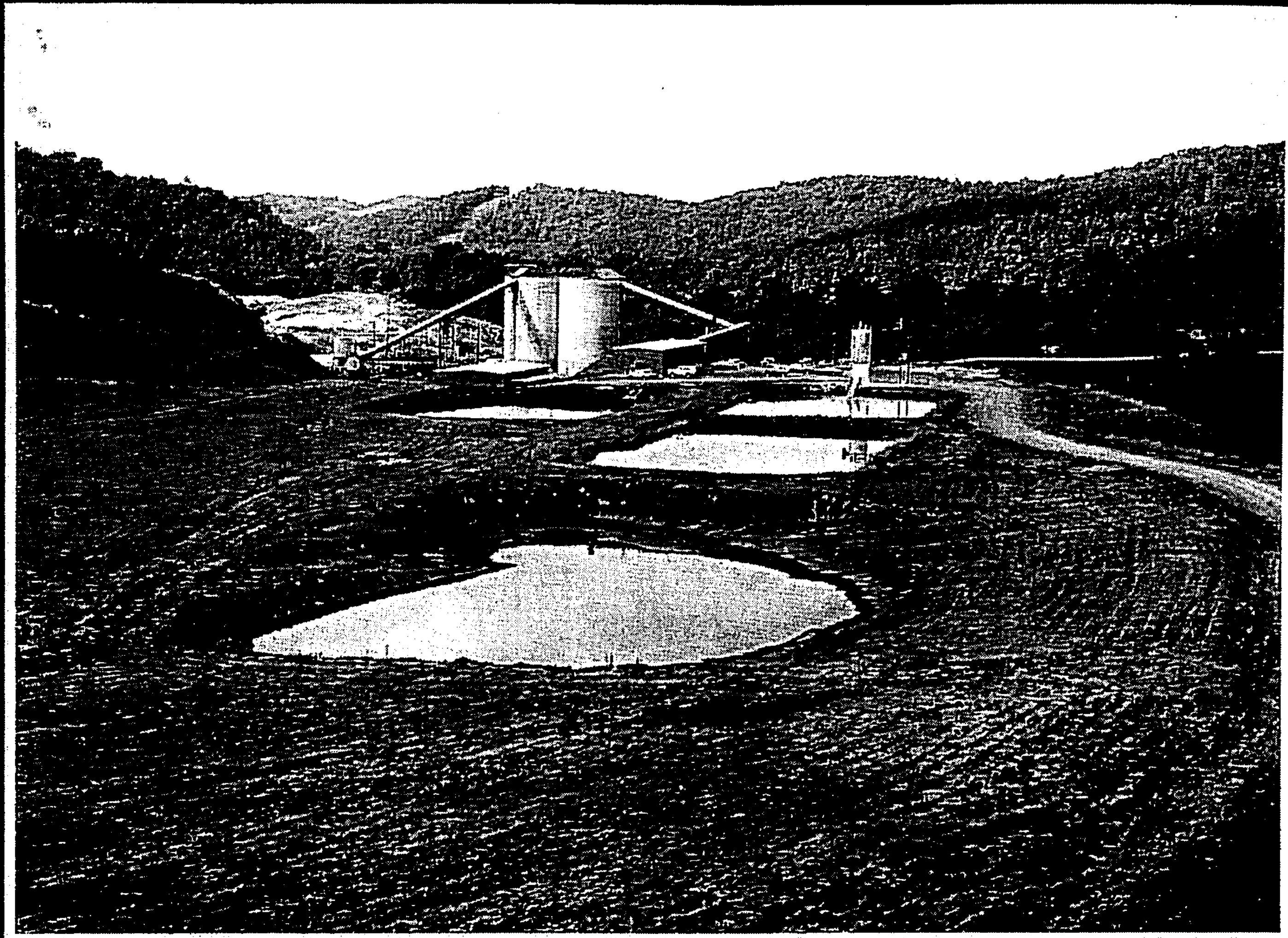
We have examined the consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1971 and 1970 and the related statements of income, stockholders' equity and changes in financial position for the respective years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairly the financial position of The Pittston Company and subsidiaries at December 31, 1971 and 1970 and the results of their operations, changes in stockholders' equity and changes in financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

March 6, 1972

APPENDIX I



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APPENDIX I

Board of Directors

Joseph T. Berta
Consultant, The Pittston Company

Nicholas T. Camicia
President and Chief Executive Officer
The Pittston Company

Charles T. Hill
Associate, W. H. Newbold's Son & Co.
Philadelphia, Pa.

F. M. Kirby
Chairman of the Board, Alleghany Corporation
New York, N.Y.

Edward F. McGinley, Jr.
President, Retired, Beneficial Mutual Savings Bank
Philadelphia, Pa.

Thruston B. Morton
Vice Chairman, Liberty National Bank and Trust Co.
Louisville, Kentucky

Samuel F. Pryor, Jr.
Consultant
Greenwich, Conn.

Joseph P. Routh
Chairman of the Board, The Pittston Company

William A. Stuart
Partner
Penn, Stuart & Eskridge
Abingdon, Virginia

Henry J. Taylor
Author, Economist and Journalist
New York, N.Y.

Gene Tunney
New York, N.Y.

Note: This annual report is not a part of the soliciting material for the Company's annual meeting to be held May 2, 1973 at Richmond, Va. A formal notice of the meeting, together with proxy statement and proxy form, is enclosed herewith.

Officers of the Company

Joseph P. Routh
Chairman

Nicholas T. Camicia
President and Chief Executive Officer

John B. Kebblish
Executive Vice President, Coal

A. F. Kaulakis
Vice President, Energy Development

Walter H. Schnakenberg
Vice President, Finance and Treasurer

George L. Philip
Controller

Joseph B. McNichols
Secretary

John S. Buscema
Assistant Treasurer

Corporate Office
200 Park Avenue, New York, N.Y. 10017

Transfer Agents
Chemical Bank, New York, N.Y.
Wells Fargo Bank, San Francisco, Cal.

Registrars
Manufacturers Hanover Trust Company, New York, N.Y.
Bank of America N.T. & S.A., San Francisco, Cal.

The common stock of The Pittston Company is listed on the New York and the Pacific Coast Stock Exchanges. The Company's 4% Subordinated Debentures are listed on the New York Stock Exchange.

Reclamation

The cover picture illustrates land reclamation at the new Badger plant facility. For comparison, the aerial view, (at right), shows the same property during construction.

BRINKS009200

Highlights

	1972	1971
Net tons of coal produced	20,639,020	20,118,744
Barrels of petroleum products sold	43,670,811	41,708,097
Total revenues	$625,032,543	$581,030,830
Earnings before extraordinary net income	24,097,054	35,325,279
Earnings per share before extraordinary net income	1.43(A)	2.11(A)
Cash dividends	9,796,142	9,487,926
Stock dividends	12,371,765	19,720,468
Total dividends	22,167,907	29,208,394
Depreciation, depletion and amortization	29,602,341	25,409,270
Expenditures for property, plant and equipment, including acquisitions	35,313,457	48,979,108
At Year End		
Total assets	$482,974,458	$446,619,549
Working capital	116,213,616	60,442,349
Net property, plant and equipment	257,473,036	254,635,884
Long term debt	137,508,579	97,012,076
Stockholders' equity	227,406,590	208,315,931
Book value per common share	13.53(A)	12.42(A)
Common stock outstanding (average)	16,812,117(A)	16,769,686(A)
Number of employees	17,510	17,614
Number of stockholders	13,837	13,574

Note (A) Adjusted for the 3% stock dividend paid February 1973.

Coal Sold

(in millions of tons)

		1972	1971
Domestic	Metallurgical	4.7	3.6
	Utility	5.4	5.1
	Industrial	1.7	1.7
		11.8	10.4
Export	Metallurgical	10.5	10.2
	Utility	.3	.7
	Industrial	.3	.4
		11.1	11.3
	Total	22.9	21.7
	Own Production	20.6	20.1
	Purchased Coal	2.3	1.6
	Total	22.9	21.7

Contents

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To the Shareholders of The Pittston Company

J. P. Routh

N. T. Camicia

The year 1972 produced earnings (before extraordinary items) of $24,097,000 or $1.43 per share, as compared with $35,325,000 or $2.11 per share earned in 1971.

Historic highs were reached in revenues, working capital, total assets, shareholders' equity and book value per share. In spite of increased revenues, earnings were reduced because of escalating costs and Governmental restrictions on compensating price increases. Wage increases in all divisions and higher costs associated with lower productivity in our coal operations were the principal factors in escalating costs. All divisions were profitable, but all divisions reported reduced earnings compared with 1971.

On June 29, 1972, Pittston sold $61,000,000 of its 25 year 4% Subordinated Debentures exchangeable for 1,000,000 shares of our holdings of Brink's common stock thereby substantially strengthening the financial position of the Company. Working capital for the year increased $55,772,000, while long-term debt increased only $40,497,000. Capital expenditures for the year 1972 in our total operations amounted to $35,313,000.

Work on systems and methods for improvement of safety and the environment continues to require an increasing portion of the time of your management. While such improvements add materially to capital costs and contribute nothing to profit performance, we regard such expenditures as justifiable in fulfillment of our corporate responsibility.

All current indices point to a significant increase in world-wide steel production in 1973 and if this forecast is accurate your company, as the largest producer of high fluidity metallurgical coal, is well positioned to benefit from the demand increase.

To meet commitments already made and in partial response to anticipated demand, new mines are being constructed on our reserves of over one billion tons of high quality metallurgical coal. One of these facilities nearing completion is shown here.

Much has been heard of late about the energy fuel crisis facing our nation. Coal is the only energy fuel of which the known reserves in this country are ample. Yet its production and use is being discouraged to the probable detriment of our national welfare. Your company, concentrating on the metallurgical coal market as distinguished from the utility (energy) fuel market, has been less affected than most of the U.S. coal industry. Even so, we are still a large producer and supplier of utility coal, shipping about 25% of our output to that market. Air pollution restrictions on stack gas emissions of utility plants have been advanced so rapidly as to effectively eliminate economically available

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coal supplies of normal sulphur content from consideration as fuels in many areas. There has not been sufficient time allowed for development of technology to use such coals and meet the pollution requirements. Three Pittston mines were placed on a standby basis during 1972 because of this situation. Ironically, this happens at a time when energy fuel is in short supply and is projected to be in shorter supply.

While we thoroughly agree with the objectives of the Environmental Protection Act, we feel the nation's interest will best be served if these pollution restrictions advance at the same rate that technology can develop. Done in this way, pollution can be brought under control at a rate and at a cost to the nation and consumers which can be both tolerated and afforded. We hope the Government will see merit in this approach and modify regulations accordingly.

While 1972 was a difficult year the efforts of our loyal employees and the confidence of our customers and shareholders continue to inspire your management. For this we express our deep appreciation.

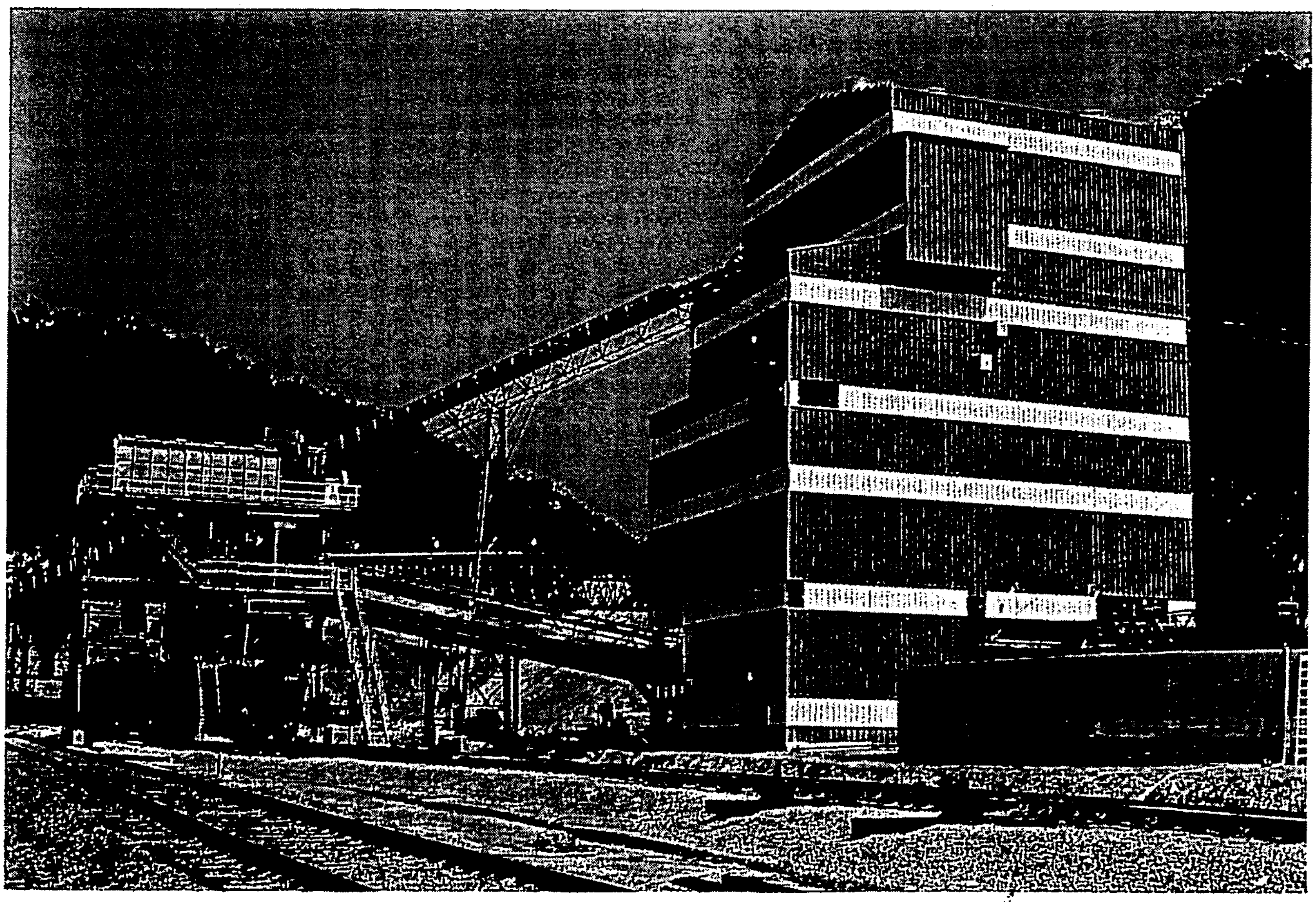
N. T. Camicia

Chairman of the Board

President and Chief Executive Officer

March 12, 1973

This new coal preparation plant—part of the Jewell Valley complex—contains the latest technology for safety and control of environment.



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Review of Operations

Coal Division

The total output from our coal operations in 1972 increased to 20.6 million tons from 20.1 million tons in 1971.

Income declined from the 1971 level in spite of a considerable gain in revenues. Productivity in underground mines declined further from 1971 levels during the first nine months of 1972. We feel this decline—which started in 1970 when the Federal Coal Mine Health and Safety Act went into effect—has bottomed out. A very nominal, but steady, increase has been observed recently.

Although Pittston exports approximately half of its coal sales tonnage—and thus was less affected by domestic price control regulations than most other coal companies—the refusal of the Price Commission to allow domestic price adjustments to compensate for cost increases caused by productivity declines, contributed to the lower earnings of 1972.

The impact of the Environmental Protection Agency regulations materially reduced the market for utility coals of normal sulphur content and necessitated placing three mines on a standby basis. These mines operated strictly on utility coal reserves and can be brought back to production rapidly. Other utility coal is produced as a by-product of mining metallurgical coal. It is very low in sulphur content and readily marketable.

The strong world market for our premium quality, high fluidity metallurgical coking coals during 1972 maintained a level consistent with our ability to supply. Price erosion was experienced in the late fall in lesser quality grades of metallurgical coal in some recession weakened market areas, but with recent recovery trends, firm pricing has been restored.

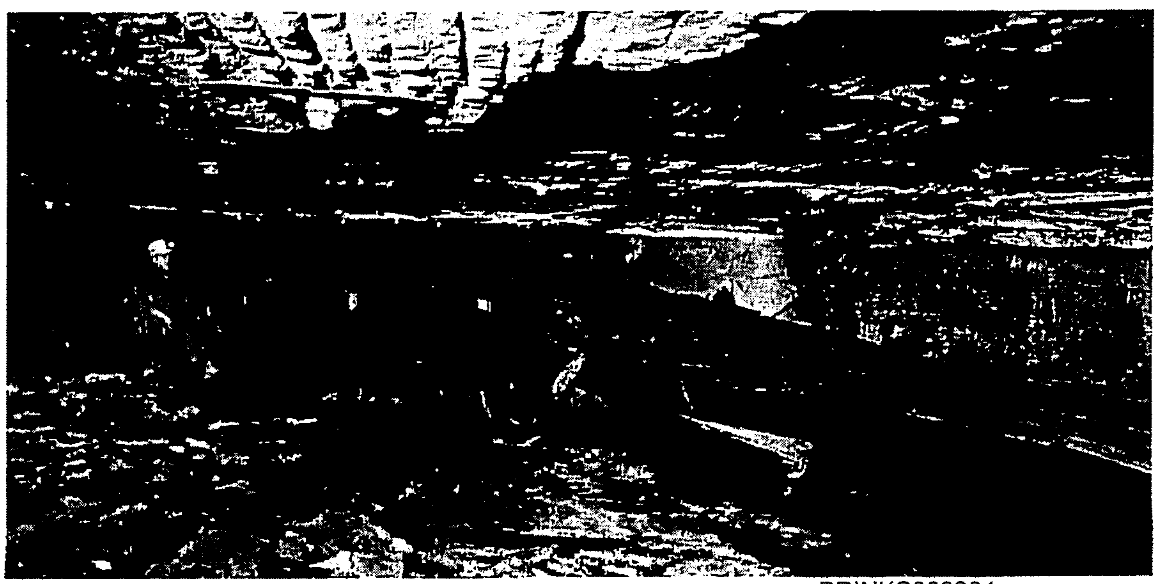
Over a year has passed since the West Virginia flood disaster involving a porous embankment used as a water filtration system by our subsidiary, Buffalo Mining Company. At that time the Buffalo Mining Company contributed extensive first aid and disaster relief work, then set up offices to handle and expedite claims from disaster victims in order to provide funds for reconstruction as promptly as possible. Over 95% of the claims filed have been settled. The remaining claims will be settled shortly, we believe.

As noted further in the notes to the financial statements in this report, suit has been filed against Pittston by claimants, most of whom chose not to file claims with the Buffalo Mining Company. This suit seeks damages in amounts which we and our counsel believe to be grossly exaggerated and is being contested by us.

The company intends to continue its efforts to alleviate the damage caused by the flood. Moreover, our coal producing facilities and procedures have been critically reexamined—and will continue to be reexamined from time to time—with a view to the health and safety of our employees and the environment of the communities in which we operate.

Last December new officers of the United Mine Workers were elected in court-ordered elections super-

Articulated bridge conveyor, remotely controlled, extends to rear of continuous miner to receive coal mined, thereby eliminating shuttle cars and making the operation both safer and more productive.



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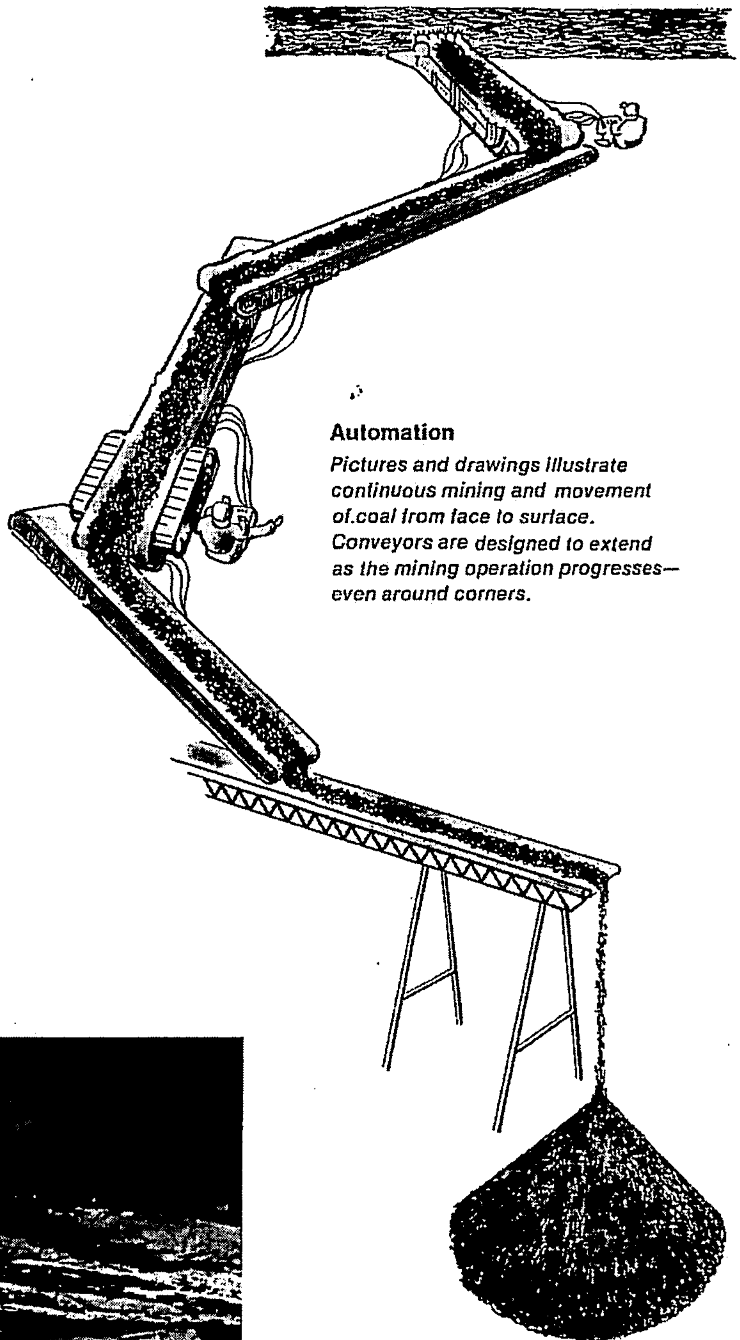
vised by the Department of Labor. The Union's new administration has impressed your management as a dedicated and sincere group and they appear to approach their new responsibilities with a reasonable and constructive attitude. We are hopeful that these attributes will contribute to an improvement in labor relations as this administration assumes direction of Union activities.

Work continued throughout the year on the development of new metallurgical coal mines, several of which are in the initial stages of production. Their output levels will increase throughout this year as the mines approach rated capacity.

A new automated production and face transportation system, as illustrated and pictured here, was proven effective in several operations last year. An additional number of such systems are scheduled for installation throughout this year and next. They are expected to make material contributions to safety and productivity improvement. Other improved methods adapted for different mining conditions are in development and show promise of attaining production increases while maintaining safety standards.

Improvement in the outlook for world steel production continues to increase the demand for premium quality, high fluidity metallurgical coal. Our choice reserves favorably position us to grow with and serve that demand.



Automation

Pictures and drawings illustrate continuous mining and movement of coal from face to surface. Conveyors are designed to extend as the mining operation progresses—even around corners.

Continuous miner working at the coal face conveys output to bridge conveyor. Note miner operator activates remote controls as much as twenty feet to rear of normal operator's position on the machine.

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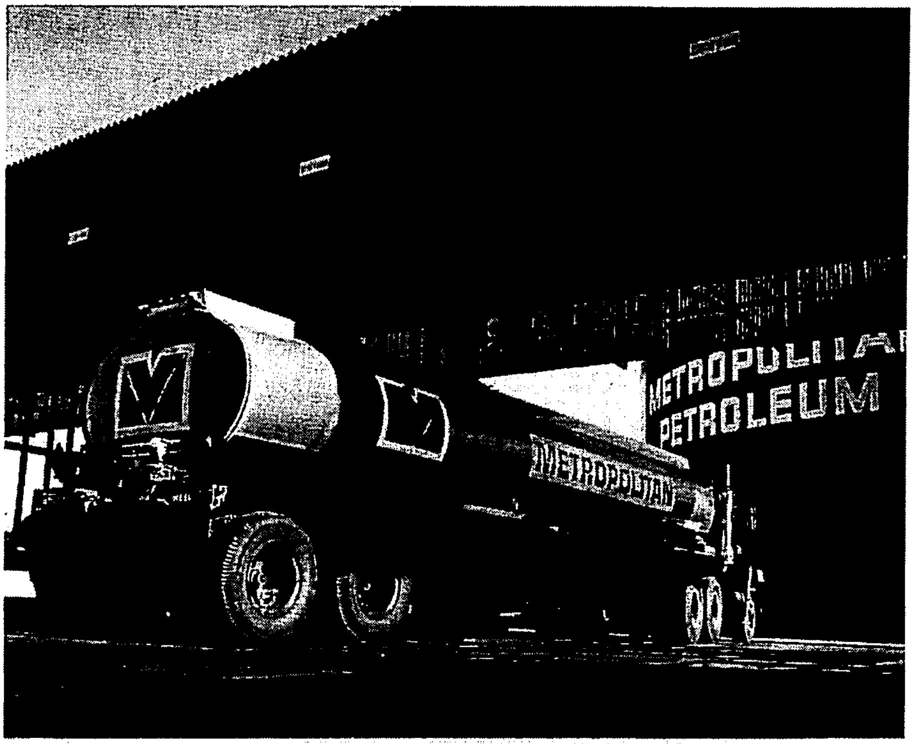
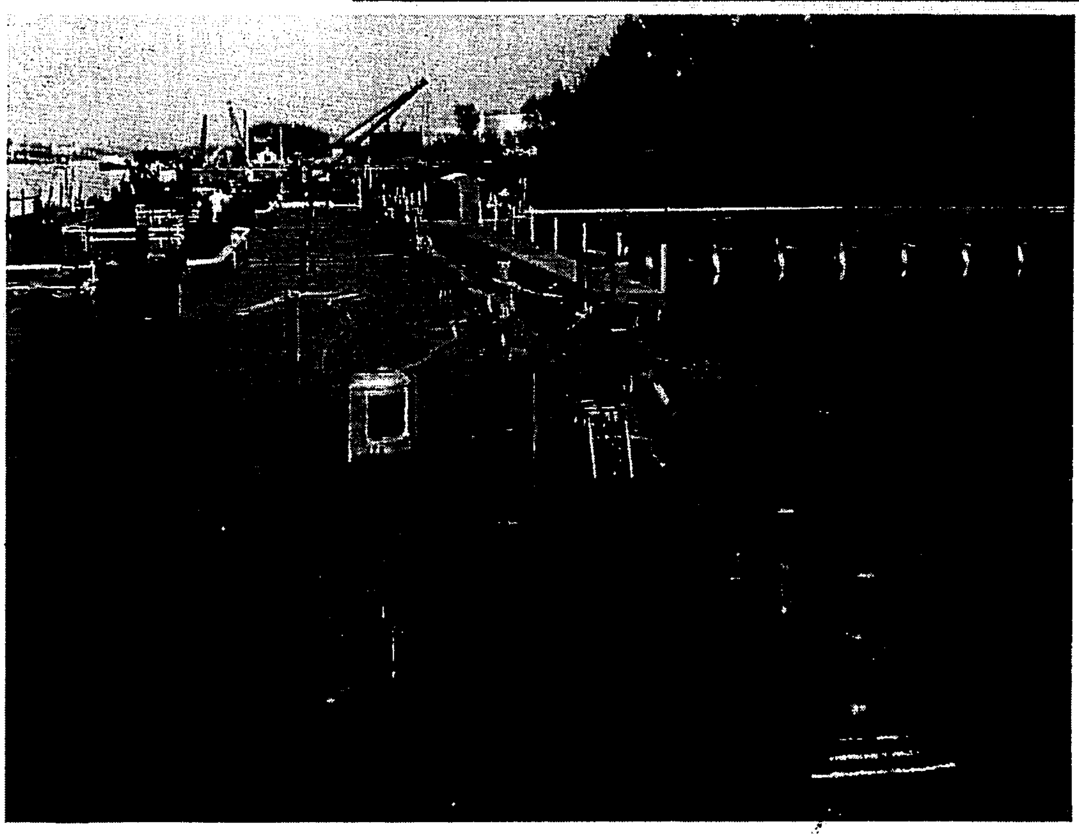
Oil Division



Heavy duty delivery unit serving industrial accounts is typical of modern equipment in oil division fleet.

New barge loading fuel oil at Port of Albany destined for movement thru canal to terminal at Burlington, Vermont.



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Oil Division earnings in 1972 were the second highest in its history, surpassed only by the record year 1971. Progress made in marketing is evidenced by barrel sales in 1972 approximately five per cent greater than the previous year. Weather, which is one of the significant factors affecting the profitability of our Oil Division, was somewhat warmer during the first quarter of 1972, but the fourth quarter was substantially colder than the comparable period in 1971. These are the two peak periods of the seasonal fuel oil business. Governmental price controls based on normally depressed summer pricing levels restricted profits.

As indicated in our last annual report, we continued to expand and modernize our terminals. Substantial new construction work was initiated in the Boston, Mass., Stamford, Conn., and Montreal, Canada facilities. This work involves increasing oil storage capacities, improving and enlarging truck loading rack facilities and improvement of garage and repair facilities. We have acquired a terminal in the important Brooklyn, N.Y. marketing area to replace an older facility in that area.

Our marketing capabilities in fuel oil are complemented by a complete line of fuel oil additives, water treatment materials, laboratory services and tank cleaning services of our Petrochemical Division. Growth in this accessory line continued in 1972.

Union labor rates are an important factor in our cost structure. Our contracts are mainly negotiated on a local basis with staggered termination dates. The local units are normally small enough to maintain personal relations with our employees. This has been helpful in avoiding major stalemates.

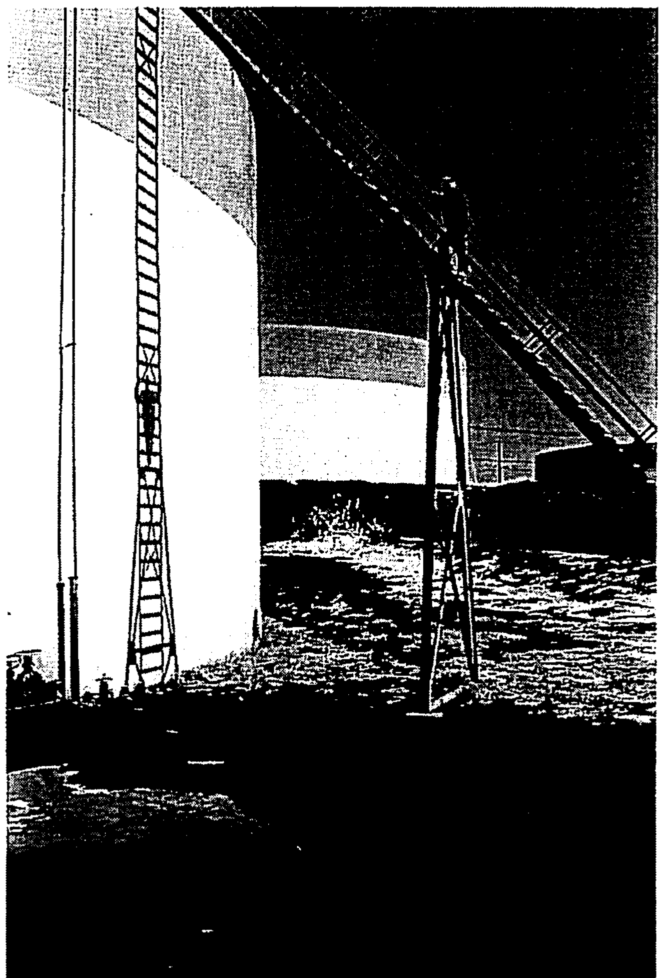
World demand for petroleum products has increased to the point that supply is marginal. Much of the world's known reserves and supply of crude oil are located outside the continental United States. This condition adds materially to the uncertainties of our fuel oil operations. However, we are confident our procurement personnel can contract adequate supply and we are also confident of the ability of our marketing force to adjust to shifts in the climate of the market. Therefore, we remain optimistic on the outlook for 1973.

In activities related to our oil operations, we have conducted an extensive planning and development project to provide a major new supply of low sulphur industrial and home heating fuel oils for the East Coast markets of the U.S.A. The principal thrust centered on a grass roots refinery and marine terminal complex that would be located at a very deep water site in Eastport, Maine. Extensive engineering surveys, technical and operational feasibility studies, and environmental impact assessments were undertaken.

These studies show that the construction and operation of a modern facility of this type should have no significant adverse effect on the environment, but will have a constructive and beneficial impact on the local and state economy. In addition, it will contribute significantly to solving the fuel shortage on the East Coast. In view of these findings, an application for site approval is being filed with the State of Maine's Board of Environmental Improvement.

Alternative offshore site locations are also under consideration and evaluation. These include deep water sites in the maritime provinces in Canada and in the Caribbean.

Periodic tank roof inspection requires terminal employees to climb many steps. Note double guard rail for safety.

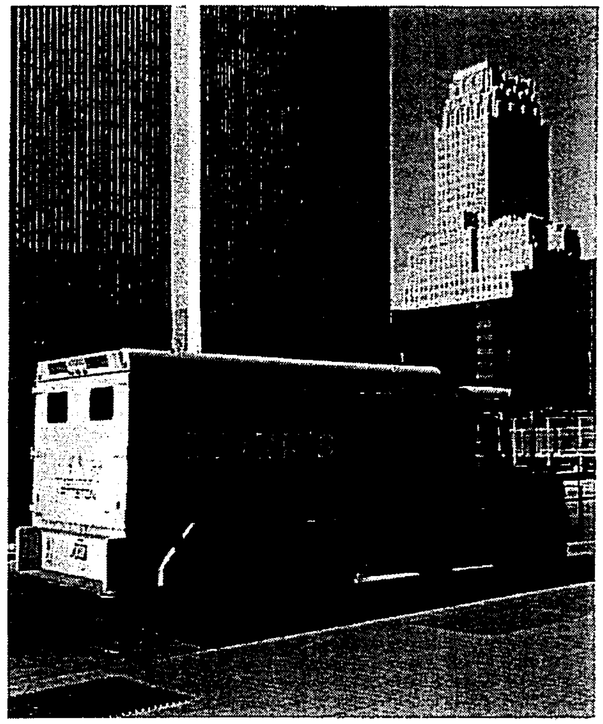


Brink's, Incorporated

Financial Highlights

	Revenues	Earnings	Earnings Per Share*
	(in thousands)		
1972	$98,642	$8,325	$.83
1971	91,165	8,703	.87
1970	74,862	6,508	.65
1969	63,981	5,115	.51
1968	56,728	4,295	.43
1967	48,911	3,290	.33
1966	44,527	2,845	.28
1965	40,638	2,425	.24

*Adjusted for the two-for-one stock split effective May 22, 1972.



Brink's World-Wide

Brink's in New York (World Trade Center towers in rear)

Brambles Brinks in Australia

Brink's—MAT, Ltd. with London Exchange in background

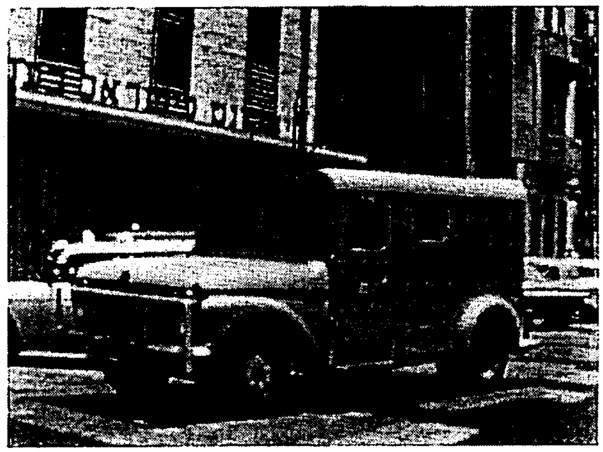
The Pittston Company owns 80%, or 8,000,000 shares, of the outstanding common stock of Brink's. However, 1,000,000 of these shares are held in escrow to meet the exchange privileges of the owners of $61,000,000 of Pittston subordinated debentures exchangeable for Brink's stock.

In 1972 Brink's revenues reached a record of $98,642,000 exceeding the high established in the previous year at $91,165,000. Earnings for the year declined to $8,325,000 from $8,703,000 in 1971; a decrease of 4% as compared with a revenue gain of 8%.

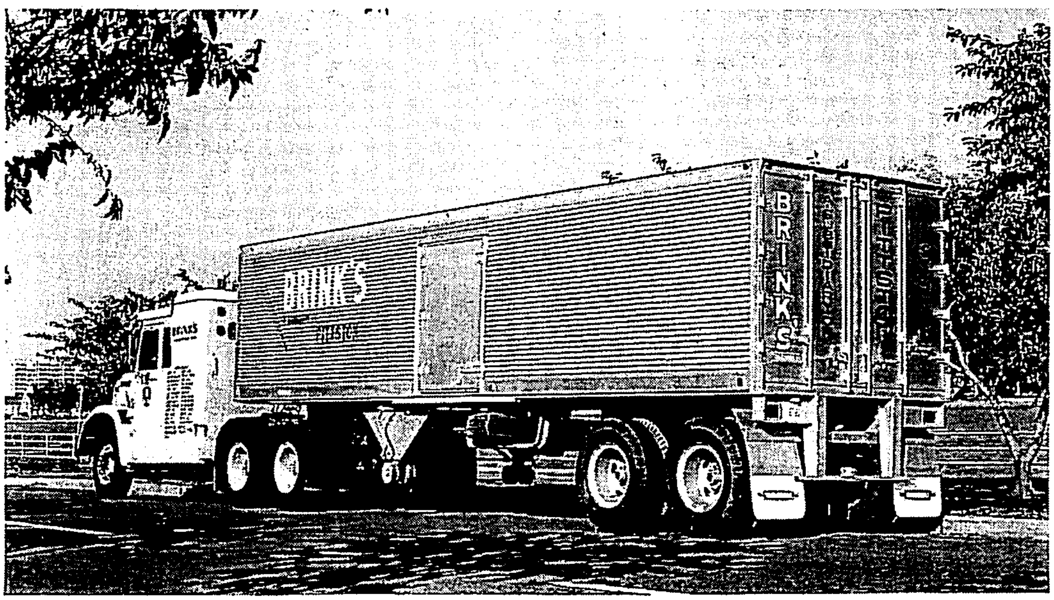
Earnings for the first six months of the year were 17% ahead of the same period in the previous year. In the third and fourth quarters, however, costs rose substantially due to wage increases and increases in other cost factors. The unexpected difficulties and delays in obtaining approvals to increase prices to compensate for these cost escalations materially reduced our earnings in the latter half of the year compared to the same period of the previous year. These problems now seem to have been surmounted and we anticipate continued growth in revenues and greater profitability in 1973.

During the year, Brink's acquired 50% of Brink's-MAT Ltd. of London, England and 50% of Brambles Brinks Pty., Ltd. which operates in Sydney and Melbourne, Australia. These acquisitions will provide for expansion of air courier service to many additional important locations overseas.

Brink's in Israel, (taken from movie film produced on site in Tel Aviv).



Eighteen wheel bullion carrier



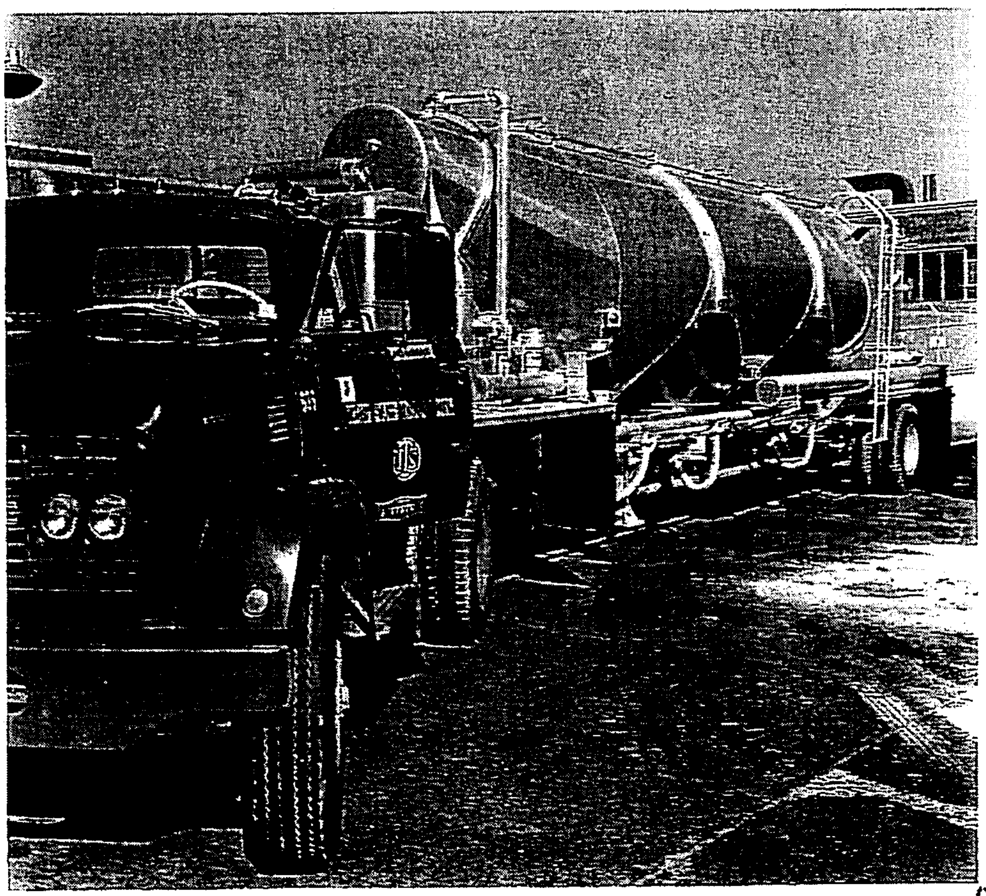
Facade and entrance to one of the New Jersey warehouses convenient to the metropolitan New York City market area.

Truck leasing, an important service rendered by United States Truck Leasing Corporation.

Both revenues and income for this division were lower in 1972 than in 1971. Physical volume of services was lower due to the unfavorable business climate in the northeast section of the country. Higher prices for services were necessitated by increased wage rates required under union contracts, but the competitive climate prevented full recovery of such cost increases. Our Terminal Warehouses Limited subsidiary in Toronto, Canada was sold to the Canadian Government at a substantial profit. The Government acquired the property as part of its announced plan for the development of a waterfront park and recreation area in Toronto.

The truck leasing operation showed significant improvement during 1972 and opportunities for further expansion are being explored.

Although the business outlook for continuing operations in 1973 is expected to improve considerably, the present national Teamsters contract expires in June. The effect of new contract terms on results of this division are not presently determinable.

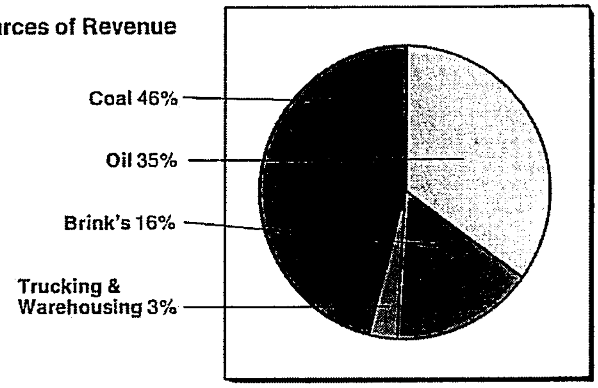


Special purpose tank trailer leased to sugar refining customers.

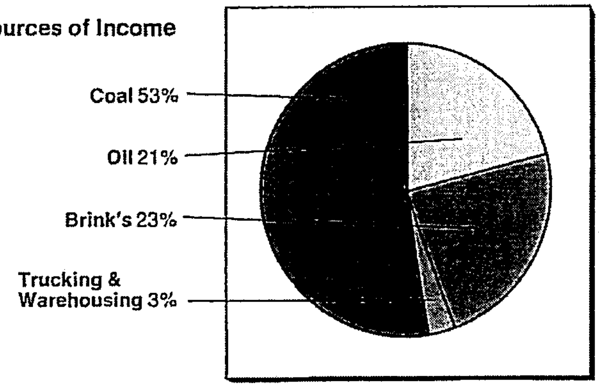
Ten Years in Review

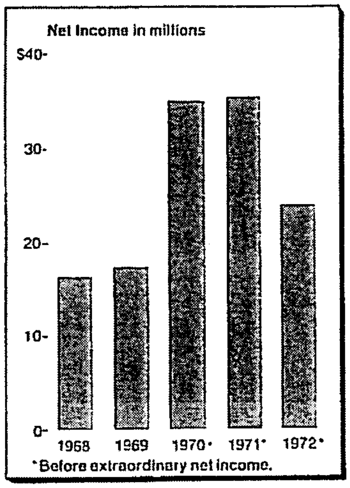
Sales and Income (in thousands)			Financial Position (in thousands)				
Calendar Year	Sales and Operating Revenues	Net Income	Working Capital	Net Property, Plant and Equipment	Total Assets	Long Term Debt	Stockholders' Equity
1972	$625,033	$24,097(B)	$116,214	$257,473	$482,974	$137,509	$227,407
1971	581,031	35,325(B)	60,442	254,636	446,620	97,012	208,316
1970	505,677	34,495(B)	52,996	236,689	419,983	111,554	173,686
1969	419,526	17,186	61,933	175,981	325,125	89,684	141,556
1968	402,403	16,301	53,194	172,826	316,664	89,379	129,432
1967	386,957	15,872	43,296	170,622	303,708	89,084	117,832
1966	315,604	12,425	44,039	149,873	259,351	76,515	105,062
1965	288,078	10,431	42,384	132,676	232,762	67,463	97,084
1964	257,127	8,902	36,474	121,597	213,552	59,167	93,186
1963	262,891	7,941	34,298	116,934	201,838	60,458	89,200

1972 Sources of Revenue



1972 Sources of Income





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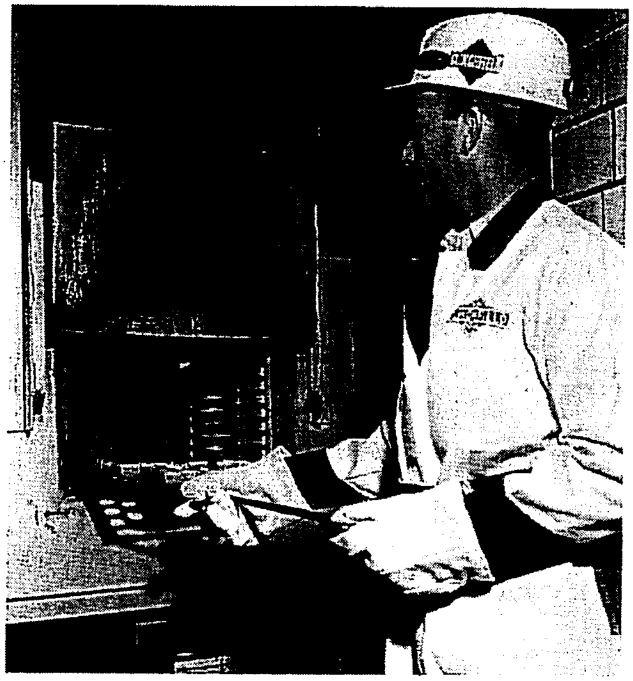
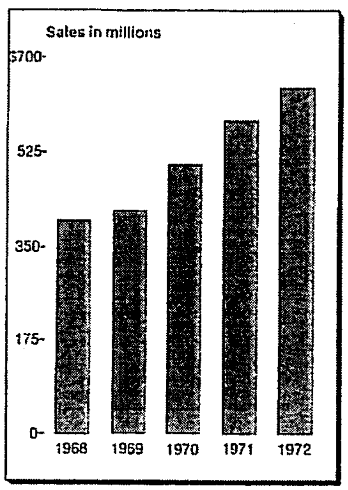
Common Stock (A)

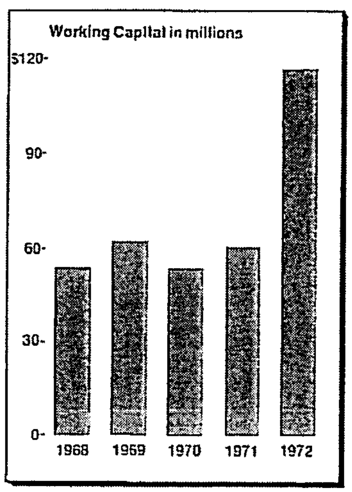
Shares Outstanding (average)	Earnings Per Share	Cash Dividends Per Share	Book Value Per Share
16,812,117	$1.43(B)	$ .58	$13.53
16,769,686	2.11(B)	.57	12.42
16,619,747	2.08(B)	.48	10.45
16,437,467	1.05	.36	8.61
16,290,375	1.00	.35	7.95
16,081,591	.99	.34	7.33
15,874,697	.78	.33	6.62
15,884,317	.66	.29	6.11
16,126,052	.55	.23	5.78
16,176,756	.49	.21	5.51

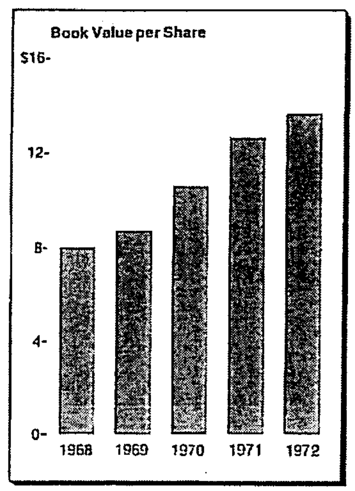
(A) Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1973.
(B) Before extraordinary net income.



Exacting laboratory tests and procedures include these coal samples, (in crucibles), going into furnace as part of ash analysis procedure.







BRINKS009213

Consolidated Balance Sheet

December 31, 1972 and 1971

Assets	1972	1971
Current Assets:		
Cash	$ 34,150,833	$ 27,736,366
Short term investments—at cost (approximate market)	30,547,088	16,390,577
Notes and accounts receivable, less estimated amount uncollectible (1972, $1,986,728; 1971, $2,402,974) (Note 8)	98,863,397	81,861,974
Inventories (Note 1):		
Fuels	34,588,605	43,479,753
Merchandise	1,610,988	1,537,058
Supplies	3,205,652	3,600,282
	39,405,245	48,617,093
Prepaid expenses	4,025,362	2,943,516
Total Current Assets	206,991,925	177,549,526
Property, Plant and Equipment—at cost (Notes 1, 2 and 4):		
Bituminous coal lands	107,187,455	101,851,360
Land, other than coal lands	7,823,611	9,378,438
Buildings	16,371,821	18,364,987
Machinery and equipment	291,973,347	273,108,899
	423,356,234	402,703,684
Less accumulated depreciation, depletion and amortization	165,883,198	148,067,800
	257,473,036	254,635,884
Other Assets	18,509,497	14,434,139
	$482,974,458	$446,619,549

See accompanying notes to financial statements.

BRINKS009214

Liabilities	1972	1971
Current Liabilities:		
Notes payable	$ 1,104,096	$ 30,865,262
Current maturities of long term debt (Note 4)	18,183,537	19,323,934
Accounts and dividends payable	49,319,424	46,037,020
Accrued liabilities (including income taxes, 1972, $364,097; 1971, $1,671,712—Notes 1 and 3)	22,171,252	20,880,961
Total Current Liabilities	90,778,309	117,107,177
Long Term Debt, less current maturities (Note 4)	137,508,579	97,012,076
Other Liabilities	6,251,490	5,008,276
Deferred Income Taxes (Notes 1 and 3)	14,425,609	13,662,255
Minority Interest in Brink's, Incorporated, a subsidiary	6,603,881	5,513,834
Contingent Liabilities (Note 8)		
Stockholders' Equity (Notes 4, 5 and 6):		
Common Stock, par value $1.00 per share: Authorized: 25,000,000 shares Issued: 1972, 16,486,056 shares; 1971, 15,985,950 shares	16,486,056	15,985,950
Capital in Excess of Par Value	115,463,238	95,941,212
Retained Earnings	97,198,727	98,130,200
	229,148,021	210,057,362
Less Common Stock in treasury, at cost (147,249 shares)	1,741,431	1,741,431
Total Stockholders' Equity	227,406,590	208,315,931
	$482,974,458	$446,619,549

BRINKS009215

Consolidated Income Statement

Years Ended December 31, 1972 and 1971

	1972	1971
NET SALES AND OPERATING REVENUES	$625,032,543	$581,030,830
COSTS AND EXPENSES		
Cost of sales and operating expenses	505,673,375	448,892,546
Selling and administrative expenses	28,820,665	26,884,859
Depreciation, depletion and amortization	29,602,341	25,409,270
Taxes, including taxes on income (Notes 1 and 3)	28,861,069	36,822,517
Interest and bond expense, net	6,312,990	6,061,452
Minority interest in earnings of a subsidiary	1,665,049	1,634,907
TOTAL COSTS AND EXPENSES	600,935,489	545,705,551
INCOME BEFORE EXTRAORDINARY ITEMS	24,097,054	35,325,279
Extraordinary items, net credit (Note 8)	4,488,083	8,111,507
NET INCOME	$ 28,585,137	$ 43,436,786
PER SHARE: (a)		
Income Before Extraordinary Items	$1.43	$2.11
Extraordinary Items, Net Credit (Note 8)	.27	.48
NET INCOME	$1.70	$2.59
Shares Outstanding (average) (a)	16,812,117	16,769,686

(a) Adjusted for the 3% stock dividend paid February 1973.

See accompanying notes to financial statements.

BRINKS009216

Consolidated Statement of Stockholders' Equity

Years Ended December 31, 1972 and 1971

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock
Balance at December 31, 1970	$15,472,455	$ 77,895,703	$82,285,125	($1,967,091)
Consolidated net income	—	—	43,436,786	—
Market value of 457,585 shares of Common Stock issued as a 3% stock dividend February 11, 1971	457,585	17,310,441	(17,768,026)	—
Sale of 55,910 shares of Common Stock under Stock Option Plans	55,910	616,130	—	—
Exchange of 90,000 shares of Treasury Common Stock for net assets acquired in a transaction accounted for as a pooling of interests	—	118,938	(335,759)	786,321
Acquisition of 12,090 shares of Common Stock for Treasury (12,086 shares obtained through purchase of a subsidiary)	—	—	—	(560,661)
Cash dividends declared—$.57* per share	—	—	(9,487,926)	—
Balance at December 31, 1971	15,985,950	95,941,212	98,130,200	(1,741,431)
Consolidated net income	—	—	28,585,137	—
Market value of 475,192 shares of Common Stock issued as a 3% stock dividend February 10, 1972	475,192	19,245,276	(19,720,468)	—
Sale of 24,914 shares of Common Stock under Stock Option Plans	24,914	276,750	—	—
Cash dividends declared—$.58* per share	—	—	(9,796,142)	—
Balance at December 31, 1972	$16,486,056	$115,463,238	$97,198,727	($1,741,431)

**Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1973.*

See accompanying notes to financial statements.

BRINKS009217

Consolidated Statement of Changes in Financial Position

Years Ended December 31, 1972 and 1971

	1972	1971
Sources of Working Capital		
Consolidated net income including extraordinary net credits of $4,488,083 in 1972 and $8,111,507 in 1971 (Note 8)	$28,585,137	$43,436,786
Add (deduct) items not affecting working capital:		
Depreciation, depletion and amortization	29,602,341	25,409,270
Deferred income taxes	763,354	(802,027)
Minority interest in the net income of a subsidiary	1,665,049	1,634,907
Write-off of property and equipment (Note 8)	—	4,756,451
Working capital provided from consolidated net income including $56,127,798 from operations in 1972 and $62,447,851 in 1971	60,615,881	74,435,387
Additions to long term debt (including $5,300,000 in 1971 related to acquisition of subsidiaries) (Note 4)	61,538,947	6,553,101
Disposals of property, plant and equipment	2,873,964	866,327
Miscellaneous	(3,105,482)	5,153,733
Total sources of working capital	121,923,310	87,008,548
Applications of Working Capital		
Additions to property, plant and equipment (including $5,247,001 in 1971 related to acquisition of subsidiaries)	35,313,457	48,979,108
Reductions of long term debt	21,042,444	21,094,702
Cash dividends declared	9,796,142	9,487,926
Total applications of working capital	66,152,043	79,561,736
Increase in working capital	$55,771,267	$ 7,446,812
Increases (Decreases) in Components of Working Capital		
Current Assets:		
Cash and short term investments	$20,570,978	$ 3,163,698
Notes and accounts receivable, net	17,001,423	(955,866)
Inventories	(9,211,848)	8,024,834
Prepaid expenses	1,081,846	1,366,190
	29,442,399	11,598,856
Current Liabilities:		
Notes payable and current maturities of long term debt	(30,901,563)	31,501,185
Accounts and dividends payable	3,282,404	(462,567)
Accrued liabilities	1,290,291	(26,886,574)
	(26,328,868)	4,152,044
Increase in working capital	$55,771,267	$ 7,446,812

See accompanying notes to financial statements.

BRINKS009218

Notes to Financial Statements

1 Summary of Significant Accounting Policies

Principles of Consolidation:

The accompanying financial statements reflect the accounts of The Pittston Company and its subsidiaries, except for certain insignificant foreign subsidiaries the investment in which is carried in the balance sheet at equity value. All intercompany items and transactions of material amount have been eliminated in consolidation. Foreign currency amounts have been translated into United States dollars at appropriate rates of exchange.

Inventories:

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

Property, Plant and Equipment:

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

Income Taxes:

The provision for income taxes is based on income and expenses included in the accompanying consolidated income statement. Differences between taxes so computed and taxes payable under applicable statutes and regulations are classified as deferred taxes arising from timing differences (see Note 3).

Investment tax credits are acounted for by the "flow-through" method, and are thus reflected in income in the year they are deducted for tax purposes.

2 Property, Plant and Equipment

During 1972, three of the Company's mines were placed on a standby basis due to the impact of Environmental Protection Agency regulations which materially reduced the market for utility coals of normal sulphur content. At December 31, 1972, the net carrying value of these mines amounted to approximately $10,500,000. Because of the energy crisis facing the nation, the Company believes that changes in regulations which will restore the market for coal recoverable from the three standby mines are possible. However, if such favorable changes do not materialize, other uses for this coal will be explored.

Property, plant and equipment at December 31, 1972 also includes $4,904,349 ($4,934,767 at December 31, 1971) representing the net book value of properties formerly operated by the Company. These properties produce revenue under leases calling for royalties on a per-ton-mined basis.

3 Taxes

Property, payroll, franchise and other taxes totalled $19,729,818 in 1972 as compared with $17,150,541 in 1971.

Provision for income taxes totalled $8,241,697 in 1972 and $24,550,659 in 1971 (including a credit of $889,554 in 1972 and a charge of $4,878,683 in 1971 relating to extraordinary items). The provision consists of taxes currently payable of $7,478,343 ($25,352,686 in 1971) and tax effects of timing differences amounting to $763,354 (a credit of $802,027 in 1971). The provision for taxes currently payable reflects investment tax credits of $1,741,879 ($1,185,958 in 1971).

It is the policy of the Company to accrue appropriate U.S. and foreign income taxes on earnings of subsidiary companies which are intended to be remitted in the near future. No provision has been made during 1971 and 1972 since such amounts, if remitted, would result in little or no tax by operation of relevant statutes currently in effect. Unremitted earnings ($5,650,000 at December 31, 1972) of the Company's Domestic International Sales Corporation subsidiary on which taxes have not been accrued have been, or are intended to be, permanently reinvested in qualified export assets and should not become taxable in the foreseeable future.

The effective U.S. income tax rate varies from year to year depending mainly on the amount of percentage depletion. In addition, 1972 taxes were lower because of the tax benefits applicable to income earned on export sales by the Company's Domestic International Sales Corporation subsidiary. U.S. income tax returns have been audited and settled through the year 1968.

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

4 Long Term Debt

Consists of the following:

	1972	1971
Senior:		
6⅛% First Mortgage Sinking Fund Notes due 1982	$ 19,037,000	$21,234,000
Bank Loans due 1975	6,000,000	10,000,000
Notes due 1975	3,600,000	5,400,000
Notes due 1977	11,152,000	13,940,000
Other Obligations, principally at 4%—6½%	10,702,729	17,420,126
	50,491,729	67,994,126
Subordinated:		
6¼%—5¾% Notes due 1981	13,804,850	15,428,950
6¼% Notes due 1976	1,642,000	2,189,000
5½% Notes due 1985	6,370,000	6,900,000
6% Notes due 1987	4,200,000	4,500,000
4% Subordinated Debentures due 1997	61,000,000	—
	87,016,850	29,017,950
Total Long Term Debt, Less Current Maturities	$137,508,579	$97,012,076

BRINKS009219

The 6⅛% First Mortgage Sinking Fund Notes are secured by a mortgage upon certain coal properties having an aggregate net book value of approximately $71,700,000 at December 31, 1972. There are no other issues of long term debt secured by a significant lien on specific assets.

The bank loans due 1975 bear interest at ¼% above the prime rate in effect from time to time; the notes due 1975 bear interest at ½% above the prime rate; and the notes due 1977 are at the prime rate, with a minimum of 6% and a maximum of 7½%.

The 4% Subordinated Debentures due July 1, 1997, were issued in June 1972 and are exchangeable at any time prior to redemption or maturity for shares of common stock of Brink's, Incorporated owned by the Company, at an exchange rate of 16.3934 shares per $1,000 Debenture (the equivalent of $61 per share). The exchange rate is protected against dilution. The Debentures are entitled to annual mandatory sinking fund payments of $3,050,000 commencing in July 1983. The Debentures are redeemable at the Company's option in whole or in part at any time prior to maturity at redemption prices which decline from 104% of principal amount on June 29, 1972 to 100% of principal amount on July 1, 1992.

For the four years through December 31, 1977, minimum repayments of long term debt outstanding are as follows:

1974	$18,168,103
1975	14,263,285
1976	10,776,423
1977	7,680,629

Under the terms of certain issues, the Company has agreed to usual restrictions relating to consolidated working capital, cash distributions to stockholders, and the amount of additional funded debt which may be incurred. At December 31, 1972 consolidated retained earnings not restricted as to cash distributions to stockholders were $49,090,659.

5 Capital Stock

In December 1972 and 1971, the directors declared 3% stock dividends, resulting in the issuance of 490,165 additional shares of Common Stock in February 1973 and 475,192 shares in February 1972. At December 31, 1972 and 1971, retained earnings of $12,371,765 and $19,720,468, respectively, were appropriated for the issuance of the stock dividends.

The Company has authority to issue up to 2,000,000 shares of Preferred Stock, par value $10 per share. No shares are presently issued or outstanding.

6 Stock Options

Under the 1969 Plan and earlier plans, key employees are granted options to purchase shares of the Company's Common Stock at 100% of quoted market value. The plans provide for the granting of five-year options, which are exercisable in instalments of up to 20% annually, beginning one year from date of grant, and exercisable in full after four and one-half years from date of grant. In addition, the 1969 Plan permits the granting of ten-year options, which are exercisable in instalments of up to 20% annually, beginning one and one-half years from date of grant, and exercisable in full after five and one-half years from date of grant. Such ten-year options may also be granted with less liberal exercise terms.

The table below summarizes the activity in the plans. The data have been adjusted, in accordance with the anti-dilution provisions in the plans, for stock dividends and distributions, including the 3% stock dividend paid February 1973.

	1972	1971
Shares granted	24,411	38,033
Shares issued	24,914	57,587
Options outstanding at year end:		
Shares	189,211	203,382
Aggregate option price	$5,525,408	$5,687,980
Shares available for future grants, at year end	466,343	477,914

7 Pension Plans

The Company and its subsidiaries have several noncontributory pension plans which provide eligible employees with retirement and disability benefits based on past and future services. The total pension expense was $3,106,000 in 1972 and $2,637,000 in 1971, which includes amortization of prior service cost over periods up to forty years. The plans provide for the funding of the pension costs accrued. The actuarially computed value of vested benefits in excess of the total pension funds and balance sheet accruals at year end was approximately $3,695,000 in 1972 and $5,886,000 in 1971.

8 Extraordinary Items

Extraordinary items consisted of the following:

	1972	1971
	(In thousands)	
Profit on sale of a subsidiary, Terminal Warehouses Limited, net of income taxes of $144,000	$5,608	
Provision for losses related to flood at Buffalo Mining Company, a subsidiary, net of income tax credits of $1,034,000	(1,120)	
Profit on sale of 10% of a subsidiary, Brink's, Incorporated, net of income taxes of $5,759,000		$11,988
Write offs of property and equipment (principally idle mine facilities), net of income tax credits of $880,000		(3,876)
Net credit	$4,488	$ 8,112

The stock of Terminal Warehouses Limited was sold to the Canadian Government for $12,075,000. This amount is included in notes and accounts receivable in the ac-

BRINKS009220

companying balance sheet. The low effective tax rate on the profit from the sale is due to the fact that the Company's tax basis in such stock was substantially higher than the book basis.

The provision for the Buffalo Mining Company flood losses reflects estimated recoveries from insurance carriers of approximately $11,400,000. The principal carrier has agreed that the insured will be indemnified for losses up to the policy limits and the insured have agreed that such indemnity will be without prejudice to possible claims for recovery of the indemnity payments or any other claims which might be asserted against the insured, but only after all payments required by the agreement have been made. The provision for flood losses does not include any amounts in respect of an action brought against the Company in the United States District Court for the Southern District of West Virginia by Dennis Prince and numerous other plaintiffs seeking damages aggregating approximately $52,000,000 as the result of alleged loss of life, personal injury and property damage caused by the flood. Although the outcome of this lawsuit, to which additional claims may be added, cannot now be forecast, the total damages sought are, in the opinion of Company's counsel, grossly exaggerated.

Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
345 Park Avenue, New York, N.Y. 10022

To the Stockholders
The Pittston Company:

We have examined the consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1972 and 1971 and the related statements of income, stockholders' equity and changes in financial position for the respective years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to final determination of losses arising from the 1972 flood (see note 8), the aforementioned financial statements present fairly the financial position of The Pittston Company and subsidiaries at December 31, 1972 and 1971 and the results of their operations, changes in stockholders' equity and changes in financial position for the respective years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

March 9, 1973

BRINKS009221

CONSOLIDATED BALANCE SHEET

December 31, 1972 and 1971

ASSETS	1972	1971
Current assets:		
Cash	$ 6,107,321	$ 4,667,624
Short-term investments, at cost (approximate market)	7,955,627	6,857,236
Accounts receivable, less estimated amount uncollectible (1972, $170,610; 1971, $136,559)	10,984,509	9,706,555
Prepaid expenses	727,508	540,525
Total current assets	25,774,965	21,771,940
Segregated currency and change funds advanced by customers—contra	1,760,576	2,073,695
Investments in and advances to foreign affiliates	3,358,551	1,244,499
Fixed assets, at cost:		
Land	662,359	672,634
Buildings	4,551,473	3,902,047
Motor vehicles	15,099,757	13,763,275
Safes, furniture and other equipment	8,580,760	7,712,351
	28,894,349	26,050,307
Less accumulated depreciation and amortization	13,680,017	12,371,103
	15,214,332	13,679,204
Other assets	2,001,794	1,590,216
	$48,110,218	$40,359,554

BRINKS009222

BRINK'S, INCORPORATED AND SUBSIDIARIES

LIABILITIES	1972	1971
Current liabilities:		
Notes payable	$ 1,238,189	$ 895,579
Accounts payable	1,803,394	2,090,049
Dividends payable	750,000	625,000
Accrued liabilities:		
Payrolls	2,868,146	2,491,647
Federal income taxes	2,228,966	1,125,007
Other taxes	533,558	543,742
Miscellaneous	467,235	458,083
Total current liabilities	9,889,488	8,229,107
Amounts payable to banks under special agreements and liability for change funds advanced by customers—contra	1,760,576	2,073,695
Other liabilities	1,520,600	546,895
Deferred income taxes	1,920,135	1,940,681
Stockholders' equity:		
Common stock, par value $.50 ($1 in 1971): Authorized: 15,000,000 shares (6,000,000 in 1971); Issued and outstanding: 10,000,000 shares (5,000,000 in 1971)	5,000,000	5,000,000
Retained earnings	28,019,419	22,569,176
Total stockholders' equity	33,019,419	27,569,176
	$48,110,218	$40,359,554

BRINKS009223

BRINK'S, INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years ended December 31, 1972 and 1971

	1972	1971
Operating revenues	$98,642,163	$91,165,284
Other income	867,268	394,393
	99,509,431	91,559,677
Operating expenses	76,226,284	68,746,496
Selling and administrative expenses	6,509,188	5,996,467
Other expenses	195,290	143,675
	82,930,762	74,886,638
Income before provision for taxes on income	16,578,669	16,673,039
Provision for taxes on income:		
Federal	6,501,717	6,369,750
State and foreign	1,751,707	1,600,002
	8,253,424	7,969,752
Net income	8,325,245	8,703,287
Retained earnings at beginning of year	22,569,176	16,365,891
	30,894,421	25,069,178
Less cash dividends declared	2,875,002	2,500,002
Retained earnings at end of year	$28,019,419	$22,569,176
Per share of Brink's common stock: (a)		
Cash dividends	$.29	$.25
Net income	$.83	$.87

(a) Adjusted for the two-for-one stock split effective May 22, 1972.

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Principal Divisions and Subsidiaries

Coal

CLINCHFIELD COAL COMPANY DIVISION
Lebanon and Dante, Va., and Philippi, W. Va.

AMIGO SMOKELESS COAL COMPANY
Wyco, W. Va.

BADGER COAL COMPANY
Philippi, W. Va.

BUFFALO MINING COMPANY
Lyburn, W. Va.

JEWELL RIDGE COAL CORPORATION
Jewell Valley, Va.

KENTLAND-ELKHORN COAL CORPORATION
Pikeville, Ky.

EASTERN COAL CORPORATION
Stone, Ky.

PITTSTON COAL SALES CORP.
New York, N.Y.

PITTSTON COAL EXPORT CORP.
New York, N.Y.

RANGER FUEL CORPORATION
Beckley, W. Va.

SEWELL COAL COMPANY
Richwood, W. Va.

Oil

HAMPDEN OIL CORPORATION
Connecticut and Massachusetts

METROPOLITAN PETROLEUM COMPANY DIVISION
New York and New England

TANKPORT TERMINALS, INC.
Jersey City, N.J.

PITTSTON MARINE CORPORATION
New York, N.Y.

METROPOLITAN PETROLEUM, LTD.
Montreal and Ottawa, Canada

METROPOLITAN PETROLEUM PETROCHEMICALS CO., INC.
Jersey City, N.J.

SINRAM-MARNIS OIL CO., INC.
New York, N.Y.

Brink's

NATIONAL HEADQUARTERS
INTERNATIONAL HEADQUARTERS
Chicago, Illinois

Trucking and Warehousing

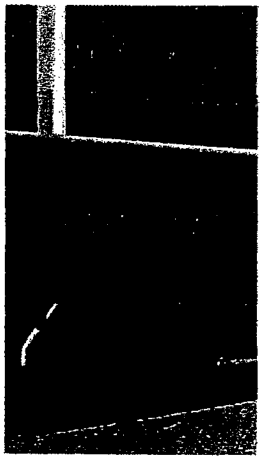
UNITED STATES TRUCKING CORPORATION
New York, New Jersey, Maryland, Georgia and Florida

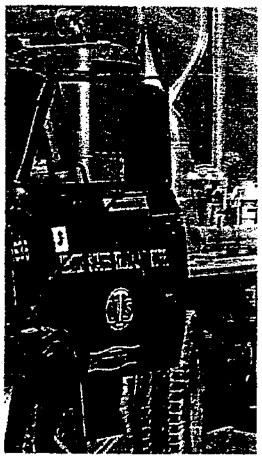
BAKER & WILLIAMS
New York, N.Y.

This "coke push" from laboratory coke oven illustrates a final step in correlating our testing to customers actual use conditions. Pittston's coals are blended with others available to the customer to test the final mixture.

BRINKS009225

APPENDIX J



THE PITTSTON COMPANY

Forty-fourth Annual Report 1973

APPENDIX J

Front Cover: Pittston's four operating divisions: The upper left picture, a "coke push", illustrates the manufacture of coke from premium quality metallurgical coal supplied by the Coal Division.

Contents

Note: This annual report is not a part of the soliciting material for the Company's annual meeting to be held May 1, 1974 at Richmond, Va. A formal notice of the meeting, together with proxy statement and proxy form, is enclosed herewith.

The common stock of The Pittston Company is listed on the New York and the Pacific Coast Stock Exchanges. The Company's 4% Subordinated Debentures are listed on the New York Stock Exchange.

Nicholas T. Camicia
President and Chief Executive Officer
The Pittston Company

Charles T. Hill
Associate, Schmidt, Roberts & Parke, Inc.
Philadelphia, Pa., *Investment Bankers*

F. M. Kirby
Chairman of the Board, Alleghany Corporation
New York, N.Y.

Edward F. McGinley, Jr.
President, Retired, Beneficial Mutual Savings Bank
Philadelphia, Pa.

Thruston B. Morton
Vice Chairman, Liberty Bank and Trust Co.
Louisville, Ky.

Samuel F. Pryor, Jr.
Consultant
Greenwich, Conn.

Joseph P. Routh
Chairman of the Board, The Pittston Company

William A. Stuart
Partner
Penn, Stuart & Eskridge
Abingdon, Virginia

Henry J. Taylor
Author, Economist and Journalist
New York, N.Y.

Gene Tunney
New York, N.Y.

Joseph P. Routh
Chairman

Nicholas T. Camicia
President and Chief Executive Officer

Douglas F. Johnston
Executive Vice President, Administration

A. F. Kaulakis
Vice President, Energy Development

Walter H. Schnakenberg
Vice President, Finance and Treasurer

George L. Philip
Controller

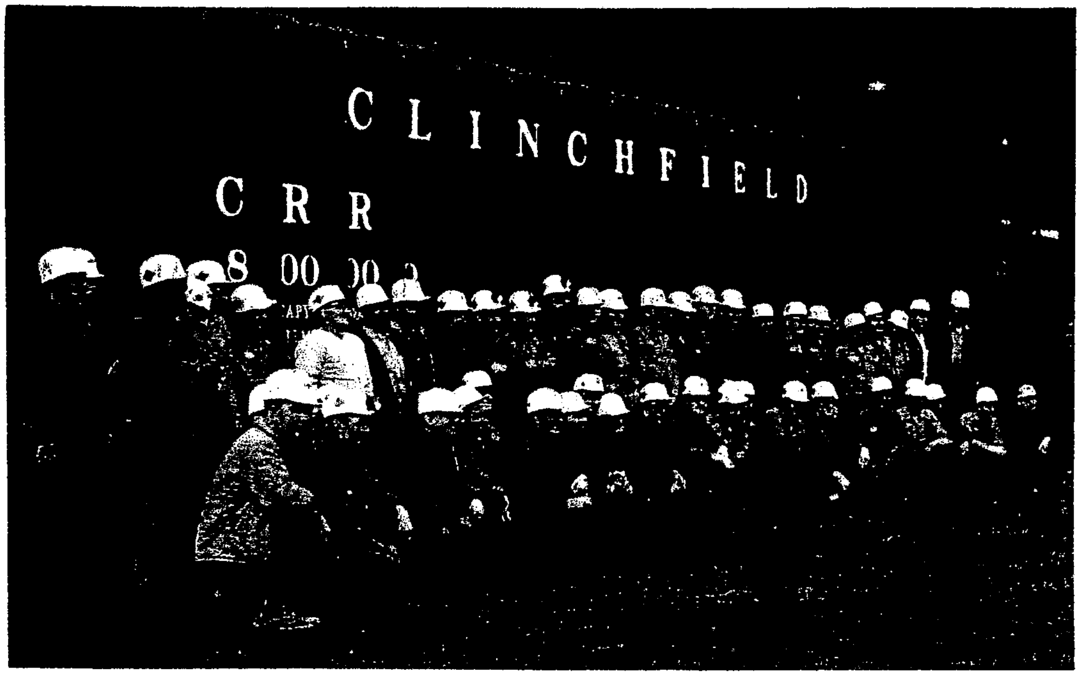
Joseph B. McNichols
Secretary

John S. Buscema
Assistant Treasurer

Corporate Office
200 Park Avenue, New York, N.Y. 10017

Transfer Agents
Chemical Bank, New York, N.Y.
Wells Fargo Bank, San Francisco, Cal.

Registrars
Manufacturers Hanover Trust Company, New York, N.Y.
Bank of America N.T. & S.A., San Francisco, Cal.



Pictured here with our plant personnel is the 800,000th coal car loaded at our Moss No. 1 preparation plant. It required 26 years of continuous operation to reach this landmark. This plant has been named by the U.S. Bureau of Mines as one of the safest in the coal industry.

HIGHLIGHTS

	1973	1972
Net tons of coal produced	**18,796,305**	20,639,020
Barrels of petroleum products sold	**40,862,922**	43,670,811
Sales and operating revenues	**$682,559,283**	$623,524,933
Earnings before extraordinary items	**25,416,227**	24,097,054
Earnings per share before extraordinary items	**1.47(A)**	1.39(A)
Cash dividends	**10,099,509**	9,796,142
Stock dividends	**12,138,442**	12,371,765
Total dividends	**22,237,951**	22,167,907
Depreciation, depletion and amortization	**29,972,968**	29,602,341
Expenditures for property, plant and equipment, including acquisitions	**40,079,477**	35,313,457
At Year End		
Total assets	**$495,989,986**	$482,974,458
Working capital	**108,264,126**	116,213,616
Net property, plant and equipment	**253,753,086**	257,473,036
Long term debt	**119,884,425**	137,508,579
Stockholders' equity	**229,921,322**	227,406,590
Book value per common share	**13.26(A)**	13.13(A)
Common stock outstanding (average)	**17,335,320(A)**	17,316,480(A)
Number of employees	**17,069**	17,510
Number of stockholders	**14,458**	13,837

Note (A) Adjusted for the 3% stock dividend paid February 1974.

BRINKS009228

To The Shareholders of The Pittston Company:

Consolidated net income for the year 1973, before extraordinary items, was $25,416,000 or $1.47 per share, an increase of 5.5% when compared with 1972. In 1973 extraordinary charges of $10,075,000 or $0.59 per share reduced the net income to $15,341,000 or $0.88 per share. In the previous year, an extraordinary gain of $4,488,000 increased net income to $28,585,000 or $1.65 per share. Total sales and operating revenues were $682,559,000, an increase of 9.5%. While these revenues represent a new record for the Company, earnings before extraordinary items were the third highest in our history. All divisions of the Company were profitable, with the Coal Division in 1973 providing $17,477,000 or 63% of total net operating income before allocation of general corporate expense. Earnings of the Trucking and Warehousing Division showed an improvement over 1972. However, the earnings of Brink's declined slightly while those of the Oil Division were materially lower than 1972.

We believe that 1973 will be the pivotal year for the coal industry and our Company. This was the year in which it became clear that the long term energy needs of the country require the expanded utilization of its vast coal resources. From our present knowledge of known but diminishing high quality metallurgical coal reserves in other countries, the pressure of short supply relative to the world's expected steel production is probably a long term phenomenon of growing intensity. Our Company is well positioned for these circumstances.

In 1973, the world's steel industry, which is our major coal customer, recovered from its slack period in 1972 and operated at virtual capacity throughout the year. As a consequence the demand for premium quality, high fluidity, metallurgical coal remained very strong. In the fall, the Middle East conflict and the Arab oil embargo which followed placed additional demands on the entire coal industry. Utilities began switching back to coal where possible and those steel producers who had been adding oil to their blast furnaces shifted back to higher coke ratios. In the years ahead we look for a continuation of these strong demand trends.

In June of 1973 the Compass mining facilities, which produced higher sulphur coal and had been on a standby basis for approximately one year, were written off, resulting in an extraordinary charge of $9,270,000, net of taxes. At the time this decision was made, the market outlook for coal of this type was such that it was believed the mines could not be reopened and operated profitably. Since the market outlook has now reversed, we plan to utilize these reserves in the near future.

During 1973, we continued a high rate of capital investment with the objective of bringing additional productive capacity on line, as well as maintaining efficient up-to-date facilities in our existing properties. Capital expenditures of the coal division exceeded $30,000,000 in 1973 and are budgeted at $40,000,000 in 1974. In view of the

N. T. Camicia *J. P. Routh*

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country's need for maximum coal output, we are doing all that is possible to meet this demand, both for the near and longer term.

The coal industry has been suffering from lower output from underground mines over the past several years. This can be attributed to several factors, including the Federal Coal Mine Health and Safety Act, a high absenteeism rate among miners, and an increased number of unauthorized work stoppages. Our production declined from 1972 levels too. Our mine workers and supervisory personnel are learning to work more effectively within the new safety standards. We have increased our training programs for both supervisory and union personnel and we are working with new production equipment and techniques. These combined actions should begin to show beneficial results in 1974.

In November we hope to have a new contract with the United Mine Workers as a result of early contract negotiations. This union has experienced major organizational problems in the recent past but we are most hopeful that with new leadership a constructive working environment can be established for the benefit of all concerned.

In the past, rapidly increasing costs of mining coal were difficult to recover promptly in higher prices. With the greatly increased prices of competing energy fuels, these added costs are more acceptable. However, government price controls prevent the forces of free market competition from coming into play. Presumably, the Government will come to understand that higher production rates can only be achieved under free market conditions.

The impact of world events on the Oil Division has been most adverse. Our profit margins have been squeezed because of lower volumes of oil available on the one hand and resale price controls on the other. At the present time we are not able to forecast when or how these problems can be resolved. If our refinery application at Eastport, Maine is approved, this will improve our position in the overall oil distribution business in the years ahead.

During the year Mr. Douglas F. Johnston became Executive Vice President—Administration. Mr. Johnston is forty-three years of age and brings to our Company a wealth of experience and expertise in finance and corporate administration.

We would again like to express our appreciation for the loyal support received from our employees, shareholders and customers throughout the year. It inspires your management and confirms our confidence toward continuing progress.

Chairman of the Board

N. T. Camicia

President and Chief Executive Officer

March 11, 1974

BRINKS009230

Coal Division

Revenues from coal operations increased 4% from 1972 contrasted with a 10% decline in tons of coal sold. Profits, before allocation of general corporate expense, increased 17% over 1972.

The profit increase was the result of price increases necessitated by constantly increasing costs and made feasible both by the worldwide shortage of premium quality metallurgical coal and the energy shortage, accentuated by cutbacks of Arab oil production. Phase IV price controls applied to about 25% of the coal sold and restricted profit improvement on that business portion, but improvement on the balance accounted for the increased earnings.

The total output from coal operations in 1973 was 18.8 million tons. In 1972 the output was 20.6 million tons, including approximately 700,000 tons produced by the three utility coal mines that were closed. The 1973 figure was affected by reduced operations in extremely high cost sections of a few mines, but the principal cause of the decline was worker absenteeism and unauthorized work stoppages.

Unauthorized work stoppages regretfully have been a common occurrence in the coal industry for some period of time. Recently there has been a diminution of the frequency of such disruptions and we hope this trend will continue.

Continued excessive absenteeism creates a shuffling and reassignment of mining crews and adversely affects both mine safety and production.

Production from surface mining continued to be reduced as planned and in 1973 accounted for only 13% of our total production. Even though we have phased down surface mining our surface reclamation program has been increased with the result that we have reclaimed 64% more surface than has been mined during 1973.

For the improvement of both employee safety and production, our company is involved with research and development of better equipment. One example is the design, fabrication and field testing of protective canopies for machine operators. Another concerns robot navigation of mobile underground mining equipment. Remote control devices, which allow operators increased visibility of the location and movement of other men and equipment in a mining operation, continue to be one of our major research projects.

During the year, we have done considerable research work on recovery and utilization of plant waste water. We are now in the demonstration phase of this work and we are very optimistic about the results. This program will help minimize the waste water problems from preparation plants and also utilize the energy from coal that is now being discarded.

Our Company is continuing its far reaching programs to convert more mines from conventional to continuous mining systems, which have a number of advantages. They require less equipment to operate and maintain, and result in a reduced number of mining operations. At the same time safety performance is improved.

Extending our experience with new equipment, an additional longwall mining unit is ordered for installation this year. Longwall is one of the most efficient and hazard-free mining methods

Coal Sold (in millions of tons)

		1973	1972
	Metallurgical	**4.6**	4.7
Domestic	Utility	**4.8**	5.4
	Industrial	**1.0**	1.7
		10.4	11.8
	Metallurgical	**10.2**	10.5
Export	Utility	—	.3
	Industrial	**.1**	.3
		10.3	11.1
	Total	**20.7**	22.9
	Own Production	**18.8**	20.6
	Purchased Coal	**1.9**	2.3
	Total	**20.7**	22.9

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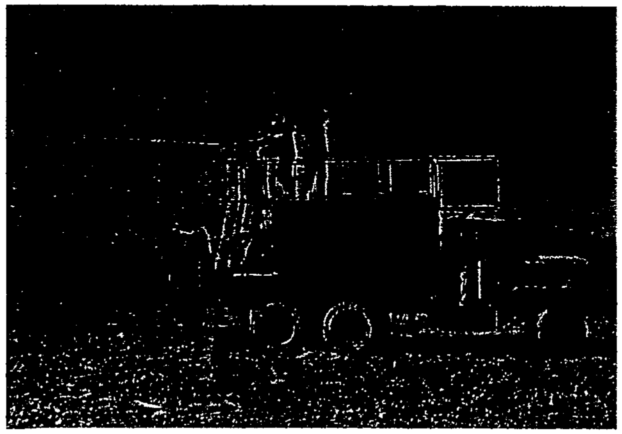
yet developed for specific types of mine conditions. We also plan to continue with more installations of the automated continuous haulage system featured in last year's report. Units in operation in 1973 have proven to be very safe and productive, particularly in thin seam mining conditions.

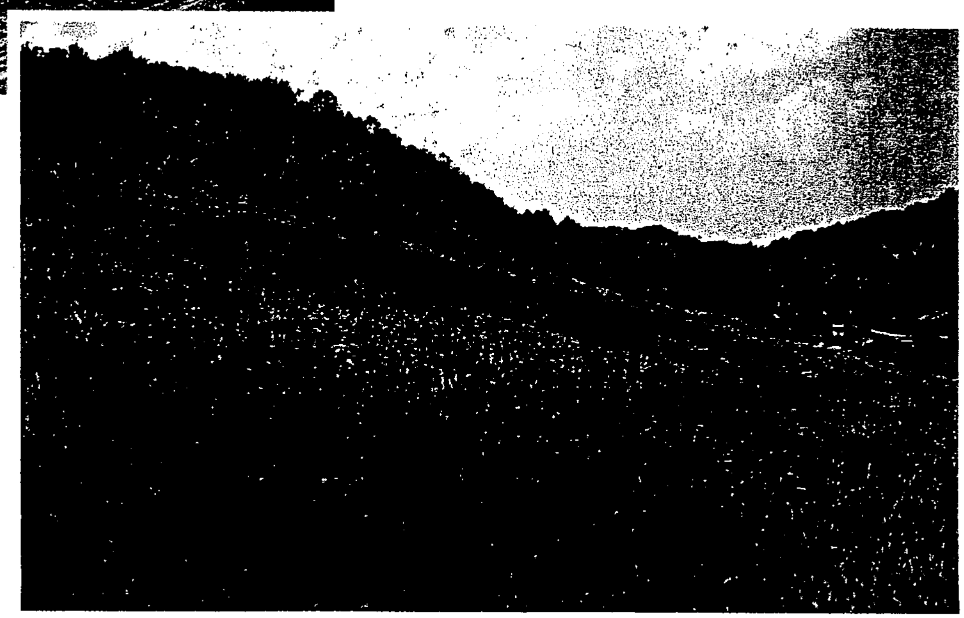
Work on new mines continues and two mines reached initial production stages near year's end. Additional mines are in varying stages of planning and development.

Projected demand for steel production in coming years throughout the world is of such magnitude as to challenge severely our ability to supply the increasing quantities of premium grade metallurgical coal required. We are fortunate to have large reserves of this premium coal, well located geographically to serve the steel markets of the world.

Following the Buffalo Creek flood in West Virginia on February 26, 1972 Buffalo Mining Company has continued to settle all claims filed with it which could be fairly settled. This work is now completed and we are pleased to report that substantially all of the thousands of claims of various kinds filed with Buffalo Mining Company over the past two years have been settled. On the other hand the Company and Buffalo Mining Company are contesting litigation described in the notes to the financial statements in this report, brought against them by various claimants who for the most part chose not to file with Buffalo Mining Company the claims on which they are suing. The Company will also vigorously contest the two recent duplicative suits brought by the State of West Virginia shortly before the two year West Virginia statute of limitations ran. As indicated in the notes to the financial statements in this report, the large claims asserted in the various suits are believed by the Company and its counsel to be grossly exaggerated.

Reclamation at Work





This once burning refuse pile of approximately 25 acres was extinguished by covering with soil (above) and converted to a verdant field (right) by planting with the hydroseeder equipment shown.

BRINKS009232

Metallurgical Coal

In communicating with stockholders, we have frequently mentioned the quality of our metallurgical coal. Since the characteristics distinguishing this coal from other coals are still not generally understood, we will attempt to briefly explain them here.

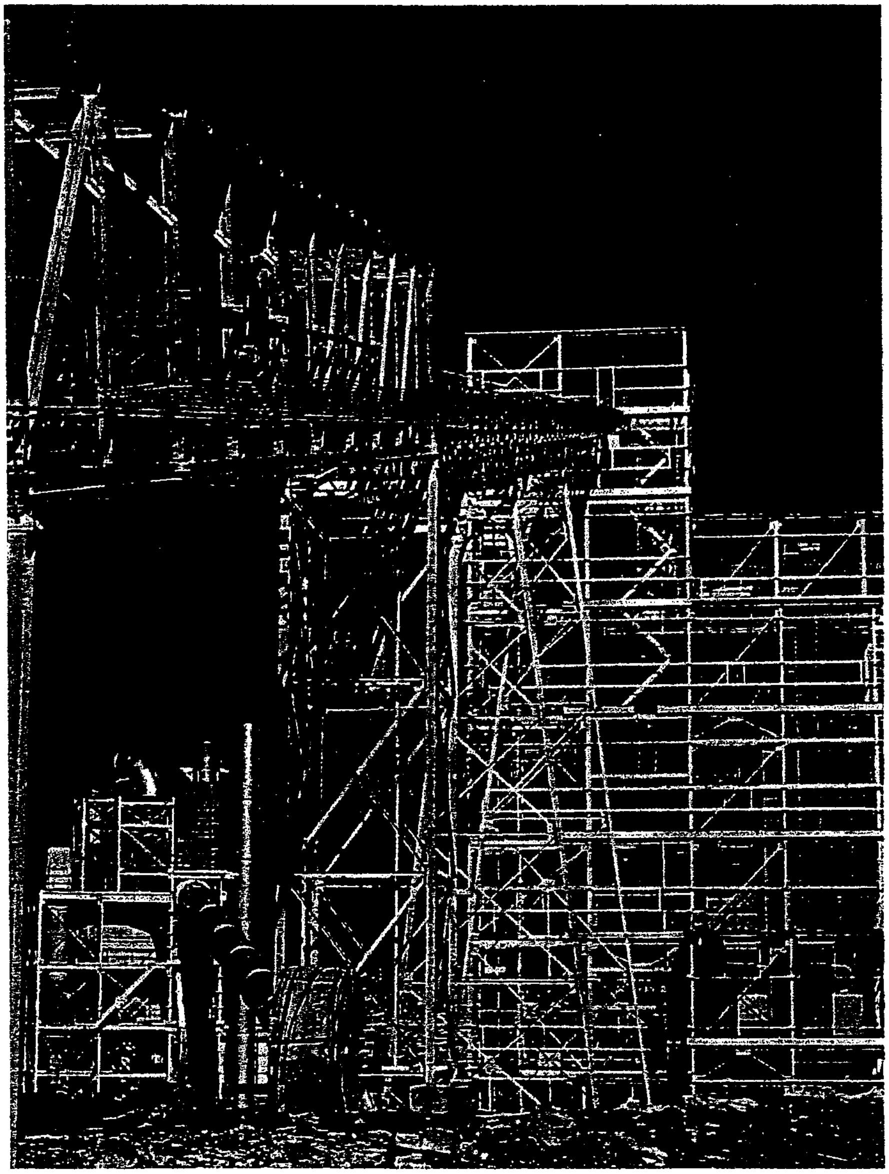
The term metallurgy means the science of extracting metals from their ores and preparing them for use. Certain coals have a major role to play, particularly in the metallurgy of steel.

Several steps are involved in the process. First, coal is converted to coke. Second, coke is used in a blast furnace which converts iron ore to "pig" iron. Third, the pig iron is converted to steel.

It will be easier for you to understai the quality of our company's metallurgical coal if we start by describing the blast furnace operation followed b a description of the coke oven operation leading us back to the coal.

Coke is the key ingredient in blast furnace operation. Coke, along with iron ore and limestone, are the raw mε terials fed to the blast furnace. They are dumped into the top of these huge structures. Hot gases are "blasted" ir the bottom sections and pass upward inside the furnace through the raw materials and out the top. The hot gases raise the temperature of the rav materials to start a chemical reaction. As the reaction progresses the raw materials move down through the furnace becoming progressively hotter. As temperatures rise, the iron ore is converted to pig iron and melted. The limestone is also decomposed an melted and this melted material is called "slag". The molten iron is witt drawn from the bottom of the furnace along with molten slag which floats or top of the molten iron.

Coke is a refractory material with a porous structure which retains its physical characteristics and strength at high temperatures. It remains firm and strong at high blast furnace temperatures while the other raw materia become fluid. Chemically the coke assists in decomposing the iron ore ir iron. The physical properties of the white hot coke are strong enough to support the tremendous weight of the big pile of raw material on top of it inside the furnace, and its porosity allows the hot gases to pass up throu it while the molten slag and pig iron flow down. These are the unique prop



Under construction is the coal preparation plant associated with our new Meadow River Mine in West Virginia. These facilities will add to our output of premium quality metallurgical coal.

BRINKS009233

erties of coke which are critical to the operation of a blast furnace.

Another most important requirement of coke is that it must be low in sulphur. Sulphur in coke is transferred to the molten pig iron and remains in steel made from such pig iron. Because sulphur creates brittleness in steel, it must be held to minimum levels in producing coke.

The production phase preceding the blast furnace is the coke oven. In modern coke ovens a mixture or blend of powdered metallurgical coals is charged to an oven which is then heated externally through the walls. Because oxygen is excluded from the oven, the coal does not "burn" as it is heated. As the temperature rises, the volatile materials in the coal are "boiled" off. A certain portion of the coal, which has been intentionally added to the blend, becomes fluid and acts to cement the other particles of coal into the final solid, porous structure. Perhaps it would help to recall how popcorn and caramel are made into a popcorn ball to visualize this process. The coal is only fluid or "melted" while there are still volatile components in it. As the last of these are boiled off at higher temperatures, the remaining material solidifies into its strong, refractory form.

After approximately eighteen hours, the process is complete and only the non-volatile components of the coal, principally carbon, remain. This is coke. At this stage the oven is opened and the coke is pushed from the oven, orange hot, and is quenched with water. One of the pictures on the cover of this report shows hot coke being pushed from an oven.

The powdered blend of metallurgical coal charged to a coke oven must be low in sulphur content in order to produce coke having an acceptable sulphur content for blast furnace use. It is estimated that less than 10% of the world's coal reserves possess properties suiting them to be mixed with other coals for use in the coking process.

Up to 25% of the powdered metallurgical coal blend fed to a coke oven should have the "high fluidity" property of melting, flowing and strongly cementing the other coal particles together. This is fortunate for such characteristics were formed by nature in only a small fraction of the coal seams of the world. Such coal is referred to as premium quality, high fluidity, metallurgical coal. It plays a very vital role in the coking process. Our company's significant reserves of this scarce high fluidity coal are among the best in the world. Total reserves are summarized in the table below.

Free world production of crude steel was estimated at just under 700 million net tons in 1972. This is estimated to have required about 380 million net tons of metallurgical coal. Of that, approximately 60 million tons would have been of the premium quality, high fluidity blend type. Your company supplied 15 million tons, or about 25% of the free world requirement.

Industry authorities forecast the demand for free world crude steel at over 1 billion tons by 1980. Production of that magnitude is estimated to require an additional 22 to 25 million more tons of premium quality, high fluidity metallurgical coal blends. Since many suppliers of the 1972 requirements of this quality coal are faced with diminishing output because of depleted or uneconomical reserves, it appears that the U.S. coal industry—and particularly Pittston—will have to supply a much larger share of the forecast requirement. These factors constitute a very bright prospect for the coal operations of our company for the foreseeable future.

The Pittston Company

Estimated Recoverable Coal Reserves

as of January 1, 1974
(In Tons)

	Metallurgical Coal	Utility Coal	Total
Virginia	353,639,000	—	353,639,000
Northern West Virginia	55,028,000	86,100,000	141,128,000
Central West Virginia	220,491,000	—	220,491,000
Southern West Virginia	388,394,000	51,657,000	440,051,000
Kentucky	225,731,000	—	225,731,000
Wyoming	—	171,000,000	171,000,000
Totals	1,243,283,000	308,757,000	1,552,040,000

BRINKS009234

Oil Division

Earnings of the Oil Division in 1973 trailed 1972 earnings by 47%. Oil Division revenues were 19% ahead of 1972 revenues and the physical volume in barrels sold was 6% behind 1972 levels.

Those in the oil business have recognized for several years the precarious balance between world supply and demand for petroleum products. The increasing importance of Middle East supply and its relative unreliability in view of its unsettled political climate has been readily apparent. These apprehensions became reality with the Arab production cutbacks and embargoes of 1973. Obviously this event had dramatic effects upon our business.

Because of price controls in this country but not in foreign operations, a major imbalance in price for equivalent products of foreign versus domestic suppliers was quickly created. Demand exceeded the total availability from all sources, requiring that purchases be made from all suppliers to the extent possible. Government price regulations resulted in materially lower profits than we enjoyed in both 1971 and 1972.

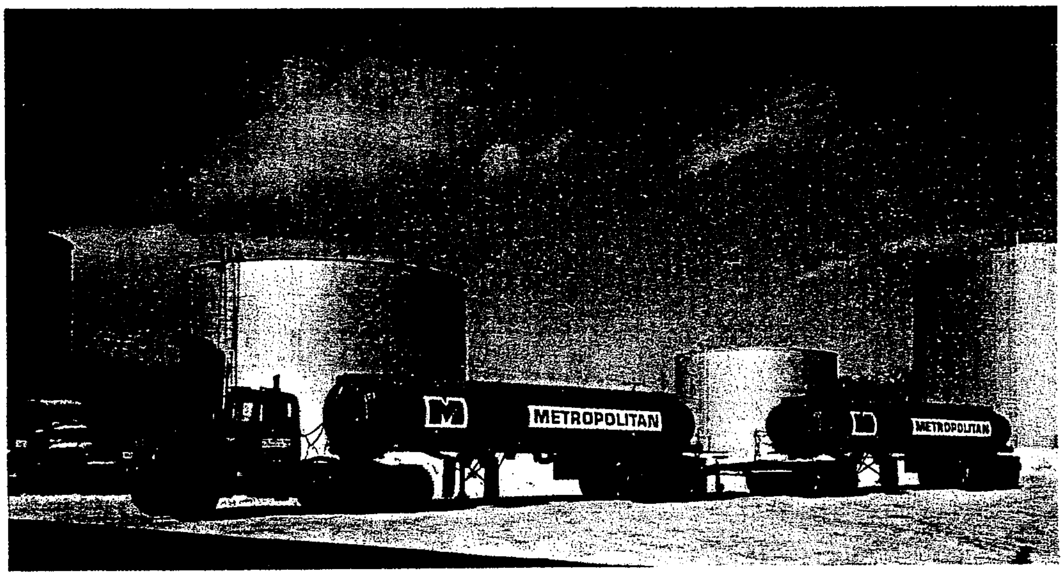
Waste water treatment systems were improved at our Montreal and Albany terminals by more than doubling our processing capabilities for vessel ballast and terminal waste water while maintaining the stringent effluent quality standards established. Modification of our storage facilities at our deep water terminals in New York and Boston have provided total self sufficiency for processing petroleum wastes. These systems separate oil from water and recover the oil as a marketable product. The system in New York will also handle the wastes of our satellite barge terminals in the greater New York area.

Our new terminal in Stamford, Connecticut was completed in 1973. Its modern design includes the latest pollution abatement concepts available.

Growth in our petrochemical product line continued in 1973. One of the key products, Metlite, has received fuel oil dealer acceptance as a combustion improver and an aid in cleaner, more efficient boiler operation. With the energy shortage, added efficiency is multiplied in importance. This division also provides 24-hour spill cleanup service to terminals in the New York harbor area on a contractual basis.

Commitments have been made for

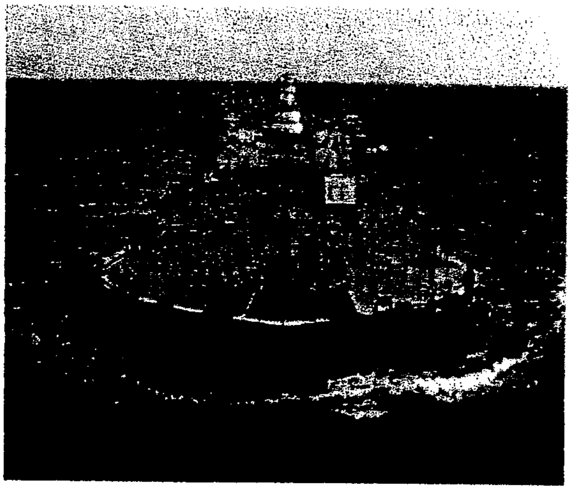
In cooperation with eastern highway authorities, the Oil Division sponsored the evaluation of tandem equipment.



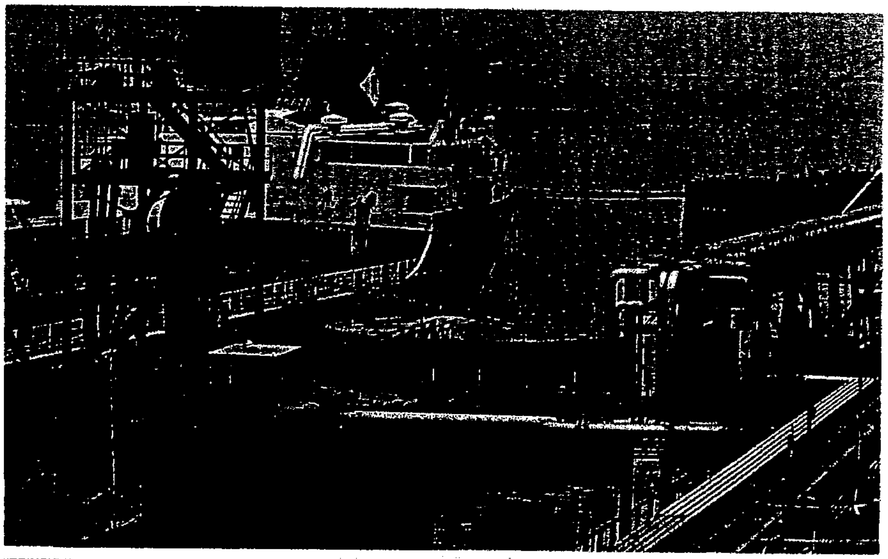
BRINKS009235

the construction of four new barges to add to our fleet. They are expected for delivery within the first half of 1975 and their capacity will more than double our present barge distribution capability.

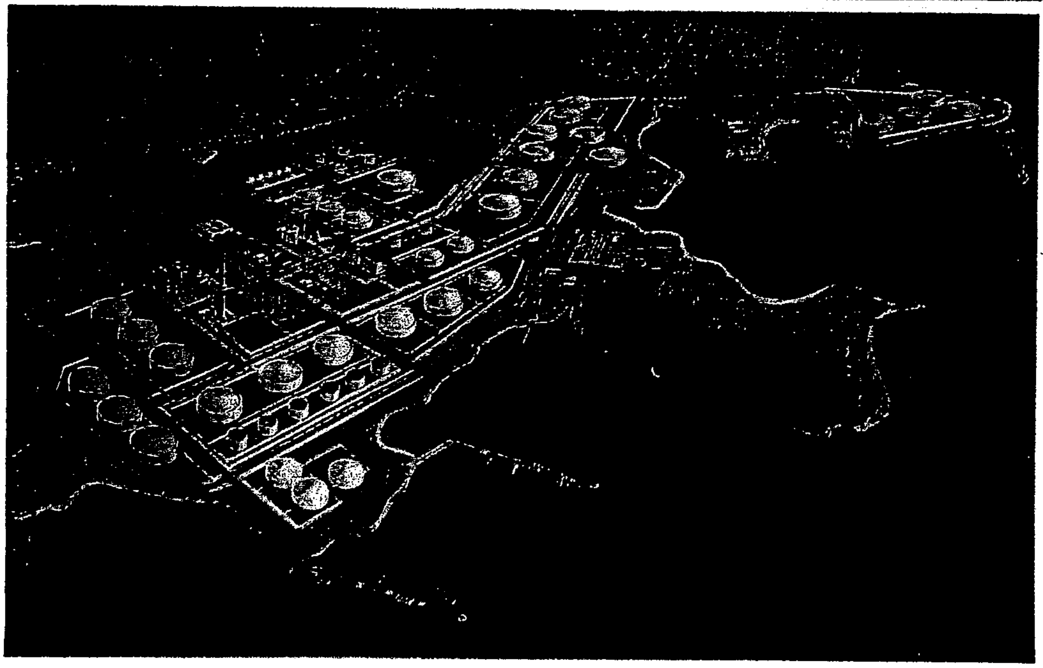
Hearings on our application to build an oil refinery and marine terminal in Eastport, Maine were concluded on January 23rd, and a decision from Maine's Board of Environmental Protection will be handed down on or before March 29, 1974.



An ocean-going oil barge, propelled by a tugboat, provides fast, safe and economical transportation of oil products. Four new barges are on order to expand our present fleet.



A tanker delivers oil to our East River terminal in the New York City metropolitan area.



An artist's rendition of the oil refinery and marine terminal proposed at Eastport, Maine. A ruling on the permit requested is expected on March 29, 1974, shortly after this report goes to press.

Brink's—Gerlach B. V., Amsterdam, Holland became an affiliate of our expanding world-wide security service operations. Acquired for its use is this old fortress with walls more than six feet thick built in 1859.

Brink's

Revenues increased 7% in 1973 from 1972 levels and earnings decreased 8%.

Revenues for the year established a new record of $105,226,000 versus the high established in the previous year of $98,642,000. Earnings of $7,651,000 decreased from $8,325,000 in 1972.

The Pittston Company owns 8,000,000 shares of the outstanding stock of Brink's. However, 1,000,000 of these shares are held in escrow to meet the exchange privileges of the owners of $61,000,000 of Pittston subordinated debentures exchangeable for Brink's stock.

Brink's has announced on several occasions its intention to purchase shares of its own common stock. As this report goes to press, approximately 570,000 shares have been purchased and are being held in Brink's treasury. Accordingly, there are presently 9,430,000 shares outstanding of which Pittston's 8,000,000 shares represent 85%.

A copy of the Brink's annual report is enclosed inside the back cover of this report. It will provide all stockholders more detail of the Brink's operations.

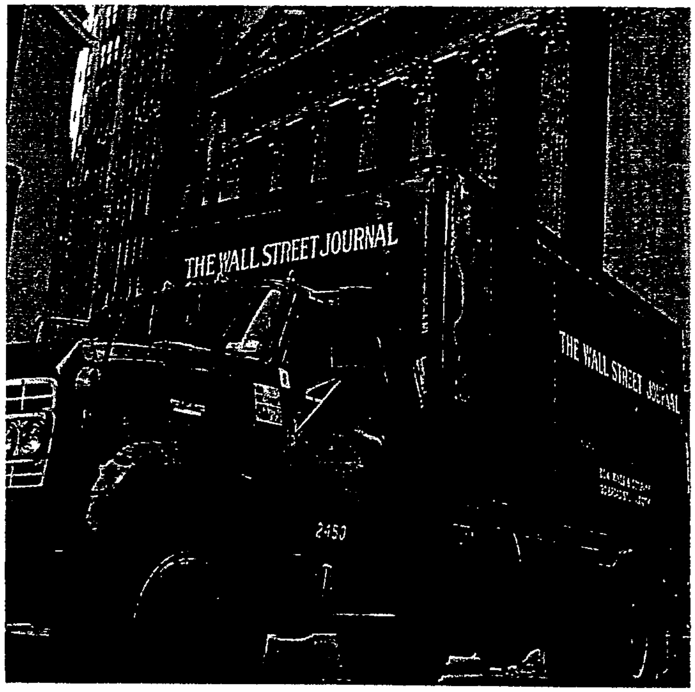
BRINKS009237

Trucking and Warehousing

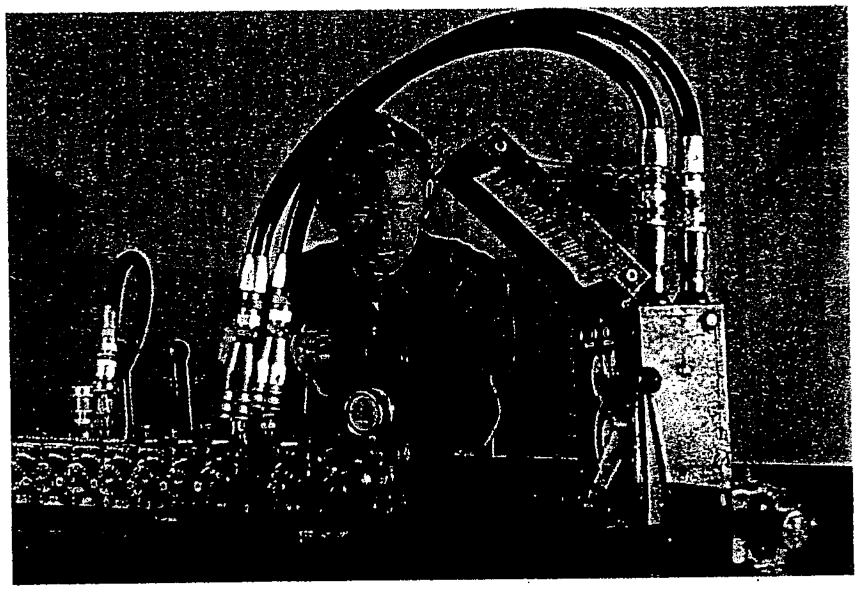
Income for the division increased 22% from the 1972 level. As detailed in last year's annual report, Terminal Warehouses Limited, a Canadian subsidiary, was sold at the end of 1972. The purchaser asked us to manage the operation for a short time after it was sold. This arrangement was later extended and we managed the operation for the entire year 1973, producing income not originally expected. This income, along with increased income from the continuing operations of the division, yielded the improved results by comparison with 1972.

During 1973 a new contract was negotiated with our employees associated with the Teamsters Union. We were happy to conclude these negotiations without a strike at any of our operating locations.

The business outlook for this division is associated closely with the general business level in the areas serviced. The energy crisis and resulting fuel shortage complicate the normal problems of forecasting, clouding the outlook for 1974. However, we feel the results for this division will again reflect general economic activity.



Truck leasing (above) is one of the diversified operations of our Trucking & Warehousing Division. Rigging is another. Shown at left is some heavy equipment being lifted to an upper story of a new building.



A mechanic—trainee tests hydraulic components of mine machinery. Training programs properly equip employees for safe and efficient operations.

Ten Years in Review

Sales and Income (in thousands)			Financial Position (in thousands)				
Calendar Year	Sales and Operating Revenues	Net Income	Working Capital	Net Property, Plant and Equipment	Total Assets	Long Term Debt	Stockholders' Equity
1973	$682,559	$25,416(B)	$108,264	$253,753	$495,990	$119,884	$229,921
1972	623,525	24,097(B)	116,214	257,473	482,974	137,509	227,407
1971	581,031	35,325(B)	60,442	254,636	446,620	97,012	208,316
1970	505,677	34,495(B)	52,996	236,689	419,983	111,554	173,686
1969	419,526	17,186	61,933	175,981	325,125	89,684	141,556
1968	402.403	16,301	53,194	172,826	316,664	89,379	129,432
1967	386,957	15,872	43,296	170,622	303,708	89,084	117,832
1966	315,604	12,425	44,039	149,873	259,351	76,515	105,062
1965	288,078	10,431	42,384	132,676	232,762	67,463	97,084
1964	257,127	8,902	36,474	121,597	213,552	59,167	93,186

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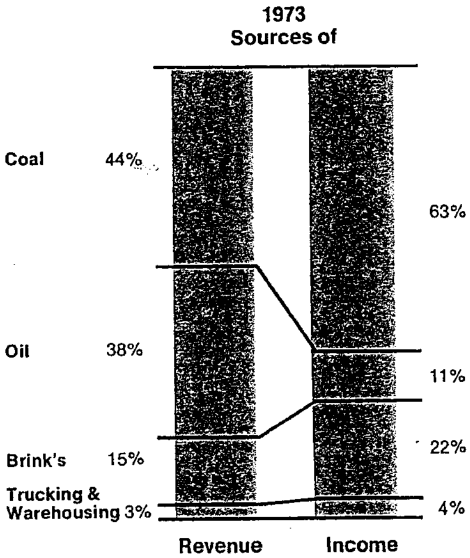
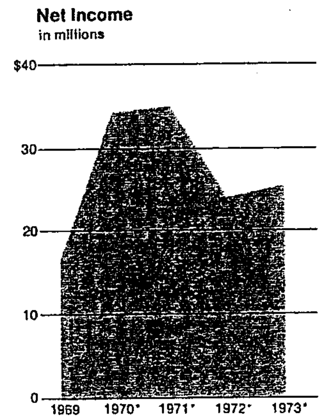


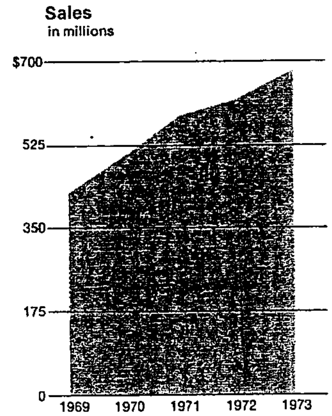
Common Stock (A)

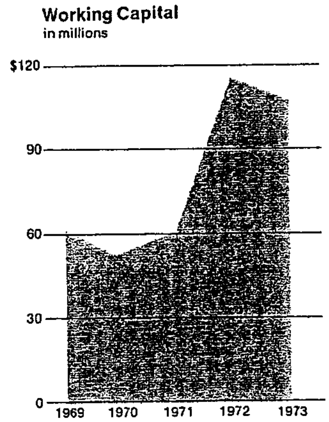
Shares Outstanding (average)	Earnings Per Share	Cash Dividends Per Share	Book Value Per Share
17,335,320	$1.47(B)	$ .58	$13.26
17,316,480	1.39(B)	.57	13.13
17,272,776	2.05(B)	.55	12.06
17,118,339	2.02(B)	.47	10.15
16,930,591	1.02	.35	8.36
16,779,086	.97	.34	7.71
16,564,038	.96	.33	7.11
16,350,937	.76	.32	6.43
16,360,846	.64	.28	5.93
16,609,833	.54	.22	5.61

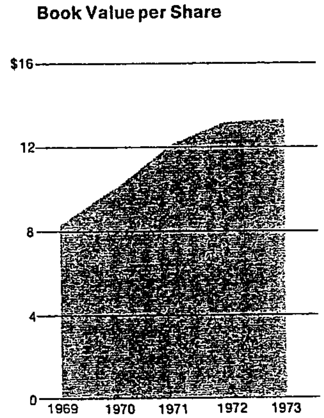
(A) Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1974.
(B) Before extraordinary items.



*Before extraordinary items.







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Consolidated Balance Sheet

December 31, 1973 and 1972

Assets	1973	1972
Current Assets:		
Cash	$ 15,549,460	$ 34,150,833
Short term investments—at cost (approximate market)	23,517,704	30,547,088
Accounts receivable:		
Trade	99,787,640	83,334,011
Other	5,653,688	17,516,114
	105,441,328	100,850,125
Less estimated amount uncollectible	2,114,407	1,986,728
	103,326,921	98,863,397
Inventories:		
Fuels	73,553,425	34,588,605
Merchandise	1,755,048	1,610,988
Supplies	3,016,570	3,205,652
	78,325,043	39,405,245
Prepaid expenses (including Federal income taxes of $1,238,357 in 1972)	2,892,171	4,025,362
Total Current Assets	223,611,299	206,991,925
Property, Plant and Equipment—at cost (Notes 2 and 4):		
Bituminous coal lands	104,587,677	107,187,455
Land, other than coal lands	7,984,977	7,823,611
Buildings	16,850,903	16,371,821
Machinery and equipment	293,980,208	291,973,347
	423,403,765	423,356,234
Less accumulated depreciation, depletion and amortization	169,650,679	165,883,198
	253,753,086	257,473,036
Other Assets	18,625,601	18,509,497
	$495,989,986	$482,974,458

See accompanying notes to financial statements.

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Liabilities	1973	1972
Current Liabilities:		
Notes payable:		
Banks	$ 1,001,262	$ 793,188
Other	223,711	310,908
Current maturities of long term debt (Note 4)	16,151,998	18,183,537
Accounts payable	70,111,324	46,718,603
Dividends payable	2,644,033	2,600,821
Accrued liabilities:		
Payrolls	10,850,766	9,597,692
Workmen's compensation and other claims	2,419,672	2,545,801
Federal income taxes (Note 3)	1,385,286	—
Other taxes	3,215,790	2,418,257
Miscellaneous	7,343,331	7,609,502
	25,214,845	22,171,252
Total Current Liabilities	115,347,173	90,778,309
Long Term Debt, less current maturities (Note 4)	119,884,425	137,508,579
Other Liabilities	7,249,619	5,251,490
Deferred Income Taxes (Note 3)	11,129,128	14,425,609
Proceeds from Sale of Future Coal Production	7,000,000	1,000,000
Minority Interest in Brink's, Incorporated, a subsidiary	5,458,319	6,603,881
Contingent Liabilities (Notes 8 and 10)		
Commitments (Note 9)		
Stockholders' Equity (Notes 4, 5 and 6):		
Common Stock, par value $1.00 per share:		
Authorized: 25,000,000 shares Issued: 1973, 16,980,076 shares; 1972, 16,486,056 shares	16,980,076	16,486,056
Capital in Excess of Par Value	127,410,114	115,463,238
Retained Earnings	87,272,587	97,198,727
	231,662,777	229,148,021
Less Common Stock in treasury, at cost (1973, 147,250 shares; 1972, 147,249 shares)	1,741,455	1,741,431
Total Stockholders' Equity	229,921,322	227,406,590
	$495,989,986	$482,974,458

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Consolidated Income Statement

Years Ended December 31, 1973 and 1972

	1973	1972
Net Sales	$557,708,048	$503,691,745
Operating Revenues	124,851,235	119,833,188
Net Sales and Operating Revenues	682,559,283	623,524,933
Other Income	7,022,318	3,911,776
Total Revenues	689,581,601	627,436,709
Costs and Expenses		
Cost of sales	510,712,908	454,776,705
Operating expenses	98,867,700	93,372,345
Selling, general and administrative expenses	37,141,292	35,800,460
Interest expense	9,083,583	8,593,845
Minority interest in earnings of a subsidiary	1,407,447	1,665,049
Total Costs and Expenses	657,212,930	594,208,404
Income before Provision for Income Taxes and Extraordinary Items	32,368,671	33,228,305
Provision for Income Taxes:		
Federal	4,130,776	6,234,792
State and Foreign	2,821,668	2,896,459
	6,952,444	9,131,251
Income before Extraordinary Items	25,416,227	24,097,054
Extraordinary Items, net of taxes (Note 8)	(10,074,901)	4,488,083
Net Income	$ 15,341,326	$ 28,585,137
Per Share (a):		
Income before Extraordinary Items	$1.47	$1.39
Extraordinary Items, net of taxes (Note 8)	(.59)	.26
Net Income	$ .88	$1.65
Shares Outstanding (average) (a)	17,335,320	17,316,480

(a) Adjusted for stock dividends, including the 3% stock dividend paid February 1974.

See accompanying notes to financial statements.

Consolidated Statement of Stockholders' Equity

Years Ended December 31, 1973 and 1972

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock
Balance at December 31, 1971	$15,985,950	$ 95,941,212	$98,130,200	$(1,741,431)
Consolidated net income	—	—	28,585,137	—
Market value of 475,192 shares of Common Stock issued as a 3% stock dividend February 10, 1972	475,192	19,245,276	(19,720,468)	—
Sale of 24,914 shares of Common Stock under Stock Option Plans	24,914	276,750	—	—
Cash dividends declared—$.57* per share	—	—	(9,796,142)	—
Balance at December 31, 1972	16,486,056	115,463,238	97,198,727	(1,741,431)
Consolidated net income	—	—	15,341,326	—
Market value of 490,165 shares of Common Stock issued as a 3% stock dividend February 8, 1973	490,165	11,881,600	(12,371,765)	—
Sale of 3,855 shares of Common Stock under Stock Option Plans	3,855	65,276	—	—
Charge resulting from purchase by a subsidiary of its own shares	—	—	(2,796,192)	—
Cash dividends declared—$.58* per share	—	—	(10,099,509)	—
Purchase of Common Stock for Treasury	—	—	—	(24)
Balance at December 31, 1973	$16,980,076	$127,410,114	$87,272,587	$(1,741,455)

**Adjusted for stock dividends, including the 3% stock dividend paid February 1974.*

See accompanying notes to financial statements.

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Consolidated Statement of Changes in Financial Position

Years Ended December 31, 1973 and 1972

	1973	1972
Sources of Working Capital		
Operations:		
Income before extraordinary items	$ 25,416,227	$ 24,097,054
Add (deduct) items not affecting working capital:		
Depreciation, depletion and amortization	29,972,968	29,602,341
Deferred income taxes	(172,398)	763,354
Minority interest in net income of a subsidiary	1,407,447	1,665,049
Total from operations	56,624,244	56,127,798
Extraordinary Items, excluding non-working capital elements	(292,515)	4,488,083
Additions to long term debt	271,898	61,538,947
Disposals of property, plant and equipment, excluding extraordinary items	1,179,431	2,873,964
Proceeds from sale of future coal production	6,000,000	1,000,000
Total sources of working capital	63,783,058	126,028,792
Applications of Working Capital		
Additions to property, plant and equipment	40,079,477	35,313,457
Reductions of long term debt	17,896,052	21,042,444
Cash dividends declared	10,099,509	9,796,142
Purchase by Brink's of its own shares	4,814,450	—
Miscellaneous	(1,156,940)	4,105,482
Total applications of working capital	71,732,548	70,257,525
Increase (decrease) in working capital	$ (7,949,490)	$ 55,771,267
Increases (Decreases) in Components of Working Capital		
Current Assets:		
Cash and short term investments	$ (25,630,757)	$ 20,570,978
Accounts receivable, net	4,463,524	17,001,423
Inventories	38,919,798	(9,211,848)
Prepaid expenses	(1,133,191)	1,081,846
	16,619,374	29,442,399
Current Liabilities:		
Notes payable and current maturities of long term debt	(1,910,662)	(30,901,563)
Accounts payable	23,392,721	3,182,538
Dividends payable	43,212	99,866
Accrued liabilities	3,043,593	1,290,291
	24,568,864	(26,328,868)
Increase (decrease) in working capital	$ (7,949,490)	$ 55,771,267

See accompanying notes to financial statements.

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Notes to Financial Statements

1 Summary of Significant Accounting Policies

Principles of Consolidation:

The accompanying financial statements reflect the accounts of The Pittston Company and its subsidiaries, except for certain insignificant foreign subsidiaries the investment in which is carried in the balance sheet at equity value. All intercompany items and transactions of material amount have been eliminated in consolidation.

Foreign Currency Translation:

Fixed assets are translated into United States dollars at historical rates of exchange. All other assets and liabilities are translated at year-end rates of exchange. With the exception of depreciation and amortization, which are translated at historical rates, all income and expense accounts are translated at average rates prevailing during the year. Net unrealized losses from foreign currency translation are charged to income currently. Net unrealized gains are deferred, except that such gains are credited to income currently to the extent of losses previously charged to income. The amount of exchange adjustments in 1973 and 1972 was insignificant.

Inventories:

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

Property, Plant and Equipment:

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground. Mine development costs, including deficits ($2,400,000 in 1973 and $700,000 in 1972) at mines in the development stage, are capitalized and amortized over the estimated useful life of the mine.

Income Taxes:

The provision for income taxes is based on income and expenses included in the accompanying consolidated income statement. Differences between taxes so computed and taxes payable under applicable statutes and regulations are classified as deferred taxes arising from timing differences (see Note 3).

Investment tax credits are accounted for by the "flow-through" method, and are thus reflected in income in the year they are deducted for tax purposes.

2 Property, Plant and Equipment

The amount of depreciation, depletion and amortization charged to expense in 1973 was $29,972,968, compared with $29,602,341 in 1972.

Property, plant and equipment at December 31, 1973 includes $4,999,330 ($4,904,349 at December 31, 1972) representing the net book value of properties formerly operated by the Company. These properties produce revenue under a timber cutting agreement, and under coal leases calling for royalties on a per-ton-mined basis.

See note 8 for information regarding property, plant and equipment written off in 1973.

3 Income Taxes

The provision for income taxes, exclusive of extraordinary items (see note 8), consists of the following components:

	U.S. Federal	Foreign	State	Total
		(In thousands)		
1973				
Currently payable before investment credit	$6,178	$1,923	$ 732	$ 8,833
Investment credit	(1,708)	—	—	(1,708)
Deferred	(340)	167	—	(173)
Total—1973	$4,130	$2,090	$ 732	$ 6,952
1972				
Currently payable before investment credit	$7,302	$1,546	$1,262	$10,110
Investment credit	(1,742)	—	—	(1,742)
Deferred	675	88	—	763
Total—1972	$6,235	$1,634	$1,262	$ 9,131

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The sources of the timing differences which gave rise to deferred taxes in 1973, and the tax effect of each are shown below:

	(In thousands)
Adjustments resulting from audits of prior years' tax returns	$ (600)
Mine development expenditures, capitalized and amortized on books but deducted as incurred for tax purposes	1,811
Workmen's compensation claims, book provision in excess of tax deduction	(1,292)
Insurance claims, tax deduction in excess of book provision	192
Excess of book over tax depreciation	(80)
Excess of book provision over tax deduction for bad debts	(74)
Miscellaneous	(130)
	$ (173)

The total tax provision for the year 1973 was $6,952,000 (an effective tax rate of 21.5%), a total which is less than the amount of $15,537,000 computed by applying the U.S. Federal income tax rate of 48% to the income before provision for income taxes and extraordinary items. The reasons for this difference are as follows:

	Amount (In thousands)	Percent of Pre-tax Income
Tax provision computed at 48%	$15,537	48.0
Increases (reductions) in taxes:		
"DISC" income, taxed at an effective rate of 24%	(3,025)	(9.3)
Excess of percentage depletion deducted for tax purposes over cost depletion per books	(5,058)	(15.6)
Investment credit	(1,708)	(5.3)
Miscellaneous	1,206	3.7
Actual tax provision	$ 6,952	21.5

In 1972, the effective tax rate was 6 points higher than 1973 because of lower percentage depletion and DISC income and a larger charge resulting from audits of prior years' tax returns.

It is the policy of the Company to accrue appropriate U.S. and foreign income taxes on earnings of subsidiary companies which are intended to be remitted in the near future. Unremitted earnings of such subsidiaries which have been permanently reinvested for growth and expansion, exclusive of those amounts which, if remitted in the near future, would result in little or no such tax by operation of relevant statutes currently in effect, aggregated approximately $16,550,000 at December 31, 1973 and $7,970,000 at December 31, 1972. These amounts include unremitted earnings ($11,940,000 at December 31, 1973 and $5,650,000 at December 31, 1972) of the Company's Domestic International Sales Corporation (DISC) subsidiary on which taxes have not been accrued, and which have been, or are intended to be, permanently reinvested in qualified export assets and should not become taxable in the foreseeable future.

The Company and its domestic subsidiaries file a consolidated U.S. Federal income tax return. Such returns have been audited and settled through the year 1970.

4 Long Term Debt

Consists of the following:

	1973	1972
Senior:		
6⅛% First Mortgage Sinking Fund Notes due 1982	$ 16,904,000	$ 19,037,000
Bank Loans due 1975	2,000,000	6,000,000
Notes due 1975	1,800,000	3,600,000
Notes due 1977	8,364,000	11,152,000
Other Obligations, principally at 4%—6½%	6,800,675	10,702,729
	35,868,675	50,491,729
Subordinated:		
6¼%—5¾% Notes due 1981	12,180,750	13,804,850
6¼% Notes due 1976	1,095,000	1,642,000
5½% Notes due 1985	5,840,000	6,370,000
6% Notes due 1987	3,900,000	4,200,000
4% Subordinated Debentures due 1997	61,000,000	61,000,000
	84,015,750	87,016,850
Total Long Term Debt, Less Current Maturities	$119,884,425	$137,508,579

The 6⅛% First Mortgage Sinking Fund Notes are secured by a mortgage upon certain coal properties having an aggregate net book value of approximately $56,400,000 at December 31, 1973. There are no other issues of long term debt secured by a significant lien on specific assets.

The bank loans due 1975 bear interest at ¼% above the prime rate in effect from time to time; the notes due 1975 bear interest at ½% above the prime rate; and the notes due 1977 are at the prime rate, with a minimum of 6% and a maximum of 7½%.

The 4% Subordinated Debentures due July 1, 1997, were issued in June 1972 and are exchangeable at any time prior to redemption or maturity for shares of common stock of Brink's, Incorporated owned by the Company, at an exchange rate of 16.3934 shares per $1,000 Debenture (the equivalent of $61 per share). The ex-

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change rate is protected against dilution. The Debentures are entitled to annual mandatory sinking fund payments of $3,050,000 commencing in July 1983. The Debentures are redeemable at the Company's option in whole or in part at any time prior to maturity at redemption prices which decline from 103.8% of principal amount on July 1, 1973 to 100% of principal amount on July 1, 1992.

For the four years through December 31, 1978, minimum repayments of long term debt outstanding are as follows:

1975	$14,591,517
1976	10,924,293
1977	7,727,836
1978	4,633,775

Under the terms of certain issues, the Company has agreed to usual restrictions relating to consolidated working capital, cash distributions to stockholders, and the amount of additional funded debt which may be incurred. At December 31, 1973, consolidated retained earnings not restricted as to cash distributions to stockholders were $54,401,583.

5 Capital Stock

In December 1973 and 1972, the directors declared 3% stock dividends, resulting in the issuance of 505,137 additional shares of Common Stock in February 1974 and 490,165 shares in February 1973. At December 31, 1973 and 1972, retained earnings of $12,138,442 and $12,371,765, respectively, were appropriated for the issuance of the stock dividends.

The Company has authority to issue up to 2,000,000 shares of Preferred Stock, par value $10 per share. No shares are presently issued or outstanding.

6 Stock Options

Under the existing 1969 Plan and earlier plans, key employees are granted options to purchase shares of the Company's Common Stock at 100% of quoted market value. The plans provide for the granting of five-year options, which are exercisable in instalments of up to 20% annually, beginning one year from date of grant, and exercisable in full after four and one-half years from date of grant. In addition, the existing 1969 Plan permits the granting of ten-year options, which are exercisable in instalments of up to 20% annually, beginning one and one-half years from date of grant, and exercisable in full after five and one-half years from date of grant.

The table below summarizes the activity in the plans. The data have been adjusted, in accordance with the anti-dilution provisions in the plans, for stock dividends and distributions, including the 3% stock dividend paid February 1974.

	No. of Shares	Aggregate Option Price (In thousands)	Aggregate Market Value(a) (In thousands)
Outstanding:			
12/31/73	201,306	$5,581	$5,581
12/31/72	194,887	5,525	5,525
Granted:			
In 1973	21,167	$ 510	$ 510
In 1972	25,143	610	610
Became Exercisable:			
In 1973	37,936	$ 875	$ 955
In 1972	35,633	875	1,065
Exercised:			
In 1973	3,855	$ 70	$ 99
In 1972	25,661	304	810

(a) At dates granted for options outstanding and granted; at dates exercisable for options becoming exercisable; and at dates exercised for options exercised.

At December 31, 1973, there were 670,955 shares reserved for issuance under the Plans, including 469,649 shares reserved for future grants.

7 Pension Plans

The Company and its subsidiaries have several non-contributory pension plans which provide eligible employees with retirement and disability benefits based on past and future services. The total pension expense was $3,014,000 in 1973 and $3,106,000 in 1972, which includes amortization of prior service cost over periods up to forty years. The plans provide for the funding of the pension costs accrued. The actuarially computed value of vested benefits in excess of the total pension funds and balance sheet accruals at year end was approximately $2,644,000 in 1973 and $3,695,000 in 1972.

8 Extraordinary Items

Extraordinary items consisted of the following:

	1973 (In thousands)	1972 (In thousands)
Write off of certain coal mining facilities and development costs, net of income tax credits of $3,636,000	$ (9,270)	—
Provision for estimated claims and expenses relating to the 1972 flood at Buffalo Mining Company, net of income tax credits of $742,000 in 1973 and $1,034,000 in 1972	(805)	$ (1,120)
Profit on sale of a subsidiary, Terminal Warehouses Limited, net of income taxes of $144,000	—	5,608
Net credit (charge)	$ (10,075)	$ 4,488

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The coal mining facilities and development costs written off in June 1973 were previously placed on a standby basis in 1972, because of the impact of Environmental Protection Agency regulations which materially reduced the market for coal mined from these facilities. Although the Company is of the opinion that there will be a market for this coal, it is improbable that the existing mine tunnels and shafts and nontransferable equipment will be usable, and accordingly they were written off.

The provision for estimated claims and expenses relating to the Buffalo Mining Company flood reflects estimated recoveries from insurance carriers of $1,265,000 in 1973 and $11,400,000 in 1972.

The principal insurance carrier has agreed that the insured will be indemnified for losses up to the policy limits and the insured have agreed that such indemnity will be without prejudice to possible claims for recovery of the indemnity payments or any other claims which might be asserted against the insured, but only after all payments required by the agreement have been made. The provision for flood losses does not include any amounts in respect of (a) an action brought against the Company in the United States District Court for the Southern District of West Virginia by Dennis Prince and some 625 other plaintiffs seeking damages aggregating approximately $64,000,000 as the result of alleged loss of life, personal injury and property damage caused by the flood; (b) actions brought in the Circuit Court of Kanawha County, West Virginia and in the United States District Court for the Southern District of West Virginia by the State of West Virginia and its governmental subdivisions seeking damages of $100,000,000 on account of alleged flood losses; and (c) actions brought in various courts in West Virginia by some 170 additional plaintiffs seeking damages aggregating approximately $13,000,000 on account of alleged flood losses. Although the outcome of these several lawsuits cannot be predicted, in the opinion of Company's counsel the damages sought are, in any event, grossly exaggerated.

9 Lease Commitments

In the course of its normal operations, the Company leases certain property, plant and equipment. Total rental expense for the years 1973 and 1972 under such leases were as follows:

	1973	1972
	(In thousands)	
Gross rental expense	$8,020	$7,446
Sublease rentals	(848)	(672)
	$7,172	$6,774

Minimum rental commitments under noncancelable leases, as at December 31, 1973, are shown below (in thousands):

	Real Property			Machinery and Equipment	
Year(s)	Gross Commitment	Sublease Rentals	Net		Total
1974	$ 3,983	$(917)	$ 3,066	$484	$ 3,550
1975	3,928	(688)	3,240	370	3,610
1976	3,829	(597)	3,232	151	3,383
1977	3,576	(506)	3,070	89	3,159
1978	3,333	(283)	3,050	82	3,132
1979-1983	13,659	(789)	12,870	205	13,075
1984-1988	10,171	—	10,171	125	10,296
1989-1993	6,937	—	6,937	2	6,939
Remainder	7,150	—	7,150	—	7,150

Many of the leases included above provide that the Company pay taxes, maintenance, insurance and certain other operating expenses applicable to the leased premises. So called "financing" leases included above are not significant.

10 Black Lung Benefits

Title IV of the Federal Coal Mine Health and Safety Act of 1969, as amended by the Black Lung Benefits Act of 1972, provides that coal mine operators shall be liable for the payment of benefits after December 31, 1973 on all claims filed after June 30, 1973. The benefits are payable to coal miners who are totally disabled due to pneumoconiosis ("black lung") and to the surviving dependents of miners whose death was due to such disease or who were totally disabled by this disease at the time of their deaths. The law applies to former employees, under certain circumstances, as well as to those presently on the payroll.

With respect to its coal mining operations located in the State of West Virginia, the Company is providing for black lung claims by paying premiums into the State Fund in accordance with prescribed regulations.

The Company acts as self-insurer in Kentucky and Virginia. Provision has been made for claims as they arise in Kentucky. With respect to Virginia, provision has been made in an estimated amount for claims believed to have been filed with appropriate governmental authorities but not yet finalized.

The extent of claims from former employees is not determinable, but the Company believes that, in the aggregate, they will not be significant.

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Accountants' Report

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
345 Park Avenue, New York, N.Y. 10022

The Stockholders
The Pittston Company:

We have examined the consolidated balance sheets of The Pittston Company and subsidiaries as of December 31, 1973 and 1972, and the related consolidated statements of income, stockholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in note 8, the Company is subject to various claims arising from a 1972 flood at Buffalo Mining Company, a subsidiary. Provision has been made for claims settled and for the estimated liability for claims in process of settlement and for estimated expenses. However, no provision has been made for claims which are the subject of litigation or for possible future claims, since the amount of the Company's liability for such claims is not presently determinable.

In our opinion, subject to final determination of the matter referred to in the preceding paragraph, the aforementioned financial statements present fairly the financial position of The Pittston Company and subsidiaries at December 31, 1973 and 1972 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

March 8, 1974

Principal Divisions and Subsidiaries

Coal

CLINCHFIELD COAL COMPANY DIVISION
Lebanon and Dante, Va., and Philippi, W. Va.

AMIGO SMOKELESS COAL COMPANY
Wyco, W. Va.

BADGER COAL COMPANY
Philippi, W. Va.

BUFFALO MINING COMPANY
Lyburn, W. Va.

EASTERN COAL CORPORATION
Stone, Ky.

JEWELL RIDGE COAL CORPORATION
Jewell Valley, Va.

KENTLAND-ELKHORN COAL CORPORATION
Pikeville, Ky.

PITTSTON COAL EXPORT CORP.
New York, N.Y.

PITTSTON COAL SALES CORP.
New York, N.Y.

RANGER FUEL CORPORATION
Beckley, W. Va.

SEWELL COAL COMPANY
Richwood, W. Va.

Oil

METROPOLITAN PETROLEUM COMPANY DIVISION
New York and New England

HAMPDEN OIL CORPORATION
Connecticut and Massachusetts

METROPOLITAN PETROLEUM, LTD.
Montreal and Ottawa, Canada

METROPOLITAN PETROLEUM PETROCHEMICALS CO., INC.
Jersey City, N.J.

PITTSTON MARINE TRANSPORT CORPORATION
New York, N.Y.

SINRAM-MARNIS OIL CO., INC.
New York, N.Y.

TANKPORT TERMINALS, INC.
Jersey City, N.J.

Brink's, Incorporated

NATIONAL and INTERNATIONAL HEADQUARTERS
Chicago, Illinois

Trucking and Warehousing

UNITED STATES TRUCKING CORPORATION
New York, New Jersey, Maryland, Georgia and Florida

BAKER & WILLIAMS
New York, N.Y.

APPENDIX K

THE PITTSTON COMPANY 1974 FORTY-FIFTH ANNUAL REPORT

APPENDIX K

PITTSTON

Board of Directors

Nicholas T. Camicia
President and Chief Executive Officer,
The Pittston Company

William F. Craig
Vice President, Irving Trust Company,
Banking
New York, N.Y.

Carl Ferenbach
President and Treasurer,
Leon-Ferenbach Company
Textile Production and Processing
New York, N.Y.

F. M. Kirby
Chairman of the Board and President,
Alleghany Corporation,
financial services, fabricated steel
products and motor freight,
Chairman of the Board, Investors
Diversified Services, Inc.,
financial services company, and
Chairman of the Board, M.S.L.
Industries, Inc., manufacturer
of steel products
New York, N.Y.

Edward F. McGinley, Jr.
President, Retired, Beneficial Mutual Savings Bank,
Banking
Philadelphia, Pa.

Thruston B. Morton
Vice Chairman, Liberty Bank and Trust Co.,
Banking
Louisville, Ky.

Robert W. Purcell
Consultant, Rockefeller Family & Associates,
Private Investments and Business Management
New York, N.Y.

Samuel F. Pryor, Jr.
Consultant,
Greenwich, Conn.

Joseph P. Routh
Chairman of the Board, The Pittston Company

William A. Stuart
Partner,
Penn, Stuart & Eskridge
Attorneys
Abingdon, Virginia

Henry J. Taylor
Author, Economist and Journalist
New York, N.Y.

Gene Tunney
Personal Investments
New York, N.Y.

Officers of the Company

Joseph P. Routh
Chairman

Nicholas T. Camicia
President and Chief Executive Officer

Douglas F. Johnston
Executive Vice President, Administration

A. F. Kaulakis
Vice President, Energy Development

Walter H. Schnakenberg
Vice President, Finance and Treasurer

George L. Philip
Controller

Joseph B. McNichols
Secretary

John S. Buscema
Assistant Treasurer

Description of Business

The Pittston Company is a diversified company with interests in mining and marketing of bituminous coal, distribution and marketing of fuel oil, Brink's armored car security services organization and a trucking and warehousing operation.

Corporate Office
200 Park Avenue, New York, N.Y. 10017

Transfer Agents
Chemical Bank, New York, N.Y.
Wells Fargo Bank, San Francisco, Cal.

Registrars
Manufacturers Hanover Trust Company, New York, N.Y.
Bank of America N.T. & S.A., San Francisco, Cal.

Note: This annual report is not a part of the soliciting material for the Company's annual meeting to be held May 7, 1975 at Richmond, Va. A formal notice of the meeting, together with proxy statement and proxy form, is enclosed herewith.

The common stock of The Pittston Company is listed on the New York Stock Exchange and The Pacific Stock Exchange, Incorporated. The Company's 4% Subordinated Debentures are listed on the New York Stock Exchange.

Front Cover: *The conveyor belt structure in the left foreground moves raw coal from the mine to the preparation plant for beneficiation at the new Meadow River No. 1 mine in West Virginia.*

HIGHLIGHTS

	1974	1973
Net tons of coal produced	**17,382,000**	18,796,000
Barrels of petroleum products sold	**34,050,000**	40,863,000
Sales and operating revenues	**$1,145,729,000**	$682,559,000
Earnings before extraordinary items	**113,636,000**	25,416,000
Earnings per share before extraordinary items	**6.35(A)**	1.42(A)
Cash dividends	**14,774,000**	10,100,000
Stock dividends	**17,601,000**	12,138,000
Total dividends	**32,375,000**	22,238,000
Depreciation, depletion and amortization	**32,432,000**	29,973,000
Expenditures for property, plant and equipment, including acquisitions	**52,370,000**	40,079,000
At Year End		
Total assets	**$ 687,657,000**	$495,990,000
Working capital	**179,500,000**	108,265,000
Net property, plant and equipment	**266,720,000**	253,753,000
Long-term debt	**104,714,000**	119,884,000
Stockholders' equity	**322,788,000**	229,921,000
Book value per common share	**18.04(A)**	12.88(A)
Common stock outstanding (average)	**17,889,000(A)**	17,855,000(A)
Number of employees	**17,125**	17,069
Number of stockholders	**14,993**	14,458

Note (A) Adjusted for the 3% stock dividend paid February 1975.

Coal is conveyed to a railroad car loading facility.

Contents

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Aerial view shows more comprehensive panorama of our new Meadow River No. 1 Mine in West Virginia.

To the Shareholders of The Pittston Company:

In 1974 we witnessed the renaissance of the coal industry. The nation is turning to its vast coal resources as a primary solution to its energy shortage. No longer is coal the unglamorous stepchild of American Industry, but an essential contributor upon which our total economy operates. In response to rapidly depleting domestic oil and gas reserves, a four-fold increase in foreign oil prices, and peak levels of steel production, our sales and earnings jumped to record levels in 1974.

Revenues in 1974 rose for the tenth consecutive year and passed the $1 billion mark for the first time in the Company's history, increasing by 68% to $1,145,729,000 from $682,559,000 in 1973. Earnings before extraordinary items advanced more sharply, by 347%, to a new high of $113,636,000, or $6.35 per share, from $25,416,000, or $1.42 per share. After an extraordinary charge of $6,190,000, equal to $.35 per share, net income was $107,446,000, or $6.00 per share. In 1973, after an extraordinary charge of $10,075,000, or $.56 per share, net income was $15,341,000 or $.86 per share.

The Coal Division, accounting for 50% of revenues and 88% of profits, produced these record results despite numerous labor related shutdowns which reduced production by an estimated 3 million tons. We were again the nation's largest coal exporter, generating a substantial portion of our country's $2.4 billion in coal exports which is noteworthy in view of the overall $3 billion national trade deficit in 1974. We trust that the wisdom of maintaining a continuing high level of coal exports will be supported by the government as our country struggles to offset the increased cost of imported oil.

In last year's annual report we said that the shortage of premium quality metallurgical coal, relative to the expected demand of the world's steel industry, was probably "a long term phenomenon of growing intensity". Our experience in 1974 gave further evidence of this trend. While world steel production in 1975 will probably fall somewhat from the levels of 1974, current forecasts of longer term requirements for premium quality metallurgical coal indicate that shortages will per-

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sist in the years ahead. This situation has had a favorable impact on prices, and barring unforeseen developments, we are anticipating that a firm pricing structure will be maintained, even in 1975.

Based on this positive outlook, we invested an additional $40 million in our coal division during 1974, bringing total investment over the last five years to approximately $216 million. In comparison, total net income derived from coal for the same five year period was $164 million, a difference of $52 million. It is obvious that current levels of earnings are essential if the Company is to keep pace with new facility requirements and at the same time distribute reasonable cash dividends to shareholders. In 1975 capital expenditures are budgeted for approximately $80 million, $63 million for the Coal Division and the balance of $17 million for other Divisions.

The nation's forecasted coal requirements demand maximum coal output during the next ten years. Estimates of future consumption rates range from 1 billion to 2 billion tons annually by 1985, compared to 1974 production of 590 million tons. The coal industry can only approach or achieve these ambitious goals within a favorable regulatory climate. If the government consistently promotes the objective of increasing coal production, we are confident that capital markets will supply the billions of dollars necessary to finance this expansion.

The major challenge in the coal industry continues to be declining productivity in underground mines. This past year represents the fifth consecutive year of lower productivity and 1975 may be the sixth. The drop for the coal industry's underground mines has been estimated as high as 35% since 1969. We believe that the implementation of effective safety regulations need not be this detrimental to productivity. The resulting increased unit costs must ultimately be passed along to our customers in the form of higher coal prices, which, in turn, are passed along as higher steel prices and higher electric bills.

Economists of every political philosophy agree that productivity increases are essential to a rising standard of living. When government action causes declining productivity in basic industries, the entire population must necessarily suffer the economic consequences. Unreasonably restrictive surface mining legislation and unrealistic environmental standards are two other major areas of legislation which can dramatically increase coal mining costs at the expense of the entire population. We encourage you to register your own views on this subject with your U.S. Congressional representatives.

Revenues and profits of our Metropolitan Oil Division, the largest independent marketer of fuel oil in the Northeast, were substantially ahead of the prior year due to the generally inflated cost and price levels of petroleum products. Physical volume was approximately 17% lower than in 1973 as our customers practiced conservation measures and experienced another warmer than normal heating season.

Brink's, our 85%-owned subsidiary, the largest armored car service company in the world, reported record results in 1974 as revenues rose 13% to $109,627,000 and earnings advanced 14% to $8,738,000 or $.93 per Brink's share.

Based on the Company's record profits, the Board of Directors, in December, increased the regular quarterly cash dividend on the Company's common stock by 33% to $.20 from $.15 per share, which raises the annual dividend rate to $.80 from $.60 per share. The Board also declared a year-end extra cash dividend of $.20 for 1974. As in recent years, a 3% stock dividend was declared.

Having concluded the most profitable year in the Company's 45-year history and a satisfactory three year contract with the United Mine Workers of America, we look to the future with optimism. Barring a significant further decline in international economic activity, we expect 1975 to be another record year. For the longer term, Pittston has ample reserves of premium quality metallurgical coal, a natural resource that enjoys strong domestic and international demand. Moreover, the Company's strong financial position provides management with the flexibility to move forward on new projects of unusual merit as opportunities are developed.

We thank all of our employees, shareholders and customers for their loyal support and look forward to reporting to you as the year progresses.

N. T. Camicia
President and Chief Executive Officer

Chairman of the Board

March 12, 1975

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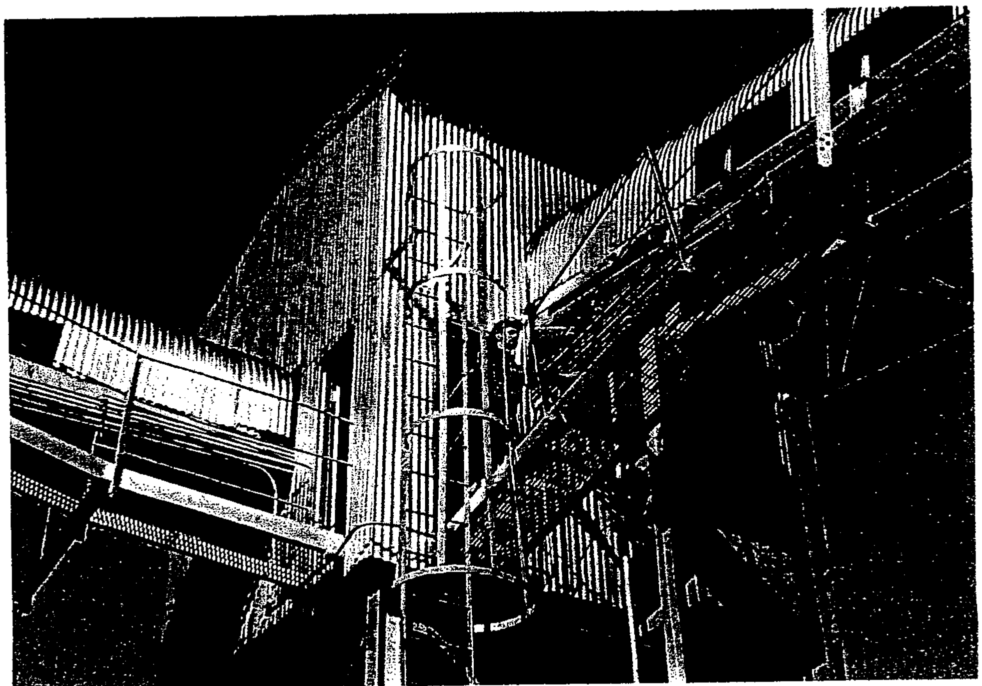
Coal Division

Coal production declined 1.4 million tons in 1974 to 17,382,000 tons although the Company opened new facilities and increased production capability at locations opened in 1973. This decline was brought about by frequent unauthorized work stoppages throughout the year, particularly in March and August, followed by a four week industry-wide strike starting in November. Coupled with the strike problem we again experienced reduced productivity in virtually all of our underground mines. Offsetting these difficulties, the Division reported a sales increase of 93% and an earnings increase of 471% solely attributable to higher price realization. Current forecasts indicate that a firm pricing structure will be maintained in 1975. In addition, management hopes to reverse the pattern of unscheduled work stoppages which have plagued the industry in recent years.

The 1974 production figures do not portray the excellent job performance of our mine management and supervisory team. Virtually throughout the year UMWA workers were staging wildcat walkouts at the slightest provocation. These disturbances increased safety hazards and frequently broke up well coordinated section crews working underground. Miners who wished to work were frequently prevented from doing so because of illegally posted pickets. Production time lost during the week meant that Saturday work schedules were the rule rather than the exception. Through many frustrating situations, each supervisor realized that every additional ton of coal produced was urgently needed by the country. We are all very pleased to recognize their unusual contributions to 1974 operating results.

The Division continues its effort to expand its output by locating desirable coal reserves and opening new mines. Extensive prospecting operations and core drilling are taking place on property presently owned or leased as well as on property under option to lease. The Company currently has nine new mines in various stages of evaluation, planning, design and construction which will be coming into production over the next five years.

Underground mining continued to be the dominant activity of our management and employees in 1974, as in prior years. On state approved sites, the Company maintains working agreements under which independent contractors conduct surface mining operations on our properties. These contractors produce approximately 13% of our total coal output. At least 90% of all surface mined land which is



Top structure of a loading facility over a railroad track.

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Company property has been reclaimed. Customarily, reclamation work progresses immediately behind the mining operation and meets all government standards.

Notwithstanding our limited involvement in surface mining, we are participating with the U.S. Forestry Service in an experimental seeding project to determine the form of vegetation most adaptable to reclaimed soil. In southern West Virginia, we are overseeing the surface mining of a mountain top which, upon reclamation, will create 455 acres of level ground, a major upgrading of the previously steep terrain. It is planned that this new level ground will then be available for use by federal, state or local organizations.

Improving safety results is an ongoing function of our management team. For example, through a U.S. Bureau of Mines program we are cooperating with Bituminous Coal Research, Inc. in studying a method to allay dust generated by the cutting action of the longwall plow. At another location, we are working with the U.S. Bureau of Mines to determine the feasibility of plugging a gas well to permit safe coal mining in the area. We are also experimenting jointly with the Bendix Corporation to improve protective canopies for mine equipment operators working in low vein coal seams.

Along with improved safety equipment we have increased the rate of safety training throughout our mining operations. The Company was conducting year-round technical training programs for employees long before federal and state regulations required such training. Our training center staff is aided by outside consultants, conducting seminars jointly with miners and supervisors. The Company awards three scholarships annually to local students who wish to attend a major mining engineering school. The Company also participates in work-study programs in engineering and mining technology.

In connection with the Buffalo Creek flood of 1972, there remain open two lawsuits filed by the State of West Virginia and the various private damage claims described in the notes to the financial statements in this report, the largest of which was filed on February 26, 1975, as this report was being prepared for printing. The Company and its counsel believe that the large claims asserted in these suits are grossly exaggerated, and the Company intends to contest them vigorously.

Coal Sold

(in millions of tons)

	1974	1973
Metallurgical	**13.5**	14.8
Utility	**4.5**	4.8
Industrial	**0.9**	1.1
Total	**18.9**	20.7
Own Production	**17.4**	18.8
Purchased	**1.5**	1.9
Total	**18.9**	20.7

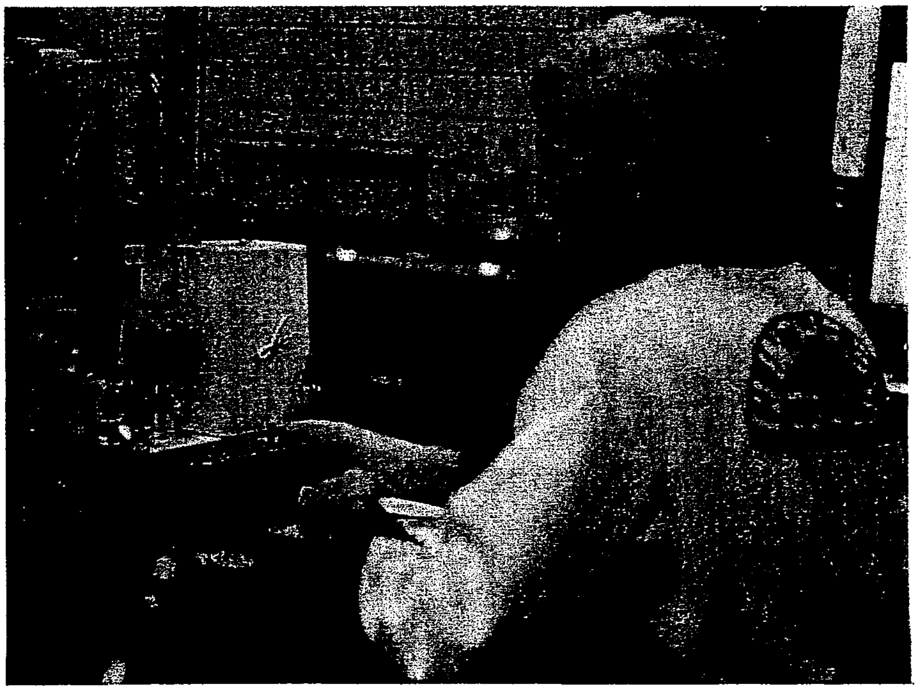
More about our High Fluidity Coal

Our 1973 annual report had a section entitled "Metallurgical Coal" which described the vital role that our premium quality, high fluidity metallurgical coal plays in the steelmaking process. This year we wish to explain further the unique properties of our principal product and give you an insight as to why our reserves are increasing in value.

While all coal is black, there the physical uniformity ends. The world's steel companies use a variety of different coals to produce coke. All over the world there are conveniently located deposits of coal which can be used as the largest portion of the coal blends entering the coke oven. The abundance of such deposits combined with the short haulage involved is an important cost factor. Therefore, it is only natural that steelmakers attempt to use as much local coal as possible in their coke oven mixtures. Typically, however, local coal cannot be used exclusively because it does not produce satisfactory coke. Coals having special properties must be included in the mixture to produce coke of high strength and to bind the local coal within the coke oven.

One coal with such unique properties is our premium quality, high fluidity metallurgical coal. When heated in the absence of air, this coal melts to a very thin consistency. In this fluid stage inside a coke oven it flows and adheres to the particles of the other coals in the mixture, and as the process progresses, it welds or cements these particles together into one continuous and porous mass. Since the various coals in the mixture soften at different temperatures, the premium quality, high fluidity metallurgical coal selected must maintain its fluid condition over a broad temperature range in order to overlap the different softening temperatures of the other coals. The quality and versatility of our coals is such that we can select the correct blend to maximize use of our customers' local coals and yet produce an excellent quality coke.

The strength of the coke manufactured is, to a large degree, a function of the strength of the weld made by premium quality, high fluidity metallurgical coal. Coke strength is also affected by other properties of the mixture such as expansion or contraction.



Quality is controlled by laboratory tests combining the latest techniques in both accuracy and speed. Shown here is a sulphur content determination test in progress.

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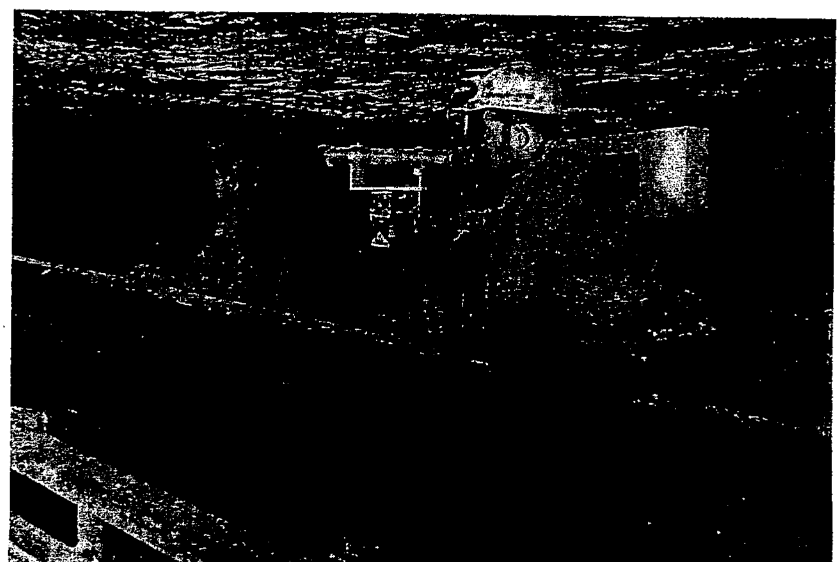
These instruments used in maintaining safe mining conditions are explained in training classes. The cross section of a human head and throat is used to educate trainees on the function and use of emergency mine rescue devices and methods.

Some coals expand when heated under coke oven conditions, others shrink. Coal mixtures that expand can crush the coke oven lining and "freeze" in the oven causing removal to be very difficult. Some shrinkage of the mixture is desirable as it enables the finished coke to be easily "pushed" from the coke oven, but excessive shrinkage means a lower yield—and thus a higher cost—as well as generally weaker coke. Thus, the degree of shrinkage must be carefully controlled when establishing the coal mix to be charged to the coke oven.

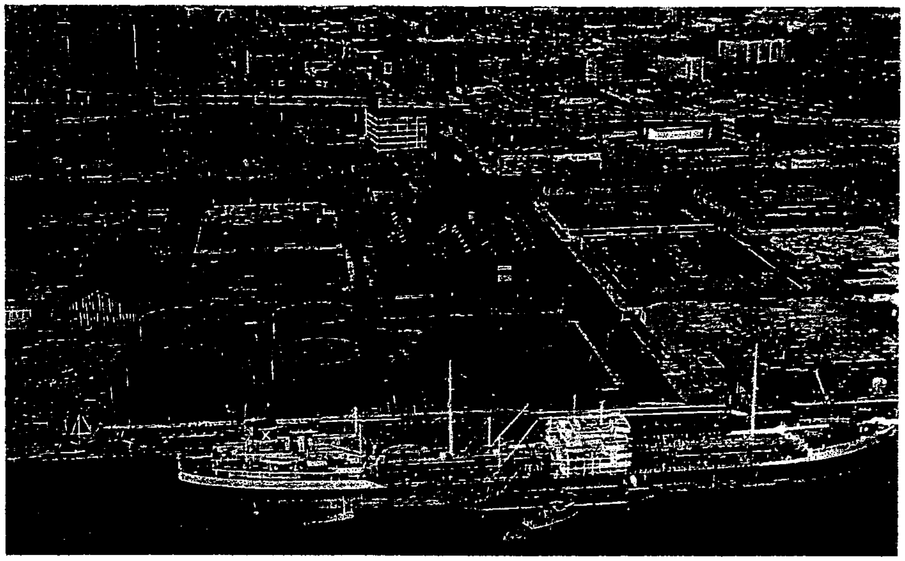
The quality of coke is a major factor in the economics of the steel industry. High quality coke can increase blast furnace yield in a business where fixed costs are very high. Thus the use of a more costly high quality coke can actually reduce the cost of pig iron production.

Coal with the unique characteristics necessary to qualify as premium quality, high fluidity metallurgical coal occurs rarely in nature and is not widely distributed throughout the world. The United States possesses the largest remaining deposits of such coal in the world. Consequently, this country supplies a large portion of the requirements for the world's steel industry at the present time and will be required to supply larger portions as supplies in the rest of the world are further depleted or become prohibitively costly to produce. Our Company's reserves of this premium quality, high fluidity metallurgical coal are among the finest and largest in the world.

Shown here is the application of a laser beam in rapid and true alignment of our conveyors in a mine in Virginia.



Oil Division



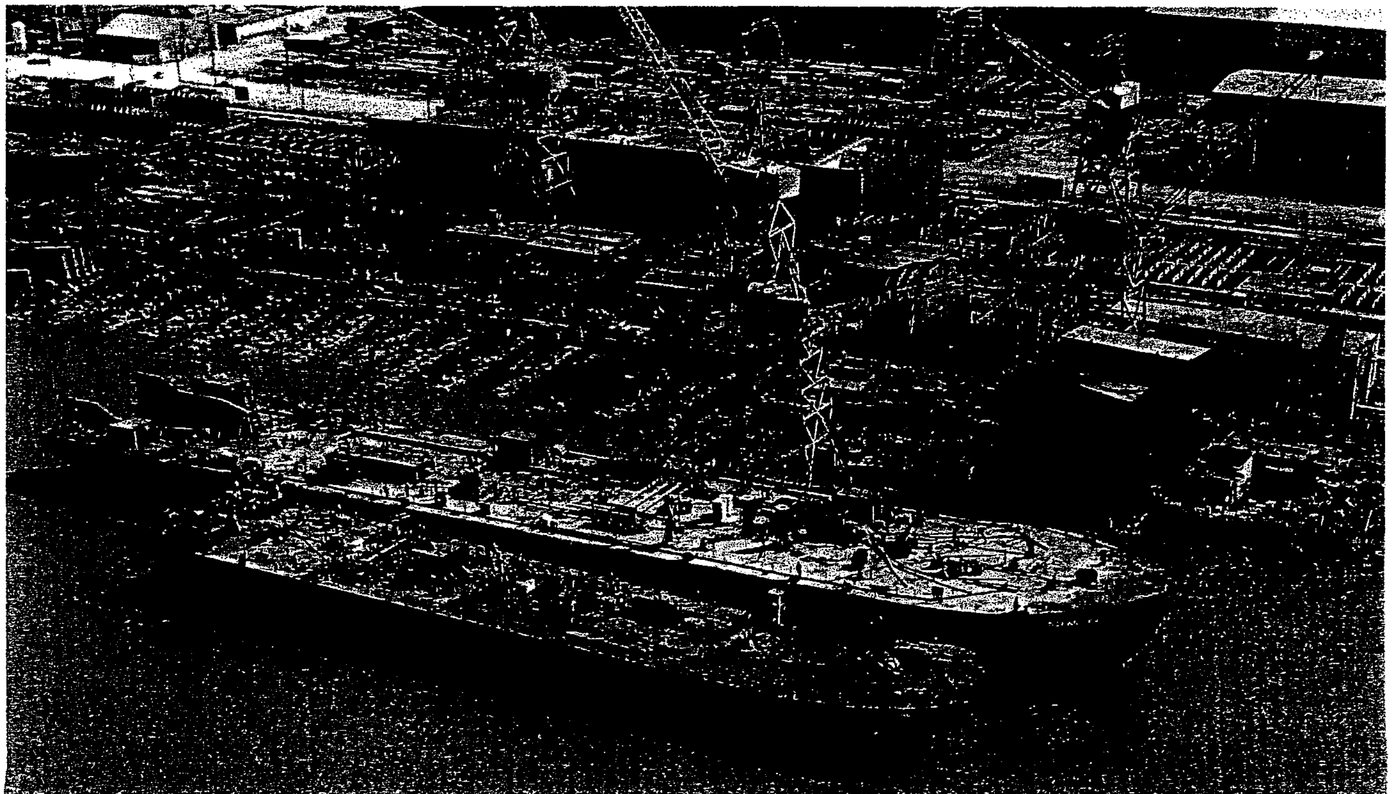
This aerial photo of a tanker unloading fuel oil at our terminal on the East River in The Bronx, New York, also shows its strategic location in the heart of the metropolitan area. The unpainted tank is new. Its construction was not quite complete at the time of this picture.

This aerial view at the shipyard shows new oil barges being constructed. Our fleet has been expanded by delivery of two of the four barges on order.

The oil embargo disrupted supplies and forced Metropolitan Petroleum to allocate available quantities among customers during the first quarter of 1974. Thereafter, the supply situation improved, but conservation measures and warmer than normal weather reduced demand through the rest of the year. Nevertheless, sales and profits of our Oil Division increased in 1974. While unit sales were off by 17%, to 34 million barrels from 41 million barrels in 1973, revenues were up 70% to $440 million and profits rose 75% to $5.6 million.

As the largest independent marketer of fuel oil in the Northeast, we have more than 650 vehicle delivery units operating in seven states and in eastern Canada, serving industrial, commercial and residential customers. This local delivery system is backed up by storage capacity in excess of twelve million barrels serviced primarily by water transport.

To improve our operating capabilities, we completed several construction projects during 1974. Tankage facilities on the Hudson River at Albany, New York were increased by 10 million gallons and those at our Bronx, New



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York City terminal on the East River by 6 million gallons. Our terminal at Greenpoint, New York has been improved to handle additional products. All of our terminals have either completed the necessary modifications to satisfy the various federal, state and local anti-pollution requirements or are in the process of completing this work.

The Sinram-Marnis Division has moved into new and larger quarters, strategically located near our East 138th Street deepwater terminal in The Bronx. Metropolitan's domestic retail branches based in Plattsburgh and Massena, New York are continuing to expand in these growth areas.

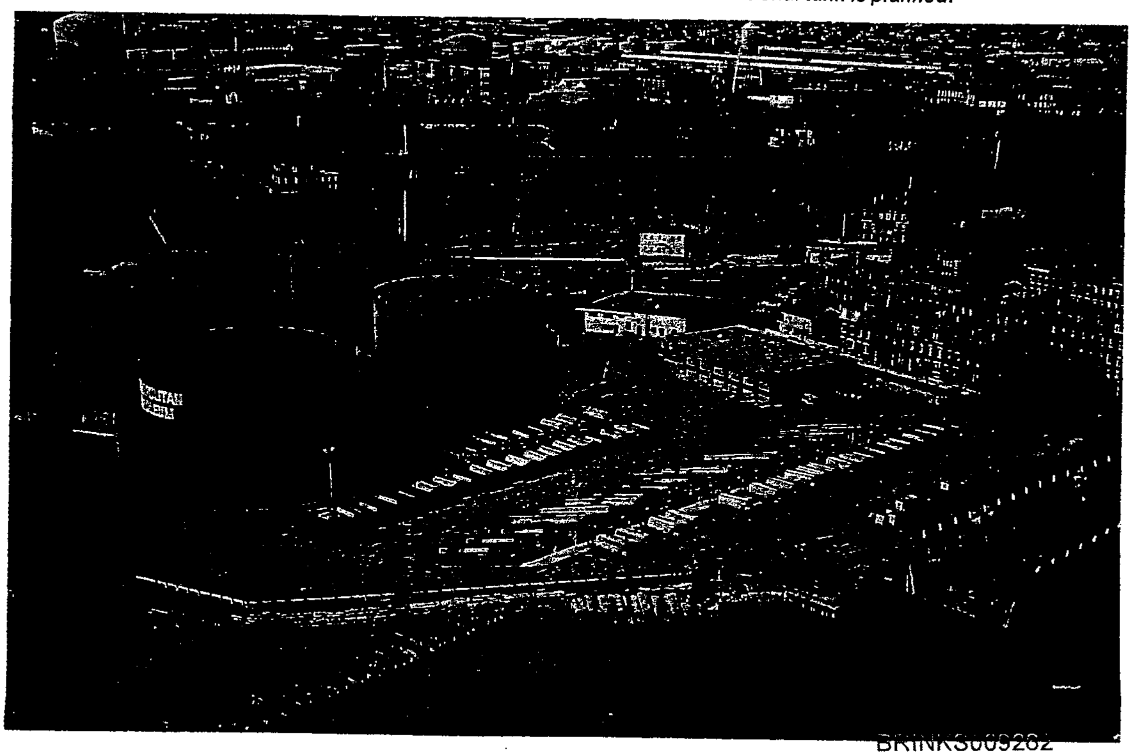
The Petrochemicals Division maintained profitable operations and opened additional new markets in New York State. The patented MP Boom and associated oil spill control equipment and services were in greater demand in 1974. Since we started the emergency spill cleanup service in the New York Harbor area, we have undertaken more than 150 projects and contracted separately with over 75 industrial customers.

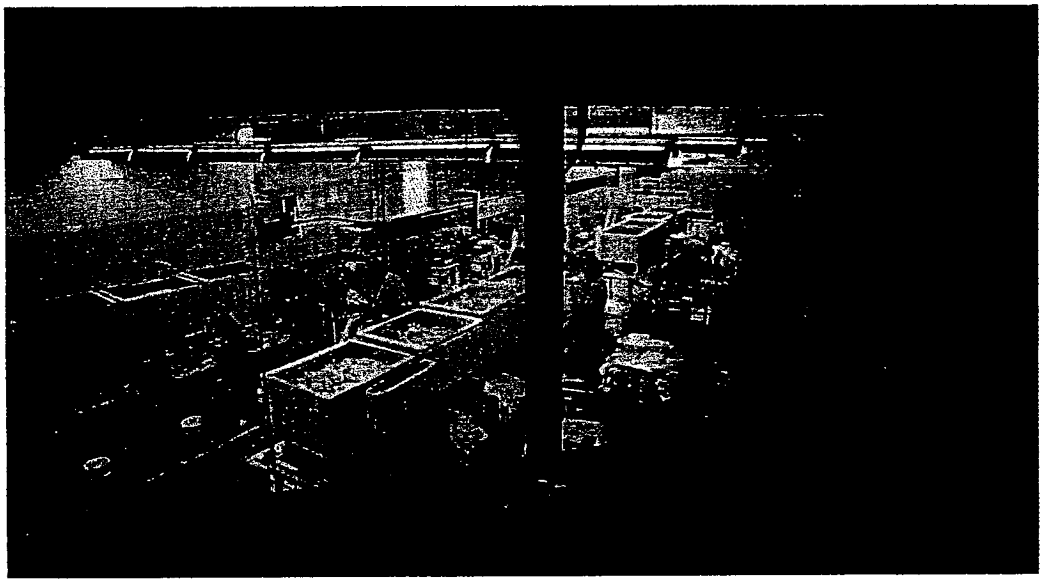
The barging operations of our Pittston Marine Division moved ahead profitably in 1974, and with the addition of new barges, increased revenues are expected in 1975. Two of the four barges previously ordered were delivered recently, expanding our fleet's volumetric capacity by 50%. These new vessels combine modern and efficient equipment with the latest proven technology in pollution control safeguards.

As this report goes to press, we are awaiting the final decision of Maine's Board of Environmental Protection concerning our application to locate an oil refinery and marine terminal at Eastport, Maine. We expect that this decision will be announced prior to April 1.

Government price regulations and conservation measures continue to play an important role in our operations. We look forward to a resumption of freedom in the decision making process of the oil business. It would appear that well located distribution facilities, such as those owned by Metropolitan, will be increasingly important to the nation as the oil industry looks to "downstream" operations to replace income lost from Middle East production.

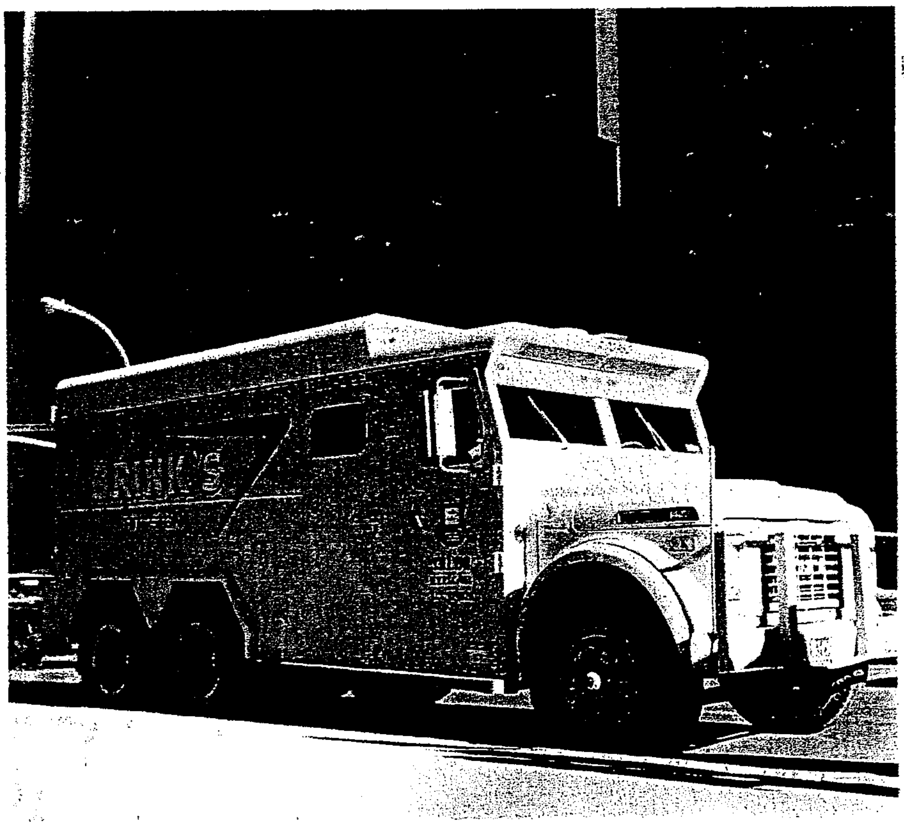
An aerial view of our terminal in Chelsea, Massachusetts for which an additional tank is planned.





One of our coin counting operations is under the watchful eye of an armed guard in a bullet proof enclosure.

A Brink's armored car is a common sight on the streets in the financial areas of most of the world's metropolitan centers.



Brink's, Incorporated

Brink's, our 85%-owned subsidiary, showed improvement in each quarter of 1974 over 1973, and for the year as a whole revenues and earnings set new records. Revenues increased 13% to a record of $109,627,000 from $97,229,000, and net income reached $8,738,000 compared to $7,651,000 in the prior year. Earnings per Brink's share rose 19% in 1974 to a new high of $.93 from $.78 in 1973.

Brink's performance in 1974, a sluggish year in the economy, reflects the basic strength of this 115-year old protective service organization as well as its carefully planned expansion of recent years. Growth in revenues was achieved despite long strikes in several of the company's branches. Highlighting 1974, Brink's benefited from the increased volume of gold shipments and from the greater level of platinum imports for use in pollution control devices. Brink's broadened its international network by initiating services in Italy as part of its larger expansion program on the European Continent.

Brink's now serves its contract customers from 114 branches in twenty-seven states and the District of Colum-

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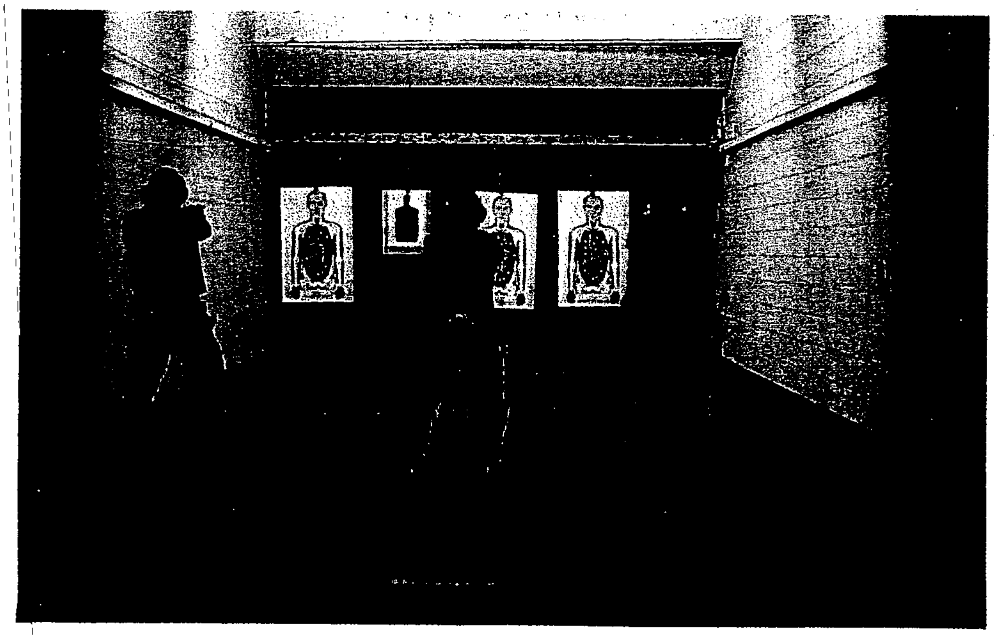
bia, nine provinces in Canada and in Venezuela; and provides services through affiliates in a total of seventeen foreign countries. Brink's can thus offer a truly worldwide network of outstanding protected transportation services for domestic and multinational companies. A Brink's armored car in Los Angeles, for example, can deliver a valuable cargo directly to the cargo compartment of a commercial aircraft, and an armed Brink's guard will board the flight as a passenger. At the city of destination, another Brink's armored car will be waiting to pick up the cargo at the compartment door for delivery to the recipient or perhaps to another airplane headed for another city where another Brink's truck will be waiting.

Regularly scheduled air courier services have proven to be successful and continue to expand. In 1974, Brink's opened a new air courier service for The Pacific Stock Exchange, Incorporated similar to that serving the New York financial community. Also the Seattle air courier office was expanded to include a regular armored car operation.

Brink's long history of efficient service in the secure transportation of valuables is an unparalleled corporate asset. Brink's continues to make progress in its plans to provide armored car protection in every major metropolitan center in the world. At the same time its outstanding reputation in the security business is leading us into related areas which offer opportunities for expansion.

Brink's, Incorporated has recently issued its own annual report which covers its operations in greater detail. We will provide a copy of the Brink's report to any Pittston shareholder who requests it.



Brink's armored car crews frequently sharpen and maintain their abilities with firearms in target practice on company ranges.

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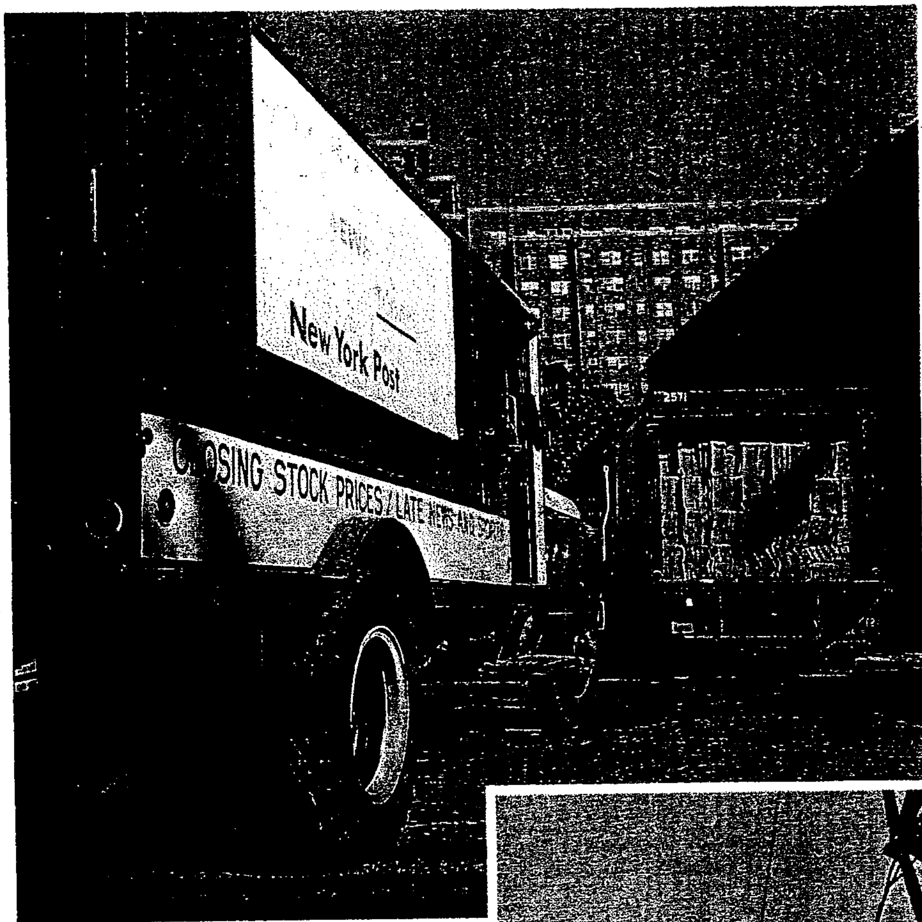


These New York newspaper trucks are provided through the leasing service of our Trucking and Warehousing Division.

This photo illustrates our ability to deliver objects of various sizes and weights to most any floor of tall buildings in metropolitan locations.

Trucking and Warehousing

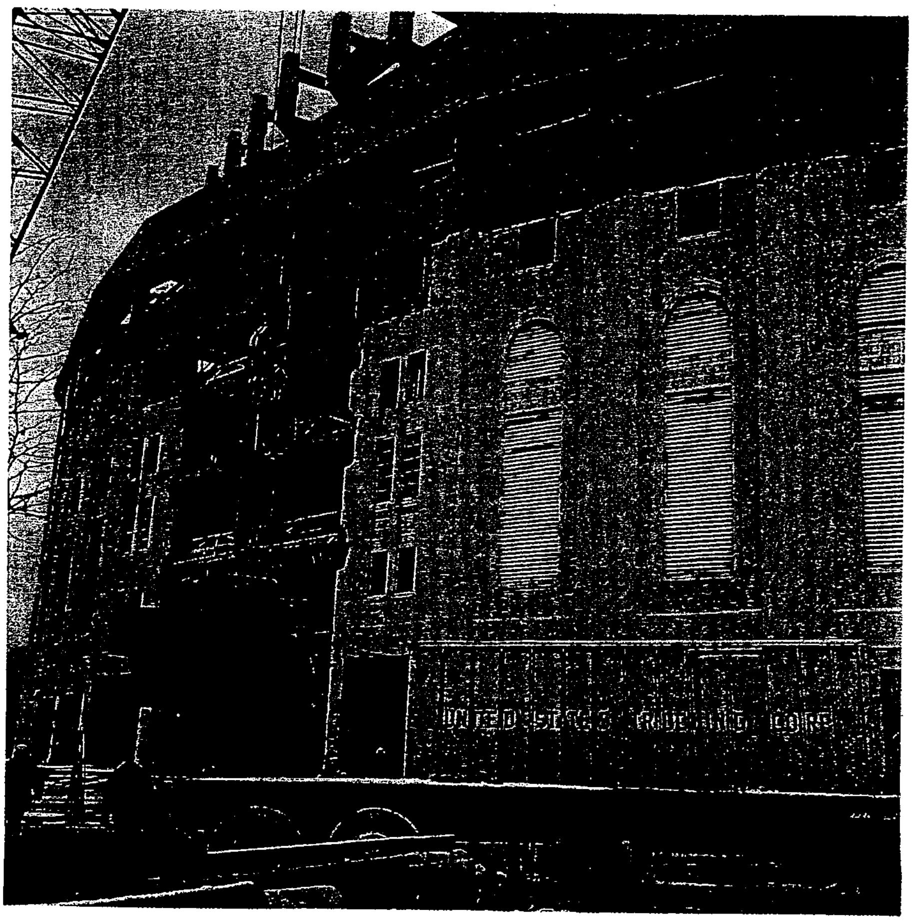
Trucking and Warehousing operations experienced a decline in revenues and profits in 1974 due primarily to the slow down in economic activity which affected the New York-New Jersey area.

United States Trucking Corporation operates approximately 650 vehicles, including trucks, tractors, semi-trailers, pole trailers, service units, tandem axle units, lift trucks, panel trucks, and automobiles. These units service our eleven warehouses in the metropolitan areas of New York City, Baltimore-Washington, Atlanta and Jacksonville by providing transportation of goods moving into and out of the storage areas. This provides us with the ability to offer prompt and efficient storage and delivery of our customers' products from facilities ideally located in active market centers.

The size and versatility of our operation, furthermore, enables us to handle a broad range of objects of varying sizes, shapes and weights. We have the equipment to provide most services a customer may order from warehousing and trucking to the delivery of very large and heavy objects even to the upper floors of New York City's tall buildings. Similarly, because of the location of our facilities we are able to provide convenience, efficiency and economy which is difficult to match.

Our truck leasing operation had approximately 250 vehicles on lease to customers in 1974, ranging from small equipment to large tractors and trailers.

The revenues of U. S. Trucking are closely related to the general level of business activity, particularly in the New York area where six of our warehouses are located. The economic outlook for 1975 provides no basis for a forecast of improved results this year, but we remain confident that over the longer term operating results will be satisfactory.



A heavy generator is handled for Yankee Stadium in New York.

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Ten Years in Review

Sales and Income (in thousands) / Financial Position (in thousands)

Calendar Year	Sales and Operating Revenues	Net Income	Working Capital	Net Property, Plant and Equipment	Total Assets	Long-Term Debt	Stockholders' Equity
1974	$1,145,729	$113,636(B)	$179,500	$266,720	$687,657	$104,714	$322,788
1973	682,559	25,416(B)	108,265	253,753	495,990	119,884	229,921
1972	623,525	24,097(B)	116,214	257,473	482,974	137,509	227,407
1971	579,896	35,325(B)	60,442	254,636	446,620	97,012	208,316
1970	503,928	34,495(B)	52,996	236,689	419,983	111,554	173,686
1969	419,526	17,186	61,933	175,981	325,125	89,684	141,556
1968	402,403	16,301	53,194	172,826	316,664	89,379	129,432
1967	386,957	15,872	43,296	170,622	303,708	89,084	117,832
1966	315,604	12,425	44,039	149,873	259,351	76,515	105,062
1965	288,078	10,431	42,384	132,676	232,762	67,463	97,084

Percentage Contributions by Divisions

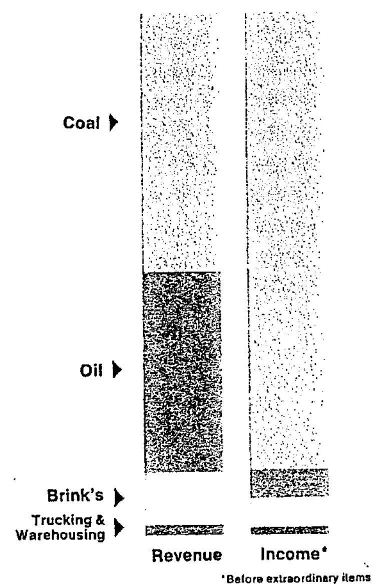
Sales and Revenues	1970	1971	1972	1973	1974
Coal	44%	44%	46%	44%	50%
Oil	37	36	35	38	38
Brink's	15	16	16	15	10
Trucking and Warehousing	4	4	3	3	2
Total	100%	100%	100%	100%	100%

Income Before Extraordinary Items But After Income Taxes*	1970	1971	1972	1973	1974
Coal	68%	56%	53%	63%	88%
Oil	13	22	21	11	5
Brink's**	15	19	23	22	6
Trucking and Warehousing	4	3	3	4	1
Total	100%	100%	100%	100%	100%

*Because of depletion allowances applicable to income of the Coal Division for tax purposes, and because of the tax benefits applicable to income earned on export coal sales under DISC regulations, the effective income tax rate applicable to Coal Division profits is significantly lower than the rate applicable to the profits of the other divisions. Therefore, presentation of income before taxes would give a distorted picture of the respective Divisions' contributions to consolidated results.

**After deduction of minority interest.

1974 Sources of



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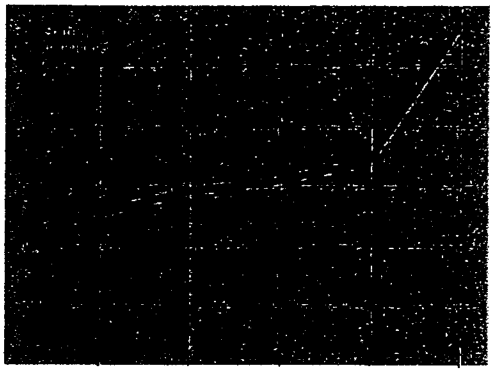
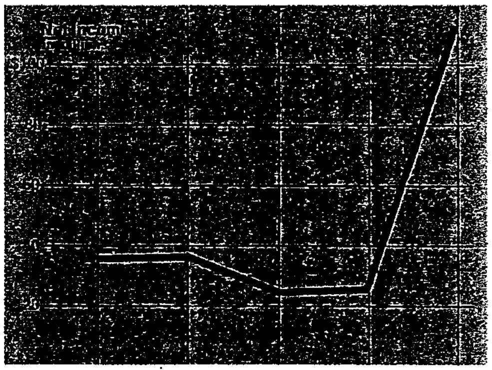
Common Stock (A)

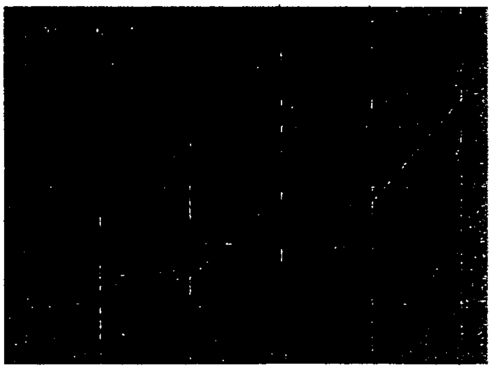
Shares Outstanding (average)	Earnings Per Share	Cash Dividends Per Share	Book Value Per Share
17,889,000	$6.35(B)	$ .83	$18.04
17,855,000	1.42(B)	.57	12.88
17,836,000	1.35(B)	.55	12.75
17,791,000	1.99(B)	.53	11.71
17,632,000	1.96(B)	.45	9.85
17,439,000	.99	.34	8.12
17,282,000	.94	.33	7.49
17,061,000	.93	.32	6.91
16,841,000	.74	.31	6.24
16,852,000	.62	.27	5.76

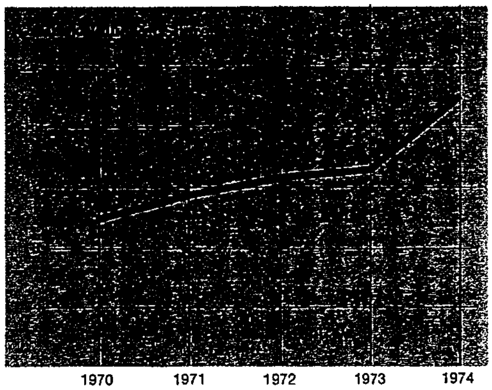
(A) Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1975.
(B) Before extraordinary items.





*Before extraordinary items





	Common Stock Market Price High	Low	Dividends Declared
1973			
1st Quarter	$32.87	$22.86	$.14
2nd Quarter	28.16	21.21	.14
3rd Quarter	27.81	18.85	.14
4th Quarter	29.34	20.74	.14
1974			
1st Quarter	32.77	21.92	.14
2nd Quarter	37.74	29.61	.15
3rd Quarter	30.58	23.42	.15
4th Quarter	37.01	23.42	.39

Note: All figures have been adjusted for stock dividends, including the 3% stock dividend paid February 1975.

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Consolidated Balance Sheet

December 31, 1974 and 1973

Assets	1974	1973
Current Assets:		
Cash	$ 27,156,000	$ 15,550,000
Short-term investments, at the lower of cost or market	112,978,000	23,518,000
Accounts receivable:		
Trade	148,900,000	99,788,000
Other	4,086,000	5,653,000
	152,986,000	105,441,000
Less estimated amount uncollectible	2,364,000	2,114,000
	150,622,000	103,327,000
Inventories:		
Fuels	96,890,000	73,553,000
Merchandise	2,729,000	1,755,000
Supplies	6,783,000	3,017,000
	106,402,000	78,325,000
Prepaid expenses	3,633,000	2,892,000
Total Current Assets	400,791,000	223,612,000
Property, Plant and Equipment, at cost (Notes 2 and 4):		
Bituminous coal lands	106,955,000	104,588,000
Land, other than coal lands	8,002,000	7,985,000
Buildings	17,337,000	16,851,000
Machinery and equipment	317,972,000	293,980,000
	450,266,000	423,404,000
Less accumulated depreciation, depletion and amortization	183,546,000	169,651,000
	266,720,000	253,753,000
Other Assets	20,146,000	18,625,000
	$687,657,000	$495,990,000

See accompanying notes to financial statements.

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Liabilities	**1974**	**1973**
Current Liabilities:		
Current maturities of long-term debt (Note 4)	**$ 13,311,000**	$ 16,152,000
Accounts payable	**104,839,000**	73,980,000
Accrued liabilities:		
Federal income taxes (Note 3)	**66,858,000**	1,385,000
Other taxes	**8,111,000**	3,216,000
Payrolls	**14,056,000**	10,851,000
Miscellaneous	**14,116,000**	9,763,000
	103,141,000	25,215,000
Total Current Liabilities	**221,291,000**	115,347,000
Long-Term Debt, less current maturities (Note 4)	**104,714,000**	119,884,000
Workmen's Compensation Claims and Other Liabilities	**22,439,000**	14,250,000
Deferred Income Taxes (Note 3)	**10,784,000**	11,129,000
Minority Interest in Brink's, Incorporated, a subsidiary	**5,641,000**	5,459,000
Contingent Liabilities (Notes 7, 8 and 9)		
Stockholders' Equity (Notes 4, 5 and 6):		
Common Stock, par value $1.00 per share:		
Authorized: 25,000,000 shares		
Issued: 1974, 17,533,884 shares; 1973, 16,980,076 shares	**17,534,000**	16,980,000
Capital in Excess of Par Value	**139,876,000**	127,410,000
Retained Earnings	**167,120,000**	87,272,000
	324,530,000	231,662,000
Less Common Stock in treasury, at cost (1974, 147,252 shares; 1973, 147,250 shares)	**1,742,000**	1,741,000
Total Stockholders' Equity	**322,788,000**	229,921,000
	$687,657,000	$495,990,000

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Consolidated Income Statement

Years Ended December 31, 1974 and 1973

	1974	1973
Net Sales	$1,017,296,000	$557,708,000
Operating Revenues	128,433,000	124,851,000
Net Sales and Operating Revenues	1,145,729,000	682,559,000
Other Income	8,956,000	7,022,000
Total Revenues	1,154,685,000	689,581,000
Costs and Expenses:		
Cost of sales	801,587,000	510,713,000
Operating expenses	100,853,000	98,868,000
Selling, administrative and general expenses	48,843,000	37,141,000
Interest expense	8,717,000	9,084,000
Minority interest in earnings of a subsidiary	1,323,000	1,407,000
Total Costs and Expenses	961,323,000	657,213,000
Income before Provision for Income Taxes and Extraordinary Items	193,362,000	32,368,000
Provision for Income Taxes (Note 3):		
Federal	72,895,000	4,130,000
State and Foreign	6,831,000	2,822,000
	79,726,000	6,952,000
Income before Extraordinary Items	113,636,000	25,416,000
Extraordinary Items, net of taxes (Note 8)	(6,190,000)	(10,075,000)
Net Income	$ 107,446,000	$ 15,341,000
Per Share (a):		
Income before Extraordinary Items	$6.35	$1.42
Extraordinary Items, net of taxes (Note 8)	(.35)	(.56)
Net Income	$6.00	$ .86
Shares Outstanding (average) (a)	17,889,000	17,855,000

(a) Adjusted for stock dividends, including the 3% stock dividend paid February 1975.

See accompanying notes to financial statements.

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Consolidated Statement of Stockholders' Equity

Years Ended December 31, 1974 and 1973

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock
Balance at December 31, 1972	$16,486,000	$115,463,000	$ 97,199,000	$(1,741,000)
Consolidated net income	—	—	15,341,000	—
Market value of 490,165 shares of Common Stock issued as a 3% stock dividend February 8, 1973	490,000	11,882,000	(12,372,000)	—
Sale of 3,855 shares of Common Stock under Stock Option Plan	4,000	65,000	—	—
Charge resulting from purchase by a subsidiary of its own shares	—	—	(2,796,000)	—
Cash dividends declared—$.57* per share	—	—	(10,100,000)	—
Balance at December 31, 1973	16,980,000	127,410,000	87,272,000	(1,741,000)
Consolidated net income	—	—	107,446,000	—
Market value of 505,137 shares of Common Stock issued as a 3% stock dividend February 8, 1974	505,000	11,633,000	(12,138,000)	—
Sale of 48,671 shares of Common Stock under Stock Option Plan	49,000	833,000	—	—
Charge resulting from purchase by a subsidiary of its own shares	—	—	(686,000)	—
Cash dividends declared—$.83* per share	—	—	(14,774,000)	—
Purchase of Common Stock for Treasury	—	—	—	(1,000)
Balance at December 31, 1974	$17,534,000	$139,876,000	$167,120,000	$(1,742,000)

**Adjusted for stock dividends, including the 3% stock dividend paid February 1975.*

See accompanying notes to financial statements.

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Consolidated Statement of Changes in Financial Position

Years Ended December 31, 1974 and 1973

	1974	1973
Sources of Working Capital		
Operations:		
Income before extraordinary items	$113,636,000	$ 25,416,000
Add (deduct) items not affecting working capital:		
Depreciation, depletion and amortization	32,432,000	29,973,000
Provision for claims	7,973,000	2,212,000
Deferred income taxes	(680,000)	(172,000)
Minority interest in earnings of a subsidiary	1,323,000	1,407,000
Total from operations	154,684,000	58,836,000
Extraordinary items, excluding non-working capital elements	(5,855,000)	(292,000)
Additions to long-term debt	80,000	272,000
Disposals of property, plant and equipment, excluding extraordinary items	6,971,000	1,179,000
Other liabilities	216,000	5,786,000
Total sources of working capital	156,096,000	65,781,000
Applications of Working Capital		
Additions to property, plant and equipment	52,370,000	40,079,000
Reductions of long-term debt	15,250,000	17,896,000
Cash dividends declared	14,774,000	10,100,000
Purchase by Brink's of its own shares	1,400,000	4,814,000
Miscellaneous	1,067,000	841,000
Total applications of working capital	84,861,000	73,730,000
Increase (decrease) in working capital	$ 71,235,000	$ (7,949,000)
Increases (Decreases) in Components of Working Capital		
Current Assets:		
Cash and short-term investments	$101,066,000	$(25,630,000)
Accounts receivable, net	47,295,000	4,463,000
Inventories	28,077,000	38,920,000
Prepaid expenses	741,000	(1,133,000)
	177,179,000	16,620,000
Current Liabilities:		
Current maturities of long-term debt	(2,841,000)	(2,032,000)
Accounts payable	30,859,000	23,557,000
Accrued liabilities	77,926,000	3,044,000
	105,944,000	24,569,000
Increase (decrease) in working capital	$ 71,235,000	$ (7,949,000)

See accompanying notes to financial statements.

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Notes to Financial Statements

1 Summary of Significant Accounting Policies

Principles of Consolidation:

The accompanying financial statements reflect the accounts of The Pittston Company and its subsidiaries, except for certain insignificant subsidiaries the investment in which is carried at not more than cost plus equity in undistributed earnings since acquisition. All intercompany items and transactions of material amount have been eliminated in consolidation.

Foreign Currency Translation:

Fixed assets are translated into United States dollars at historical rates of exchange. All other assets and liabilities are translated at year-end rates of exchange. With the exception of depreciation and amortization, which are translated at historical rates, all income and expense accounts are translated at average rates prevailing during the year. Net unrealized losses from foreign currency translation are charged to income currently. Net unrealized gains are deferred, except that such gains are credited to income currently to the extent of losses previously charged to income. The amount of exchange adjustments in 1974 and 1973 was insignificant.

Inventories:

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

Property, Plant and Equipment:

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground. Mine development costs, including deficits ($1,600,000 in 1974 and $2,400,000 in 1973) at mines in the development stage, are capitalized and amortized over the estimated useful life of the mine.

Income Taxes:

The provision for income taxes is based on income and expenses included in the accompanying consolidated income statement. Differences between taxes so computed and taxes payable under applicable statutes and regulations are classified as deferred taxes arising from timing differences (see Note 3).

Investment tax credits are accounted for by the "flow-through" method, and are thus reflected in income in the year they are deducted for tax purposes.

2 Property, Plant and Equipment

The amount of depreciation, depletion and amortization charged to expense in 1974 was $32,432,000, compared with $29,973,000 in 1973.

Property, plant and equipment at December 31, 1974 includes $4,993,000 ($4,999,000 at December 31, 1973) representing the net book value of properties formerly operated by the Company. These properties produce revenue under coal leases calling for royalties on a per-ton-mined basis.

See note 8 for information regarding property, plant and equipment written off in 1973.

3 Income Taxes

The provision for income taxes, exclusive of extraordinary items (see note 8), consists of the following components:

	U.S. Federal	Foreign	State	Total
		(In thousands)		
1974				
Currently payable	$73,673	$2,742	$3,991	$80,406
Deferred	(778)	98	—	(680)
Total—1974	$72,895	$2,840	$3,991	$79,726
1973				
Currently payable	$ 4,470	$1,923	$ 732	$ 7,125
Deferred	(340)	167	—	(173)
Total—1973	$ 4,130	$2,090	$ 732	$ 6,952

For the year 1974, there were no significant individual types of timing differences resulting in deferred taxes. For 1973, the sources of the timing differences which

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gave rise to deferred taxes and their tax effects are shown below:

	(In thousands)
Adjustments resulting from audits of prior years' tax returns	$ (600)
Mine development expenditures, capitalized and amortized on books but deducted as incurred for tax purposes	1,811
Workmen's compensation claims, book provision in excess of tax deduction	(1,292)
Insurance claims, tax deduction in excess of book provision	192
Excess of book over tax depreciation	(80)
Excess of book provision over tax deduction for bad debts	(74)
Miscellaneous	(130)
	$ (173)

The tax provisions for 1974 and 1973 result in effective tax rates of 41.2% and 21.5%, respectively. The table below accounts for the difference between the actual tax provisions and the amounts obtained by applying the U.S. Federal income tax rate of 48% to the income before provision for income taxes and extraordinary items.

	1974	1973
	(In thousands)	
Tax provision computed at 48%	$92,814	$15,537
Increases (reductions) in taxes due to:		
Percentage depletion	(19,570)	(5,058)
"DISC" income	964	(3,025)
Investment credit	(3,190)	(1,708)
Miscellaneous	8,708	1,206
Actual tax provision	$79,726	$ 6,952

It is the policy of the Company to accrue appropriate U.S. and foreign income taxes on earnings of subsidiary companies which are intended to be remitted in the near future. Unremitted earnings of such subsidiaries reflected in the accompanying financial statements which have been reinvested for growth and expansion, exclusive of those amounts which, if remitted in the near future, would result in little or no such tax by operation of relevant statutes currently in effect, aggregated approximately $15,822,000 at December 31, 1974 and $16,550,000 at December 31, 1973. These amounts include unremitted earnings ($9,340,000 at December 31, 1974 and $11,940,000 at December 31, 1973) of the Company's Domestic International Sales Corporation (DISC) subsidiary which have been reinvested in qualified export assets and therefore should not become taxable in the foreseeable future. During 1974, tax on the current earnings of the DISC and on $2,600,000 of prior years' earnings was provided for at the 48% rate since DISC assets of like amount will be distributed to the parent company.

The Company and its domestic subsidiaries file a consolidated U.S. Federal income tax return. Such returns have been audited and settled through the year 1970.

4 Long-Term Debt

Consists of the following:

	1974	1973
Senior:		
6⅛% First Mortgage Sinking Fund Notes due 1982	$ 14,771,000	$ 16,904,000
Notes due 1977	5,576,000	8,364,000
Other Obligations	3,352,000	10,600,000
	23,699,000	35,868,000
Subordinated:		
6¼%—5¾% Notes due 1981	10,557,000	12,181,000
6¼% Notes due 1976	548,000	1,095,000
5½% Notes due 1985	5,310,000	5,840,000
6% Notes due 1987	3,600,000	3,900,000
4% Subordinated Debentures due 1997	61,000,000	61,000,000
	81,015,000	84,016,000
Total Long-Term Debt, Less Current Maturities	$104,714,000	$119,884,000

The 6⅛% First Mortgage Sinking Fund Notes are secured by a mortgage upon certain coal properties having an aggregate net book value of approximately $50,100,000 at December 31, 1974. There are no other issues of long-term debt secured by a significant lien on specific assets.

The notes due 1977 are at the prime rate, with a minimum of 6% and a maximum of 7½%.

The 4% Subordinated Debentures due July 1, 1997 are exchangeable at any time prior to redemption or maturity for shares of common stock of Brink's, Incorporated owned by the Company, at an exchange rate of 16.3934 shares per $1,000 Debenture (the equivalent of $61 per share). The exchange rate is protected against dilution. The Debentures are entitled to annual mandatory sinking fund payments of $3,050,000 commencing in July 1983. The Debentures are redeemable at the Company's option in whole or in part at any time prior to maturity at redemption prices which decline from 103.6% of principal amount on July 1, 1974 to 100% of principal amount on July 1, 1992.

For the four years through December 31, 1979, minimum repayments of long-term debt outstanding are as follows:

1976	$10,949,000
1977	7,681,000
1978	4,597,000
1979	4,597,000

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Under the terms of certain issues, the Company has agreed to usual restrictions relating to consolidated working capital, cash distributions to stockholders, and the amount of additional funded debt which may be incurred. At December 31, 1974, consolidated retained earnings not restricted as to cash distributions to stockholders were $147,953,000.

5 Capital Stock

In December 1974 and 1973, the directors declared 3% stock dividends, resulting in the issuance of 521,676 additional shares of Common Stock in February 1975 and 505,137 shares in February 1974. At December 31, 1974 and 1973, retained earnings of $17,601,000 and $12,138,000, respectively, were appropriated for the issuance of the stock dividends.

The Company has authority to issue up to 2,000,000 shares of Preferred Stock, par value $10 per share. No shares are presently issued or outstanding.

6 Stock Options

Under the Company's Stock Option Plan, key employees are granted options to purchase shares of the Company's Common Stock at 100% of quoted market value. The plan provides for the granting of five-year "qualified stock options" and ten-year "non-qualified stock options." The five-year options are exercisable in instalments of up to 20% annually, beginning one year from date of grant, and exercisable in full after four and one-half years from date of grant. The ten-year options are exercisable in instalments of up to 20% annually, beginning one and one-half years from date of grant, and exercisable in full after five and one-half years from date of grant.

The table below summarizes the activity in the plan. The data have been adjusted, in accordance with the plan's anti-dilution provisions, for stock dividends and distributions, including the 3% stock dividend paid February 1975.

	No. of Shares	Aggregate Option Price (In thousands)	Aggregate Market Value(a) (In thousands)
Outstanding:			
12/31/74	188,180	$5,694	$5,694
12/31/73	207,345	5,581	5,581
Granted:			
In 1974	35,689	$1,125	$1,125
In 1973	21,802	510	510
Became Exercisable:			
In 1974	35,167	$ 851	$1,172
In 1973	39,074	875	955
Exercised:			
In 1974	48,671	$ 882	$1,541
In 1973	3,971	70	99

(a) At dates granted for options outstanding and granted; at dates exercisable for options becoming exercisable; and at dates exercised for options exercised.

At December 31, 1974, there were 635,297 shares reserved for issuance under the plan, including 447,117 shares reserved for future grants.

7 Pension Plans

The Company and its subsidiaries have several noncontributory pension plans which provide eligible employees with retirement and disability benefits based on past and future services. The major plan was amended in 1974 to provide for improved benefits, earlier vesting, and elimination of the minimum age requirement for participation, as well as in other less important respects. An application has been submitted to the Internal Revenue Service requesting a determination that the qualification of the trust established in connection with the plan and its exemption from tax will not be affected by the amendments to the plan. These amendments increased pension expense for 1974 by approximately $1,100,000. The financial effect of The Employee Retirement Income Security Act of 1974 is not expected to be significant.

Heretofore, prior service costs of the major plan were being amortized at the rate of 2½% per year. Beginning with 1974, such costs will be amortized at the maximum allowable rate (currently 10% per year). This change increased 1974 pension expense by an additional $1,100,000.

Total pension expense for all plans amounted to $5,361,000 in 1974 and $3,014,000 in 1973, including amortization of prior service costs. The plans provide for the funding of the pension costs accrued. The actuarially computed value of vested benefits in excess of the total pension funds and balance sheet accruals at year end was approximately $8,298,000 in 1974 and $2,644,000 in 1973.

8 Extraordinary Items

Extraordinary items consisted of the following:

	1974 (In thousands)	1973 (In thousands)
Charges relating to the 1972 flood at Buffalo Mining Company, a subsidiary, net of income tax credits of $5,715,000 in 1974 and $742,000 in 1973	$6,190	$ 805
Write off of certain coal mining facilities and development costs, net of income tax credits of $3,636,000	—	9,270
	$6,190	$10,075

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The charges relating to the flood reflect recoveries from insurance carriers of $2,436,000 in 1974 and $1,265,000 in 1973. The 1974 charge was the result of agreements to settle certain lawsuits seeking damages aggregating approximately $74,000,000. The Company has been reimbursed by its insurance carriers up to the policy limits. However, the Company has agreed that such payments by the principal carrier of $14,500,000 were made without prejudice to possible claims for their recovery or any other claims which might be asserted against the insured. No amounts have been accrued for possible liabilities in respect of (a) actions brought in the Circuit Court of Kanawha County, West Virginia and in the United States District Court for the Southern District of West Virginia by the State of West Virginia and its governmental subdivisions seeking damages of $100,000,000 on account of alleged flood losses; (b) an action filed on February 26, 1975 in Federal District Court alleging flood damages which appear to be $500,000 for each of 346 plaintiffs; and (c) actions brought in various Federal and State Courts of West Virginia by some 90 plaintiffs seeking damages of approximately $12,000,000 on account of alleged flood losses. The Company understands that additional suits claiming substantial damages on behalf of numerous other plaintiffs are intended to be brought in the future. Although the outcome of these lawsuits cannot be predicted, in the opinion of Company's counsel the damages sought are, in any event, grossly exaggerated.

The coal mining facilities and development costs were written off in 1973 because of the impact of Environmental Protection Agency regulations, which materially reduced the market for coal mined from these facilities.

9 Black Lung Benefits

The Company is liable for the payment of benefits to coal miners and their surviving dependents for disabling illness or death arising from pneumoconiosis ("black lung"). In West Virginia the Company pays premiums into the State Black Lung Fund and in Kentucky and Virginia acts as self-insurer. In addition to providing for premiums and claims known to have been filed, provision has been made in an estimated amount for claims believed to have been filed with the United States Department of Labor but not yet processed.

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ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
345 Park Avenue, New York, N. Y. 10022

The Stockholders
The Pittston Company:

We have examined the consolidated balance sheet of The Pittston Company and subsidiaries as of December 31, 1974 and 1973 and the related consolidated statements of income, stockholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in note 8, the Company is subject to various claims arising from a 1972 flood at Buffalo Mining Company, a subsidiary. No provision has been made for unsettled claims or for possible future claims, since the amount of the Company's liability is not presently determinable.

In our opinion, subject to the effect on the financial statements of final determination of the matter referred to in the preceding paragraph, the aforementioned financial statements present fairly the financial position of The Pittston Company and subsidiaries at December 31, 1974 and 1973 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

March 6, 1975

Summary of Operations

The table below presents a summary of consolidated operations of The Pittston Company and Subsidiaries for the latest five years.

	Years Ended December 31 (In thousands, except per share amounts)				
	1970	1971	1972	1973	1974
Net sales and operating revenues	$503,928	$579,896	$623,525	$682,559	$1,145,729
Cost of sales and operating expenses	412,333	485,914	548,149	609,581	902,440
Interest expense	7,454	7,907	8,594	9,084	8,717
Income before income taxes and extraordinary items	62,860	54,997	33,228	32,368	193,362
Provision for income taxes	28,365	19,672	9,131	6,952	79,726
Income before extraordinary items	34,495	35,325	24,097	25,416	113,636
Extraordinary items, net of taxes	4,947	8,112	4,488	(10,075)	(6,190)
Net income	$ 39,442	$ 43,437	$ 28,585	$ 15,341	$ 107,446
Per share (a):					
Income before extraordinary items	$ 1.96	$ 1.99	$ 1.35	$ 1.42	$ 6.35
Extraordinary items, net of taxes	.28	.45	.25	(.56)	(.35)
Net income	2.24	2.44	1.60	.86	6.00
Cash dividends	.45	.53	.55	.57	.83
Average shares outstanding (in thousands) (a)	17,632	17,791	17,836	17,855	17,889

(a) Adjusted for all stock dividends and distributions, including the 3% stock dividend paid February 1975.

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Management's Discussion and Analysis of the Summary of Operations

Comparison of 1974 with 1973

Net sales and operating revenues increased $463,170,000, or 68%. Approximately 60% of the increase was due to higher coal prices and 40% to higher prices in the Oil Division, which is basically a wholesaler and retailer of fuel oil.

Cost of sales and operating expenses were up $292,859,000, or 48%. The primary cause of the increase was the higher purchase cost of the fuel oil which the Oil Division sells. Also contributing substantially to the increase were the sharply rising costs of producing coal—costs such as mine supplies, repairs and maintenance, and taxes. Declining productivity at the mines, and strikes, particularly the one month strike in November-December 1974, also had a serious adverse impact on costs.

The Coal Division dominated the profits picture in 1974. Thus, of the increase of $160,994,000 in total pretax profits, slightly more than 90% is attributable to coal operations.

For an analysis of income taxes and extraordinary items, please refer to notes 3 and 8 of the notes to financial statements.

For additional discussion and analysis, see pages 2 through 13 of this report.

Comparison of 1973 with 1972

While net sales and operating revenues increased 9.5%, cost of sales and operating expenses rose 11.2%. About three-quarters of the increase in costs is attributable to higher purchase prices paid for fuel oil which is sold by the Oil Division. Because of price controls, selling prices could not be increased sufficiently to recoup the increased costs, resulting in a sharp decline in profits from oil operations. This was partially offset by increased profits in the Coal Division, where margins showed improvement.

The effective tax rate in 1972 was higher than in 1973 because of lower percentage depletion and DISC income and a larger charge resulting from audits of prior years' tax returns.

Prior Years

The principal reasons for the decline between 1970 and 1972 in income before provision for income taxes and extraordinary items were a decline in productivity at the mines of the Coal Division and federal price controls, which prevented price adjustments adequate to cover increases in costs in several of the Company's divisions. In addition, results for 1971 were adversely affected by a seven and one-half week coal miners' strike which began on October 1, 1971.

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Principal Divisions and Subsidiaries

Coal

CLINCHFIELD COAL COMPANY DIVISION
Lebanon and Dante, Va., and Philippi, W. Va.

AMIGO SMOKELESS COAL COMPANY
Wyco, W. Va.

BADGER COAL COMPANY
Philippi, W. Va.

BUFFALO MINING COMPANY
Lyburn, W. Va.

EASTERN COAL CORPORATION
Stone, Ky.

JEWELL RIDGE COAL CORPORATION
Jewell Valley, Va.

KENTLAND-ELKHORN COAL CORPORATION
Pikeville, Ky.

PITTSTON COAL EXPORT CORP.
New York, N.Y.

PITTSTON COAL SALES CORP.
New York, N.Y.

RANGER FUEL CORPORATION
Beckley, W. Va.

SEWELL COAL COMPANY
Richwood, W. Va.

Oil

METROPOLITAN PETROLEUM COMPANY DIVISION
New York and New England

HAMPDEN OIL CORPORATION
Connecticut and Massachusetts

METROPOLITAN PETROLEUM, LTD.
Montreal and Ottawa, Canada

METROPOLITAN PETROLEUM PETROCHEMICALS CO., INC.
Jersey City, N.J.

PITTSTON MARINE TRANSPORT CORPORATION
New York, N.Y.

SINRAM-MARNIS OIL CO., INC.
New York, N.Y.

TANKPORT TERMINALS, INC.
Jersey City, N.J.

Brink's, Incorporated

NATIONAL and INTERNATIONAL HEADQUARTERS
Chicago, Illinois

Trucking and Warehousing

UNITED STATES TRUCKING CORPORATION
New York, New Jersey, Maryland, Georgia and Florida

BAKER & WILLIAMS
New York, N.Y.

Coal dryer at our ne
Meadow River Min

APPENDIX L

COAL

COAL
COAL

APPENDIX L

1975

HIGHLIGHTS

	1975	1974
Net tons of coal produced	**18,554,000**	17,382,000
Barrels of petroleum products sold	**34,790,000**	34,050,000
Sales and operating revenues	**$1,504,222,000**	$1,145,729,000
Earnings before extraordinary item	**200,146,000**	113,636,000
Earnings per share before extraordinary item	**5.47(A)**	3.11(A)
Cash dividends	**28,725,000**	14,774,000
Stock dividends	**22,989,000**	17,601,000
Total dividends	**51,714,000**	32,375,000
Depreciation, depletion and amortization	**37,178,000**	32,432,000
Expenditures for property, plant and equipment, including acquisitions	**76,264,000**	52,370,000
At Year End		
Total assets	**$ 890,246,000**	$ 687,657,000
Working capital	**272,894,000**	179,500,000
Net property, plant and equipment	**304,953,000**	266,720,000
Long-term debt	**93,990,000**	104,714,000
Stockholders' equity	**495,826,000**	322,788,000
Book value per common share	**13.55(A)**	8.85(A)
Common shares outstanding (average)	**36,589,000(A)**	36,493,000(A)
Number of employees	**17,896**	17,125
Number of stockholders	**16,910**	14,993

(A) Adjusted for all stock dividends and distributions, including the 2% stock dividend paid January 1976.

The Pittston Company

Description of Business

The Pittston Company is a diversified company with interests in the mining and marketing of bituminous coal; distribution and marketing of fuel oil; Brink's armored car security services; and trucking and warehousing.

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J. P. Routh *N. T. Camicia*

To The Stockholders of The Pittston Company:

The year 1975 was an exemplary one for Pittston. Your Company's operating earnings rose 76% and revenues 31% above the record levels set in 1974—this is in the face of a deepening recession affecting our most important customer, the world's steel industry, and in comparison with generally level or poorer performances by coal companies producing primarily steam coal or lower qualities of metallurgical coal. One phrase provides the basic explanation—"premium quality, high fluidity metallurgical coal".

Revenues rose in 1975 for the eleventh consecutive year, increasing to $1,504,222,000 from $1,145,729,000 in 1974. Earnings advanced more sharply to $200,146,000 or $5.47 per share from $113,636,000 or $3.11 per share before an extraordinary charge of $6,190,000 or $.17 per share in 1974.

For the ten year period ended in 1974 Pittston ranked 16th in total percentage return to investors and 26th in earnings growth rate percentage among *Fortune's "500"* largest industrial companies. The Company's remarkable success in 1975 should keep it solidly among the leaders in these ratings.

The Coal Division continued to dominate results, accounting for 61% of revenues and 92% of profits. Coal tonnage mined and sold exceeded strike affected 1974 tonnage but was again restricted by the illegal work stoppages of August and early September. We remained the nation's largest coal exporter, thus helping to offset the rising cost to our nation of imported oil. Pittston continued to be a key supplier to many of the free world's leading steel producers including, of course, those in our own country.

The importance of metallurgical coal to our Company naturally ties our prospects closely to those of the world's steel industry. However, the relatively finite reserves and limited supply of premium quality coal in comparison with world steel production capacity and demand insulates our business considerably from the cyclical characteristics of the steel business. This condition, coupled with a normal tendency to lag the steel cycle, served to maintain the demand at stable prices for our total metallurgical coal output during 1975 even though the steel industry was experiencing its worst year in the last decade.

Steel outlook for 1976 as a whole is favorable. Production is expected to pick up in the second quarter and improve progressively throughout the remainder of the year and into 1977. The steady decline in steel production throughout 1975 and into the first quarter of 1976 with the concurrent build-up in inventories of coal and coke however can be expected to have some adverse impact on Pittston's comparative results for at least the first quarter of 1976. Extending the outlook we anticipate that 1976 will be a very strong, but probably not a record, year.

For the longer term, we forecast increasing demand for our premium

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quality, high fluidity metallurgical coal. We are proceeding with previously announced plans to expand our coal output. In 1975, we invested $61 million in new coal facilities. Our budget for 1976 is $112 million. Over the next five years at least $350 million will be invested in the construction of nine new mines with a combined capacity to produce 11 million tons annually. Severe inflation obviously would boost capital expenditure requirements by the time these new mines are completed. Fortunately, our level of earnings in recent years has generated the large amounts of capital currently needed and still permitted an increased cash dividend to you.

Both revenues and earnings of our Metropolitan Petroleum Company Division increased in 1975 from the previous year. Physical volumes of fuel oil sold also increased despite the general recession and warmer weather.

Continuing its impressive history of growth, Brink's reported another record performance as revenues rose 9% to $119,372,000 and earnings advanced 10% to $9,581,000 or $1.02 per Brink's share.

In September 1975, stockholders approved an increase in the Company's authorized shares thus permitting the 100% common stock distribution made on October 29, 1975. The Board of Directors also doubled the cash dividend rate by establishing the same $.20 quarterly rate on the new shares, and declared a year end extra cash dividend of $.20 per share. These actions confirm the long term policy of increasing the cash dividend consistent with the ability of the Company to maintain the higher rate. A 2% stock dividend was also declared, continuing the long term practice of declaring a stock dividend.

As our country enters the bicentennial year, it is interesting to ponder the progress our government has made in responding to the desires of the people. Congress is clearly responsive to what it believes to be the people's desires as expressed by their more vocal voting constituencies. They pass expanding volumes of often incomprehensible legislation to increase the regulation and control of business. President Gerald R. Ford has said, "Although most of today's regulations affecting business are well-intentioned, their effect, whether designed to protect the environment or consumer, often does more harm than good." Although the interests of stockholders are particularly affected by this result, stockholders are a relatively silent constituency and have failed to communicate their desires and interests to their elected representatives. The corporations they own have no votes and thus no direct representation. The defense of business enterprise against counterproductive regulation depends upon the willingness of stockholders as well as employees to communicate their concern to their elected representatives. In this respect, stockholders and employees may well play a more important role than management in influencing the future fortunes of our Company. If you agree, we urge you to express your views to your political representatives firmly and more frequently so that they will know exactly where you stand on matters affecting your interests.

All of us in management sincerely appreciate the steadfast support of our employees, our customers and you, our stockholders, in helping achieve in 1975 what we believe will be a benchmark year.

N. T. Camicia

President and Chief Executive Officer

Chairman of the Board

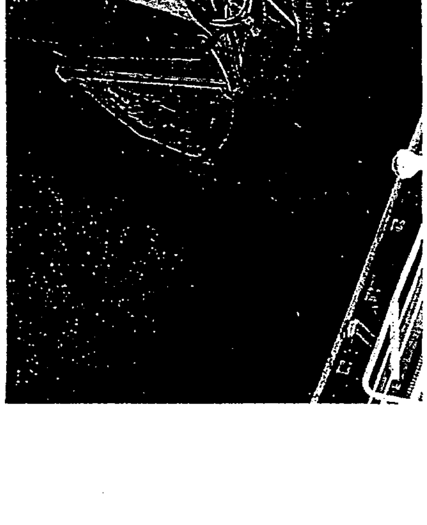
March 4, 1976

BRINKS009285

New thermal coal dryers, with latest pollution control devices, assure uniform moisture content.

Coal Division

Premium grade metallurgical coal is loaded into ships, heading for overseas steel customers.



In 1975, the Coal Division accounted for 61% of total Pittston revenues and 92% of net income. Coal tonnage sold rose to 21.2 million tons in 1975 from 18.9 million tons in 1974. Coal sales prices and production costs both increased with the inflating economy.

The focus of our coal operations is on the production of premium quality, high fluidity metallurgical coal. For those stockholders who may not be familiar with the coal industry, a few explanatory comments may be helpful.

Most of the coal mined in the United States is used as fuel by utilities to produce steam, used in generating electricity. This coal is referred to as "utility" or "steam" coal. Metallurgical coal comprises less than 25% of total U. S. coal output. Metallurgical coal is used worldwide by the steel industry to make coke, a basic ingredient in subsequent steel making processes. A mixture of metallurgical coals is used in making coke. Premium quality metallurgical coal is the vital component of the mix that makes the coking process work. Such premium quality metallurgical coal is a small portion of U. S. metallurgical coal production.

Although Pittston is one of the larger companies in the coal industry, and the largest U. S. producer of metallurgical coal, our total output was less than 3% of the coal tonnage produced in the United States during 1975. Yet, because of the quality of our product, our coal revenues and income are among the highest in the industry.

The better grades of metallurgical coal deposits in this country are generally found under geological conditions requiring "deep" or "underground" mining, as contrasted with "surface" or "strip" mining. Accordingly, our mines are predominantly underground and our expertise is principally in this type of extraction. In 1975, over 85% of our coal was extracted using underground mining methods. Our reserves do contain some deposits which require surface mining methods for extraction. The overwhelming majority of this coal is produced for us by independent surface mining contractors. As in prior years, the reclamation of surface coal lands exceeded the acreage disturbed by mining.

The Division is continuing its comprehensive programs of reclamation. In this connection, we are proud of a Certificate of Merit awarded to our Elkay Mining Company subsidiary in 1975 by the West Virginia Department of Natural Resources for exemplary waste area reclamation. The Division is also accelerating its program of reclaiming older waste banks, many of which were created by previous owners. During 1975, Pittston built, staffed and equipped a new laboratory in Beckley, West Virginia, to monitor the quality of mine drainage waters. This service had previously been performed by outside commercial laboratories. With our own facilities we will be able to provide

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a greater range of analytical data for our coal operations, and do it more efficiently. Thus, our Coal Division takes seriously its obligations as a corporate citizen.

We are also happy to report further progress with longwall and shortwall equipment which is a highly efficient method of deep mining and should result in both safer and more productive operations. In this system, coal is mined automatically by a machine which moves back and forth across a coal face of up to 300 feet in length, shearing the coal from the face and removing it by conveyor to the mine's main haulage way. As the coal is extracted and the face recedes, the equipment advances, allowing the roof behind to fall. During the process the entire work crew remains under the equipment's protective cover. This procedure, developed in Europe, and now becoming common in the United States, differs from the traditional room-and-pillar method, in that it permits extraction of a higher portion of the coal deposit, because fewer pillars are left standing. We now have both longwall and shortwall systems in operation and expect to install an additional longwall and three additional shortwall systems in 1976.

Statistics for the coal industry indicate that nearly half of those presently employed will have to be replaced due to retirement and normal turnover over the next ten years. In addition, nearly another third will have to be added if coal output is to be expanded in line with the country's growing energy needs. Obviously training will be an important part of our replacement and expansion program.

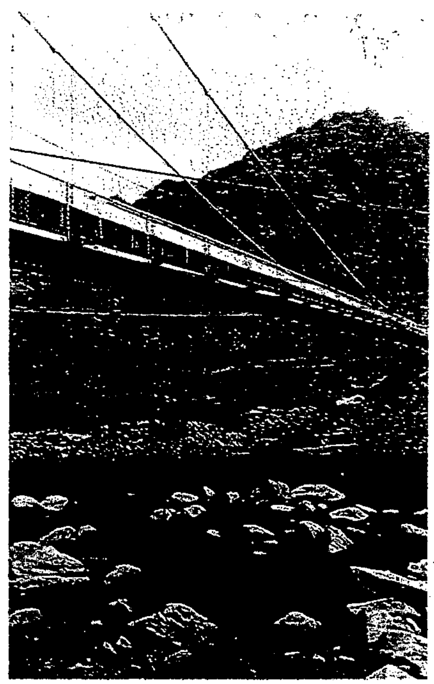
In 1975, a new training facility was established at our Coal Division headquarters in Lebanon, Virginia. One of the first training courses was designed to help in the development of middle management. Trained employees on this level of mine supervisory positions are vital to the success of our organization. Approximately one hundred of our key employees completed these sessions. These training sessions will be an ongoing part of our operations.

We regret to report that productivity in the mines declined further in 1975. This problem is being faced by the entire coal industry. Productivity is a measure of coal production per man shift, normally expressed in terms of the number of tons of coal the average miner produces during an eight-hour work shift.

Through improved engineering skills, new equipment development, and much ingenuity and hard work on the part of mining personnel, the historical record of improving productivity by the U. S. coal industry had been outstanding for many years. However, largely as a result of increasing government regulation, productivity in underground mines has dropped drastically over the past five years. Provisions in the 1974 labor contract with the United Mine Workers of America have also had a negative impact.

High productivity is one of the foundation blocks upon which America's free enterprise economy was built. It enables our nation's industries to compete effectively with those of other countries, even though our wage scales are much higher. A favorable productivity rate also contributes to our standard of living by increasing the purchasing power of the American worker.

Our Company views the declining productivity rate in recent years with serious concern. We continue to experiment with ways of reversing the adverse trend. We hope all our employees will come to understand the importance of the matter to the American way of life and cooperate. Pittston's faith in the future of the coal industry continues to be reflected by the extensive capital investments in expanded mine facilities.



Raw coal moves across river by conveyor from mine site to plant, via suspension bridge.

Coal Sold
(in millions of tons)

	1975	1974
Metallurgical	**16.0**	13.5
Utility	**4.5**	4.5
Industrial	**0.7**	0.9
Total	**21.2**	18.9

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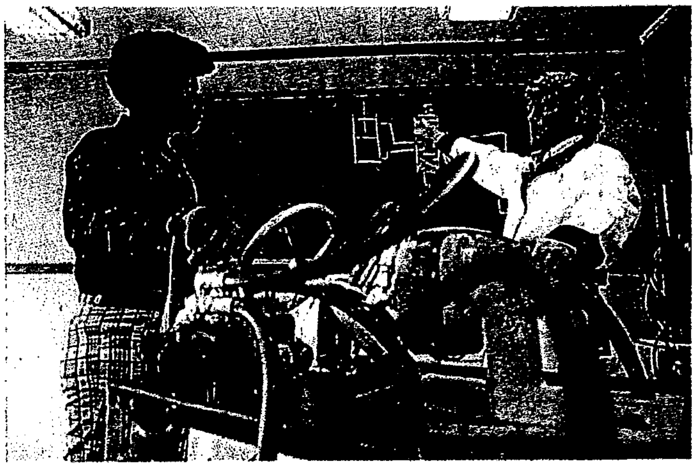
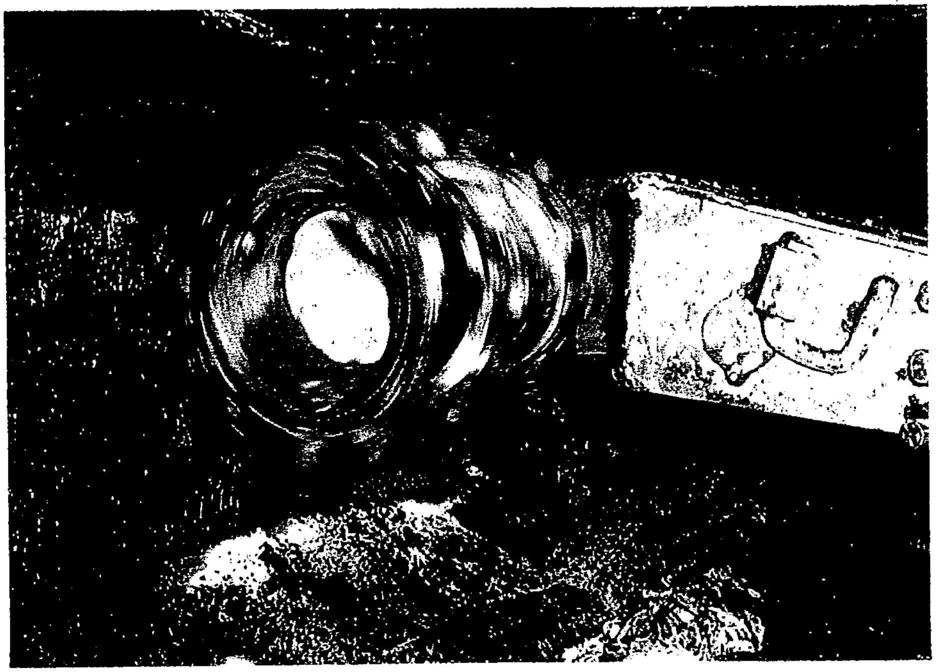


Training of new workers, prior to entering mine or plant, is an important part of our safety program.

The Bright Future of Metallurgical Coal

The whirling rasp-like cutting head of a continuous mining machine moving into coal face.



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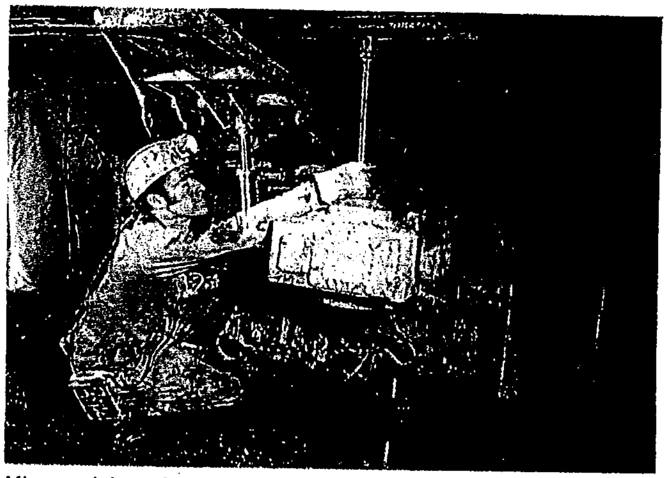

Miner, safely under protective steel canopy, reinforces roof with roof bolting machine.

Metallurgical coal is the basis of the most economical and the most technically satisfactory method of making coke for the production of steel in the world today. Because worldwide deposits of metallurgical coal will be depleted some years in the future, steelmakers are continually researching other steel manufacturing processes. Unfortunately, some readers have misinterpreted reports on this research to indicate that the metallurgical coal-based process might possibly be replaced. The following brief discussion should allay these concerns.

The standard metallurgical coal-based process is simplified into the following three steps:

Step One

Metallurgical coal is carbonized by heating—not burning—it to a high temperature at which coal volatiles (readily vaporized elements) are driven off. What remains is a strong, porous product, known as coke, which chemically is principally carbon.

Step Two

Coke is fed into a blast furnace along with iron ore and limestone. In this step, iron ore is converted into molten iron metal called pig iron. The term "pig iron", still in use today, originated in the early days of the industry when the molten metal was poured to cool on beds of sand in a shape resembling a pig.

Step Three

Finally, there are subsequent processes in converting pig iron into crude steel which is then processed into basic shapes.

Two publicized experimental processes are being tested as methods to produce steel without the use of metallurgical coal.

a) The "formed coke" process
b) The "direct reduction" process

Briefly, and in simple terms, the two systems are described as follows:

Formed coke. This process is designed to produce coke from non-metallurgical coal (non-coking), using somewhat less expensive, more abundant types of coal. The non-coking coal is converted into a substance called "char", the powdered or granular residue remaining after the volatiles in this coal have been removed by baking. "Char" is then mixed with coal-tar pitch and formed into a desired shape, such as a briquet, which can then be converted into coke.

The advantage of "formed coke" is that it uses a less costly, more abundant non-metallurgical grade

A well engineered plan to mine coal deposits is vital.

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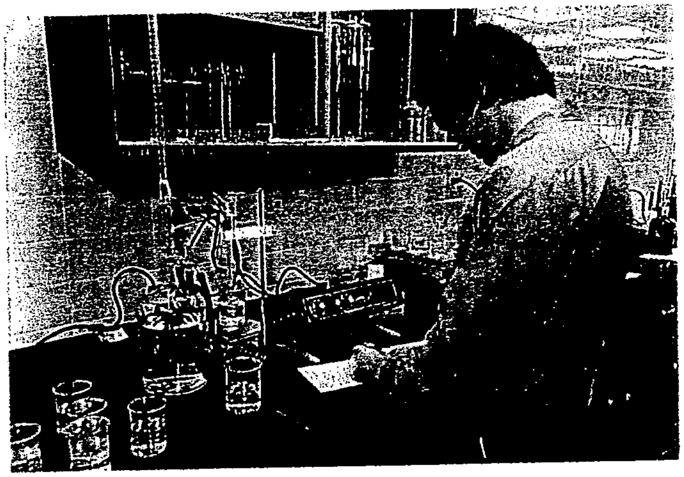


Technician at new laboratory in Beckley, West Virginia, monitors quality of mine drainage waters.

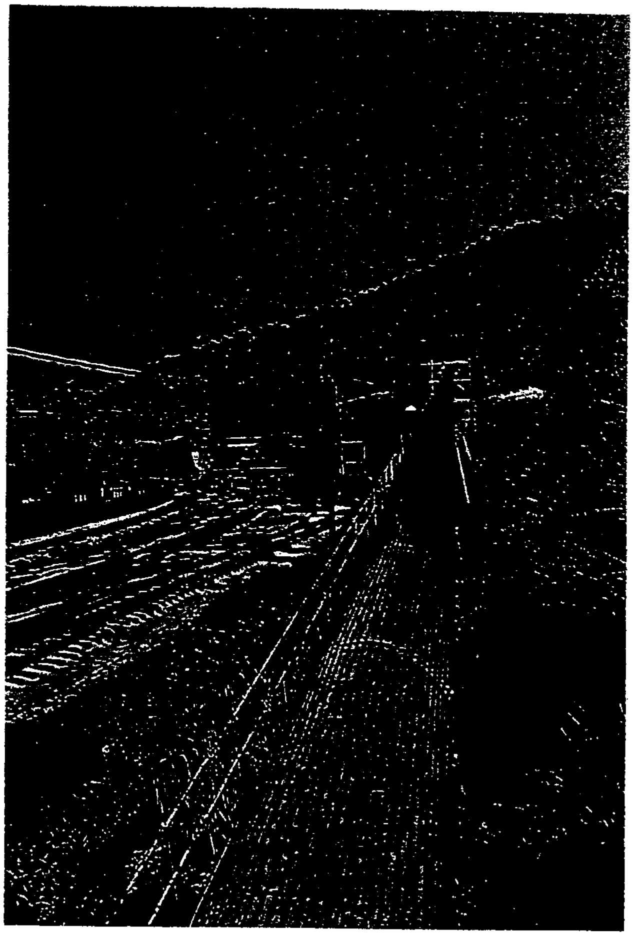
coal. The process also offers the potential of less air pollution than the standard coke ovens using metallurgical coal.

Technically, this methodology is proven, but the costs are unacceptable. The non-coking coal still must have a minimal ash and sulphur content, and such coal is also limited in supply. In addition, coal-tar pitch which is a by-product of the standard coking procedure, is already in short supply and in constant demand for use in highway paving, roofing products, electrodes and many other applications. Finally, and perhaps most important of all, there is serious doubt that the physical properties of "formed coke" offer a satisfactory substitute for the coke produced in standard coke ovens from metallurgical coal.

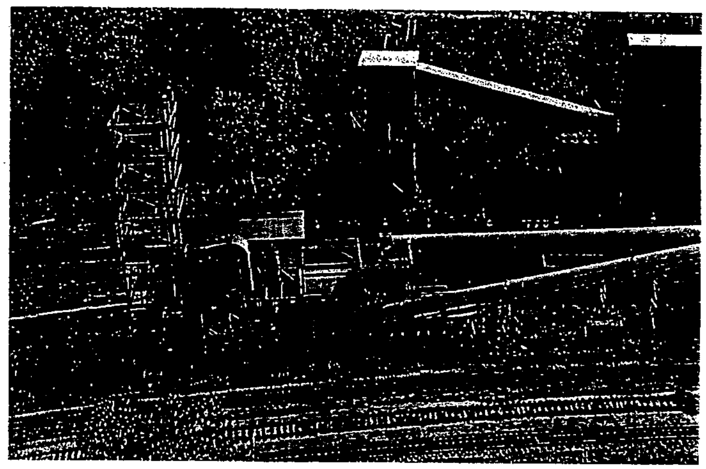
Direct reduction. This process replaces the blast furnace process, producing iron without using any coke. It employs a gas, such as hydrogen, to reduce iron ore to metal. The process operates at a lower temperature than a blast furnace and converts the ore—not into a molten metal, but rather—into a fine particle size, solid metal in about the size and shape of the ore employed.

This methodology is also proven, but it is highly uneconomic. It requires abundant sources of natural gas (a primary source of hydrogen) which in the free world is already in short supply and rapidly becoming more costly. Direct reduction also requires a very rich grade of iron ore (since the impurities in normal ores are not eliminated as they are in the blast furnace). Rich grades of iron ore are also becoming very scarce and more costly.

For these reasons one should not be concerned with reports that seem to indicate the possibility of decreased demand for our premium quality metallurgical coal. The future of metallurgical coal will continue to be strong and will undoubtedly grow as the worldwide steel industry and other industries expand.



Conveyors from nearby mines move coal to the new Tralee plant.



New thermal coal dryers at Tralee.

Sophisticated instruments, such as this atomic absorption spectrophotometer, are used for exceedingly accurate chemical analysis.

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Oil Division

Earnings of the Metropolitan Petroleum Company Division in 1975 exceeded 1974 earnings significantly. Total gallonage sold increased slightly notwithstanding the recession and warmer than usual weather in the first and last quarters of the year. Total revenues for 1975 exceeded 1974 revenues by 3%. Oil products became increasingly available during the year and a more typical competitive pattern began to develop although government restrictions continued to prevent the return of normal marketing conditions.

Metropolitan's Canadian Division, covering the Montreal and Ottawa marketing areas, achieved a sales volume gain of approximately 11%. To service this area more efficiently an additional storage tank of six million gallon capacity was completed in 1975. A new storage tank of four million gallon capacity was also completed at our Boston Division's deepwater complex, an area where ample storage is vital to contain the different sulphur content grades of heavy fuel oil required. Further retail expansion took place in the Boston area, as well as in the upstate New York retail areas. An additional product grade was made available at our Brewerton, New York, terminal by modifications of existing storage tanks and loading racks.

Metropolitan advertises and markets its services as a complete energy-service company. The Petrochemical Division continued its growth in supporting this concept. Its services include laboratory facilities, technical consulting service, chemicals and additives for better combustion and water treatments for boiler systems. An addition was made to the harbor pollution and oil spill cleanup service. It involves a unique 35,000 barrel barge equipped with an advanced skimming device called "Mash 400". This device is a highly sophisticated machine capable of skimming 400 gallons per minute from the surface of spill areas.

Metropolitan looks to continued profitability in 1976, particularly with the expected lessening of government controls. The easing of the supply situation and the outlook for an improved economy should enable us to increase our sales volume.

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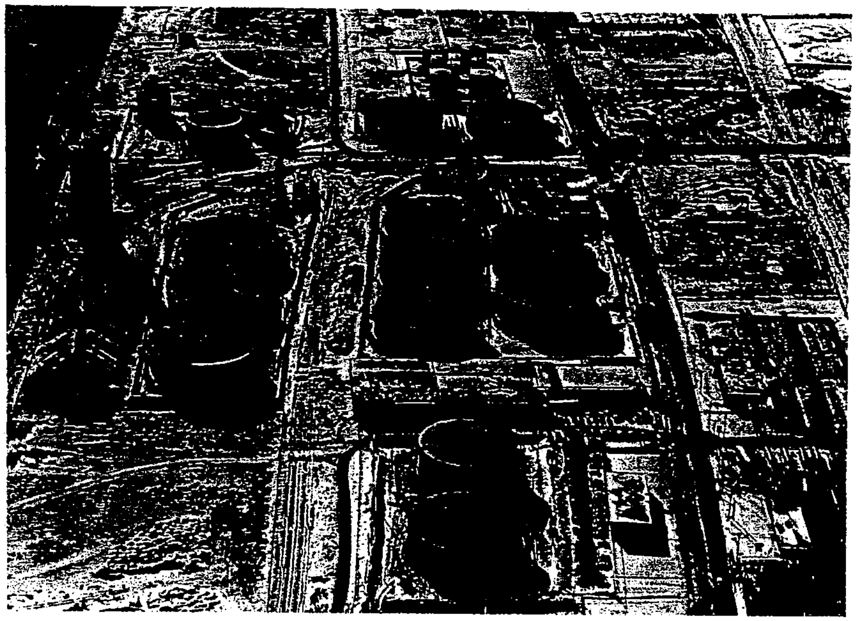
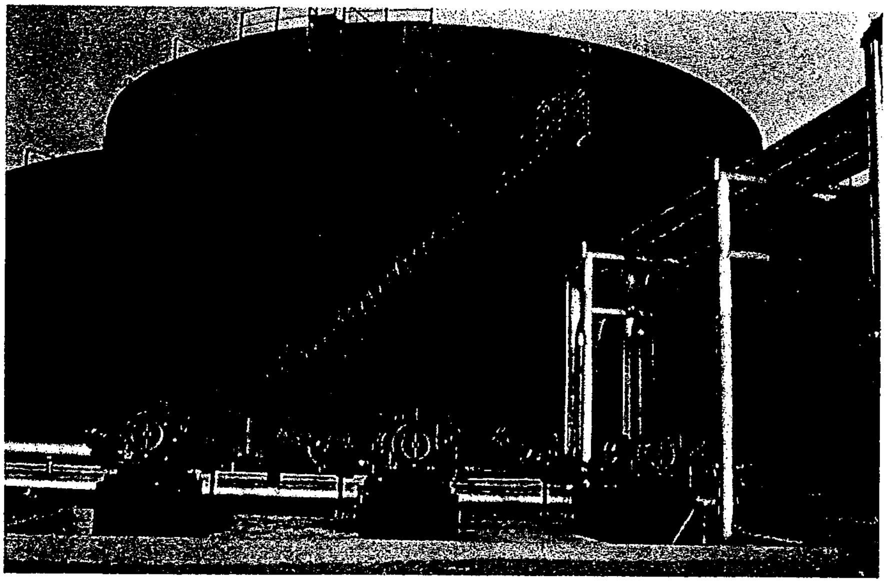
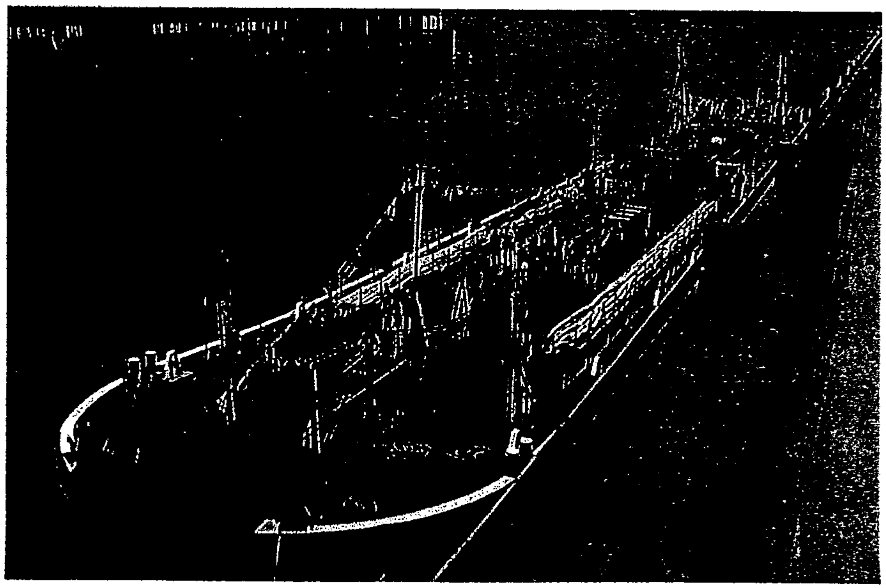


Deepwater terminal on the Saint Lawrence River to serve Montreal.



This giant tank, surrounded by protective steel wall, is one of several at our East River terminal, New York City.



Specially equipped barge available to promptly handle oil spill cleanup service.

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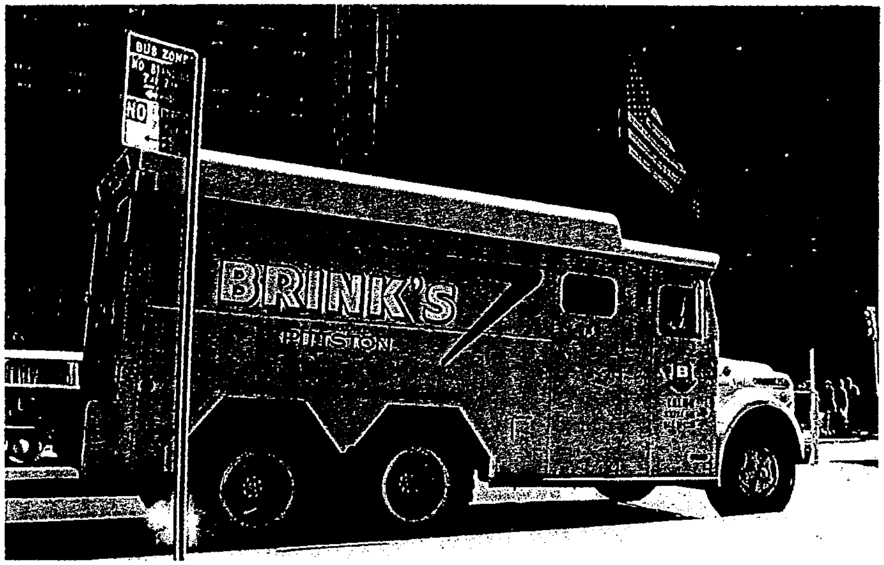

A Brink's heavy-duty armored car.

Brink's, Incorporated

Brink's, our 85%-owned subsidiary, has the pleasure of reporting record revenues and earnings for the year 1975. These results were the highest in the 116-year history of the Company. Net income for the year was $9,581,000 or $1.02 per Brink's share, representing an increase of 10% from the $8,738,000 or $.93 a share in 1974. Revenues for 1975 were $119,372,000, an increase of 9% over the $109,627,000 for the previous year.

These record results were attributable to a general expansion of business which provided the benefits of volume increases at profitable rates. Effective management controls helped compensate for the increased costs of wages and fuels. Thus, Brink's profit margin was virtually unchanged from the previous year's results.

Geographic expansion of Brink's operations entails development or start-up costs which detract from overall performance during the normal two to three year period new operations require to become self sustaining or profitable. Such costs have been included in Brink's results for a number of years as it has expanded. Brink's is still expanding both domestically and in foreign countries.

During the year, Brink's began service in ten United States cities in nine states: Charlotte, North Carolina; Little Rock, Arkansas; Fort Lauderdale, Florida; Salt Lake City, Utah; San Antonio, Texas; Nashville, Tennessee; Carbondale, Illinois; Tacoma, Washington; as well as Des Moines and Clinton, Iowa.

Brink's foreign expansion includes an operation in Spain in which Brink's has a small minority interest. Brink's also has expanded to Liberia with an initial two truck operation in the capital city of that country. In the early months of 1975 it commenced operations in Ireland and Hong Kong, both of which are progressing satisfactorily at this time.

Brink's automotive department is cooperating with various manufacturers and body builders in the possible development of new, lightweight, bullet proof material for use in armored car bodies. This will enable the Company to provide better protection for both its employees and cargo, as well as increase load capacity. Brink's anticipates that prototypes will be in the evaluation process before the end of 1976.

The booming stock market in the early months of 1976 has resulted in increased business for Brink's. Increased volumes of securities handled on the major exchanges require transportation to other cities and produce increased business for ground and air courier operations. The year 1976 should show an increase in stock market volume which will be an important offset to sharply rising labor and fuel costs.

The labor contracts of many of

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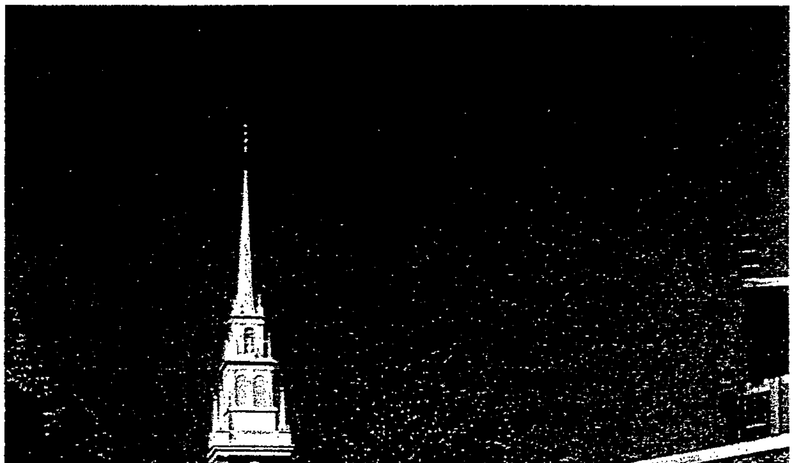
ink's major branches expire during 76 and will be renegotiated. The tcome of these negotiations will termine to some extent profitability · 1976.

Despite the problems being faced the current year Brink's expects to hieve normal growth in both /enues and earnings. It is obvious ɪt the secure transportation and ndling of valuables is a necessity ɪay more than ever.



As the Old North Church in Boston played a role in securing our nation's independence, Brink's, Incorporated plays an important role in securing our nation's valuables.

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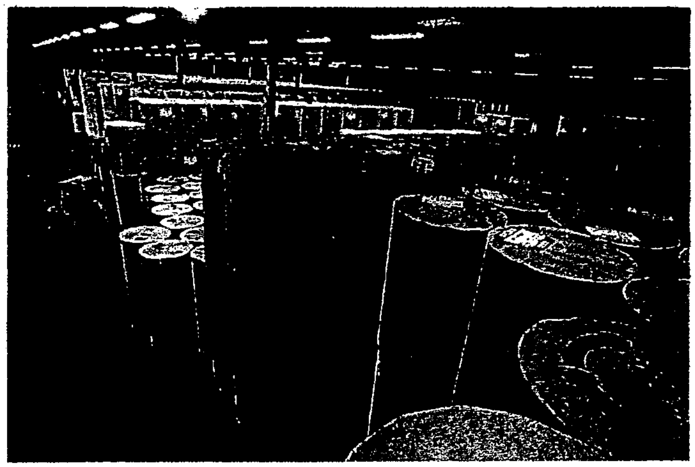

Modern warehouses, such as this high ceiling facility, are conveniently located to major metropolitan markets.

Trucking and Warehousing

The economic recession of 1975 affected our Trucking and Warehousing operations more than any of our other divisions. This was particularly true since a major part of these operations are concentrated in the New York City metropolitan area which was affected more severely by the recession than many other areas of the country.

Profits of the Division declined markedly, but operations nevertheless produced a small profit. Under the circumstances, this in itself should be considered commendable.

The trucking and rigging operations of this Division played a major role in what has been referred to as "the miracle of Manhattan". In February 1975 fire destroyed a major telephone company installation which serviced telephones in a large area of lower Manhattan and it appeared that telephone service in that area would be disrupted for months. Even before the fire was extinguished, our crews began working around the clock transporting needed equipment to the scene through our distribution centers and rigging it into place. Within weeks service had been returned to normal.

Our distribution centers and warehouses have almost three million square feet of efficient storage space, most with railroad sidings and ready access to interstate highways, airports, port areas and manufacturing centers. The Division provides packaging and containerization for imports and exports, custom bonded and free storage, heated and cooled space, as well as secure areas for especially valuable commodities.

Fuel costs have increased for the Trucking and Warehousing Division during the past two years at a much more rapid pace than they could be recouped under existing rate structures. Equipment costs for this Division are expected to rise about 10% in 1976 over 1975 levels primarily because of standards promulgated by the federal government. Renegotiation of the Teamsters National Freight Agreement which expires in the spring could have a significant impact on our labor costs. However, with the expected economic recovery results of this Division should improve.

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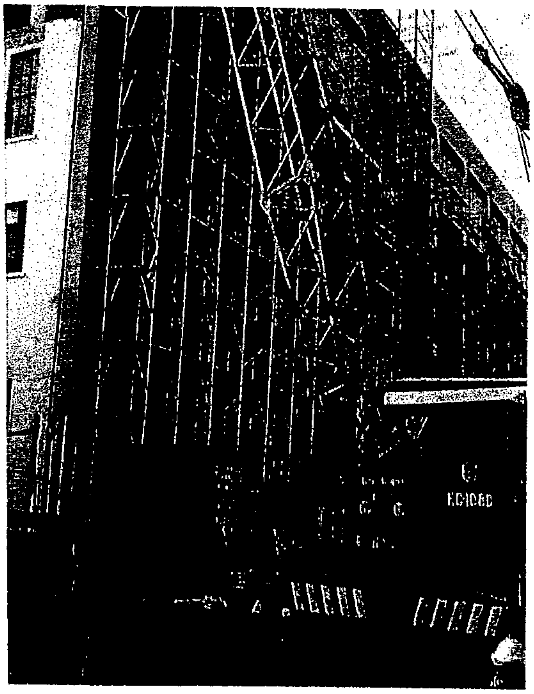
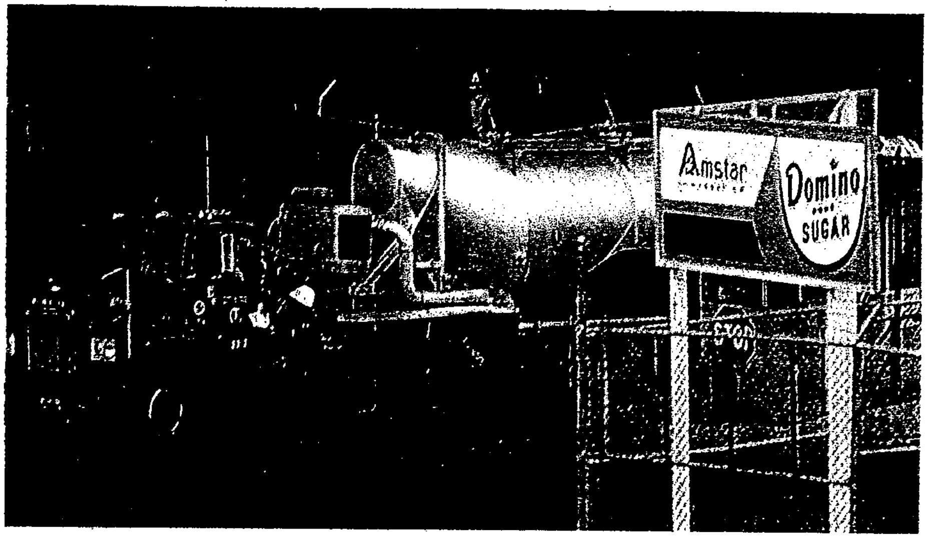


U.S. Trucking's heavy duty rigging operations combine with our distribution system to provide integrated service to a wide variety of customers.

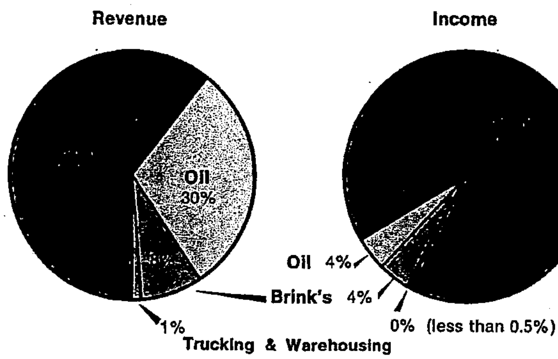


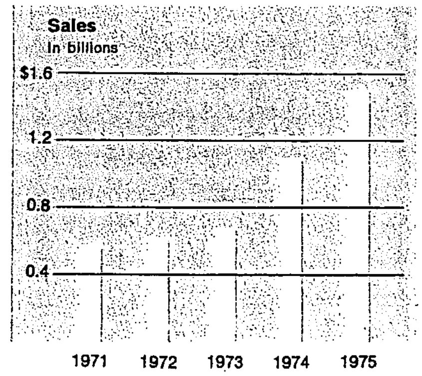
'his special purpose tank trailer ypifies our capability of serving var-ed special industry requirements.

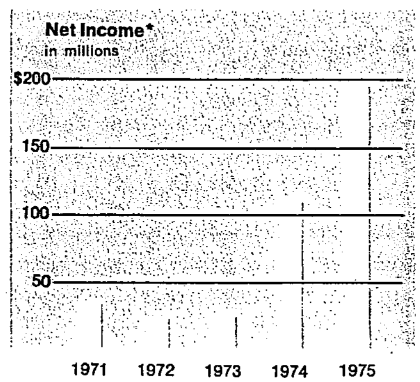
Truck leasing, such as for newspaper delivery, comprises an important part of our Trucking and Warehousing operation.

BRINKS009297

1975
Sources of







*Before extraordinary items.

Ten Years in Review

Sales and Income (in thousands)			Financial Position (in thousands)				
Calendar Year	Sales and Operating Revenues	Net Income(B)	Working Capital	Net Property, Plant and Equipment	Total Assets	Long-Term Debt	Stockholders' Equity
1975	$1,504,222	$200,146	$272,894	$304,953	$890,246	$ 93,990	$495,826
1974	1,145,729	113,636	179,500	266,720	687,657	104,714	322,788
1973	682,559	25,416	108,265	253,753	495,990	119,884	229,921
1972	623,525	24,097	116,214	257,473	482,974	137,509	227,407
1971	579,896	35,325	60,442	254,636	446,620	97,012	208,316
1970	503,928	34,495	52,996	236,689	419,983	111,554	173,686
1969	419,526	17,186	61,933	175,981	325,125	89,684	141,556
1968	402,403	16,301	53,194	172,826	316,664	89,379	129,432
1967	386,957	15,872	43,296	170,622	303,708	89,084	117,832
1966	315,604	12,425	44,039	149,873	259,351	76,515	105,062

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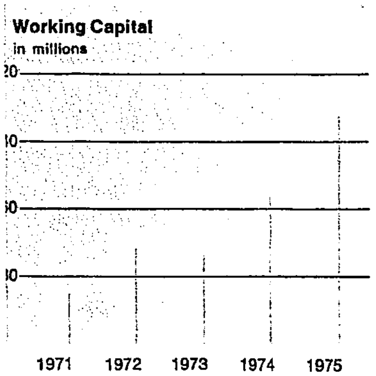

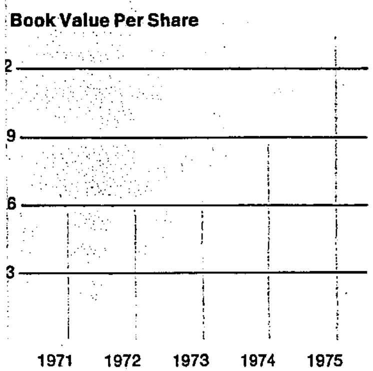

Percentage Contributions by Divisions

	Sales and Revenues				
	1971	1972	1973	1974	1975
Coal	44%	46%	44%	50%	61%
Oil	36	35	38	38	30
Brink's	16	16	15	10	8
Trucking and Warehousing ...	4	3	3	2	1
Total	100%	100%	100%	100%	100%

	Income Before Extraordinary Items But After Income Taxes*				
	1971	1972	1973	1974	1975
Coal	56%	53%	63%	88%	92%
Oil	22	21	11	5	4
Brink's**	19	23	22	6	4
Trucking and Warehousing ...	3	3	4	1	—
Total	100%	100%	100%	100%	100%

*Because of depletion allowances applicable to income of the Coal Division for tax purposes, and because of the tax benefits applicable to income earned on export coal sales under DISC regulations, the effective income tax rate applicable to Coal Division profits is significantly lower than the rate applicable to the profits of the other divisions. Therefore, presentation of income before taxes would give a distorted picture of the respective Divisions' contributions to consolidated results.

**After deduction of minority interest.

Common Stock (A)

Shares Outstanding (average)	Earnings Per Share(B)	Cash Dividends Per Share	Book Value Per Share
36,589,000	$5.47	$ .78	$13.55
36,493,000	3.11	.40	8.85
36,425,000	.70	.28	6.31
36,385,000	.66	.27	6.25
36,294,000	.97	.26	5.74
35,969,000	.96	.22	4.83
35,575,000	.48	.16	3.98
35,256,000	.46	.16	3.67
34,804,000	.46	.15	3.39
34,357,000	.36	.15	3.06

(A) Adjusted for all stock dividends and distributions, including the 2% stock dividend paid January 1976.
(B) *Before extraordinary items.*

	Common Stock		
	Market Price		Dividends Declared
	High	Low	
1974			
1st Quarter	$16.06	$10.74	$.07
2nd Quarter	18.50	14.52	.07
3rd Quarter	14.99	11.48	.07
4th Quarter	18.14	11.48	.19
1975			
1st Quarter	24.69	17.85	.10
2nd Quarter	39.83	23.65	.10
3rd Quarter	39.22	30.64	.19
4th Quarter	36.03	27.45	.39

Note: Adjusted for all stock dividends and distributions, including the 2% stock dividend paid January 1976.

Consolidated Balance Sheet

December 31, 1975 and 1974

Assets	1975	1974
Current Assets:		
Cash	$ 22,287,000	$ 27,156,000
Short-term investments (Note 2)	248,464,000	112,978,000
Accounts receivable:		
Trade	161,613,000	148,900,000
Other	4,664,000	4,086,000
	166,277,000	152,986,000
Less estimated amount uncollectible	2,343,000	2,364,000
	163,934,000	150,622,000
Inventories:		
Fuels	80,650,000	96,890,000
Merchandise	2,913,000	2,729,000
Supplies	6,331,000	6,783,000
	89,894,000	106,402,000
Prepaid expenses	6,339,000	3,633,000
Total Current Assets	530,918,000	400,791,000
Property, Plant and Equipment, at cost (Notes 3 and 5):		
Bituminous coal lands	113,746,000	106,955,000
Land, other than coal lands	9,419,000	8,002,000
Buildings	21,111,000	17,337,000
Machinery and equipment	357,673,000	317,972,000
	501,949,000	450,266,000
Less accumulated depreciation, depletion and amortization	196,996,000	183,546,000
	304,953,000	266,720,000
Other Assets	54,375,000	20,146,000
	$890,246,000	$687,657,000

See accompanying notes to financial statements.

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Liabilities	1975	1974
Current Liabilities:		
Current maturities of long-term debt (Note 5)	$ 10,772,000	$ 13,311,000
Accounts payable	118,376,000	104,839,000
Accrued liabilities:		
Federal income taxes (Note 4)	86,080,000	66,858,000
Other taxes	14,044,000	8,111,000
Payrolls	17,086,000	14,056,000
Miscellaneous	11,666,000	14,116,000
	128,876,000	103,141,000
Total Current Liabilities	258,024,000	221,291,000
Long-Term Debt, less current maturities (Note 5)	93,990,000	104,714,000
Workmen's Compensation Claims and Other Liabilities	23,814,000	22,439,000
Deferred Income Taxes (Note 4)	12,039,000	10,784,000
Minority Interest in Brink's, Incorporated, a subsidiary	6,553,000	5,641,000
Commitments and Contingent Liabilities (Notes 8, 9 and 10)		
Stockholders' Equity (Notes 5, 6 and 7):		
Common Stock, par value $1.00 per share:		
Authorized: 50,000,000 shares		
Issued: 1975, 36,219,059 shares; 1974, 17,533,884 shares	36,219,000	17,534,000
Capital in Excess of Par Value	140,409,000	139,876,000
Retained Earnings	320,940,000	167,120,000
	497,568,000	324,530,000
Less Common Stock in treasury, at cost	1,742,000	1,742,000
Total Stockholders' Equity	495,826,000	322,788,000
	$890,246,000	$687,657,000

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Consolidated Income Statement

Years Ended December 31, 1975 and 1974

	1975	1974
Net Sales	**$1,368,750,000**	$1,017,296,000
Operating Revenues	**135,472,000**	128,433,000
Net Sales and Operating Revenues	**1,504,222,000**	1,145,729,000
Other Income	**20,281,000**	8,956,000
Total Revenues	**1,524,503,000**	1,154,685,000
Costs and Expenses:		
Cost of sales	**1,011,090,000**	801,587,000
Operating expenses	**106,956,000**	100,853,000
Selling, administrative and general expenses	**64,938,000**	48,843,000
Interest expense	**6,890,000**	8,717,000
Minority interest in earnings of a subsidiary	**1,444,000**	1,323,000
Total Costs and Expenses	**1,191,318,000**	961,323,000
Income before Provision for Income Taxes and Extraordinary Item.	**333,185,000**	193,362,000
Provision for Income Taxes (Note 4):		
Federal	**123,007,000**	72,895,000
State and Foreign	**10,032,000**	6,831,000
	133,039,000	79,726,000
Income before Extraordinary Item	**200,146,000**	113,636,000
Extraordinary Item, net of taxes (Note 9)	**—**	(6,190,000)
Net Income	**$ 200,146,000**	$ 107,446,000
Per Share (a):		
Income before Extraordinary Item	**$5.47**	$3.11
Extraordinary Item, net of taxes (Note 9)	**—**	(.17)
Net Income	**$5.47**	$2.94
Shares Outstanding (average) (a)	**36,589,000**	36,493,000

(a) Adjusted for all stock dividends and distributions, including the 2% stock dividend paid January 1976.

See accompanying notes to financial statements.

BRINKS009302

Consolidated Statement of Stockholders' Equity

Years Ended December 31, 1975 and 1974

	Common Stock	Capital in Excess of Par Value	Retained Earnings	Treasury Stock
Balance at December 31, 1973	$16,980,000	$127,410,000	$ 87,272,000	$(1,741,000)
Consolidated net income	—	—	107,446,000	—
Market value of 505,137 shares of Common Stock issued as a 3% stock dividend February 8, 1974	505,000	11,633,000	(12,138,000)	—
Sale of 48,671 shares of Common Stock under Stock Option Plan	49,000	833,000	—	—
Charge resulting from purchase by a subsidiary of its own shares	—	—	(686,000)	—
Cash dividends declared—$.40* per share	—	—	(14,774,000)	—
Purchase of Common Stock for Treasury	—	—	—	(1,000)
Balance at December 31, 1974	17,534,000	139,876,000	167,120,000	(1,742,000)
Consolidated net income	—	—	200,146,000	—
Market value of 521,676 shares of Common Stock issued as a 3% stock dividend February 7, 1975	522,000	17,079,000	(17,601,000)	—
Sale of 68,647 shares of Common Stock under Stock Option Plan	68,000	1,487,000	—	—
Par value of 18,094,852 shares of Common Stock issued as a 100% stock distribution October 29, 1975	18,095,000	(18,095,000)	—	—
Federal income tax benefit resulting from the exercise of non-qualified stock options	—	62,000	—	—
Cash dividends declared—$.78* per share	—	—	(28,725,000)	—
Balance at December 31, 1975	$36,219,000	$140,409,000	$320,940,000	$(1,742,000)

** Adjusted for all stock dividends and distributions, including the 2% stock dividend paid January 1976.*

See accompanying notes to financial statements.

Consolidated Statement of Changes in Financial Position

Years Ended December 31, 1975 and 1974

	1975	1974
Sources of Working Capital		
Operations:		
Income before extraordinary item	$200,146,000	$113,636,000
Add (deduct) items not affecting working capital:		
Depreciation, depletion and amortization	37,178,000	32,432,000
Provision for claims	7,695,000	7,973,000
Deferred income taxes	1,255,000	(680,000)
Minority interest in earnings of a subsidiary	1,444,000	1,323,000
Total from operations	247,718,000	154,684,000
Extraordinary item, excluding non-working capital elements	—	(5,855,000)
Additions to long-term debt	111,000	80,000
Disposals of property, plant and equipment	853,000	6,971,000
Miscellaneous	1,085,000	454,000
Total sources of working capital	249,767,000	156,334,000
Applications of Working Capital		
Additions to property, plant and equipment	76,264,000	52,370,000
Reductions of long-term debt	10,835,000	15,250,000
Cash dividends declared	28,725,000	14,774,000
Purchase by Brink's of its own shares	—	1,400,000
Increase in other assets	34,229,000	1,521,000
Decrease (increase) in other liabilities	6,320,000	(216,000)
Total applications of working capital	156,373,000	85,099,000
Increase in working capital	$ 93,394,000	$ 71,235,000
Increases (Decreases) in Components of Working Capital		
Current Assets:		
Cash and short-term investments	$130,617,000	$101,066,000
Accounts receivable, net	13,312,000	47,295,000
Inventories	(16,508,000)	28,077,000
Prepaid expenses	2,706,000	741,000
	130,127,000	177,179,000
Current Liabilities:		
Current maturities of long-term debt	(2,539,000)	(2,841,000)
Accounts payable	13,537,000	30,859,000
Accrued liabilities	25,735,000	77,926,000
	36,733,000	105,944,000
Increase in working capital	$ 93,394,000	$ 71,235,000

See accompanying notes to financial statements.

Notes to Financial Statements

1 Summary of Significant Accounting Policies

Principles of Consolidation:

The accompanying financial statements reflect the accounts of The Pittston Company and its subsidiaries, except for certain insignificant subsidiaries the investment in which is carried at not more than cost plus equity in undistributed earnings since acquisition. All intercompany items and transactions of material amount have been eliminated in consolidation.

Short-Term Investments:

Short-term investments are carried at the lower of cost or market value.

Inventories:

Inventories are stated at cost (determined under the first-in, first-out or average cost methods) or market, whichever is lower. Market represents net realizable value for fuels and merchandise inventories and replacement cost for supplies inventories.

Property, Plant and Equipment:

Expenditures for maintenance and repairs are charged to expense, and the costs of renewals and betterments are capitalized. Depreciation is provided principally on the straight line method at varying rates depending upon estimated useful lives. Depletion of bituminous coal lands is provided on the basis of tonnage mined in relation to the estimated total of recoverable tonnage in the ground. Mine development costs, including deficits at mines in the development stage, are capitalized and amortized over the estimated useful life of the mine. A mine is considered under development until all of the planned production units have been placed in operation.

Income Taxes:

The provision for income taxes is based on income and expenses included in the accompanying consolidated income statement. Differences between taxes so computed and taxes payable under applicable statutes and regulations are classified as deferred taxes arising from timing differences (see Note 4).

Investment tax credits are accounted for by the "flow-through" method, and are thus reflected in income in the year they are deducted for tax purposes.

2 Short-Term Investments

Consist of the following:

	December 31 1975	December 31 1974
	(In thousands)	
Marketable equity securities, carried at cost (market $1,414,000 in 1975 and $1,220,000 in 1974)	$ 1,352	$ 1,202
Other investments:		
Certificates of deposit and time deposits	53,703	39,413
U.S. Treasury bills	155,042	24,542
U.S. Government obligations acquired under repurchase agreements	24,000	33,500
Debentures of U.S. Export-Import Bank	14,367	14,321
	$248,464	$112,978

3 Property, Plant and Equipment

The amount of depreciation, depletion and amortization charged to expense in 1975 was $37,178,000 compared with $32,432,000 in 1974.

Deficits incurred at mines in the development stage amounted to $4,800,000 in 1975 and $1,600,000 in 1974. These amounts were capitalized, in accordance with Company policy.

4 Income Taxes

The provision for income taxes, exclusive of extraordinary item (see Note 9), consists of the following components:

	U.S. Federal	Foreign	State	Total
1975		(In thousands)		
Currently payable	$121,932	$1,954	$7,898	$131,784
Deferred	1,075	180	—	1,255
Total	$123,007	$2,134	$7,898	$133,039
1974				
Currently payable	$ 73,673	$2,742	$3,991	$ 80,406
Deferred	(778)	98	—	(680)
Total	$ 72,895	$2,840	$3,991	$ 79,726

The tax provisions for 1975 and 1974 resulted in effective tax rates of 39.9% and 41.2%, respectively. The table below accounts for the difference between the actual tax provisions and the amounts obtained by applying the U.S. Federal income tax rate of 48% to the income before provision for income taxes and extraordinary item.

	1975	1974
	(In thousands)	
Tax provision computed at 48%	$159,929	$92,814
Increases (reductions) in taxes due to:		
Percentage depletion	(30,900)	(19,570)
Miscellaneous	4,010	6,482
Actual tax provision	$133,039	$79,726

It is the policy of the Company to accrue appropriate United States and foreign income taxes on earnings of subsidiary companies which are intended to be remitted in the near future. Accumulated unremitted earnings of such subsidiaries reflected in the accompanying financial statements which have been reinvested for growth and expansion, exclusive of those amounts which, if remitted in the near future, would result in little or no such tax by operation of relevant statutes currently in effect, aggregated approximately $19,435,000 at December 31, 1975 and $15,822,000 at December 31, 1974. These amounts include unremitted earnings ($10,797,000 at December 31, 1975 and $9,340,000 at December 31, 1974) of the Company's Domestic International Sales Corporation (DISC) subsidiary which have been reinvested in qualified export assets and therefore should not become taxable in the foreseeable future.

The Company and its domestic subsidiaries file a consolidated U.S. Federal income tax return. Such returns have been audited and settled through the year 1970. Returns for 1971 and 1972 are presently under examination.

5 Long-Term Debt

Consists of the following:

	1975	1974
	(In thousands)	
Senior:		
6⅛% First Mortgage Sinking Fund Notes due 1982	$12,637	$ 14,771
Notes due 1977	2,788	5,576
Other Obligations	552	3,352
	15,977	23,699
Subordinated:		
6¼%-5¾% Notes due 1981	8,933	10,557
6¼% Notes due 1976	—	548
5½% Notes due 1985	4,780	5,310
6% Notes due 1987	3,300	3,600
4% Subordinated Debentures due 1997	61,000	61,000
	78,013	81,015
Total Long-Term Debt, Less Current Maturities	$93,990	$104,714

The 6⅛% First Mortgage Sinking Fund Notes are secured by a mortgage upon certain coal properties having an aggregate net book value of approximately $49,724,000 at December 31, 1975. There are no other issues of long-term debt secured by a significant lien on specific assets.

The notes due 1977 are at the prime rate, with a minimum of 6% and a maximum of 7½%.

The 4% Subordinated Debentures due July 1, 1997 are exchangeable at any time prior to redemption or maturity for shares of common stock of Brink's, Incorporated owned by the Company, at an exchange rate of 16.3934 shares per $1,000 Debenture (the equivalent of $61 per share). The exchange rate is protected against dilution. The Debentures are entitled to annual mandatory sinking fund payments of $3,050,000 commencing in July 1983. The Debentures are redeemable at the Company's option in whole or in part at any time prior to maturity at redemption prices which decline from 103.4% of principal amount on July 1, 1975 to 100% of principal amount on July 1, 1992.

For the four years through December 31, 1980, minimum repayments of long-term debt outstanding are as follows (in thousands):

1977	$7,908
1978	4,597
1979	4,597
1980	4,587

Under the terms of certain issues, the Company has agreed to usual restrictions relating to consolidated working capital, cash distributions to stockholders, and the amount of additional funded debt which may be incurred. At December 31, 1975, consolidated retained earnings not restricted as to cash distributions to stockholders were $295,375,000.

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6 Capital Stock

In September 1975, the stockholders increased the Company's authorized capital to 52,000,000 shares, consisting of 50,000,000 shares of Common Stock, par value $1 per share, and 2,000,000 shares of Preferred Stock, par value $10 per share. None of the Preferred Stock is presently issued or outstanding.

In October 1975, the Company issued 18,094,852 shares of its Common Stock as a result of the declaration of a 100% stock distribution in July 1975.

In December 1975 and 1974, the directors declared stock dividends of 2% and 3% respectively, resulting in the issuance of 718,636 additional shares in January 1976 and 521,676 shares in February 1975. At December 31, 1975 and 1974, retained earnings of $22,989,000 and $17,601,000, respectively, were appropriated for the issuance of the stock dividends.

At December 31, 1975, the Company held 294,504 shares of Common Stock in its Treasury, compared with 147,252 shares at December 31, 1974. The increase is due to the 100% stock distribution in October 1975.

7 Stock Options

Under the Company's Stock Option Plan, key employees are granted options to purchase shares of the Company's Common Stock at 100% of quoted market value. The plan provides for the granting of five-year "qualified" options and ten-year "non-qualified" options. During the year the plan was amended to provide that all options become exercisable in instalments of up to 25% annually, beginning one year from date of grant. Previously, options were exercisable in instalments of up to 20% annually.

The table below summarizes the activity in the plan. The data have been adjusted, in accordance with the plan's anti-dilution provisions, for all stock dividends and distributions, including the 2% stock dividend paid January 1976.

	No. of Shares	Aggregate Option Price	Aggregate Market Value(a)
		(In thousands)	
Outstanding:			
12/31/75	381,492	$7,930	$7,930
12/31/74	383,887	5,694	5,694
Granted:			
In 1975	117,504	$3,932	$3,932
In 1974	72,806	1,125	1,125
Became Exercisable:			
In 1975	172,418	$2,759	$5,582
In 1974	71,741	851	1,172
Exercised:			
In 1975	110,253	$1,555	$3,242
In 1974	99,289	882	1,541

(a) At dates granted for options outstanding and granted; at dates exercisable for options becoming exercisable; and at dates exercised for options exercised.

At December 31, 1975, there were 1,185,636 shares reserved for issuance under the plan, including 804,144 shares reserved for future grants.

8 Pension Plans

The Company and its subsidiaries have several noncontributory pension plans which provide eligible employees with retirement and disability benefits based on past and future services. The total pension expense was $7,027,000 in 1975 and $5,361,000 in 1974, which includes amortization of prior service costs at the rate of 10% per year for the major plan and over periods up to 30 years for other plans. The plans provide for the funding of the pension costs accrued. The actuarially computed value of vested benefits in excess of the total of pension funds and balance sheet accruals less pension prepayments was approximately $4,833,000 at December 31, 1975 and $8,298,000 at December 31, 1974.

The 1974 amendments to the major plan have been approved by the Internal Revenue Service. Further amendments, primarily of a technical nature, to comply with The Employee Retirement Income Security Act of 1974 are in process, but they are not expected to have a significant financial impact on the Company.

BRINKS009307

9 Extraordinary Item and Legal Proceedings

As a result of agreements to settle certain lawsuits relating to the 1972 Buffalo Creek flood in West Virginia, a charge against 1974 income was made in the amount of $6,190,000 (net of insurance recoveries of $2,436,000 and income tax credits of $5,715,000).

No amounts have been accrued for possible liabilities in respect of (a) an action brought in the Circuit Court of Kanawha County, West Virginia by the State of West Virginia and its governmental subdivisions seeking damages of $100,000,000 on account of alleged flood losses; (b) actions filed in Federal and West Virginia courts alleging flood loss damages of $500,000 for each of 414 plaintiffs; and (c) five other actions seeking damages of approximately $2,500,000 on account of alleged flood losses. The Company understands that additional suits claiming substantial damages on behalf of numerous other plaintiffs are intended to be brought in the future. Although the outcome of these lawsuits cannot be predicted, in the opinion of Company's counsel the damages sought are, in any event, grossly exaggerated.

10 Black Lung Benefits

The Company is generally liable for the payment of benefits to coal miners and their surviving dependents for disabling illness or death arising from pneumoconiosis ("black lung"). In West Virginia the Company pays premiums into the State Black Lung Fund and in Kentucky and Virginia acts as self-insurer. In addition to providing for premiums and claims known to have been filed, provision has been made in an estimated amount for claims believed to have been filed with the United States Department of Labor but not yet processed.

ACCOUNTANTS' REPORT

PEAT, MARWICK, MITCHELL & CO.
Certified Public Accountants
345 Park Avenue, New York, N. Y. 10022

The Stockholders
The Pittston Company:

We have examined the consolidated balance sheet of The Pittston Company and subsidiaries as of December 31, 1975 and 1974 and the related consolidated statements of income, stockholders' equity and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in note 9, the Company is subject to various claims arising from a 1972 flood at Buffalo Mining Company, a subsidiary. No provision has been made for unsettled claims or for possible future claims, since the amount of the Company's liability is not presently determinable.

In our opinion, subject to the effect on the financial statements of final determination of the matter referred to in the preceding paragraph, the aforementioned financial statements present fairly the financial position of The Pittston Company and subsidiaries at December 31, 1975 and 1974 and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell & Co.

March 4, 1976

Summary of Operations

The table below presents a summary of consolidated operations of The Pittston Company and Subsidiaries for the latest five years.

	Years Ended December 31 (In thousands, except per share amounts)				
	1971	1972	1973	1974	1975
Net sales and operating revenues	$579,896	$623,525	$682,559	$1,145,729	$1,504,222
Cost of sales and operating expenses	485,914	548,149	609,581	902,440	1,118,046
Interest expense	7,907	8,594	9,084	8,717	6,890
Income before income taxes and extraordinary items	54,997	33,228	32,368	193,362	333,185
Provision for income taxes	19,672	9,131	6,952	79,726	133,039
Income before extraordinary items	35,325	24,097	25,416	113,636	200,146
Extraordinary items, net of taxes	8,112	4,488	(10,075)	(6,190)	—
Net income	$ 43,437	$ 28,585	$ 15,341	$ 107,446	$ 200,146
Per share (a):					
Income before extraordinary items	$ .97	$ .66	$ .70	$ 3.11	$ 5.47
Extraordinary items, net of taxes	.22	.12	(.28)	(.17)	—
Net income	1.19	.78	.42	2.94	5.47
Cash dividends	.26	.27	.28	.40	.78
Average shares outstanding (in thousands) (a)	36,294	36,385	36,425	36,493	36,589

(a) Adjusted for all stock dividends and distributions, including the 2% stock dividend paid January 1976.

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Management's Discussion and Analysis of the Summary of Operations

Comparison of 1975 with 1974

Coal continued to increase its dominance in the Company's overall results, accounting for 61% of total revenues in 1975, up from 50% in 1974. Of the increase in consolidated sales and revenues of $358,493,000, approximately 94% is attributable to the Coal Division. Slightly more than three-fourths of the increase in coal revenues was due to price increases, about one-fifth was caused by higher volume, and a small amount was the result of selling relatively more of the higher-priced metallurgical grades.

Cost of sales and operating expenses rose $215,606,000, or 24%, with coal accounting for slightly more than 90% of the increase. A substantial part of the increase in the costs of mining coal is labor-related. The new labor agreement with the United Mine Workers union, signed in December 1974, sharply increased labor costs in 1975. At the same time productivity declined, partly due to certain provisions in the new contract relating to health and safety. The costs of purchased materials and services required in the coal production process have also increased significantly.

With revenues increasing faster than costs and expenses (31% versus 23%), margins improved dramatically, resulting in a 72% improvement in pre-tax profits.

For an analysis of income taxes, please refer to note 4 of the notes to financial statements.

For additional discussion, please see pages 2 through 14 of this report.

Comparison of 1974 with 1973

Net sales and operating revenues increased $463,170,000, or 68%. Approximately 60% of the increase was due to higher coal prices and 40% to higher prices in the Oil Division, which is basically a wholesaler and retailer of fuel oil.

Cost of sales and operating expenses were up $292,859,000, or 48%. The primary cause of the increase was the higher purchase cost of the fuel oil which the Oil Division sells. Also contributing substantially to the increase were the sharply rising costs of producing coal—costs such as mine supplies, repairs and maintenance, and taxes. Declining productivity at the mines, and strikes, particularly the one month strike in November-December 1974, also had a serious adverse impact on costs.

The Coal Division dominated the profits picture in 1974. Thus, of the increase of $160,994,000 in total pre-tax profits, slightly more than 90% is attributable to coal operations.

Prior Years

The seven and one-half week coal miners' strike in 1971 depressed the pre-tax profits of that year. The pre-tax profits for 1972 and 1973 were adversely affected by declining productivity at the coal mines and by Federal price controls.

Board of Directors

Nicholas T. Camicia
President and Chief Executive Officer,
The Pittston Company

William F. Craig
Vice President, Irving Trust Company,
Banking
New York, N.Y.

Carl Ferenbach
Consultant
Bernardsville, N.J.

F. M. Kirby
Chairman of the Board and President,
Alleghany Corporation,
financial services, fabricated steel
products and motor freight,
Chairman of the Board, Investors
Diversified Services, Inc.,
financial services company, and
Chairman of the Board, M.S.L.
Industries, Inc., manufacturer
of steel products
New York, N.Y.

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Banking
Philadelphia, Pa.

Thruston B. Morton
Vice Chairman, Liberty Bank and Trust Co.,
Banking
Louisville, Ky.

Robert W. Purcell
Consultant, Rockefeller Family & Associates,
Private Investments and Business Management
New York, N.Y.

Samuel F. Pryor, Jr.
Consultant,
Greenwich, Conn.

Joseph P. Routh
Chairman of the Board, The Pittston Company

William A. Stuart
Partner,
Penn, Stuart, Eskridge & Jones
Attorneys
Abingdon, Va.

Henry J. Taylor
Author, Economist and Journalist
New York, N.Y.

Gene Tunney
Personal Investments
New York, N.Y.

This mammoth boom, capable of filling large ships rapidly, loads our premium grade metallurgical coal for export.

Officers of the Company

Joseph P. Routh
Chairman

Nicholas T. Camicia
President and Chief Executive Officer

Douglas F. Johnston
Executive Vice President, Administration

A. F. Kaulakis
Vice President, Energy Development

Walter H. Schnakenberg
Vice President, Finance and Treasurer

George L. Philip
Controller

Joseph B. McNichols
Secretary

John S. Buscema
Assistant Treasurer

Corporate Office
200 Park Avenue, New York, N.Y. 10017

Transfer Agents
Chemical Bank, New York, N.Y.
Wells Fargo Bank, San Francisco, Cal.

Registrars
Manufacturers Hanover Trust Company, New York, N.Y.
Bank of America N.T. & S.A., San Francisco, Cal.

Note: This annual report is not a part of the soliciting material for the Company's annual meeting to be held May 5, 1976 at Richmond, Va. A formal notice of the meeting, together with proxy statement and proxy form, has been forwarded under separate cover.

The common stock of The Pittston Company is listed on the New York Stock Exchange (trading symbol PCO) and The Pacific Stock Exchange. The Company's 4% Subordinated Debentures are listed on the New York Stock Exchange.