

What tax information do I as a shareholder need to be aware of pertaining to the reverse spin-off of Massey Energy?

On November 30, 2000, Fluor Corporation completed a corporate restructuring under which:

- all of its engineering, procurement and construction business operations were placed in a new corporation named Fluor Corporation;
- all of its coal mining business operations were retained by the old Fluor Corporation; and
- the old Fluor Corporation changed its name to Massey Energy Company.

This corporate restructuring was implemented by a distribution to all shareholders of the old Fluor Corporation of one share of common stock of the new Fluor Corporation for each share of common stock of the old Fluor Corporation held as of the close of business on November 30, 2000. Please note that existing share certificates which identify the company as "Fluor Corporation" now represent shares in that company under its new name Massey Energy Company. Certificates representing your shares of common stock in the new Fluor Corporation were mailed to you (or your broker) on or about December 21, 2000. If you have questions regarding your shares, please contact Fluor's transfer agent, Mellon Investor Services, at 877-870-2366.

The Internal Revenue Service has ruled that, for federal income tax purposes:

- No gain or loss will be recognized by a shareholder of the old Fluor Corporation, and no amount will be included in the income of a shareholder of the old Fluor Corporation, by reason of the distribution of common stock of the new Fluor Corporation.
- The aggregate tax basis of the common stock of the old Fluor Corporation and the common stock of the new Fluor Corporation in the hands of each shareholder of the old Fluor Corporation immediately after the distribution will equal the tax basis of the shareholder's common stock of the old Fluor Corporation immediately before the distribution. That aggregate tax basis will be allocated between the common stock of the old Fluor Corporation and the common stock of the new Fluor Corporation in proportion to their fair market values at the time of the distribution.
- The holding period of the common stock of the new Fluor Corporation received in the distribution by each shareholder of the old Fluor Corporation will include the holding period of the shareholder's common stock of the old Fluor Corporation, provided that the common stock of the old Fluor Corporation was held as a capital asset at the time of the distribution.

In order to compute the tax basis and holding period for your shares of common stock of the old Fluor Corporation and your shares of common stock of the new Fluor Corporation, you must first determine the tax basis and holding period for the shares of common stock of the old Fluor Corporation that you held immediately prior to the distribution. Based on the average of the low and high prices of common stock of the new Fluor Corporation and the average of the low and high prices of common stock of the old Fluor Corporation on December 1, 2000, as reported on a "when issued" basis on the New York Stock Exchange, 71.7153% of your tax basis in your common stock of the old Fluor Corporation immediately prior to the distribution should be allocated to the common stock of the new Fluor Corporation that you receive in the distribution, and the remaining 28.2847% of your tax basis in your common stock of the old Fluor

Corporation immediately prior to the distribution will be the tax basis in your common stock of the old Fluor Corporation immediately after the distribution. For example, if you had a \$30 tax basis in a share of common stock of the old Fluor Corporation as of the time of the distribution, immediately following the distribution you would have a tax basis in the share of common stock of the new Fluor Corporation received in the distribution of 71.7153% of \$30, which equals \$21.51, and a tax basis remaining in the share of common stock of the old Fluor Corporation of 28.2847% of \$30, which equals \$8.49.

If you acquired your shares of common stock of the old Fluor Corporation at different times, all of your shares of common stock of the old Fluor Corporation may not have had the same tax basis. If that is the case, then for each block of common stock of the old Fluor Corporation with a different tax basis, you will need to make a separate allocation of that basis between your shares of common stock of the old Fluor Corporation and the shares of common stock of the new Fluor Corporation received in the distribution with respect to those shares.

You also will have a different holding period for each block of common stock of the old Fluor Corporation acquired at different times. The holding period of the common stock of the new Fluor Corporation received in the distribution will depend on the holding period for the particular shares of common stock of the old Fluor Corporation with respect to which those shares of common stock of the new Fluor Corporation were distributed, assuming that your shares of common stock of the old Fluor Corporation were held as a capital asset. For example, if at the time of the distribution you had owned 100 shares of common stock of the old Fluor Corporation, 50 of which you had owned for 6 months and 50 of which you had owned for 2 years, immediately following the distribution you would have had a 6-month holding period for 50 shares of common stock of the old Fluor Corporation and 50 shares of common stock of the new Fluor Corporation, and a 2-year holding period for 50 shares of common stock of the old Fluor Corporation and 50 shares of common stock of the new Fluor Corporation.

The Internal Revenue Service requires that you sign and attach to your federal income tax return for the year of the distribution a statement setting forth certain prescribed information regarding the distribution. A sample statement is given below:

SAMPLE STATEMENT

Shareholder's Information Statement with respect to the Distribution of Fluor Corporation Common Stock Pursuant to Internal Revenue Code Section 355

This statement is submitted pursuant to Treasury Regulation 1.355-5(b).
The undersigned, a shareholder of Massey Energy Company, received a distribution as of November 30, 2000 of one share of the Common Stock of Fluor Corporation for each share of Massey Energy Company which the undersigned held as of that date. No shares or securities of Massey Energy Company were surrendered in connection with such distribution. A total of _____ shares of Fluor Corporation Common Stock were received on such distribution.

The names and addresses of the corporations involved are as follows:

Massey Energy Company
4 North 4th Street
Richmond, Virginia 23219

Fluor Corporation
6700 Las Colinas Blvd.
Irving, Texas 75039

In a letter dated November 15, 2000, the Internal Revenue Service ruled that this distribution of Fluor Corporation Common Stock was non-taxable pursuant to Section 355 of the Internal Revenue Code.

The information provided should generally be helpful in preparing your United States federal income tax return. We therefore urge you to retain this information for future reference. However, the information only represents our understanding of current federal income tax law and does not constitute tax advice. Moreover, this information does not purport to describe all of the tax consequences of the distribution or to describe the tax consequences that may apply to particular categories of shareholders, such as shareholders who are not citizens or residents of the United States or who are otherwise subject to special treatment under federal tax law. You should consult with your own tax advisor as to the particular tax consequences of the distribution to you, including the applicability and effect of any state, local and foreign tax laws.