SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
SEC Accession No. 0000950123-99-002566

(HTML Version on secdatabase.com)

FILER

HARSCO CORP

CIK:**45876**| IRS No.: **231483991** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **001-03970** | Film No.: **99573602**
SIC: **3440** Fabricated structural metal products

Mailing Address
PO BOX 8888
CAMP HILL PA 17001-8888

Business Address
P O BOX 8888
CAMP HILL PA 17001-8888
7177637064

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

FORM 10-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 1998 Commission file number 1-3970

HARSCO CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	23-1483991
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
Camp Hill, Pennsylvania	17001-8888
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 717-763-7064

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>
<CAPTION>

Title of each class	Name of each exchange on which registered
<S>	<C>
Common stock, par value $1.25 per share	New York Stock Exchange
	Pacific Stock Exchange

</TABLE>

Securities registered pursuant to Section 12(g) of the Act:

NONE
(Title of class)

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES [X] NO [ ]

The aggregate market value of the Company's voting stock held by non-affiliates of the Company as of February 26, 1999 was $1,156,205,448.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

<TABLE>
<CAPTION>

Classes	Outstanding at February 26, 1999
<S>	<C>
Common stock, par value $1.25 per share	41,201,085
Preferred stock purchase rights	41,201,085

</TABLE>

Documents Incorporated by Reference

Selected portions of the Notice of 1999 Meeting and Proxy Statement are Incorporated by Reference in Part III of this Report.

The Exhibit index (Item No. 14) is located on pages 82 to 89.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

INFORMATION REQUIRED IN REPORT

PART I

Item 1. Business:

(a) Description of Business:

Harsco Corporation ("the Company") is a diversified industrial services and engineered products company. The principal lines of business are: industrial mill services that are provided to steel and non-ferrous metals producers in over 30 countries, including the United States; gas control and containment products for customers worldwide; scaffolding services to the industrial maintenance and construction markets primarily in North America; railway maintenance of way equipment and services that are provided to worldwide railroads; and several other lines of business including, but not limited to, process equipment, industrial grating and bridge decking, industrial pipe fittings, slag abrasives and roofing granules. The Company's operations fall into three operating segments: Mill Services, Gas and Fluid Control and Infrastructure. The Company has over 300 locations in 34 countries, including the United States.

In 1998, the Company acquired four businesses and divested two small non-core operations.

Under the Mill Services Segment - In April 1998, the Company acquired Faber Prest Plc for approximately $98 million. Faber Prest Plc is a UK-based provider of mill services to worldwide steel producers and integrated logistics services to the steel industry and other market sectors. Faber Prest Plc, serving mills in Europe, Africa, Australasia, and the United States, contributed sales of over $100 million in its first nine months of operations under Harsco ownership.

In December 1998, the Company completed the sale of a non-core operation, HydroServ SAS, a small industrial cleaning business based in France.

Under the Gas and Fluid Control Segment - In February 1998, the Company acquired EFI Corporation (EFIC) for approximately $7.2 million. EFIC produces lightweight composite cylinders used extensively in firefighter breathing apparatus as well as other industrial and commercial applications.

In June 1998, the Company acquired Chemi-Trol Chemical Co. for approximately $46 million. Chemi-Trol's principal business is the production and distribution of steel pressure tanks for the storage of propane gas and anhydrous ammonia. Chemi-Trol increases the Company's propane tank manufacturing capacity by nearly 40%.

In October 1998, the Company acquired Superior Valve Company from Amcast Industrial Corporation. Superior Valve designs, manufactures, and sells high pressure, precision valves for a range of commercial and industrial applications, principally commercial refrigeration, air conditioning, and industrial gases.

Also, in October 1998, the Company completed the sale of Nutter Engineering to the Sulzer Chemtech division of Swiss-based Sulzer Technology Corporation. Nutter, a non-core operation, had sales of approximately $25 million and $24 million in 1998 and 1997, respectively.

In 1998, the Company defined its operating structure into three segments as required by the new accounting standard, SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." Under this accounting standard the Company's seven business units have been aggregated into three reportable segments: Mill Services, Gas and Fluid Control, and Infrastructure.

The operations of the Company in any one country, except the United States, do not account for more than 10% of sales. No single customer represented 10% or more of the Company's sales during 1998, 1997, and 1996. There are no significant intersegment sales.

(b) Financial Information about Industry Segments:

Financial information concerning Industry Segments is included in Note 16 to the Consolidated Financial Statements under Item 8, "Financial Statements and Supplementary Data".

(c) Narrative Description of Business:

(1) A narrative description of the businesses by operating segment is as

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

follows:

Mill Services

This segment provides specialized services to steel producers and non-ferrous metals industries worldwide. The services provided include metal reclamation; slag processing, marketing and utilization; raw material management and handling; by-product recycling; and finished product handling and transport. Highly specialized recovery and cleaning equipment, installed and operated on the property of steel producers, together with standard material handling equipment such as drag lines, cranes, bulldozers, tractors, hauling equipment, lifting magnets and buckets are employed to reclaim metal and handle material. The customer uses this reclaimed metal in its steel production process, and makes periodic payments to the Company based upon the amounts of metal reclaimed. The nonmetallic residual slag is graded into various sizes at on-site Company-owned processing facilities and sold commercially. It is used as an aggregate material in asphalt paving applications, railroad ballast and building blocks. The Company also provides in-plant transportation and other specialized services, including slab management systems, general plant services, and recycling technology. Similar services are also provided to non-ferrous metals industries, such as aluminum, copper, and nickel.

This segment also provides roofing granules and slag abrasives. The Company's slag abrasives and roofing granules are produced from utility coal slag at a number of locations throughout the United States. Slag abrasives are used for industrial surface preparation, such as rust removal and cleaning of bridges, ship hulls, and various structures. Roofing granules are sold to residential roofing shingle manufacturers.

This segment includes the Eastern and Western Regions of the Heckett MultiServ Division, which operates at more than 160 sites in over 30 countries. Also included is the Reed Minerals unit, which provides roofing granules and slag abrasives.

For 1998, percentages of consolidated net sales of certain product classes were as follows: metal reclamation and mill services 40%; and roofing granules and slag abrasives 3%.

Gas and Fluid Control

Major product classes in this segment are gas containment and control equipment, industrial pipe fittings and process equipment.

Gas containment products include bulk storage tanks, high pressure cylinders, propane tanks, and storage vessels for industrial and commercial gases and other products. Gas control products include valves and regulators serving a variety of markets, including the commercial refrigeration, air conditioning, and outdoor recreation industries.

The segment's diverse product class of process equipment includes heat and mass transfer equipment; air-cooled heat exchangers; process equipment, blenders, dryers and mixers; industrial and institutional boilers and hot water heaters; and wear-resistant steels used in the heavy-duty industrial requirements of mining, steelmaking, and paper production, as well as the ballistic armor protection of military and commercial vehicles.

The segment is a major supplier of industrial pipe fittings and related products for the plumbing, hardware and energy industries and produces a variety of product lines, including forged and stainless steel fittings, conduit pipe products, standard pressure fittings, swage nipples and couplings.

For 1998, percentages of consolidated net sales of certain product classes were as follows: gas containment and control, 21%; process equipment, 9%; and industrial pipe fittings, 6%.

Infrastructure

Major product classes in this segment are scaffolding, shoring and concrete forming equipment and services, railway maintenance of way equipment and services, and industrial grating and bridge decking products.

The segment's scaffolding, shoring and concrete forming operations include steel and aluminum support systems that are leased or sold to customers through a North American network of over 40 branch offices. Also, the New Orleans-based Plant Services unit provides scaffolding and erection/dismantling services to refineries and the petrochemical sector.

The segment manufactures a varied line of industrial grating products at numerous plants in North America. The Company produces riveted, pressure-locked and welded grating in steel and aluminum, used mainly in industrial flooring, safety, and security applications for power, paper, chemical, refining and

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

processing applications. The Company also produces varied products for bridge decking uses, as well as a range of fiberglass grating products.

The railway maintenance of way equipment and services product class includes specialized track maintenance equipment used by private and government-owned railroads and urban transit systems worldwide. The equipment manufactured by the Company includes a

comprehensive range of specially-designed systems used in the construction and maintenance of track and railbeds. The Company's railway maintenance of way services include the Tie Masters(TM) program, which provides day-to-day management and equipment for the railway's tie renewal and equipment maintenance work, including training the railway's tie and surface gang personnel to operate the equipment.

For 1998, percentages of consolidated net sales of certain product classes were as follows: scaffolding, shoring and concrete forming equipment, 8%; railway maintenance of way services and equipment, 7%; and industrial grating and bridge decking, 6%.

(1) (i) The products and services of Harsco can be divided into a number of classes. The product classes that contributed 10% or more as a percentage of consolidated net sales in any of the last three fiscal years are as set forth in the following table.

	1998	1997	1996
Metal Reclamation and Mill Services	40%	38%	39%
Gas Control and Containment Equipment	21%	21%	19%

(1) (ii) New products and services are added from time to time; however, in 1998 none required the investment of a material amount of the Company's assets.

(1) (iii) The manufacturing requirements of the Company's operations are such that no unusual sources of supply for raw materials are required. The raw materials used by the Company include principally steel and to a lesser extent aluminum which usually are readily available.

(1) (iv) While Harsco has a number of trademarks, patents and patent applications, it does not consider that any material part of its business is dependent upon them.

(1) (v) Harsco furnishes building products and materials and a wide variety of specialized equipment for commercial, industrial, public works and residential construction which are seasonal in nature. In 1998, construction-related operations accounted for 11% of total sales.

(1) (vi) The practices of the Company relating to working capital items are not unusual compared with those practices of other manufacturers servicing mainly industrial and commercial markets.

(1) (vii) No material part of the business of the Company is dependent upon a single customer or a few customers, the loss of any one of which would have a material adverse effect upon the Company.

(1) (viii) Backlog of orders stood at $188,594,000 and $225,575,000 as of December 31, 1998 and 1997, respectively. It is expected that approximately 26% of the total backlog at December 31, 1998, will not be filled during 1999. There is no significant seasonal aspect to the Company's backlog. Backlog for scaffolding, shoring and forming equipment, and for roofing granules and slag abrasives is not included in the total backlog, because it is generally not quantifiable due to the nature of the products and services provided. Contracts for the Mill Services Segment are also excluded from the total backlog. These Contracts have an estimated value of $3.3 billion at December 31, 1998.

(1) (ix) At December 31, 1998, the Company had no material contracts that were subject to renegotiation of profits or termination at the election of the Government.

(1) (x) The various fields in which the Company operates are highly competitive and the Company encounters active competition in all of its activities from both larger and smaller companies who produce the same or similar products or services or who produce different products appropriate for

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

the same uses.

(1) (xi) The expense for internal product improvement and product development activities was $6,977,000, $6,090,000, and $5,108,000 in 1998, 1997, and 1996, respectively.

(1) (xii) The Company has become subject, as have others, to increasingly stringent air and water quality control legislation. In general, the Company has not experienced substantial difficulty in complying with these environmental regulations in the past and does not anticipate making any major capital expenditures for environmental control facilities. While the Company expects that environmental regulations may expand, and its expenditures for air and water quality control will continue, it cannot predict the effect on its business of such expanded regulations. For additional information regarding environmental matters see Note 10 to the Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data".

(1) (xiii) As of December 31, 1998, the Company had approximately 15,300 employees.

(d) Financial Information about Foreign and Domestic Operations and Export Sales:

Financial information concerning foreign and domestic operations is included in Note 16 to the Consolidated Financial Statements under Item 8, "Financial Statements and Supplementary Data". Export sales totaled $114.7 million and $125.4 million in 1998 and 1997, respectively.

Item 2. Properties:

Information as to the principal plants owned and operated by the Company is summarized in the following table:

Location	Floor Space (Sq. Ft.)	Principal Products
Infrastructure:		
Fairmont, Minnesota	312,000	Railroad Equipment
West Columbia, South Carolina	224,000	Railroad Equipment
Brendale, Australia	20,000	Railroad Equipment
Nashville, Tennessee	246,000	Grating
Nashville, Tennessee	87,000	Grating
Charlotte, North Carolina	23,000	Grating
Madera, California	48,000	Grating
Leeds, Alabama	51,000	Grating
Cheswick, Pennsylvania	56,000	Grating
Channelview, Texas	86,000	Grating
Marlboro, New Jersey	30,000	Grating
Queretaro, Mexico	63,000	Grating
Marion, Ohio	135,000	Construction Equipment
Mill Services:		
Moundsville, West Virginia	11,000	Roofing Granules/Abrasives
Drakesboro, Kentucky	38,000	Roofing Granules
Gary, Indiana	15,000	Roofing Granules/Abrasives

Item 2. Properties (continued):

Location	Floor Space (Sq. Ft.)	Principal Products
Gas and Fluid Control:		
West Jefferson, Ohio	148,000	Pipe Fittings
Crowley, Louisiana	172,000	Pipe Fittings

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Houston, Texas	26,000	Pipe Fittings
Chicago, Illinois	35,000	Pipe Fittings
Hamden, Connecticut	47,000	Pipe Fittings
Vanastra, Ontario, Canada	55,000	Pipe Fittings
East Stroudsburg, Pennsylvania	172,000	Process Equipment
Port of Catoosa, Oklahoma	131,000	Heat Exchangers
Sapulpa, Oklahoma	83,000	Heat Exchangers
Lockport, New York	104,000	Valve Manufacturing
Niagara Falls, New York	66,000	Valve Manufacturing
Washington, Pennsylvania	111,000	Valve Manufacturing
Jesup, Georgia	87,000	Propane Tanks
Jesup, Georgia	65,000	Propane Tanks
Jesup, Georgia	63,000	Cryogenic Storage Vessels
Bloomfield, Iowa	48,000	Propane Tanks
West Jordan, Utah	36,000	Propane Tanks
Fremont, Ohio	69,000	Propane Tanks
Pomona, California	56,000	Composite Pressure Vessels
Gardena, California	26,000	Composite Pressure Vessels
Harrisburg, Pennsylvania	245,000	Cylinders
Huntsville, Alabama	220,000	Acetylene Tanks
Theodore, Alabama	305,000	Cryogenic Storage Vessels
Husum, Germany	61,000	Cryogenic Storage Vessels
Shah Alam, Malaysia	25,000	Cryogenic Storage Vessels
Shah Alam, Malaysia	29,000	Cylinders
Beijing, China	134,000	Cryogenic Storage Vessels

</TABLE>

The Company also operates the following plants which are leased:

<TABLE>
<CAPTION>

Location	Floor Space (Sq. Ft.)	Principal Products	Expiration Date of Lease
<S>	<C>	<C>	<C>
Infrastructure:			
Nottingham, England	30,000	Railroad Equipment	10/23/00
Tulsa, Oklahoma	10,000	Grating	02/28/00
Gas and Fluid Control:			
Lansing, Ohio	67,000	Pipe Fittings	01/31/03
Cleveland, Ohio	50,000	Brass Castings	09/30/00

</TABLE>

The Company operates from a number of other plants, branches, warehouses and offices in addition to the above. The Company has over 160 locations related to mill services in over thirty countries, however since these facilities are on the property of the steel mill being serviced they are not listed. The Company considers all of its properties, at which operations are currently performed, to be in satisfactory condition.

Item 3. Legal Proceedings:

Information regarding legal proceedings is included in Note 10 to the Consolidated Financial Statements under Item 8, "Financial Statements and Supplementary Data".

Item 4. Submission of Matters to a Vote of Security Holders:

There were no matters that were submitted during the fourth quarter of the year covered by this report to a vote of security holders, through the solicitation of proxies or otherwise.

PART II

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters:

On November 19, 1996, the Board of Directors declared a two-for-one stock split on the Company's common stock. One additional share was issued for each share of common stock held by shareholders of record as of the close of business on January 15, 1997. New shares were distributed on February 14, 1997.

Harsco common stock is traded on the New York, Pacific, Boston, and Philadelphia Stock Exchanges under the symbol HSC. At the end of 1998, there were 42,249,922 shares outstanding. In 1998, the stock traded in a range of $47 1/4 - $23 and closed at $30 7/16 at year-end. At December 31, 1998 there were approximately 20,000 shareholders. For additional information regarding Harsco common stock market price and dividends declared, see the Common Stock Price and Dividend Information under Part II, Item 8, "Financial Statements and Supplementary Data".

Item 6. Selected Financial Data

FIVE-YEAR STATISTICAL SUMMARY
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	1998	1997	1996	1995	1994
INCOME STATEMENT INFORMATION					
Net sales	$ 1,733,458	$ 1,627,478	$ 1,557,643	$ 1,495,466	$ 1,357,715
Income from continuing operations before interest, income taxes, and minority interest	191,901	179,888	166,057	131,019	114,593
Income from continuing operations	107,513	100,400	83,903	61,318	46,111
Income from discontinued defense business	--	28,424(d)	35,106	36,059	40,442
Gain on disposal of discontinued defense business	--	150,008	--	--	--
Net income	107,513	278,832	119,009	97,377	86,553
FINANCIAL POSITION INFORMATION					
Working capital	$ 112,619	$ 341,160	$ 214,519	$ 145,254	$ 254,338
Total assets	1,623,581	1,477,188	1,324,419	1,310,662	1,314,649
Long-term debt	309,131	198,898	227,385	179,926	340,246
Total debt	363,738	225,375	253,567	288,673	365,984
Depreciation and amortization	131,381	116,539	109,399	104,863	99,589
Capital expenditures	159,816	143,444	150,294	113,895	90,928
Cash provided by operating activities	189,260(e)	148,541(c)	217,202	258,815	161,395
Cash provided (used) by investing activities	(233,490)	196,545(c)	(153,225)	(97,331)	(73,150)
Cash (used) by financing activities	(134,324)	(167,249)	(92,944)	(128,068)	(103,040)
RATIOS					
Return on net sales(1)	6.2%	6.2%	5.4%	4.1%	3.4%
Return on average equity(2)	14.3%	15.1%	14.0%	10.7%	9.0%
Return on average assets(3)	12.9%	14.3%	13.7%	10.8%	9.4%
Current ratio	1.2:1	1.9:1	1.7:1	1.4:1	1.9:1
Percent of total debt to capital(4)	34.7%	22.4%	27.1%	31.6%	38.6%
PER SHARE INFORMATION (a)					
Diluted - Income from continuing operations	$ 2.34	$ 2.04	$ 1.67	$ 1.20	$ .92
- Income from discontinued defense business	--	.58(d)	.70	.71	.80
- Gain on disposal of discontinued defense business	--	3.05	--	--	--

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

- Net income	2.34	5.67	2.37	1.91	1.72
Book Value	16.22	16.64	13.73	12.49	11.54
Cash dividends declared	.885	.82	.77	.75	.71
OTHER INFORMATION					
Basic average number of shares outstanding (a)	45,568,256	48,754,212	49,894,515	50,504,707	50,230,321
Diluted average number of shares outstanding (a)	45,910,531	49,191,872	50,317,664	50,856,929	50,441,097
Number of employees	15,300	14,600	14,200	13,200	13,000
Backlog (b)	$ 188,594	$ 225,575	$ 211,734	$ 157,129	$ 160,703

</TABLE>

FIVE-YEAR STATISTICAL SUMMARY

(a) Reflects two-for-one stock split to shareholders of record January 15, 1997.

(b) Excludes the estimated value of long-term mill service contracts, which had an estimated value of $3.3 billion at December 31, 1998.

(c) Cash provided by operating activities for 1997 includes approximately $100 million of income taxes paid related to the gain on the disposal of the defense business, whereas the pre-tax cash proceeds are included in investing activities.

(d) Includes income through August 1997 (the measurement date) from the discontinued defense business.

(e) Cash provided by operating activities for 1998 includes approximately $14 million of payments related to income taxes, and certain other liabilities of the discontinued defense business.

(1) "Return on net sales" is calculated by dividing income from continuing operations by net sales.

(2) "Return on average equity" is calculated by dividing income from continuing operations by quarterly weighted average equity.

(3) "Return on average assets" is calculated by dividing income from continuing operations before interest expense, income taxes, and minority interest by quarterly weighted average assets.

(4) "Percent of total debt to capital" is calculated by dividing the sum of debt (short-term borrowings and long-term debt including current maturities) by the sum of equity and debt.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations:

FINANCIAL CONDITION

The Company maintained a sound financial condition in 1998. Strong cash flow from operations and proceeds from the sale of businesses, supplemented with proceeds from debt financing, provided funding for the Company's record investment of $487.4 million for acquisitions, capital spending, and share repurchases.

Net cash provided by operating activities was $189.3 million in 1998 compared with $148.5 million in 1997. Operating cash in 1998 was lowered by approximately $14 million due to payments for income taxes and certain other liabilities related to the discontinued defense business. In 1997, operating cash flows were adversely affected by approximately $100 million of income taxes paid related to the gain on disposal of the defense business, whereas the pretax cash proceeds of $344 million were recorded in cash from investing activities. Cash flows were significantly increased in 1997 by $49.1 million in distributions from the discontinued defense business. After adjusting for the cash transactions relating to the discontinued defense business, operating cash flows for continuing operations of $203.3 million for 1998 approximated 1997.

Capital expenditures for 1998 were a record $159.8 million compared with $143.4

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

million in 1997. These investments reflect the Company's continuing program to achieve business growth and to improve productivity and product quality. Capital expenditures during the past three years averaged $151.2 million. Also, in 1998, $158.3 million of cash was used to purchase four businesses, EFI Corporation, Faber Prest Plc, Chemi-Trol Chemical Co., and Superior Valve Company.

For several years the Company has maintained a policy of reacquiring its common stock in unsolicited open market or privately-negotiated transactions at prevailing market prices. During 1998, the Board of Directors authorized the purchase of up to 5,000,000 shares of the Company's common stock. This is in addition to the over 1 million shares remaining from the November 1997 authorization. The total number of shares purchased under these programs for the twelve months ended December 31, 1998 was 4,938,759 for approximately $166.2 million. This excludes shares repurchased for recurring corporate purposes, such as employee benefit plans. Due to the timing of actual payments for the purchase of common stock, the cash flow used by financing activities was approximately $169.3 million. Remaining authorized shares to be purchased as of December 31, 1998 total 1,122,500. In January 1999, the Board of Directors authorized the purchase of an additional 2,000,000 shares of the Company's common stock.

Cash from financing activities in 1998 also included a net increase in debt of $72.7 million, and $40.3 million of cash dividends paid on common stock. The increase in debt occurred to fund the Company's share repurchase program, business acquisitions, and capital expenditures.

In 1998, cash and cash equivalents decreased $180.0 million to $41.6 million.

Other matters which could affect cash flows in the future are discussed under Note 10 to the Consolidated Financial Statements, "Commitments and Contingencies".

As of December 31, 1998 net working capital was $112.6 million, a decrease from $341.2 million at December 31, 1997. The decrease of $228.6 million relates principally to 1997's excess cash from the sale of the defense business being used to acquire businesses and for stock repurchases. Current assets were $587.4 million, and current liabilities were $474.8 million, resulting in a current ratio of 1.2 to 1, compared with 1.9 to 1 at December 31, 1997. With debt of $363.7 million and equity of $685.3 million at December 31, 1998, the debt as a percent of total capital was 34.7%, compared with 22.4% at December 31, 1997.

The stock price ranged from $23.00 to $47.25 per share during 1998. Harsco's book value per share at December 31, 1998 was $16.22, compared with $16.64 at December 31, 1997. The Company's return from continuing operations on average equity for 1998 was 14.3% compared with 15.1% for 1997. The return from continuing operations on average assets was 12.9% compared with 14.3% for 1997. The return from continuing operations on average capital was 11.5% compared with 11.6% for 1997.

The Company has available, through a syndicate of banks, a $400 million multi-currency five-year revolving credit facility, extending through July 2001. This facility serves as back-up to the Company's commercial paper program. As of December 31, 1998, there were no borrowings outstanding under this facility.

The Company has a U.S. commercial paper borrowing program under which it can issue up to $300 million of short-term notes in the U.S. commercial paper market. In addition, the Company has a 3 billion Belgian franc program, equivalent to approximately US $87 million. The Belgian program can be used to borrow a variety of European currencies in order to fund the Company's European operations more efficiently and in appropriate currencies. The Company limits the aggregate commercial paper and syndicated credit facility borrowings at any one time to a maximum of $400 million. At December 31, 1998, the Company had $108.8 million of commercial paper debt outstanding under the commercial paper programs.

The Company's outstanding long-term notes are rated A by Standard & Poor's, A by Fitch IBCA, and A-3 by Moody's. The Company's commercial paper is rated A-1 by Standard & Poor's, F-1 by Fitch IBCA, and P-2 by Moody's. The Company also has on file with the Securities and Exchange Commission a Form S-3 shelf registration for the possible issuance of up to an additional $200 million of new debt securities, preferred stock, or common stock.

As indicated by the above, the Company's financial position and debt capacity should enable it to meet its current and future requirements. As additional resources are needed, the Company should be able to obtain funds readily and at competitive costs.

RESULTS OF OPERATIONS

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

1998 Compared with 1997

Revenues from continuing operations for 1998 were $1.74 billion, 7% above 1997. The increase was due to the inclusion of acquired companies in 1998. Inclusion of the acquired companies increased revenues for the Mill Services Segment and for gas control and containment equipment in the Gas and Fluid Control Segment. Process equipment sales also increased. Sales of scaffolding, shoring, and forming services increased, but to a lesser extent. These increases were partially offset by lower sales of pipe fittings, railway maintenance of way equipment, and contract services and grating. Excluding the adverse foreign exchange translation effect of the strengthening U.S. dollar, revenues from continuing operations for 1998 were approximately 8% above 1997.

Cost of products and services sold increased due to the inclusion of acquired companies. Due to the Company's cost control efforts, selling, general, and administrative expenses were only slightly above 1997, despite the inclusion of acquired companies.

In 1998 the Company incurred $2.2 million of net pre-tax special charges including asset write-downs, employee termination costs, costs to exit activities, and other reorganization-related costs. The charges were incurred as a result of the Company's continuing efforts to consolidate and streamline its businesses. The $2.2 million net special charges include a $15.6 million net charge in the Mill Services Segment and a $4.8 million net charge in the Infrastructure Segment partially offset by an $18.2 million net gain in the Gas and Fluid Control Segment. This net gain included a $27.0 million gain associated with the sale of a business.

Gains for 1998 consist principally of a pre-tax net gain of $27 million recorded on the October 1998 sale of the Nutter Engineering unit of the Gas and Fluid Control Segment. Such gains are reflected as adjustments to reconcile net income to net cash provided by operating activities in the Consolidated Statement of Cash Flows. Total proceeds associated with special gains were $42.9 million and are included in proceeds from the sale of businesses and property, plant and equipment in the investing activities section of the Consolidated Statement of Cash Flows.

Impaired asset write-downs for 1998 include a $6.1 million pre-tax, non-cash, write-down of the Company's investment in Bio-Oxidation Services Inc. which is included in the Gas and Fluid Control Segment. The write-down amount was measured on the basis of the lower of carrying amount or fair value less cost to sell. Fair value was determined using available information based upon the estimated amount at which the assets could be sold in a current transaction between willing parties. The investment carrying value as of December 31, 1998 was $7.6 million. The Company estimates that the disposal will occur during 1999. For the year ended December 31, 1998 Bio-Oxidation Services Inc. recorded a pre-tax loss of $9.8 million which includes the asset write-down of $6.1 million.

Impaired asset write-downs also include a fourth quarter 1998 $6.1 million pre-tax, non-cash, write-down of assets, principally property, plant and equipment in the Mill Services Segment. The write-down became necessary as a result of significant adverse changes in the international economic environment and the steel industry. Impairment loss was measured as

the amount by which the carrying amount of assets exceeded their estimated fair value. Fair value was estimated based upon the expected future realizable cash flows.

Non-cash impaired asset write-downs, are included in Other (income) and expenses in the Consolidated Statement of Cash Flows, as adjustments to reconcile net income to net cash provided by operating activities.

Employee termination benefit costs consist principally of severance arrangements to employees terminated as a result of management reorganization actions. Under these reorganization actions, the Company and its management have established and approved specific plans of termination. The affected employees have been notified prior to recognition of related provisions. Non-cash charges for employee termination benefit costs are included in Other (income) and expenses as adjustments to reconcile net income to net cash provided by operating activities in the Consolidated Statement of Cash Flows. During 1998 such actions occurred principally in the Mill Services Segment in South Africa, United States, France, and Germany. In 1998, approximately 670 employees were included in employee termination arrangements implemented by the Company and approximately $2.4 million of cash payments were made under such arrangements. The payments are reflected as uses of operating cash in the Consolidated Statement of Cash Flows, and consequently reduce certain liabilities. Under these reorganization actions, 349 employees have been terminated as of December 31, 1998. The remaining $4.1 million balance of employee termination arrangements is expected to be paid principally in 1999.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Income from continuing operations before income taxes and minority interest increased 5% from 1997 due principally to improved performance. Increased earnings were achieved due principally to improved results for scaffolding, shoring, and forming services and process equipment, as well as the inclusion of acquired companies. These increases were partially offset by lower results for metal reclamation and mill services, pipe fittings, grating, and gas control and containment equipment, as well as start-up losses and asset write-downs associated with the medical waste disposal services business.

The Company's results have been affected by the Asian economic crisis including its effects on worldwide steel prices and steel production. That crisis contributed to reduced sales and income in our Asian operations, lower exports for certain operations in the United States, and reduced margins of certain domestic operations adversely affected by foreign steel imports. Also included in 1998 were $1.7 million of net pre-tax foreign currency translation/transaction losses, principally due to the weakening of the Mexican peso and the Russian ruble in relation to the U.S. dollar, as compared with $.5 million of net foreign currency translation/transaction gains in 1997.

Interest expense increased in 1998 as a result of increased borrowings for the Company's share repurchase program and for the funding of acquisitions.

The effective income tax rate for continuing operations for 1998 was 37.5% versus 38% in 1997. The reduction in the income tax rate is due to lower effective income tax rates on state, as well as international earnings.

Income from continuing operations was up 7% from 1997. Basic earnings per common share from continuing operations of $2.36 were up 15% from 1997.

Net income of $107.5 million for 1998 was below 1997 which included $178.4 million of income and a gain from the Company's divested defense business. Basic earnings per common share were $2.36, down from $5.72 in 1997. Diluted earnings per common share were $2.34, down from $5.67 in 1997.

Sales of the Mill Services Segment, at $751.9 million, were above 1997, despite the adverse effect of foreign exchange translation. The increase was due to the inclusion of an acquired company as of the second quarter of 1998. Sales of the Gas and Fluid Control Segment, at $617.9 million, increased from 1997 due to the inclusion of sales of three acquired companies and due to increased sales for process equipment. Sales of the Infrastructure Segment, at $363.7 million, were slightly below 1997. Sales of scaffolding, shoring, and forming services were above 1997. However, sales of railway maintenance of way equipment and contract services and grating products were down from 1997.

Income from the Mill Services Segment, at $43.3 million, was below 1997. The decrease included after-tax net charges of $9.8 million ($.21 earnings per share) in 1998, as well as the adverse foreign exchange translation effect of the strong U.S. dollar. The charges included principally asset write-downs and employee termination costs. Income from the Gas and Fluid Control Segment, at $43.4 million, was significantly above last year's comparable period due principally to an after-tax $16.9 million gain ($.37 earnings per share) arising from the sale of a business and, to a lesser extent, improved results for process equipment. Income increased despite the inclusion of start-up losses and asset write-downs associated with the medical waste disposal services business. Income of the Infrastructure Segment in 1998, at $16.1 million, was above 1997. The increase is due to improved results for scaffolding, shoring, and forming services.

In addition to the segment reporting noted above, the Company views itself as a diversified industrial services and engineered products company. Total industrial service sales, which include metal reclamation and mill services, as well as scaffolding, shoring, and forming services and railway maintenance of way services, were $866.4 million in 1998 and $782.4 million in 1997, or approximately 50% and 48% of net sales, respectively. Excluding the adverse effect of foreign exchange translation of the strengthening U.S. dollar, total industrial service sales were approximately 14% above last year. The total engineered products sales for 1998 were $867.1 million, or approximately 50% of net sales compared to $845.1 million in 1997, or 52% of net sales. Engineered products include sales of the Reed Minerals unit in the Mill Services Segment, and product sales of the Infrastructure and the Gas and Fluid Control Segments.

Income for industrial services in 1998 was $37.6 million compared with $48.4 million in 1997, or approximately 37% and 51%, respectively, of total segment income. Income from engineered products for 1998 was $65.2 million compared with $46.9 million in 1997. These amounts are approximately 63% and 49%, respectively, of total segment income. The decreased percentage of industrial services income in 1998 was due in part to decreased income from metal reclamation and mill services as well as start-up losses and asset write-downs associated with the medical waste disposal services business. This was partially offset by higher income for scaffolding, shoring, and forming services. Income for engineered products in 1998 included an

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

after-tax gain of $16.9 million arising from the sale of a business in the Gas and Fluid Control Segment.

1997 Compared with 1996

Revenues from continuing operations for 1997 were $1.63 billion, 4% above 1996. The increase was due principally to higher product sales of gas control and containment equipment, which included an acquisition in April 1996. Higher product sales were also recorded for process equipment, pipe fittings, grating, and railway maintenance of way equipment. In addition, service sales in the Mill Services Segment increased despite being adversely affected by the strengthening of the U.S. dollar, particularly against European currencies, as well as the divesting of certain non-core businesses in Europe in April 1996. Service sales for scaffolding, shoring, and forming equipment, as well as railway maintenance contract services, also increased. Excluding the adverse effect of the strengthening U.S. dollar, revenues from continuing operations for 1997 were 7% above 1996.

Cost of products sold increased, principally due to higher volume. Cost of services sold also increased as a result of increased sales of services. Selling, general, and administrative expenses increased, as a result of higher compensation costs and sales commissions, as well as the inclusion of an acquired company.

Income from continuing operations before income taxes and minority interest was up 13% from 1996 due to improved performance. Higher earnings from continuing operations in 1997 were due principally to higher results for mill services, as well as gas control and containment equipment. Income from grating also increased, but to a lesser extent. These items were partially offset by lower results for process equipment and for railway maintenance of way equipment and contract services, as well as a $1.4 million pre-tax provision ($.02 earnings per share) for an impairment loss arising from the disposal of the Company's shell and tube business. Interest expense decreased as a result of the continued reduction of the Company's outstanding debt and average interest rate. The effective income tax rate for continuing operations for 1997 was 38%, versus 41% in 1996. The reduction in the income tax rate is principally due to lower effective tax rates on United States earnings.

Income from continuing operations of $100.4 million for 1997 was up 20% from 1996. Basic earnings per common share from continuing operations were $2.06, up 23% from the $1.68 recorded in 1996. Diluted earnings per common share from continuing operations were $2.04, up 22% from $1.67 in 1996.

Income from discontinued operations, which is the after-tax results of the Company's divested defense business through August 1997, was below the results recorded in 1996, which reflected a full year. Basic earnings per common share from discontinued operations were $.58, which was below 1996. A $150.0 million after-tax gain ($3.08 basic earnings per share) was recorded on the disposal of the Company's defense business.

Net income of $278.8 million, which included the gain on the disposal of the Company's defense business, was up significantly from 1996, which had been the highest performance in

the history of the Company. Basic earnings per common share were $5.72, up significantly from 1996. Diluted earnings per share were $5.67, also up significantly from 1996.

Sales of the Mill Services Segment, at $672.7 million, were above 1996, despite the strengthening of the U.S. dollar principally against certain European currencies, and the divesting of certain non-core businesses in Europe in April 1996. Sales of the Gas and Fluid Control Segment, at $586.5 million, were higher than 1996 due principally to increased sales of gas control and containment equipment. In 1996 an acquisition was included as of April. Sales of the Infrastructure Segment, at $368.3 million, included higher sales than 1996 for all product classes.

Income from continuing operations of the Mill Services Segment, at $50.3 million, exceeded 1996 despite the adverse effects of the strong U.S. dollar. Income from continuing operations of the Gas and Fluid Control Segment, at $31.9 million, was above the prior year. This increase principally reflected higher results for gas control and containment equipment, which included an acquisition and more than offset lower income for process equipment. The Infrastructure Segment posted income from continuing operations of $13.1 million for 1997, which was above the amount recorded in 1996.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Total industrial service sales, which include metal reclamation and mill services, as well as scaffolding, shoring, and forming services and railway maintenance of way services, were $782.4 million in 1997 and $761.5 million in 1996, or 48% and 49% of net sales, respectively. The total engineered products sales for 1997 were $845.1 million or 52% of net sales compared to $796.1 million in 1996, or 51% of net sales. Engineered products include sales of the Reed Minerals Division of the Mill Services Segment, and product sales of the Infrastructure Segment and the Gas and Fluid Control Segment.

Income for industrial services for 1997 was $48.4 million compared with $41.9 million in 1996, which is 51% and 48%, respectively, of total segment income. Income from engineered products for 1997 was $46.9 million compared with $44.9 million in 1996, which is 49% and 52%, respectively, of total segment income.

Economic Environment

The Company has currency exposures for its international operations which may be subject to volatility, such as the early 1999 foreign exchange fluctuations experienced in Brazil. Such exposures may result in reduced sales, income, and cash flows. The situation in Brazil is not expected to have a material adverse impact on the Company's financial position or results of operations. Balance sheet translation adjustments for our Brazilian operations do not affect results of operations.

In 1998 the worldwide steel industry experienced selling price reductions and production curtailments at many steel producers, particularly in the United States. The United States steel industry has been unfavorably affected by imports of low-priced foreign steel. Additionally, certain steel producers have been forced to file for bankruptcy protection. There is a risk that the Company's future results of operations or financial condition may be adversely affected if the steel industry's problems continue. Our Mill Services Segment provides services at steel mills

throughout the world. The future financial impact on the Company associated with these risks cannot be estimated.

Research and Development

The Company invested $7.0 million in internal research and development programs in 1998, an increase of 15% above 1997. Internal funding for the Infrastructure Segment amounted to $2.6 million, principally for railway maintenance of way equipment and services. Expenditures for the Gas and Fluid Control and Mill Services Segments were $2.3 million and $2.1 million, respectively.

Backlog

The Infrastructure Segment order backlog at December 31, 1998 was $117.9 million which was slightly above December 31, 1997, due to an increase in railway maintenance of way equipment and services. This was more than offset by lower year-end backlog for the Gas and Fluid Control Segment which decreased approximately 35% to $70.7 million. The decrease was due to lower backlog for gas control and containment equipment and, to a lesser extent, process equipment. Backlog for scaffolding, shoring, and forming services of the Infrastructure Segment and roofing granules and slag abrasives of the Mill Services Segment are not included in the backlog amounts. They are generally not quantifiable due to the nature of the products and services provided. Metal reclamation and mill services contracts are also excluded from the total backlog. These contracts have an estimated value of $3.3 billion at December 31, 1998, an increase of approximately 22% over December 31, 1997.

Dividend Action

The Company paid four quarterly cash dividends of $.22 per share in 1998, for an annual rate of $.88. This is an increase of 10% from 1997. At the November 1998 meeting, the Board of Directors increased the dividend 2.3% to an annual rate of $.90 per share. The Board normally reviews the dividend rate periodically during the year and annually at its November meeting. There are no material restrictions on the payment of dividends.

The Company is proud of its history of paying dividends. The Company has paid dividends each year since 1939. The February 1999 payment marked the 195th consecutive quarterly dividend paid at the same or at an increased rate. During the five-year period ended December 31, 1998, dividends paid were increased four times. In 1998, the dividend payout rate was 37.5%. The Company is philosophically committed to maintaining or increasing the dividend at a sustainable level.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Year 2000 Readiness

The Year 2000 problem can be traced to the early days of computers, when memory and data storage were very expensive. To conserve these limited resources, computer programmers decided to use just two digits in date fields to identify a calendar year. For example, 1999 would be identified as "99." The assumption is that the date is within the 1900s. In the year 2000 this assumption will be invalid and some systems will not properly recognize dates. On January 1, 2000, many computer programs in mainframe, microcomputer, client/server, personal computer, and embedded systems may recognize the year "00" as 1900 rather than 2000. Because many computer functions are date-sensitive, this error may cause systems to process data inaccurately or shut down if they do not recognize the date. If not corrected, many computer applications could fail or create erroneous results as of or prior to the year 2000. Errors may occur in chronological sorting, in date comparisons, duration calculations, and other time and date-sensitive processing.

The Company is taking steps to ensure that its operations will not be adversely impacted by potential Year 2000 computer failures. The Year 2000 readiness project is overseen by the senior management of the Company with regular progress reports made to the Board of Directors. Year 2000 readiness teams have been working at various levels within the Company, as well as coordinating tasks common to the total Company. The Year 2000 readiness process generally includes the following phases for mission critical areas: awareness, assessment, prioritization, remediation or replacement, testing, and contingency planning.

INFORMATION TECHNOLOGY

As of December 31, 1998, the Company is approximately 90% complete in its Year 2000 readiness assessment and prioritization of information technology. The Company has determined that it is necessary to modify, upgrade or replace portions of its hardware and software so that its computer applications will properly utilize dates beyond December 31, 1999, and is in the process of implementing such changes. The majority of the software which is not Year 2000 ready is currently being updated through normal software upgrades and replacements.

The Company is approximately 60% complete as of December 31, 1998 in the required remediation or replacement and testing of information technology hardware and software. It is currently estimated that the major information technology system improvements will be completed principally by the third quarter of 1999. Most replacement hardware and software has been purchased from vendors who have asserted that their software is Year 2000 ready. As additional assurance, our process includes an overall Year 2000 readiness assessment of critical business partners including information technology vendors.

NON-INFORMATION TECHNOLOGY SYSTEMS

Included within the scope of our Year 2000 readiness plan are non-information technology systems including operating and production equipment with embedded chips. Our assessment process generally includes inventorying such equipment and making a determination, principally through supplier inquiry, as to the Year 2000 readiness status of critical items. The Company is approximately 85% complete in the assessment of non-information technology systems as of December 31, 1998. Our assessment is estimated to be complete by the first quarter of 1999. Our process includes the testing, where possible, of date-sensitive mission critical embedded chips. It is estimated that testing will be substantially completed by the second quarter of 1999. No required Year 2000 modifications or replacements of a material nature have been identified for non-information technology systems.

THIRD PARTIES

The Company is also engaged in communications with its significant business partners, suppliers, and major customers to determine the extent to which the Company is vulnerable to such third parties' failure to address their own Year 2000 issues. The Company's assessment is based on information currently available to the Company from such third parties. The Company is also seeking assurances from the third parties that their computer applications will not fail due to Year 2000 problems. The third party assessment process is approximately 70% complete as of December 31, 1998. It is estimated that the assessment process will be materially complete by the second quarter of 1999. No mission critical third parties have indicated that they will not be Year 2000 ready by December 31, 1999.

COSTS

As of December 31, 1998, the Company has incurred approximately $.7 million for Year 2000 readiness. Based on the assessment of presently available information, the Company's cost to complete its Year 2000 readiness program is estimated to be an additional $2.0 million as of December 31, 1998. Total Year 2000 readiness

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

costs are estimated to be $2.7 million.

RISKS

The Company currently believes that its major Year 2000 risk relates to the performance and readiness status of third parties, principally utilities providing power, water and communication networks to Company facilities and operations. The impact of such Year 2000 failures on the Company's financial position or results of operations cannot be estimated.

Management has also engaged the Company's Internal Audit Department to perform Year 2000 readiness audits and to identify other material Year 2000 risks.

CONTINGENCY PLANS

The Company is taking steps to mitigate the risk of a material impact of Year 2000 computer failures on its operations via the development of contingency plans. Contingency plans are currently being developed for those mission critical applications, functions, and resources for which the risk of a Year 2000-related failure has not been reduced to an insignificant level. Such plans will include detailed alternative operating procedures to be invoked upon confirmation of a critical Year 2000 failure. The plans will be updated as necessary as new information becomes available prior to 2000. Certain resources, such as electricity, are not easily replaceable and there are limited contingency planning options. If there is an extended Year 2000 failure by several third parties or supporting infrastructures, there could be a material adverse impact on the Company's financial position or results of operations.

EURO CURRENCY CONVERSION

On January 1, 1999, certain countries of the European Monetary Union established fixed conversion rates between their legacy currencies and one common currency, the euro. The euro now trades on currency exchanges and may be used in business transactions. Beginning in January 2002, new euro-denominated notes and coins will be issued and the existing legacy currency notes and coins will be withdrawn from circulation by July 1, 2002. The Company's arrangements for euro bank accounts and the modification of certain loan arrangements to accommodate the euro are near completion. The Company is evaluating other systems and business issues raised by the euro conversion. These issues include the need to adapt computer and other business systems and equipment and the long-term competitive implications of conversion. In 1998, the Company derived approximately 22% of its sales from the European geographic area, including non-European Monetary Union countries. The Company believes the euro conversion will not have a material effect on the Company's financial position or results of operations.

FORWARD LOOKING STATEMENTS

The nature of the Company's operations and the many countries in which it operates subject it to changing economic, competitive, regulatory, and technological conditions, risks, and uncertainties. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations, and assumptions expressed or implied herein. These include statements about our management confidence and strategies for performance; expectations for new and existing products, technologies, and opportunities; and expectations for market segment and industry growth.

These factors include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including import, licensing, and trade

restrictions, currency exchange rates, interest rates, and capital costs: (2) changes in governmental laws and regulations, including taxes; (3) market and competitive changes, including market demand and acceptance for new products, services, and technologies; (4) effects of unstable governments and business conditions in emerging economies; and (5) other risk factors listed from time to time in the Company's SEC reports. The Company does not intend to update this information and disclaims any legal liability to the contrary.

Item 7A. Quantitative And Qualitative Disclosures About Market Risk

The Company is exposed to foreign currency risk in its international operations. The Company conducts business in over thirty foreign countries and approximately 37%, 36% and 37% of the Company's net revenues for the years ended December 31, 1998, 1997 and 1996, respectively, were derived from the Company's operations

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

outside the United States. To illustrate the effect of foreign currency exchange rate changes due to the strengthening of the U.S. dollar, in 1998 sales would have been 1% greater in comparison with the average exchange rates for the year 1997. A similar comparison for the year 1997, would have increased sales three percent, if the average exchange rates for 1996 would have remained the same in 1997.

The Company seeks to reduce exposures to foreign currency fluctuations, through the use of forward exchange contracts. At December 31, 1998, these contracts amounted to $18.3 million and all mature within 1999. The Company does not hold or issue financial instruments for trading purposes, and it is the Company's policy to prohibit the use of derivatives for speculative purposes.

Also, the Company's cash flows and earnings are subject to changes in interest rates. Long term debt of $309.1 million as of December 31, 1998 had interest rates ranging from 5.2% to 11.2%, of which approximately 50% were at fixed rates of interest. The weighted average interest rate of long-term debt was approximately 6.1%. At current debt levels, a one percentage increase in interest rates would not be material.

For additional information, see Note 15, Financial Instruments, to the Consolidated Financial Statements under Item 8, "Financial Statements and Supplementary Data."

PART II

Item 8. Financial Statements and Supplementary Data:

Index to Consolidated Financial Statements and Supplementary Data

<TABLE>
<CAPTION>

Consolidated Financial Statements of Harsco Corporation:	Page
Report of Independent Accountants	26
Consolidated Balance Sheet December 31, 1998 and 1997	27
Consolidated Statement of Income for the years 1998, 1997, and 1996	28
Consolidated Statement of Cash Flows for the years 1998, 1997, and 1996	29
Consolidated Statement of Shareholders' Equity for the years 1998, 1997, and 1996	30
Consolidated Statement of Comprehensive Income for the years 1998, 1997, and 1996	31
Notes to Consolidated Financial Statements	32 - 74
Supplementary Data:	
Two-Year Summary of Quarterly Results (Unaudited)	75
Common Stock Price and Dividend Information	76

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Harsco Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of shareholders' equity, of comprehensive income and of cash flows present fairly, in all material respects, the financial position of Harsco Corporation and Subsidiary Companies at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
January 28, 1999, except as to
paragraph 6 of Note 10, for which
the date is February 8, 1999.

HARSCO CORPORATION
CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE AMOUNTS) DECEMBER 31	1998	1997
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 41,562	$ 221,565
Investments in debt securities	--	43,867
Accounts receivable, net	310,935	259,565
Inventories	175,804	135,154
Other current assets	59,140	53,501
TOTAL CURRENT ASSETS	587,441	713,652
Property, plant and equipment, net	626,194	511,913
Cost in excess of net assets of businesses acquired, net	273,708	187,666
Other assets	136,238	63,957
TOTAL ASSETS	$ 1,623,581	$ 1,477,188
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowings	$ 46,766	$ 22,847
Current maturities of long-term debt	7,841	3,630
Accounts payable	142,681	120,148
Accrued compensation	43,938	42,652
Income taxes	42,908	30,572
Dividends payable	9,506	10,335
Other current liabilities	181,182	142,308
TOTAL CURRENT LIABILITIES	474,822	372,492
Long-term debt	309,131	198,898
Deferred income taxes	55,195	36,954
Insurance liabilities	30,019	33,389
Other liabilities	69,115	53,753
TOTAL LIABILITIES	938,282	695,486
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, Series A junior participating cumulative preferred stock	--	--
Common stock, par value $1.25, issued 66,075,380 and 65,854,087 shares, respectively	82,594	82,318
Additional paid-in capital	85,384	79,360
Accumulated other comprehensive income (expense)	(55,045)	(50,974)
Retained earnings	1,101,828	1,033,770
	1,214,761	1,144,474
Treasury stock, at cost (23,825,458 and 18,877,957 shares, respectively)	(529,462)	(362,772)
TOTAL SHAREHOLDERS' EQUITY	685,299	781,702
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,623,581	$ 1,477,188

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

</TABLE>

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENT OF INCOME

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) YEARS ENDED DECEMBER 31	1998	1997	1996
REVENUES			
Product sales	$ 867,054	$ 845,072	$ 796,161
Service sales	866,404	782,406	761,482
Other	1,936	1,643	1,495
TOTAL REVENUES	1,735,394	1,629,121	1,559,138
COSTS AND EXPENSES			
Cost of products sold	660,536	645,044	604,144
Cost of services sold	666,806	584,290	573,047
Selling, general, and administrative expenses	213,438	211,231	207,502
Research and development expenses	6,977	6,090	5,108
Other (income) and expenses	(4,264)	2,578	3,280
TOTAL COSTS AND EXPENSES	1,543,493	1,449,233	1,393,081
INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST, INCOME TAXES, AND MINORITY INTEREST	191,901	179,888	166,057
Interest income	8,378	8,464	6,949
Interest expense	(20,504)	(16,741)	(21,483)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	179,775	171,611	151,523
Provision for income taxes	67,361	65,213	62,081
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	112,414	106,398	89,442
Minority interest in net income	4,901	5,998	5,539
INCOME FROM CONTINUING OPERATIONS	107,513	100,400	83,903
Discontinued operations:			
Equity in income of defense business (net of income taxes of $14,082 and $14,255, respectively)	--	28,424	35,106
Gain on disposal of defense business (net of income taxes of $100,006)	--	150,008	--
NET INCOME	$ 107,513	$ 278,832	$ 119,009
Basic earnings per common share:			
Income from continuing operations	$ 2.36	$ 2.06	$ 1.68
Income from discontinued operations	--	.58	.71
Gain on disposal of discontinued operations	--	3.08	--
BASIC EARNINGS PER COMMON SHARE	$ 2.36	$ 5.72	$ 2.39
Average shares of common stock outstanding	45,568	48,754	49,895
Diluted earnings per common share:			
Income from continuing operations	$ 2.34	$ 2.04	$ 1.67
Income from discontinued operations	--	.58	.70
Gain on disposal of discontinued operations	--	3.05	--
DILUTED EARNINGS PER COMMON SHARE	$ 2.34	$ 5.67	$ 2.37

See accompanying notes to consolidated financial statements.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

HARSCO CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>
<CAPTION>

(IN THOUSANDS) YEARS ENDED DECEMBER 31	1998	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 107,513	$ 278,832	$ 119,009
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	119,044	107,350	100,137
Amortization	12,337	9,189	9,262
Gain on disposal of defense business	--	(250,014)	--
Equity in income of unconsolidated entities	(1,354)	(43,549)	(50,083)
Dividends or distributions from unconsolidated entities	1,494	49,142	38,474
Deferred income taxes	3,893	(8,175)	(829)
Other (income) and expenses	24,843	4,198	4,131
Gain on sale of non-defense businesses	(29,107)	(1,620)	(851)
Other, net	5,260	(8,192)	2,149
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:			
Accounts receivable	(15,718)	(1,812)	(138)
Inventories	(24,991)	(13,042)	3,100
Accounts payable	8,379	4,840	4,086
Other assets and liabilities	(22,333)	21,394	(11,245)
NET CASH PROVIDED BY OPERATING ACTIVITIES (1)	189,260	148,541	217,202
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(159,816)	(143,444)	(150,294)
Purchase of businesses, net of cash acquired*	(158,291)	(8,508)	(21,062)
Proceeds from sale of businesses	39,500	345,189	1,793
Proceeds from sale of property, plant and equipment	13,033	14,433	4,890
Investments available-for-sale: Purchases	--	(39,346)	--
Maturities	40,000	--	--
Investments held-to-maturity: Purchases	--	(42,241)	(14,300)
Maturities	4,010	71,469	26,561
Other investing activities	(11,926)	(1,007)	(813)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(233,490)	196,545	(153,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings, net	16,131	8,291	10,911
Current maturities and long-term debt: Additions	172,709	61,310	187,319
Reductions	(116,163)	(88,523)	(229,914)
Cash dividends paid on common stock	(40,287)	(39,120)	(37,921)
Common stock issued-options	3,885	5,939	5,726
Common stock acquired for treasury	(169,258)	(113,161)	(30,657)
Other financing activities	(1,341)	(1,985)	1,592
NET CASH (USED) BY FINANCING ACTIVITIES	(134,324)	(167,249)	(92,944)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1,449)	(2,134)	(1,840)
Net increase (decrease) in cash and cash equivalents	(180,003)	175,703	(30,807)
Cash and cash equivalents at beginning of year	221,565	45,862	76,669
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 41,562	$ 221,565	$ 45,862
*PURCHASE OF BUSINESSES, NET OF CASH ACQUIRED			
Working capital, other than cash	$ 11,159	$ 2,807	$ (7,625)
Property, plant and equipment	(89,182)	(833)	(12,315)
Other noncurrent assets and liabilities, net	(80,268)	(10,482)	(1,122)
NET CASH USED TO ACQUIRE BUSINESSES	$ (158,291)	$ (8,508)	$ (21,062)

</TABLE>

(1) Net cash provided by operating activities for 1998 includes approximately $14 million of payments related to income taxes and certain other liabilities of the discontinued defense business.

Cash provided by operating activities for 1997 includes approximately $100 million of income taxes paid related to the gain on the disposal of the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

defense business, whereas the pre-tax cash proceeds are included under investing activities.

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	COMMON STOCK ISSUED	COMMON STOCK TREASURY	ADDITIONAL PAID-IN CAPITAL
<S>	<C>	<C>	<C>
BALANCES, JANUARY 1, 1996	$ 40,672	$(209,373)	$101,183
Net income			
Cash dividends declared, $.77 per share			
Translation adjustments			
Pension liability adjustments, net of $157 deferred income taxes			
Acquired during the year, 944,942 shares		(29,875)	
Stock options exercised, 382,442 shares	239		8,038
Restricted stock, net, 60,366 shares		1,159	824
Other, 1,388 shares		24	18
Two-for-one stock split at par value	40,912		(40,912)
BALANCES, DECEMBER 31, 1996	81,823	(238,065)	69,151
Net income			
Cash dividends declared, $.82 per share			
Translation adjustments			
Unrealized investment (losses), net of $18 deferred income taxes			
Pension liability adjustments, net of $412 deferred income taxes			
Acquired during the year, 3,080,642 shares		(125,841)	34
Stock options exercised, 395,885 shares	495		9,299
Restricted stock, net, 57,487 shares		1,117	846
Other, 1,048 shares		17	30
BALANCES, DECEMBER 31, 1997	82,318	(362,772)	79,360
Net income			
Cash dividends declared, $.885 per share			
Translation adjustments			
Unrealized investment gains, net of ($18) deferred income taxes			
Pension liability adjustments, net of $1,544 deferred income taxes			
Acquired during the year, 4,989,483 shares		(168,405)	
Stock options exercised, 221,293 shares	276		5,913
Restricted stock, net, 40,324 shares		1,649	110
Other, 1,658 shares		66	1
BALANCES, DECEMBER 31, 1998	$ 82,594	$(529,462)	$ 85,384

</TABLE>

<TABLE>
<CAPTION>

	ACCUMULATED OTHER COMPREHENSIVE INCOME (EXPENSE)				
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)	TRANSLATION	NET UNREALIZED INVESTMENT GAINS (LOSSES)	PENSION LIABILITY	TOTAL	RETAINED EARNINGS
<S>	<C>	<C>	<C>	<C>	<C>
BALANCES, JANUARY 1, 1996	$(19,852)	$ --	$ (413)	$ (20,265)	$ 713,774
Net income					119,009
Cash dividends declared, $.77 per share					(38,310)
Translation adjustments	(5,624)			(5,624)	
Pension liability adjustments, net of $157 deferred income taxes			(206)	(206)	
Acquired during the year, 944,942 shares					
Stock options exercised, 382,442 shares					
Restricted stock, net, 60,366 shares					

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Other, 1,388 shares					
Two-for-one stock split at par value					
BALANCES, DECEMBER 31, 1996	(25,476)	--	(619)	(26,095)	794,473
Net income					278,832
Cash dividends declared, $.82 per share					(39,535)
Translation adjustments	(24,201)			(24,201)	
Unrealized investment (losses), net of $18 deferred income taxes		(28)		(28)	
Pension liability adjustments, net of $412 deferred income taxes			(650)	(650)	
Acquired during the year, 3,080,642 shares					
Stock options exercised, 395,885 shares					
Restricted stock, net, 57,487 shares					
Other, 1,048 shares					
BALANCES, DECEMBER 31, 1997	(49,677)	(28)	(1,269)	(50,974)	1,033,770
Net income					107,513
Cash dividends declared, $.885 per share					(39,455)
Translation adjustments	(1,714)			(1,714)	
Unrealized investment gains, net of ($18) deferred income taxes		28		28	
Pension liability adjustments, net of $1,544 deferred income taxes			(2,385)	(2,385)	
Acquired during the year, 4,989,483 shares					
Stock options exercised, 221,293 shares					
Restricted stock, net, 40,324 shares					
Other, 1,658 shares					
BALANCES, DECEMBER 31, 1998	$(51,391)	$ --	$(3,654)	$ (55,045)	$1,101,828

</TABLE>

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<TABLE>
<CAPTION>

(IN THOUSANDS) YEARS ENDED DECEMBER 31	1998	1997	1996
<S>	<C>	<C>	<C>
Net Income	$ 107,513	$ 278,832	$ 119,009
Other comprehensive income (expense):			
Foreign currency translation adjustments	(1,714)	(24,201)	(5,624)
Unrealized investment gains (losses), net of deferred income taxes	28	(28)	--
Pension liability adjustments, net of deferred income taxes	(2,385)	(650)	(206)
Other comprehensive income (expense)	(4,071)	(24,879)	(5,830)
Total comprehensive income	$ 103,442	$ 253,953	$ 113,179

</TABLE>

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The consolidated financial statements include the accounts of Harsco Corporation and its majority-owned subsidiaries ("Company"). Investments in unconsolidated entities (all of which are 20-50% owned) are accounted for under the equity method.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, and short-term

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

investments which are highly liquid in nature and have an original maturity of three months or less.

INVESTMENTS IN DEBT SECURITIES

Marketable debt securities are classified as available-for-sale or held-to-maturity. Management determines the appropriate classification of debt securities at the time of purchase. Debt securities classified as available-for-sale are stated at fair value, with unrealized gains and losses reported in a separate component of Other comprehensive income (expense), net of deferred income taxes. Realized gains and losses on sales of investments are included in Other revenues. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Interest on debt securities is included in interest income.

INVENTORIES

Inventories are stated at the lower of cost or market. Inventories in the United States are accounted for using principally the last-in, first-out (LIFO) method. Other inventories are accounted for using the first-in, first-out (FIFO) or average cost methods.

DEPRECIATION

Property, plant and equipment is recorded at cost and depreciated over the estimated useful lives of the assets using principally the straight-line method. When property is retired from service, generally the cost of the retirement is charged to the allowance for depreciation to the extent of the accumulated depreciation, and the balance is charged to income.

INTANGIBLE ASSETS

Intangible assets consist principally of cost in excess of net assets of businesses acquired, which is amortized on a straight line basis over a period not to exceed 30 years. Accumulated amortization was $58.6 and $47.3 million at December 31, 1998 and 1997, respectively.

---

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, including cost in excess of net assets of businesses acquired and other intangible assets, used in the Company's operations are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. The primary indicators of recoverability are the associated current and forecasted undiscounted operating cash flows. The Company's policy is to record an impairment loss when it is determined it is probable that the carrying amount of the asset exceeds its fair value.

REVENUE RECOGNITION

Revenue is recognized for product sales when title and risk of loss transfer. Service sales are recognized over the contractual period or as services are performed.

INCOME TAXES

All U.S. federal and state income taxes and non-U.S. income taxes are provided currently on the undistributed earnings of international subsidiaries and unconsolidated affiliated entities, giving recognition to current tax rates and applicable foreign tax credits. Deferred taxes are provided using the asset and liability method for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

ACCRUED INSURANCE AND LOSS RESERVES

The Company retains a major portion of the risk for workers' compensation, automobile, general, and product liability losses. Reserves have been recorded which reflect the undiscounted estimated liabilities including claims incurred but not reported. Changes in the estimates of the reserves are included in net income in the period determined. Amounts estimated to be paid within one year have been classified as Other current liabilities, with the remainder included in Insurance liabilities.

FOREIGN CURRENCY TRANSLATION

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

The financial statements of the Company's subsidiaries outside the United States, except for those subsidiaries located in highly inflationary economies, are principally measured using the local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rates at the balance sheet date. Resulting translation adjustments are recorded in the cumulative translation adjustment, a separate component of Other comprehensive income (expense). Income and expense items are translated at average monthly exchange rates. Gains and losses from foreign currency transactions are included in net income. For subsidiaries operating in highly inflationary economies, gains and losses on foreign currency transactions and balance sheet translation adjustments are included in net income.

Effective January 1997, the Company's operations in Mexico were accounted for as a highly inflationary economy since the three-year cumulative rate of inflation at December 31, 1996 exceeded 100%. The functional currency for the Company's operations in Mexico was changed from the peso to the U.S. dollar.

Effective January 1998, the Company's operations in Brazil were no longer accounted for as a highly inflationary economy, because the three-year cumulative rate of inflation fell below 100%. The Company measures the financial statements of its Brazilian entity using the Brazilian real as the entity's functional currency.

Effective January 1999, the Company's operations in Mexico will no longer be accounted for as a highly inflationary economy, because the three-year cumulative rate of inflation is below 100%. The Company will measure the financial statements of its Mexican entities using the peso as the functional currency.

FINANCIAL INSTRUMENTS AND HEDGING

The Company has subsidiaries principally operating in North America, Latin America, Europe, and Asia-Pacific. These operations are exposed to fluctuations in related foreign currencies, in the normal course of business. The Company seeks to reduce exposure to foreign currency fluctuations, through the use of forward exchange contracts. The Company does not hold or issue financial instruments for trading purposes, and it is the Company's policy to prohibit the use of derivatives for speculative purposes. The Company has a Foreign Currency Risk Management Committee that meets periodically to monitor foreign currency risks.

The Company enters into forward foreign exchange contracts to hedge transactions of its non-U.S. subsidiaries, for firm commitments to purchase equipment and for export sales denominated in foreign currencies. These contracts generally are for 90 to 180 days or less. For those contracts that hedge an identifiable transaction, gains or losses are deferred and accounted for as part of the underlying transactions. The cash flows from these contracts are classified consistent with the cash flows from the transaction being hedged. The Company also enters into forward foreign exchange contracts for intercompany foreign currency commitments. These foreign exchange contracts do not qualify as hedges, therefore, gains and losses are recognized in income based on fair market value.

OPTIONS FOR COMMON STOCK

The Company uses the intrinsic value based method to account for options granted for the purchase of common stock. No compensation expense is recognized on the grant date since, at that date, the option price equals the market price of the underlying common stock. The Company discloses the pro-forma effect of accounting for stock options under the fair value method.

EARNINGS PER SHARE

Basic earnings per share is calculated using the average shares of common stock outstanding, while diluted earnings per share reflects the potential dilution that could occur if stock options were exercised.

COMPREHENSIVE INCOME

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130,

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

"Reporting Comprehensive Income" (SFAS 130), which is effective for years beginning after December 15, 1997. This statement establishes standards for the reporting and display of comprehensive income and its components. Comprehensive income is defined to include all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company adopted SFAS 130 in the first quarter of 1998.

SEGMENT REPORTING

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for the disclosure of segment results. It requires that segments be determined using the "management approach," which means the way management organizes the segments within the enterprise for making operating decisions and assessing performance. The Company adopted SFAS 131 in the fourth quarter of 1998. All prior periods have been restated.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits" (SFAS 132), which is effective for fiscal years beginning after December 15, 1997. SFAS 132 revises the required disclosures about pension and other postretirement benefit plans. The Company adopted SFAS 132 in the fourth quarter of 1998.

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain reclassifications have been made to prior years' amounts to conform with current year classifications.

NEW FINANCIAL ACCOUNTING STANDARDS NOT YET ADOPTED

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS 133), which is effective for fiscal years beginning after June 15, 1999. SFAS 133 requires that an entity recognize all derivative instruments as either assets or liabilities on its balance sheet at their fair value. Changes in the fair value of derivatives are recorded each period in current earnings or Other comprehensive income, depending on whether a derivative is designated as part of a hedge transaction, and, if it is, the type of hedge transaction. The Company is currently evaluating when to adopt SFAS 133. Due to the Company's limited use of derivative instruments, SFAS 133 is not expected to have a material effect on the financial position or results of operations of the Company.

---

2. COMMON STOCK SPLIT

On November 19, 1996, the Board of Directors declared a two-for-one stock split on the Company's common stock. One additional share was issued for each share of common stock held by shareholders of record as of the close of business on January 15, 1997. New shares were distributed on February 14, 1997. Common stock and additional paid-in capital as of December 31, 1996 reflect this split. All references to the number of common shares and per share amounts in the consolidated financial statements and related notes reflect the effect of the split for all periods presented.

3. DISCONTINUED DEFENSE BUSINESS

On August 25, 1997, the Company and FMC Corporation signed an agreement to sell United Defense, L.P. for $850 million, and the sale was completed on October 6, 1997. Prior to the sale, FMC had been the managing general partner and 60% owner of United Defense, L.P., while the Company owned the balance of 40% as the limited partner. United Defense supplies ground combat and naval weapons systems for the U.S. and military customers around the world.

On the Consolidated Statement of Income under Discontinued Operations, "Equity in income of defense business" includes equity income through August 1997 (the measurement date) from the Company's 40% interest in United Defense, L.P. The sale resulted in pre-tax cash proceeds to the Company in 1997 of $344 million and resulted in an after tax gain on the sale of $150 million or $3.08 per share after taking into account certain retained liabilities from the partnership and

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

estimated post closing net worth adjustments, as well as pre-partnership formation contingencies and other defense business contingencies.

On the Consolidated Statement of Cash Flows for 1997 and 1996, equity in income of the defense business and distributions from the defense business through the measurement date are included in "Equity in income of unconsolidated entities" and "Dividends or distributions from unconsolidated entities", respectively.

---

4. ACQUISITIONS AND DISPOSITIONS

In February 1998, the Company acquired EFI Corporation (EFIC) from Racal Electronics Plc for approximately $7.2 million. EFIC produces lightweight composite cylinders used extensively in firefighter breathing apparatus as well as other industrial and commercial applications.

In April 1998, the Company acquired Faber Prest Plc for approximately $98 million. Faber Prest is a UK-based provider of mill services to worldwide steel producers and integrated logistics services to the steel industry and other market sectors.

In June 1998, the Company acquired Chemi-Trol Chemical Co. for approximately $46 million. Chemi-Trol's principal business is the production and distribution of steel pressure tanks for the storage of propane gas and anhydrous ammonia.

In October 1998, the Company acquired Superior Valve Company from Amcast Industrial Corporation. Superior Valve designs, manufactures, and sells high pressure, precision valves for a range of commercial and industrial applications.

All acquisitions have been accounted for by the purchase method of accounting with cost in excess of net assets of businesses acquired totaling $94.6 million in 1998. Results of operations are included in income since the dates of acquisition.

On January 30, 1998, the Company signed a definitive agreement with Charter plc to acquire Charter's Pandrol Jackson railway track maintenance business in a cash transaction. Pandrol Jackson manufactures, markets worldwide, and provides a wide range of equipment and services used in railway track maintenance. This acquisition is currently under pre-merger review by the United States Department of Justice.

In October 1998 the Company completed the sale of Nutter Engineering to the Sulzer Chemtech division of Swiss-based Sulzer Technology Corporation. Nutter had sales of approximately $25 million and $24 million in 1998 and 1997 respectively.

The sale of HydroServ SAS was completed in December 1998. The Company has also announced plans to sell non-core operations including Astralloy Wear Technology and the pavement marking and vegetation control business unit of Chemi-Trol. Additionally, the Company plans to sell its investment in Bio-Oxidation Services Inc.

---

4. ACQUISITIONS AND DISPOSITIONS (CONTINUED)

The following unaudited pro forma consolidated net sales are presented as if the companies (EFI Corporation, Faber Prest Plc, Chemi-Trol Chemical Co., and Superior Valve) had been acquired at the beginning of the periods presented.

<TABLE>
<CAPTION>

(IN MILLIONS) YEARS ENDED DECEMBER 31	1998	1997
<S>	<C>	<C>
Net Sales	$ 1,832.7	$1,863.9

</TABLE>

Consolidated pro forma income and earnings per share would not have been materially different from the reported amounts for 1998 and 1997. The unaudited pro forma information is not necessarily indicative of the results of operations that would have occurred had the purchase been made at the beginning of the periods presented or the future results of the combined operations.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

5. INVESTMENTS IN DEBT SECURITIES

There were no debt securities held at December 31, 1998. At December 31, 1997, $43.9 million of debt securities were due in one year or less, and were included on the Consolidated Balance Sheet as Investments in debt securities.

For the years ended December 31, 1998, 1997, and 1996, there were no realized gains or losses on sales of available-for-sale debt securities.

The debt securities held at December 31, 1997 consist of:

(IN THOUSANDS)	1997			
AVAILABLE-FOR-SALE	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Corporate debt securities	$39,903	$--	$ 46	$39,857
HELD-TO-MATURITY				
Corporate debt securities	$ 3,007	$5	$ --	$ 3,012
Government debt securities non-U.S	1,003	1	--	1,004
	$ 4,010	$6	$ --	$ 4,016

6. ACCOUNTS RECEIVABLE AND INVENTORIES

Accounts receivable are net of an allowance for doubtful accounts of $13.6 million and $6.8 million at December 31, 1998 and 1997, respectively.

Inventories consist of:

(IN THOUSANDS)	1998	1997
Finished goods	$ 45,259	$ 27,639
Work in process	36,060	27,979
Raw materials and purchased parts	71,576	60,982
Stores and supplies	22,909	18,554
	$175,804	$135,154
Valued at lower of cost or market:		
LIFO basis	$129,708	$101,184
FIFO basis	28,473	23,989
Average cost basis	17,623	9,981
	$175,804	$135,154

Inventories valued on the LIFO basis at December 31, 1998 and 1997 were approximately $32.5 million and $35.5 million, respectively, less than the amounts of such inventories valued at current costs.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

(IN THOUSANDS)	1998	1997
Land and improvements	$ 31,048	$ 22,847
Buildings and improvements	147,291	119,679
Machinery and equipment	1,196,223	1,005,613
Uncompleted construction	63,540	54,644
	1,438,102	1,202,783
Less accumulated depreciation	811,908	690,870
	$ 626,194	$ 511,913

The estimated useful lives of different types of assets are:

Land improvements	10 years
Buildings and improvements	10 to 50 years
Certain plant, buildings and installations (Principally Mill Services Segment)	5 to 15 years
Machinery and equipment	3 to 20 years

8. DEBT AND CREDIT AGREEMENTS

The Company has a $400 million Five-Year Competitive Advance and Revolving Credit Facility ("credit facility") maturing in July, 2001. Borrowings under this agreement are available in U.S. dollars or Eurocurrencies and the credit facility serves as back-up to the Company's U. S. commercial paper program. Interest rates are either negotiated, based upon the U.S. federal funds interbank market, prime, or based upon the London Interbank Offered Rate (LIBOR) plus a margin. The Company pays a facility fee (0.08% per annum as of December 31, 1998) that varies based upon its credit ratings. At December 31, 1998 and 1997, there were no borrowings outstanding.

The Company can also issue up to $300 million of short-term notes in the U.S. commercial paper market. In addition, the Company has a 3 billion Belgian franc commercial paper program (approximately U.S. $87 million) which is used to fund the Company's international operations. The Company limits the aggregate commercial paper and credit facility borrowings at any one time to a maximum of $400 million. Commercial paper interest rates, which are based on market conditions, have been lower than on comparable borrowings under the credit facility. At December 31, 1998 and 1997, $108.8 million and $30.8 million of commercial paper was outstanding, respectively. Commercial paper is classified as long-term debt at December 31, 1998 and 1997, because the Company has the ability and intent to refinance it on a long-term basis through existing long-term credit facilities.

Short-term debt amounted to $46.8 million and $22.8 million at December 31, 1998 and 1997, respectively. The weighted average interest rate for short-term borrowings at December 31, 1998 and 1997 was 7.9% and 5.8%, respectively.

8. DEBT AND CREDIT AGREEMENTS (CONTINUED)

Long-term debt consists of:

(IN THOUSANDS)	1998	1997

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

6.0% Notes due September 15, 2003	$150,000	$150,000
Commercial paper borrowings, with a weighted average interest rate of 5.2%	108,784	30,757
Faber Prest loan notes due October 31, 2008 with interest based on Sterling LIBOR minus .75% (6.13% at December 31, 1998)	19,222	--
Industrial development bonds, payable in varying amounts from 2001 to 2005 with a weighted average interest rate of 6.0%	11,400	11,400
Other financing payable in varying amounts to 2003 with a weighted average interest rate of 11.2%	27,566	10,371
	316,972	202,528
Less current maturities	7,841	3,630
	$309,131	$198,898

The credit facility and certain notes payable agreements contain covenants restricting, among other things, the amount of debt as defined in the agreement that can be issued. At December 31, 1998, the Company was in compliance with these covenants.

The maturities of long-term debt for the four years following December 31, 1999, are:

(In thousands)

2000	$ 9,292	2002	$ 2,625
2001	$120,199	2003	$151,384

Cash payments for interest on all debt were (in millions) $20.0, $16.3, and $20.3 in 1998, 1997 and 1996, respectively.

The Company has on file with the Securities and Exchange Commission, a Form S-3 shelf registration for the possible issuance of up to an additional $200 million of new debt securities, preferred stock, or common stock.

9. LEASES

The Company leases certain property and equipment under noncancelable operating leases. Rental expense under all operating leases was (in millions) $17.6, $13.5, and $13.7 in 1998, 1997 and 1996, respectively.

Future minimum lease payments under operating leases with noncancelable terms are:

(In thousands)

1999	$ 13,816
2000	10,151
2001	7,092
2002	5,320
2003	4,629
After 2003	12,271

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

10. COMMITMENTS AND CONTINGENCIES

DISCONTINUED DEFENSE BUSINESS - CONTINGENCIES

FEDERAL EXCISE TAX AND OTHER MATTERS RELATED TO THE FIVE-TON TRUCK CONTRACT
In 1995, the Company, the United States Army ("Army"), and the United States Department of Justice concluded a settlement of Harsco's previously reported claims against the Army relating to Federal Excise Tax ("FET") arising under a completed 1986 contract for the sale of five-ton trucks to the Army. On September 27, 1995, the Army paid the Company $49 million in accordance with the settlement terms. The Company released the Army from any further liability for those claims, and the Department of Justice released the Company from a threatened action for damages and civil penalties based on an investigation conducted by the Department's Commercial Litigation Branch that had been pending for several years.

The settlement preserves the rights of the parties to assert claims and defenses under the Internal Revenue Code, and rights of the Army and the Company to claim certain amounts that may be owed by either party to reconcile possible underpayments or overpayments on the truck contract as part of the formal contract close-out process.

The settlement does not resolve the claim by the Internal Revenue Service ("IRS") that, contrary to the Company's position, certain cargo truck models sold by the Company should be considered to have gross vehicle weights in excess of the 33,000 pound threshold under FET law, are not entitled to an exemption from FET under any other theory, and therefore are taxable. On January 27, 1999, the IRS notified the Company that it has denied the Company's protest of the proposed increase in FET, and that the IRS will assess an increase in FET of $30.4 million plus penalties of $6.3 million and applicable interest currently estimated by the Company to be $40.0 million. This increase in FET takes into account offsetting credits of $9.2 million, based on a partial allowance of the Company's $28.7 million claim that certain truck components are exempt from FET. The IRS disallowed in full the Company's additional claim that it is entitled to the entire $52 million of FET (plus applicable interest currently estimated by the Company to be $36.6 million) the Company has paid on the five-ton trucks, on the grounds that such trucks qualify for the FET exemption applicable to certain vehicles specially designed for the primary function of off-highway transportation. In the event that the Company ultimately receives from the IRS a refund of tax (including applicable interest) with respect to which the Company has already received reimbursement from the Army, the refund would be allocated between the Company and the Army. The Company plans to vigorously contest the IRS assessment in Federal District Court or the U.S. Court of Federal Claims. Although there is risk of an adverse outcome, both the Company and the Army believe that the cargo trucks are not taxable. No recognition has been given in the accompanying financial statements for the Company's claims with the IRS.

The settlement agreement with the Army preserves the Company's right to seek reimbursement of after-imposed tax from the Army in the event that the cargo trucks are determined to be taxable, but the agreement limits the reimbursement to a maximum of $21 million. Additionally, in an earlier contract modification, the Army accepted

---

responsibility for $3.6 million of the potential tax, bringing its total potential responsibility up to $24.6 million.

Under the settlement, the Army agreed that if the cargo trucks are determined to be taxable, the 1993 decision of the Armed Services Board of Contract Appeals (which ruled that the Company is entitled to a price adjustment to the contract for reimbursement of FET paid on vehicles that were to be delivered after October 1, 1988) will apply to the question of the Company's right to reimbursement from the Army for after-imposed taxes on the cargo trucks. In the Company's view, application of the 1993 decision will favorably resolve the principal issues regarding any such future claim by the Company. Therefore, the Company believes that even if the cargo trucks are ultimately held to be taxable, the Army would be obligated to reimburse the Company for a majority of the tax, (but not interest or penalty, if any), resulting in a net maximum liability for the Company of $5.8 million plus penalties of $6.3 million and applicable interest currently estimated by the Company to be $40.0 million. The Company believes it is unlikely that resolution of this matter will have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

M9 ARMORED COMBAT EARTHMOVER CLAIM

The Company asserted that the U.S. Government did not exercise option three under the M9 Armored Combat Earthmover (ACE) contract in a timely manner, with

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

the result that the unit prices for options three, four and five are subject to renegotiation. Claims reflecting the Company's position were filed with respect to all options purported to be exercised, totaling in excess of $60 million plus interest. In February 1998, the Armed Services Board of Contract Appeals denied the Company's claims. The Company appealed the decision to the United States Court of Appeals for the Federal Circuit and in February 1999, the Court affirmed the decision in favor of the Government. The Company is not appealing the decision further and considers the matter to be closed. No recognition has been given in the accompanying financial statements for any recovery on these claims.

OTHER DEFENSE BUSINESS LITIGATION

In 1992, the U.S. Government filed a counterclaim against the Company in a civil suit alleging violations of the False Claims Act and breach of a contract to supply M109A2 Self-Propelled Howitzers. The counterclaim was filed in response to the Company's claim of approximately $5 million against the Government for costs incurred on this contract relating to the same issue. In May 1997, the U.S. Court of Federal Claims issued a decision in the first phase of the case, denying the Company's claim for reimbursement and granting the Government's counterclaim for breach of contract and penalties under the False Claims Act. The Court will consider the amount of damages and penalties in the next phase of the case, and the decision will then be subject to the right of appeal. The Government has filed a brief seeking penalties and treble damages totaling approximately $26 million. The Company intends to vigorously oppose this claim. The Company and its counsel believe that resolution of these claims will not have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

In 1992, the United States Government through its Defense Contract Audit Agency commenced an audit of certain contracts for sale of tracked vehicles by the Company to foreign governments, which were financed by the United States Government through the Defense Security Assistance Agency. The Company cooperated with the audit and responded to a number of issues raised by the audit. In September 1994, the Company received a subpoena issued by the Department of Defense Inspector General seeking various documents relating to sale contracts between the Company and foreign governments which were funded by the Defense Security Assistance Agency. The Government subsequently subpoenaed a number of former employees of the Company's divested defense business to testify before a grand jury and since October 1998, has issued grand jury subpoenas to the Company for additional documents. The Company is continuing to cooperate and is responding to Government document requests. Based on discussions with the Government, Harsco is the target of this investigation which primarily focuses on whether the Company made improper certifications to the Defense Security Assistance Agency. It is not yet known whether the Government will institute criminal or civil action against the Company, nor is it known what the amount of claims, fines or penalties, if any, would be or if any such actions would have a material adverse effect on the Company's financial position or results of operations.

CONTINUING OPERATIONS - CONTINGENCIES

ENVIRONMENTAL

The Company is involved in a number of environmental remediation investigations and clean-ups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Consolidated Balance Sheet at December 31, 1998 and 1997, includes an accrual of $4.9 million and $3.4 million, respectively, for environmental matters. The amounts charged to earnings on a pre-tax basis related to environmental matters totaled $0.8 million for the year 1998, $1.7 million for the year 1997, and $1.2 million for the year 1996.

The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. The Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse effect on its financial position

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

or results of operations.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

OTHER

The Company is subject to various other claims, legal proceedings, and investigations covering a wide range of matters that arose in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position or results of operations of the Company.

11. EMPLOYEE BENEFIT PLANS

PENSION BENEFITS

The Company has pension and profit sharing retirement plans, most of which are noncontributory, covering substantially all of its employees. The benefits for salaried employees generally are based on years of service and the employee's level of compensation during specified periods of employment. Plans covering hourly employees generally provide benefits of stated amounts for each year of service. The multi-employer plans in which the Company participates provide benefits to certain unionized employees. The Company's funding policy for qualified plans is consistent with statutory regulations and customarily equals the amount deducted for income tax purposes. The Company's policy is to amortize prior service costs over the average future service period of active plan participants.

Pension expense consists of:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998	1997	1996
<S>	<C>	<C>	<C>
Defined benefit plans:			
Service cost	$ 13,785	$ 9,519	$ 9,690
Interest cost	21,367	15,129	15,165
Expected return on plan assets	(39,859)	(27,604)	(23,816)
Amortization of prior service costs	1,307	1,368	1,275
Unrecognized (gain) or loss	(4,034)	(3,517)	684
Unrecognized transition asset	(2,453)	(2,457)	(2,469)
Curtailment (gain) or loss	542	(5,468)	139
	(9,345)	(13,030)	668
Multi-employer plans	4,054	4,457	3,789
Defined contribution plans	6,043	4,131	5,910
Pension (income) expense	$ 752	$ (4,442)	$ 10,367

</TABLE>

In 1997, the curtailment gain of $5.5 million was the result of a sizable reduction in the number of employees under a plan related to a discontinued facility. This gain, along with certain costs, was recorded under Other (income) and expenses in the Consolidated Statement of Income.

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

The change in the financial status of the pension plans and amounts recognized in the Consolidated Balance Sheet at December 31, 1998 and 1997 are:

<TABLE>
<CAPTION>

	PENSION BENEFITS	
(IN THOUSANDS)	1998	1997

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<S>	<C>	<C>
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$ 220,428	$ 205,261
Service Cost	13,785	9,519
Interest Cost	21,367	15,129
Plan participants' contributions	1,452	536
Amendments	11,048	1,761
Actuarial (gain) loss	(3,824)	13,939
Curtailment (gain) loss	542	(5,468)
Benefits paid	(16,126)	(17,458)
Acquisitions	122,388	--
Effect of foreign currency	394	(2,791)
Benefit obligation at end of year	$ 371,454	$ 220,428
CHANGE IN PLAN ASSETS		
Fair value of plan assets at beginning of year	$ 335,106	$ 292,198
Actual return on plan assets	(16,342)	61,105
Employer contributions	2,370	3,289
Plan participants' contributions	1,452	536
Benefits paid	(16,007)	(17,458)
Acquisitions	151,346	--
Effect of foreign currency	316	(4,564)
Fair value of plan assets at end of year	$ 458,241	$ 335,106
FUNDED STATUS		
Funded status at end of year	$ 86,787	$ 114,678
Unrecognized net (gain) loss	(19,683)	(74,518)
Unrecognized transition (asset) obligation	(15,657)	(18,108)
Unrecognized prior service cost	22,446	12,746
Net amount recognized	$ 73,893	$ 34,798
AMOUNTS RECOGNIZED IN THE CONSOLIDATED BALANCE SHEET CONSIST OF:		
Prepaid benefit cost	$ 84,251	$ 43,329
Accrued benefit liability	(19,576)	(13,209)
Intangible asset	3,297	2,559
Accumulated other comprehensive income	5,921	2,119
Net amount recognized	$ 73,893	$ 34,798

</TABLE>

Plan assets include equity and fixed-income securities. At December 31, 1998 and 1997, 732,640 shares of the Company's common stock with a fair market value of $22.3 million

and $31.6 million, respectively, are included in plan assets.
Dividends paid on such stock amounted to $0.6 million in both 1998 and 1997.

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

The actuarial assumptions used for the defined benefit pension plans, including international plans, are:

<TABLE>
<CAPTION>

<S>	1998 <C>	1997 <C>	1996 <C>
Weighted average assumed discount rates	6.3%	7.4%	7.8%
Weighted average expected long-term rates of return on plan assets	8.2%	9.1%	9.3%
Rates of compensation increase	4.4%	4.5%	5.2%

</TABLE>

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were $32.1 million, $30.1 million, and $11.6 million, respectively, as of December 31, 1998, and $38.4 million, $34.6 million, and $23.6 million, respectively, as of December 31, 1997.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

POSTRETIREMENT BENEFITS

The Company has postretirement life insurance benefits for a majority of employees, and postretirement health care benefits for a limited number of employees mainly under plans related to acquired companies. The cost of life insurance and health care benefits are accrued for current and future retirees and are recognized as determined under the projected unit credit actuarial method. Under this method, the Company's obligation for postretirement benefits is to be fully accrued by the date employees attain full eligibility for such benefits. The Company's postretirement health care and life insurance plans are unfunded.

The postretirement benefit expense (health care and life insurance) was $0.3 million in 1998 and $0.2 million for each of the years 1997 and 1996. The components of these expenses are not shown separately as they are not material.

The changes in the postretirement benefit liability recorded in the Consolidated Balance Sheet are:

(IN THOUSANDS)	POSTRETIREMENT BENEFITS 1998	1997
CHANGE IN BENEFIT OBLIGATION		
Benefit obligation at beginning of year	$ 6,220	$ 6,332
Service Cost	107	84
Interest Cost	431	453
Actuarial loss (gain)	49	(218)
Benefits paid	(386)	(431)
Benefit obligation at end of year	$ 6,421	$ 6,220
FUNDED STATUS		
Funded status at end of year	$(6,421)	$(6,220)
Unrecognized prior service cost	(42)	(147)
Unrecognized actuarial (gain)	(1,861)	(2,069)
Net amount recognized as accrued benefit liability	$(8,324)	$(8,436)

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

The actuarial assumptions used for postretirement benefit plans are:

(DOLLARS IN THOUSANDS)	1998	1997	1996
Assumed discount rate	6.75%	7.25%	7.50%
Health care cost trend rate	8.30%	8.70%	9.10%
Decreasing to ultimate rate	5.50%	5.50%	5.50%
Effect of one percent increase in health care cost trend rate:			
On cost components	$ 21	$ 47	$ 29
On accumulated benefit obligation	$ 185	$ 192	$ 223

For 1998, a one percent decrease in health care cost trend rate would decrease the cost component by $19 thousand and decrease the accumulated benefit obligation by $166 thousand.

It is anticipated that the health care cost trend rate will decrease from 7.9% in 1999 to 5.5% in the year 2005.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

---

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

SAVINGS PLAN

The Company has a 401(k) savings plan which covers substantially all U.S. employees with the exception of any such employees represented by a collective bargaining agreement, unless the agreement expressly provides otherwise. Employee contributions are generally determined as a percentage of covered employee's compensation. The expense for contributions to the plan by the Company was (in millions) $4.8, $4.5, and $3.8 for 1998, 1997, and 1996, respectively.

EXECUTIVE INCENTIVE COMPENSATION PLAN

Under the 1995 Executive Incentive Compensation Plan, the Management Development and Compensation Committee has awarded 60% of the value of any earned annual incentive compensation award to be paid to participants in the form of cash and 40% in the form of restricted shares of the Company's common stock. Upon the request of the participant, the Committee was authorized to make the incentive award payable all in cash, subject to a 25% reduction in the total amount of the award. Awards are made in February of the following year. The Company accrues amounts based on performance reflecting the value of cash and common stock which is anticipated to be earned for the current year. Compensation expense relating to these awards was (in millions) $3.7, $5.1, and $5.5 in 1998, 1997 and 1996, respectively.

Effective January 1, 1999 the restricted stock portion of the compensation plan was discontinued and the terms of the plan were amended to provide for payment of the incentive compensation all in cash. On January 6, 1999 the Company repurchased from the participants, at the original award value, the restricted shares awarded in 1998. For all other shares, the restrictions were removed effective January 6, 1999.

---

12. INCOME TAXES

Income from continuing operations before income taxes and minority interest in the Consolidated Statement of Income consists of:

<TABLE>
<CAPTION>

(IN THOUSANDS)	1998	1997	1996
<S>	<C>	<C>	<C>
United States	$ 121,091	$ 93,386	$ 81,063
International	58,684	78,225	70,460
	$ 179,775	$ 171,611	$ 151,523
Provision for income taxes:			
Currently payable:			
Federal	$ 37,297	$ 21,627	$ 28,965
State	2,835	4,309	6,602
International	23,468	30,538	24,931
	63,600	56,474	60,498
Deferred federal and state	6,552	9,426	1,082
Deferred international	(2,791)	(687)	501
	$ 67,361	$ 65,213	$ 62,081

</TABLE>

Cash payments for income taxes were (in millions) $38.8, $167.0, and $85.4, for 1998, 1997, and 1996, respectively. Approximately $5.4 million of the taxes paid in 1998 and $100.0 million of the taxes paid in 1997 are related to the gain on the disposal of the defense business.

---

12. INCOME TAXES (CONTINUED)

The following is a reconciliation of the normal expected statutory U.S. federal

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

income tax rate to the effective rate as a percentage of Income from continuing operations before income taxes and minority interest as reported in the Consolidated Statement of Income:

	1998	1997	1996
U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	1.6	2.1	2.8
Export sales corporation benefit	(.6)	(.4)	(.4)
Losses for which no tax benefit was recorded.	1.3	.4	.9
Difference in effective tax rates on international earnings and remittances	(1.3)	(.2)	(.6)
Nondeductible acquisition costs	2.0	1.8	1.9
Other, net	(.5)	(.7)	1.4
Effective income tax rate	37.5%	38.0%	41.0%

The tax effects of the primary temporary differences giving rise to the Company's deferred tax assets and liabilities for the years ended December 31, 1998 and 1997 are:

(IN THOUSANDS)	1998		1997	
Deferred income taxes	ASSET	LIABILITY	Asset	Liability
Depreciation	$ --	$42,284	$ --	$38,676
Expense accruals	43,015	--	46,783	--
Inventories	3,783	--	3,314	--
Provision for receivables	2,986	--	2,089	--
Postretirement benefits	3,235	--	3,385	--
Deferred revenue	--	4,447	--	5,039
Unrelieved foreign tax losses	3,729	--	6,047	--
Unrelieved domestic tax losses	3,079	--	2,400	--
Pensions	--	18,917	--	10,324
Other	--	2,120	--	50
	59,827	67,768	64,018	54,089
Valuation allowance	(6,293)	--	(8,039)	--
Total deferred income taxes	$ 53,534	$67,768	$ 55,979	$54,089

At December 31, 1998 and 1997, Other current assets included deferred income tax benefits of $37.2 million and $38.7 million, respectively.

12. INCOME TAXES (CONTINUED)

At December 31, 1998, certain of the Company's subsidiaries had total available net operating loss carryforwards ("NOLs") of approximately $20.9 million, of which approximately $8.5 million may be carried forward indefinitely and $12.4 million have varying expiration dates. Included in the total are $10.0 million of preacquisition NOLs.

During 1998 and 1997, $4.4 million and $2.6 million, respectively, of preacquisition NOLs were utilized by the Company, resulting in tax benefits of $1.7 million and $1.0 million, respectively.

The valuation allowance of $6.3 million and $8.0 million at December 31, 1998 and 1997, respectively, relates principally to cumulative unrelieved tax losses which are uncertain as to realizability. To the extent that the preacquisition NOLs are utilized in the future and the associated valuation allowance reduced, the tax benefit will be allocated to reduce the cost in excess of net assets of businesses acquired.

The change in the valuation allowances for 1998 and 1997 results primarily from the utilization of international tax loss carryforwards and the release of valuation allowances in certain international jurisdictions based on the Company's reevaluation of the realizability of future benefits resulting from tax planning strategies. Further, the 1997 charge was also affected by the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

expiration of tax loss carryforwards in certain international jurisdictions and loss carryforwards acquired in a domestic acquisition. The release of valuation allowances in certain jurisdictions is allocated to reduce the cost in excess of net assets of businesses acquired. There was no reduction in 1998 or 1997.

13. CAPITAL STOCK

The authorized capital stock consists of 150,000,000 shares of common stock and 4,000,000 shares of preferred stock, both having a par value of $1.25 per share. The preferred stock is issuable in series with terms as fixed by the Board of Directors. None of the preferred stock has been issued. On June 24, 1997, the Company adopted a revised Shareholder Rights Plan to replace the Company's 1987 Plan which expired on September 28, 1997. Under the new Plan, the Board declared a dividend to shareholders of record on September 28, 1997, of one Right for each share of common stock. The rights may only be exercised if, among other things, a person or group has acquired 15% or more, or intends to commence a tender offer for 20% or more, of the Company's common stock. Each right entitles the holder to purchase 1/100th share of a new Harsco Junior Participating Cumulative Preferred Stock at an exercise price of $150. Once the rights become exercisable, if any person acquires 20% or more of the Company's common stock, the holder of a right will be entitled to receive common stock calculated to have a value of two times the exercise price of the right. The rights, which expire on September 28, 2007, do not have voting power, and may be redeemed by the Company at a price of $.05 per right at any time until the 10th business day following public announcement that a person or group has accumulated 15% or more of the Company's common stock. At December 31, 1998, 750,000 shares of $1.25 par value preferred stock were reserved for issuance upon exercise of the rights.

In November 1997, the Board of Directors authorized the purchase, over a one-year period, of up to 2,000,000 shares of the Company's common stock. The Board of Directors subsequently increased the authorization by 1,000,000 shares in June 1998, 2,000,000 shares in September 1998, 2,000,000 shares in November 1998, and 2,000,000 shares in January 1999. The share authorization remaining is for purchases through January 26, 2000. Through December 31, 1998, 5,877,500 shares of common stock were purchased under these authorizations.

<TABLE>
<CAPTION>

COMMON STOCK SUMMARY

BALANCES	SHARES ISSUED	TREASURY SHARES	SHARES OUTSTANDING
<S>	<C>	<C>	<C>
December 31, 1995	65,075,760	14,972,662	50,103,098
December 31, 1996	65,458,202	15,855,850	49,602,352
December 31, 1997	65,854,087	18,877,957	46,976,130
DECEMBER 31, 1998	66,075,380	23,825,458	42,249,922

</TABLE>

13. CAPITAL STOCK (CONTINUED)

The following is a reconciliation of the average shares of common stock used to compute basic earnings per common share to the shares used to compute diluted earnings per common share as shown on the Consolidated Statement of Income:

<TABLE>
<CAPTION>

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)	1998	1997	1996
<S>	<C>	<C>	<C>
Income from continuing operations	$ 107,513	$ 100,400	$ 83,903
Average shares of common stock outstanding used to compute basic earnings per common share	45,568,256	48,754,212	49,894,515
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	342,275	437,660	423,149
Shares used to compute dilutive effect of stock options	45,910,531	49,191,872	50,317,664
Basic earnings per common share from continuing operations	$ 2.36	$ 2.06	$ 1.68
Diluted earnings per common share from continuing operations	$ 2.34	$ 2.04	$ 1.67

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

14. STOCK-BASED COMPENSATION

The Company's net income and net income per common share would have been reduced to the pro forma amounts indicated below if compensation cost for the Company's stock option plan had been determined based on the fair value at the grant date for awards in accordance with the provisions of SFAS 123.

(IN THOUSANDS, EXCEPT PER SHARE)	1998	1997	1996
Net income:			
As reported	$ 107,513	$ 278,832	$ 119,009
Pro forma	105,736	277,101	117,622
Basic earnings per share:			
As reported	2.36	5.72	2.39
Pro forma	2.32	5.68	2.36
Diluted earnings per share:			
As reported	2.34	5.67	2.37
Pro forma	2.30	5.63	2.34

The fair value of the options granted during 1998, 1997, and 1996 is estimated on the date of grant using the binomial option pricing model. The weighted-average assumptions used and the estimated fair value are listed as follows:

	1998	1997	1996
Expected term	4 YEARS	4 years	4 years
Expected stock volatility	16.0%	16.0%	16.0%
Risk free interest rate	5.65%	6.46%	5.19%
Dividend	$ .88	$ .80	$ .76
Rate of dividend increase	5%	5%	5%
Fair value	$ 6.68	$ 6.55	$ 4.63

The Company has granted stock options to Officers and Directors for the purchase of its common stock under two shareholder approved plans. The 1995 Executive Incentive Compensation Plan authorizes the issuance of up to 4,000,000 shares of the Company's common stock for use in paying incentive compensation awards in the form of restricted stock and stock options. The 1995 Non-Employee Directors' Stock Plan authorizes the issuance of up to 300,000 shares of the Company's common stock for stock option awards. Options are granted at fair market value at date of grant and become exercisable commencing one year later. The options expire ten years from the date of grant. Upon shareholder approval of these two plans in 1995, the Company terminated the use of the 1986 stock option plan for granting of stock option awards. At December 31, 1998, there were 3,030,456 and 238,000 shares available for granting restricted stock and stock options under the 1995 Executive Incentive Compensation Plan and the 1995 Non-Employee Directors' Stock Plan, respectively.

14. STOCK-BASED COMPENSATION (CONTINUED)

Changes during 1998, 1997, and 1996 in options outstanding were:

	SHARES UNDER OPTION	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, January 1, 1996	1,284,918	$ 19.52
Granted	311,150	29.70
Exercised	(382,442)	18.95
Terminated and expired	(11,600)	29.47
Outstanding, December 31, 1996	1,202,026	22.24
Granted	294,600	34.41

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Exercised	(395,885)	20.81
Terminated and expired	(15,280)	22.90
Outstanding, December 31, 1997	1,085,461	26.06
Granted	275,100	38.30
Exercised	(221,293)	24.93
Terminated and expired	(16,500)	35.73
OUTSTANDING, DECEMBER 31, 1998	1,122,768	$ 29.14

</TABLE>

14. STOCK-BASED COMPENSATION (CONTINUED)

Options to purchase 857,168 shares, 793,061 shares and 911,476 shares were exercisable at December 31, 1998, 1997, and 1996, respectively. The following table summarizes information concerning outstanding and exercisable options at December 31, 1998.

<TABLE>
<CAPTION>

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISABLE PRICES	NUMBER OUTSTANDING	REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
<S>	<C>	<C>	<C>	<C>	<C>
$11.72 - $17.63	101,458	2.1	$ 14.25	101,458	$ 14.25
20.69 - 23.81	309,218	5.4	21.57	309,218	21.57
29.47 - 46.16	712,092	8.2	34.55	446,492	32.31
	1,122,768			857,168	

</TABLE>

During 1998 and 1997, the Company had non-cash transactions related to stock option exercises of $1.6 million and $2.3 million, respectively, whereby old shares were exchanged for new shares.

14. STOCK-BASED COMPENSATION (CONTINUED)

As of January 1, 1999, the restricted stock portion of the executive incentive compensation plan was discontinued.

The following table summarizes the restricted stock activity for 1998 and 1997:

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Restricted shares awarded	40,702	57,622
Restricted shares forfeited	378	135
Weighted average market value of stock on grant date	$ 43.22	$ 36.69

</TABLE>

During 1998, 1997, and 1996, the Company recorded $.1 million, $1.9 million, and $2.1 million, respectively, in compensation expense related to restricted stock.

15. FINANCIAL INSTRUMENTS

OFF-BALANCE SHEET RISK

As collateral for performance and to ceding insurers, the Company is contingently liable under standby letters of credit and bonds in the amount of $38.7 million and $42.0 million at December 31, 1998 and 1997, respectively. These standby letters of credit and bonds are in force from one to three years, for which the Company pays fees to various banks and insurance companies that range from 0.2 to 1.0 percent per annum of their face value. If the Company were

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

required to obtain replacement standby letters of credit and bonds as of December 31, 1998 for those currently outstanding, it is the Company's opinion that the replacement costs for such standby letters of credit and bonds would not vary significantly from the present fee structure.

At December 31, 1998 and 1997, the Company had $18.3 million and $8.4 million, respectively, of forward foreign currency exchange contracts outstanding. These contracts are part of a worldwide program to minimize foreign currency exchange operating income and balance sheet exposure. The unsecured contracts mature within 12 months and are principally with major financial institutions. The Company is exposed to credit loss in the event of non-performance by the other parties to the contracts. The Company evaluates the creditworthiness of the counterparties' financial condition and does not expect default by the counterparties.

FOREIGN EXCHANGE RISK MANAGEMENT

The Company has currency exposures in thirty-three foreign countries. The Company's primary foreign currency exposures are in France, Belgium, United Kingdom, Brazil, South Africa, Mexico, Germany, and Australia.

Forward foreign currency exchange contracts are used to hedge commitments, such as foreign currency debt, the purchase of equipment, and foreign currency cash flows for certain export sales transactions.

15. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize by major currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars as of December 31, 1998 and 1997. The "Sell" amounts represent the U.S. dollar equivalent of commitments to sell foreign currencies, and the "Buy" amounts represent the U.S. dollar equivalent of commitments to purchase foreign currencies.

(IN THOUSANDS) 1998

	TYPE	U.S. $ EQUIVALENT	MATURITY	RECOGNIZED GAIN (LOSS)	UNREALIZED GAIN (LOSS)
Forward exchange contracts:					
Belgian francs	Sell	$ 806	Various in 1999	$ 9	-
British pounds	Sell	1,466	Various in 1999	12	-
French francs	Sell	15,798	Various in 1999	46	-
Norwegian kronor	Sell	199	Various in 1999	2	-
		$18,269		$ 69	-

(IN THOUSANDS) 1997

	TYPE	U.S. $ EQUIVALENT	MATURITY	RECOGNIZED GAIN (LOSS)	UNREALIZED GAIN (LOSS)
Forward exchange contracts:					
Australian dollars	Sell	$2,368	1-30-98	$194	$ -
Belgian francs	Buy	268	1-15-98	-	-
British pounds	Buy	3,536	Various in 1998	60	-
German marks	Buy	564	Various in 1998	(28)	-
German marks	Sell	842	1-15-98	-	10
South African rand	Sell	814	Various in 1998		3
		$8,392		$226	$13

At December 31, 1998, the Company had entered into forward exchange contracts in Belgian francs, British pounds, French francs, and Norwegian kronor, which were used to hedge certain future payments between the Company and its various subsidiaries. These forward contracts do not qualify as hedges for financial reporting purposes. At December 31, 1998, the Company had recorded net gains of $0.1 million on these contracts.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

At December 31, 1997, the Company had entered into forward exchange contracts in Australian dollars, Belgium francs, British pounds, and German marks, which were used to hedge certain future payments between the Company and its various subsidiaries. These forward contracts do not qualify as hedges for financial reporting purposes. At December 31, 1997, the Company had recorded net gains of $0.2 million on these contracts. The Company also had forward exchange contracts in German marks and South African rand which were used to hedge equipment purchases and receivables. Since these contracts hedged identifiable foreign currency firm commitments, the gain was deferred.

15. FINANCIAL INSTRUMENTS (CONTINUED)

The counterparties of these agreements are major financial institutions. Therefore, management believes the risk of incurring losses related to these contracts is remote.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investments, and accounts receivable. The Company places its cash and cash equivalents with high quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. For investments, the Company purchases investment grade debt securities and limits the amount of credit exposure to any one government or commercial issuer. Concentrations of credit risk with respect to accounts receivable are limited, due to the large number of customers in the Company's customer base and their dispersion across different industries and geographies. The Company generally does not require collateral or other security to support customer receivables.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The major methods and assumptions used in estimating the fair values of financial instruments are:

CASH AND CASH EQUIVALENTS

The carrying amount approximates fair value due to the relatively short period to maturity of these instruments.

INVESTMENTS

The fair values of investments are estimated based on quoted market prices for those or similar investments.

LONG-TERM DEBT

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

FOREIGN CURRENCY EXCHANGE CONTRACTS

The fair value of foreign currency exchange contracts are estimated by obtaining quotes from brokers.

15. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 1998 and 1997 are:

(IN THOUSANDS)	1998		1997	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
Cash and cash equivalents	$ 41,562	$ 41,562	$221,565	$221,565
Investments in debt securities	--	--	43,867	43,873
Long-term debt	316,972	317,530	202,528	200,319
Foreign currency exchange contracts	18,269	18,336	8,392	8,661

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

---

16. INFORMATION BY SEGMENT AND GEOGRAPHIC AREA

The Company adopted SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information" (SFAS 131), in the fourth quarter of 1998. SFAS 131 changes the way the Company reports information about its operating segments to the "management approach". The management approach is based on the way management organizes the segments within the enterprise for making operating decisions and assessing performance. The segment information for 1997 and 1996 has been restated to conform to SFAS 131.

The Company's reportable segments were identified based upon differences in products, services, and markets served. The Company's seven business units have been aggregated into three reportable segments based upon the criteria in SFAS 131. The three reportable segments and the type of products and services offered include:

MILL SERVICES

This segment provides metal reclamation and mill services principally for the global steel industry. Mill services include slag processing, marketing, and disposal; slab management systems; materials handling and scrap management programs; in-plant transportation; and a variety of environmental services. Similar services are provided to non-ferrous metallurgical industries, such as aluminum, nickel, and copper. Also, slag recovery services are provided to electric utilities from which granules for asphalt roofing shingles and slag abrasives for industrial surface preparation are derived.

GAS AND FLUID CONTROL

Major products and services are gas containment cylinders and tanks, including cryogenic equipment; valves, regulators, and gauges, including scuba and life support equipment; industrial pipe fittings; process equipment, including industrial blenders, dryers, and mixers; heat transfer equipment; boilers; and air-cooled heat exchangers.

Major customers include various industrial markets; hardware, plumbing, and petrochemical sectors; chemical, food processing, and pharmaceutical industries; institutional building and retrofit markets; natural gas and process industries; propane, compressed gas, life support, scuba, and refrigerant gas industries; gas equipment companies; welding distributors; medical laboratories; beverage carbonation users; and the animal husbandry industry.

INFRASTRUCTURE

Major products and services include railway maintenance of way equipment and services; scaffolding, shoring, and concrete forming products and erection and dismantling services; and bridge decking and industrial grating.

Products and services are provided to private and government-owned railroads worldwide; urban mass transit operators; public utilities; industrial plants; the oil, chemical, petrochemical, and process industries; bridge repair companies; commercial and industrial construction firms; and infrastructure repair and maintenance markets.

---

16. INFORMATION BY SEGMENT AND GEOGRAPHIC AREA (CONTINUED)

OTHER INFORMATION

The measurement basis of segment profit or loss is income after taxes from continuing operations. Interest income is recorded by each segment as incurred. Interest expense is allocated to the segments based on actual interest expense incurred by international operations and based on internal borrowings at an estimated external weighted average interest rate for domestic operations. Income taxes are allocated to the segments based on actual income tax expense incurred, or where aggregated for tax purposes based on the effective income tax rates for the countries in which they operate. The operations of the Company in any one country, except the United States, do not account for more than 10% of sales and no single customer represented 10% or more of the Company's sales, during 1998, 1997 and 1996. There are no significant intersegment sales.

Corporate assets include principally cash, investments, prepaid pension costs, and United States deferred taxes. Assets in the United Kingdom represent 12% of total segment assets as of December 31, 1998 and are disclosed separately in the geographic area information.

SEGMENT INFORMATION

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE>
<CAPTION>

SEGMENTS	NET SALES TO UNAFFILIATED CUSTOMERS			INCOME FROM CONTINUING OPERATIONS		
(In millions)	1998	1997	1996	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Mill Services(1)	$ 751.9	$ 672.7	$ 665.2	$ 43.3	$ 50.3	$ 44.7
Gas and Fluid Control	617.9	586.5	541.1	43.4	31.9	29.6
Infrastructure	363.7	368.3	351.3	16.1	13.1	12.5
Segment totals	$1,733.5	$1,627.5	$1,557.6	102.8	95.3	86.8
General corporate Income (Expense)				4.7	5.1	(2.9)
Income from continuing operations				$ 107.5	$ 100.4	$ 83.9

</TABLE>

<TABLE>
<CAPTION>

SEGMENTS	ASSETS			DEPRECIATION AND AMORTIZATION			CAPITAL EXPENDITURES		
(In millions)	1998	1997	1996	1998	1997	1996	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mill Services	$ 922.7	$ 715.3	$ 734.3	$ 98.2	$ 87.2	$ 80.5	$ 102.7	$ 94.8	$ 111.5
Gas and Fluid Control	390.7	258.6	229.3	16.5	11.8	10.6	30.8	20.2	12.4
Infrastructure	231.3	213.3	197.8	15.5	16.3	17.1	25.9	26.9	25.7
Segment totals	1,544.7	1,187.2	1,161.4	130.2	115.3	108.2	159.4	141.9	149.6
Corporate	78.9	290.0	108.6	1.2	1.2	1.2	.4	1.5	.7
Net assets of discontinued operations	--	--	54.4						
Total	$1,623.6	$1,477.2	$1,324.4	$ 131.4	$ 116.5	$ 109.4	$ 159.8	$ 143.4	$ 150.3

</TABLE>

Note: A non-cash amount of $26.6 million of loan notes was issued for the Faber Prest acquisition related to the Mill Services Segment.

(1) For the years ended December 31, 1998, 1997, and 1996 the Mill Services Segment included equity in income of unconsolidated entities of $1.4 million, $1.0 million, and $0.7 million, respectively.

16. INFORMATION BY SEGMENT AND GEOGRAPHIC AREA (CONTINUED)

RECONCILIATION OF REPORTED SEGMENT INCOME TO INCOME BEFORE INTEREST, INCOME TAXES AND MINORITY INTEREST

<TABLE>
<CAPTION>

(IN MILLIONS)	1998				
	MILL SERVICES	GAS AND FLUID CONTROL	INFRA-STRUCTURE	GENERAL CORPORATE	CONSOLIDATED TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Segment income after income taxes from continuing operations	$ 43.3	$ 43.4	$ 16.1	$ 4.7	$ 107.5
Interest (income)	(4.8)	(0.2)	(0.4)	(3.0)	(8.4)
Interest expense	11.0	4.1	5.4	-	20.5
Income tax expense	29.9	28.9	7.9	0.7	67.4
Minority interest in net income	4.9	-	-	-	4.9
Income from continuing operations before interest, income taxes and minority interest	$ 84.3	$ 76.2	$ 29.0	$ 2.4	$ 191.9

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

</TABLE>

(IN MILLIONS) 1997	MILL SERVICES	GAS AND FLUID CONTROL	INFRA-STRUCTURE	GENERAL CORPORATE	CONSOLIDATED TOTAL
Segment income after income taxes from continuing operations	$ 50.3	$ 31.9	$ 13.1	$ 5.1	$ 100.4
Interest (income)	(2.0)	(0.1)	(0.2)	(6.1)	(8.4)
Interest expense	6.6	3.0	6.0	1.1	16.7
Income tax expense	38.5	19.9	7.1	(0.3)	65.2
Minority interest in net income	5.7	0.3	-	-	6.0
Income (loss) from continuing operations before interest, income taxes and minority interest	$ 99.1	$ 55.0	$ 26.0	$ (0.2)	$ 179.9

(IN MILLIONS) 1996	MILL SERVICES	GAS AND FLUID CONTROL	INFRA-STRUCTURE	GENERAL CORPORATE	CONSOLIDATED TOTAL
Segment income after income taxes from continuing operations	$ 44.7	$ 29.6	$ 12.5	$ (2.9)	$ 83.9
Interest (income)	(3.2)	(0.1)	(0.3)	(3.3)	(6.9)
Interest expense	9.0	3.5	6.3	2.7	21.5
Income tax expense	33.5	20.2	7.2	1.2	62.1
Minority interest in net income	5.2	0.3	-	-	5.5
Income (loss) from continuing operations before interest, income taxes and minority interest	$ 89.2	$ 53.5	$ 25.7	$ (2.3)	$ 166.1

16. INFORMATION BY SEGMENT AND GEOGRAPHIC AREA (CONTINUED)

INFORMATION BY GEOGRAPHIC AREA

GEOGRAPHIC AREA	NET SALES			SEGMENT ASSETS		
(In millions)	1998	1997	1996	1998	1997	1996
United States	$1,085.6	$1,044.8	$ 974.0	$ 721.2	$ 569.4	$ 508.8
United Kingdom	126.4	61.1	59.7	180.7	51.4	51.6
All Other	521.5	521.6	523.9	642.8	566.4	601.0
Segment Totals	$1,733.5	$1,627.5	$1,557.6	$1,544.7	$1,187.2	$1,161.4

See Note 17 for additional information related to segment income.

17. OTHER (INCOME) AND EXPENSES AND SPECIAL CHARGES AND (GAINS)

In the years, 1998, 1997, and 1996 the Company recorded Other (income) and expenses of $(4.3) million, $2.6 million, and $3.3 million, respectively:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

(IN THOUSANDS)	OTHER (INCOME) AND EXPENSES		
	1998	1997	1996
Gains	$(29,107)	$(1,620)	$ (851)
Impaired asset write-downs	14,410	1,592	642
Employee termination benefit costs	6,543	(810)	1,490
Costs to exit activities	2,792	3,313	2,305
Other	1,098	103	(306)
Total	$ (4,264)	$ 2,578	$ 3,280

Additionally, in 1998 the Company recorded $6.5 million of other special charges, of which $2.2 million is included in cost of products sold, $3.5 million in cost of services sold, and $.8 million in general and administrative expenses. For 1998, this resulted in net special charges of $2.2 million which includes Other (income) and expenses. The 1998 amounts were incurred principally in the fourth quarter for which results included $29.6 million of gains and other credits offset by $29.5 million of special charges. Other (income) and expenses and special charges and gains consist principally of gains on the sale of businesses, impaired asset write-downs, employee termination benefit costs, costs to exit activities, and other reorganization-related costs. Pre-tax amounts by operating segment include:

(IN THOUSANDS)	SPECIAL CHARGES AND (GAINS)		
	1998	1997	1996
Mill Services	$ 15,618	$ 441	$1,386
Gas and Fluid Control	(18,232)	1,766	329
Infrastructure	4,826	(348)	668
Corporate	(11)	719	897
Total	$ 2,201	$ 2,578	$3,280

GAINS. Gains for 1998 consist principally of a pre-tax net gain of $27 million recorded on the October 1998 sale of the Nutter Engineering unit of the Gas and Fluid Control Segment. Such gains are reflected as adjustments to reconcile net income to net cash provided by operating activities in the Consolidated Statement of Cash Flows. Total proceeds associated with special gains were $42.9 million and are included in proceeds from the sale of businesses and property, plant and equipment in the investing activities section of the Consolidated Statement of Cash Flows. Other related information concerning dispositions is discussed in Note 4.

IMPAIRED ASSET WRITE-DOWNS. Impaired asset write-downs for 1998 include a $6.1 million pre-tax, non-cash, write-down of the Company's investment in Bio-Oxidation Services Inc. which is included in the Gas and Fluid Control Segment. The write-down amount was measured on the basis of the lower of carrying amount or fair value less cost to sell. Fair value was determined using available information based upon the estimated amount at which the assets could be sold in a current transaction between willing parties. The investment carrying value as of December 31, 1998 was $7.6 million. The Company estimates that the disposal will occur during 1999. For the year ended December 31, 1998 Bio-Oxidation Services Inc. recorded a pre-tax loss of $9.8 million which includes the asset write-down of $6.1 million.

Impaired asset write-downs also include a fourth quarter 1998 $6.1 million pre-tax, non-cash, write-down of assets, principally property, plant and equipment in the Mill Services Segment. The write-down became necessary as a result of significant adverse changes in the international economic environment and the steel industry. Impairment loss was measured as the amount by which the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

carrying amount of assets exceeded their estimated fair value. Fair value was estimated based upon the expected future realizable cash flows.

Non-cash impaired asset write-downs are included in Other (income) and expenses in the Consolidated Statement of Cash Flows as adjustments to reconcile net income to net cash provided by operating activities.

EMPLOYEE TERMINATION BENEFIT COSTS. Employee termination benefit costs consist principally of severance arrangements to employees terminated as a result of management reorganization actions. Under these reorganization actions, the Company and its management have established and approved specific plans of termination. The affected employees have been notified prior to recognition of related provisions. Non-cash charges for employee termination benefit costs are included in Other (income) and expenses as adjustments to reconcile net income to net cash provided by operating activities in the Consolidated Statement of Cash Flows. During 1998 such actions occurred principally in the Mill Services Segment in South Africa, United States, France, and Germany. In 1998, approximately 670 employees were included in employee termination arrangements implemented by the Company and approximately $2.4 million of cash payments were made under such arrangements. The payments are reflected as uses of operating cash in the Consolidated Statement of Cash Flows and consequently reduce certain liabilities. Under these reorganization actions, 349 employees have been terminated as of December 31, 1998. The remaining $4.1 million balance of employee termination arrangements is expected to be paid principally in 1999.

TWO-YEAR SUMMARY OF QUARTERLY RESULTS
(UNAUDITED)

<TABLE>
<CAPTION>

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		1998		
QUARTERLY	FIRST	SECOND	THIRD	FOURTH (3)
<S>	<C>	<C>	<C>	<C>
Net sales	$401.0	$456.3	$445.7	$430.5
Gross profit(1)	93.3	110.2	99.9	100.0
Income from continuing operations	24.3	33.1	25.9	24.2
Net income	24.3	33.1	25.9	24.2
Diluted earnings per share:				
Income from continuing operations	.52	.71	.56	.55
Net income	.52	.71	.56	.55

</TABLE>

<TABLE>
<CAPTION>

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)		1997		
QUARTERLY	FIRST	SECOND	THIRD	FOURTH
<S>	<C>	<C>	<C>	<C>
Net sales	$390.7	$426.3	$407.0	$403.5
Gross profit(1)	88.2	102.6	98.3	100.4
Income from continuing operations	18.1	24.8	27.7	29.8
Income from discontinued defense business	12.0	11.6	5.5	(.7)
Gain on disposal of discontinued defense business	-	-	-	150.0
Net income	30.1	36.4	33.2	179.1
Diluted earnings per share:				
Income from continuing operations	.36	.50	.56	.62
Income from discontinued defense business	.24	.24	.11	(.01)
Gain on disposal of discontinued defense business (2)	-	-	-	3.11
Net income (2)	.60	.74	.67	3.72

</TABLE>

Notes:

(1) Gross profit is defined as Net sales less Cost of sales, Other (income) and expenses, and Research and development expenses.

(2) The sum of the quarterly earnings per share data does not equal the full year amount in the Consolidated Statement of Income due to changes in the average shares outstanding.

(3) The fourth quarter included $29.6 million of special gains offset by $29.5 million of special charges. The gains included a pre-tax net gain of $27 million recorded on the sale of the Nutter Engineering unit of the Gas and Fluid Control Segment. The special charges included impaired asset write-downs, employee termination benefit costs, costs to exit activities and other reorganization-related

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

expenses. Other information concerning special charges and (gains) is discussed in Note 17.

COMMON STOCK PRICE AND DIVIDEND INFORMATION

	MARKET PRICE PER SHARE		DIVIDENDS DECLARED
	HIGH	LOW	PER SHARE
1998			
First Quarter	$ 46 1/8	$ 37 1/2	$ .22
Second Quarter	47	41 5/16	.22
Third Quarter	47 1/4	23	.22
Fourth Quarter	35	28	.225
1997			
First Quarter	$ 37 5/8	$ 33 1/4	$ .20
Second Quarter	40 1/2	34 1/8	.20
Third Quarter	47 7/8	39 11/16	.20
Fourth Quarter	46 9/16	39 5/16	.22

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure:

None.

PART III

Item 10. Directors and Executive Officers of the Registrant:

(a) Identification of Directors:

Information regarding the identification of directors and positions held is incorporated by reference to the 1999 Proxy Statement.

(b) Identification of Executive Officers:

Set forth below, as of March 8, 1999, are the executive officers (this excludes certain corporate officers who are not deemed "executive officers" within the meaning of applicable Securities and Exchange Commission regulations) of the Company and certain information with respect to each of them. The executive officers were elected to their respective offices on April 28, 1998, or at various times during the year as noted. All terms expire on April 27, 1999. There are no family relationships between any of the officers.

Name	Age	Principal Occupation or Employment
Corporate Officers:		
D. C. Hathaway	54	Chairman and Chief Executive Officer effective January 1, 1998. Served as Chairman, President and Chief Executive Officer from April 1, 1994 to December 31, 1997, and President and Chief Executive Officer from January 1, 1994 to April 1, 1994. Director since 1991. From 1991 to 1993, served as President and Chief Operating Officer. From 1986 to 1991 served as Senior Vice President-Operations of the Corporation. Served as Group Vice President from 1984 to 1986 and as President of the Dartmouth Division of the Corporation from 1979 until 1984.

<TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Name	Age	Principal Occupation or Employment
L. A. Campanaro	50	President, Chief Operating Officer and Director of the Corporation effective January 1, 1998. Served as Senior Vice President and Chief Financial Officer from December 1992 to December 1997, and as Vice President and Controller from April 1992 to November 1992. Served as Vice President of the BMY-Wheeled Vehicles Division from February 1992 to March 1992, and previously served as Vice President and Controller of the BMY-Wheeled Vehicles Division from 1988 to 1992, Vice President Cryogenics of the Plant City Steel Division from 1987 to 1988, Senior Vice President Taylor-Wharton Division from 1985 to 1987, Vice President and Controller of Taylor-Wharton from 1982 to 1985, and Director of Auditing of the Corporation from 1980 to 1982.
P. C. Coppock	48	Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of the Corporation effective January 1, 1994. Served as Vice President, General Counsel and Secretary of the Corporation from May 1, 1991 to December 31, 1993. From 1989 to 1991 served as Secretary and Corporate Counsel and as Assistant Secretary and Corporate Counsel from 1986 to 1989. Served in various Corporate Attorney positions for the Corporation since 1981.
S. D. Fazzolari	46	Senior Vice President and Chief Financial Officer of the Corporation effective January 1, 1998. Served as Vice President and Controller from January 1994 to December 1997 and as Controller from January 1993 to January 1994. Previously served as Director of Auditing from 1985 to 1993, and served in various auditing positions from 1980 to 1985.

Name	Age	Principal Occupation or Employment
R. W. Kaplan	47	Senior Vice President-Operations of the Corporation effective July 1, 1998. Concurrently serves as President of the Taylor-Wharton Gas Equipment Division, a position held since February 1, 1994. Served as Vice President and Treasurer of the Corporation from January 1992 to February 1994. Served as Treasurer of the Corporation from May 1991 to December 1992. Previously served as Vice President and General Manager of the Plant City Steel/Taylor-Wharton Division from 1987 to 1991 and Vice President and Controller of the Division from 1985 to 1987. Previously served in various Corporate treasury/financial positions since 1979.
S. J. Schnoor	45	Vice President and Controller of the Corporation effective May 15, 1998. Served as Vice President and Controller of the Patent Construction Systems Division from February 1996 to May 1998 and as Controller of the Patent Construction Systems Division from January 1993 to February 1996. Previously served in various auditing positions for the Corporation from 1988 to 1993.

(c) Beneficial Ownership Reporting Compliance

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" of the 1999 Proxy Statement.

Item 11. Executive Compensation:

Information regarding compensation of executive officers and directors is incorporated by reference to the sections entitled "Executive Compensation and Other Information" and "Directors' Compensation" of the 1999 Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section entitled "Share Ownership of Management" of the 1999 Proxy Statement.

Item 13. Certain Relationships and Related Transactions:

Information regarding certain relationships and related transactions is incorporated by reference to the section entitled "Employment Agreements with Officers of the Company" of the 1999 Proxy Statement.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K:

(a) 1. The Consolidated Financial Statements are listed in the index to Item 8, "Financial Statements and Supplementary Data," on page 25.

(a) 2. The following financial statement schedule should be read in conjunction with the Consolidated Financial Statements (see Item 8, "Financial Statements and Supplementary Data"):

<TABLE>
<CAPTION>

<S>	Page ---- <C>
Report of Independent Accountants on Schedule II	83
Schedule II - Valuation and Qualifying Accounts for the years 1998, 1997 and 1996	84

</TABLE>

Schedules other than those listed above are omitted for the reason that they are either not applicable or not required or because the information required is contained in the financial statements or notes thereto.

Condensed financial information of the registrant is omitted since there are no substantial amounts of "restricted net assets" applicable to the Company's consolidated subsidiaries.

Financial statements of 50% or less owned unconsolidated companies are not submitted inasmuch as (1) the registrant's investment in and advances to such companies do not exceed 20% of the total consolidated assets, (2) the registrant's proportionate share of the total assets of such companies does not exceed 20% of the total consolidated assets, (3) the registrant's equity in the income from continuing operations before income taxes of such companies does not exceed 20% of the total consolidated income from continuing operations before income taxes.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of
Harsco Corporation

Our report on the consolidated financial statements of Harsco Corporation and Subsidiary Companies (the "Company"), is included on page 26 of this Form 10-K. In connection with our audits of such consolidated financial statements, we have also audited the related consolidated financial statement schedule listed in the index (Item 14(a) 2.) on page 82 of this Form 10-K.

In our opinion, the consolidated financial statement schedule referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
January 28, 1999, except as to
paragraph 6 of Note 10, for which the
date is February 8, 1999.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

SCHEDULE II. VALUATION AND QUALIFYING ACCOUNTS
(dollars in thousands)

COLUMN A	COLUMN B	COLUMN C	COLUMN D		COLUMN E
		Additions	(Deductions) Additions		
Description	Balance at Beginning of Period	Charged to Cost and Expenses	Due to Currency Translation Adjustments	Other (1)	Balance at End of Period
For the year 1998:					
Deducted from Receivables:					
Uncollectible accounts	$ 6,834	$ 9,166	$ 9	$ (2,407)	$ 13,602
Deducted from Inventories:					
Inventory valuations	$ 3,687	$ 6,871	$ (30)	$ (4,751)	$ 5,777
Other Reorganization and Valuation Reserves	$ 3,102	$ 16,423	$ 93	$ 5,698 (2)	$ 25,316
For the year 1997:					
Deducted from Receivables:					
Uncollectible accounts	$ 8,549	$ 1,916	$ (188)	$ (3,443)	$ 6,834
Deducted from Inventories:					
Inventory valuations	$ 5,381	$ 1,645	$ (129)	$ (3,210)	$ 3,687
Other Reorganization and Valuation Reserves	$ 2,300	$ 3,232	$ (86)	$ (2,344)	$ 3,102
For the year 1996:					
Deducted from Receivables:					
Uncollectible accounts	$ 8,256	$ 4,969	$ (74)	$ (4,602)	$ 8,549
Deducted from Inventories:					
Inventory valuations	$ 3,596	$ 3,260	$ (57)	$ (1,418)	$ 5,381
Other Reorganization and Valuation Reserves	$ 3,184	$ 2,273	$ (74)	$ (3,083)	$ 2,300

(1) Amounts charged to valuation account during the year.

(2) Includes $12,328 increase due to opening balance sheet reorganization reserves for companies acquired in 1998.

(a) 3. Listing of Exhibits Filed with Form 10-K:

Exhibit Number	Data Required	Location in 10-K
2(a)	Joint Venture with FMC Corporation Combining Harsco's BMY-Combat Systems Division with FMC Defense Systems Group - Participation Agreement Dated as of January 1, 1994 - Partnership Agreement Dated as of January 1, 1994 - Registration Rights Agreement Dated as of January 1, 1994	Incorporated by reference to Form 8-K dated February 14, 1994
2(b)	Agreements for sale of 40% limited partnership interest in United Defense L.P.	Incorporated by reference to Form 8-K filed October 16, 1997, and related Form 8-K/A

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

3(a)	Articles of Incorporation as amended April 24, 1990	Exhibit volume, 1990 10-K
	Certificate of Designation filed September 25, 1997	Exhibit volume, 1997 10-K
3(b)	By-laws as amended April 25, 1990	Exhibit volume, 1990 10-K
4(a)	Harsco Corporation Rights Agreement dated as of September 28, 1997, with Chase Mellon Shareholder Services L.L.C.	Incorporated by reference to Form 8-A, filed September 26, 1997
4(b)	Registration of Preferred Stock Purchase Rights	Incorporated by reference to Form 8-A dated October 2, 1987
4(c)	Current Report on dividend distribution of Preferred Stock Purchase Rights	Incorporated by reference to Form 8-K dated October 13, 1987
4(d)	Debt Securities Registered under Rule 415 (6% Notes)	Incorporated by reference to Form S-3, Registration No. 33-42389 dated August 23, 1991

</TABLE>

(a) 3. Listing of Exhibits Filed with Form 10-K (continued):

<TABLE>
<CAPTION>

Exhibit Number	Data Required	Location in 10-K
<S>	<C>	<C>
4(e)	6% 1993 Notes due September 15, 2003 described in Prospectus Supplement dated September 8, 1993 to Form S-3 Registration under Rule 415 dated August 23, 1991	Incorporated by reference to the Prospectus Supplement dated September 8, 1993 to Form S-3, Registration No. 33-42389 dated August 23, 1991
4(f)	Debt and Equity Securities Registered	Incorporated by reference to Form S-3, Registration No. 33-56885 dated December 15, 1994, effective date January 12, 1995
	Material Contracts - Credit facility	
10(a)	Amendment Agreement dated July 16, 1996 to the amended and restated Credit Agreement dated as of August 24, 1993, as amended and restated as of June 21, 1994, and as amended by an Amendment Agreement dated as of June 20, 1995 and a second Amendment Agreement dated as of February 29, 1996 among Harsco Corporation, the lenders named therein and Chase Manhattan Bank.	Exhibit to 10-Q for the period ended June 30, 1996
10(b)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between J.P. Morgan Securities, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(c)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between Lehman Brothers, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(d)	Issuing and Paying Agency Agreement, Dated October 12, 1994, Between Morgan Guaranty Trust Company of New York and Harsco Corporation	Exhibit volume, 1994 10-K

</TABLE>

(a) 3. Listing of Exhibits Filed with Form 10-K (continued):

<TABLE>
<CAPTION>

Exhibit Number	Data Required	Location in 10-K

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Exhibit Number	Data Required	Location in 10-K
10(e)	Commercial Paper Agreement with Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V. dated September 25, 1996.	Exhibit to 10-Q for the period ended September 30, 1996
	Material Contracts - Underwriting	
10(f)	Commercial Paper Placement Agency Agreement dated November 6, 1998, between Chase Securities, Inc. and Harsco Corporation	Exhibit volume, 1998 10-K
10(g)	Underwriting Agreement for Debt Securities dated October 22, 1987	Exhibit volume, 1987 10-K
	Material Contracts - Management Contracts and Compensatory Plans	
10(h)	Harsco Corporation Supplemental Retirement Benefit Program as amended January 27, 1998	Exhibit volume, 1997 10-K
10(i)	Trust Agreement between Harsco Corporation and Dauphin Deposit Bank and Trust Company dated July 1, 1987 relating to the Supplemental Retirement Benefit Plan	Exhibit volume, 1987 10-K
10(j)	Harsco Corporation Supplemental Executive Retirement Plan as amended	Exhibit volume, 1991 10-K
10(k)	Trust Agreement between Harsco Corporation and Dauphin Deposit Bank and Trust Company dated November 22, 1988 relating to the Supplemental Executive Retirement Plan	Exhibit volume, 1988 10-K
10(l)	1986 Stock Option Plan as amended	Exhibit volume, 1990 10-K
10(m)	1995 Executive Incentive Compensation Plan	Proxy Statement dated March 22, 1995 on Exhibit A pages A-1 through A-12

(a) 3. Listing of Exhibits Filed with Form 10-K (continued):

Exhibit Number	Data Required	Location in 10-K
10(n)	Authorization, Terms and Conditions of the Annual Incentive Awards, as amended and Restated January 1, 1999, under the 1995 Executive Incentive Compensation Plan	Exhibit volume, 1998 10-K
	Employment Agreements -	
10(o)	D. C. Hathaway	Exhibit volume, 1989 10-K Uniform agreement, the same as shown for J. J. Burdge
"	L. A. Campanaro	" "
"	P. C. Coppock	" "
"	W. D. Etzweiler	" "
"	S. D. Fazzolari	" "
"	R. W. Kaplan	" "
10(p)	Special Supplemental Retirement Benefit Agreement for D. C. Hathaway	Exhibit Volume, 1988 10-K
	Director Indemnity Agreements -	
10(q)	R. F. Nation	Exhibit volume, 1989 10-K Uniform agreement, same as

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

		shown for J. J. Burdge	
"	A. J. Sordoni, III	"	"
"	R. C. Wilburn	"	"
"	R. L. Kirk	"	"
"	N. H. Prater	"	"
"	D. C. Hathaway	"	"
"	J. I. Scheiner	"	"
"	J. E. Marley	"	"
"	C. F. Scanlan	"	"
"	J. J. Jasinowski	"	"
"	J. P. Viviano	"	"

</TABLE>

(a) 3. Listing of Exhibits Filed with Form 10-K (continued):

<TABLE>
<CAPTION>

Exhibit Number	Data Required	Location in 10-K
10(r)	Harsco Corporation Deferred Compensation Plan for Non-Employee Directors	Exhibit volume, 1994 10-K
10(s)	Harsco Corporation 1995 Non-Employee Directors' Stock Plan	Proxy Statement dated March 22, 1995 on Exhibit B pages B-1 through B-6
12	Computation of Ratios of Earnings to Fixed Charges	Exhibit volume, 1998 10-K
21	Subsidiaries of the Registrant	Exhibit volume, 1998 10-K
23	Consent of Independent Accountants	Exhibit volume, 1998 10-K
27	Financial Data Schedule	Exhibit volume, 1998 10-K

</TABLE>

Exhibits other than those listed above are omitted for the reason that they are either not applicable or not material.

The foregoing Exhibits are available from the Secretary of the Company upon receipt of a fee of $10 to cover the Company's reasonable cost of providing copies of such Exhibits.

(b) Reports on Form 8-K:

No reports on Form 8-K were filed during the quarter ended December 31, 1998.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HARSCO CORPORATION

Date 3-19-99 By /S/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Senior Vice President and
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	CAPACITY	DATE
/S/ Derek C. Hathaway (Derek C. Hathaway)	Chairman & Chief Executive Officer	3-19-99
/S/ Leonard A. Campanaro	President, Chief Operating Officer and Director	3-19-99

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

(Leonard A. Campanaro)		
/S/ Salvatore D. Fazzolari (Salvatore D. Fazzolari)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	3-19-99
/S/ Stephen J. Schnoor (Stephen J. Schnoor)	Vice President and Controller (Principal Accounting Officer)	3-19-99
/S/ Jerry J. Jasinowski (Jerry J. Jasinowski)	Director	3-19-99
/S/ Robert L. Kirk (Robert L. Kirk)	Director	3-19-99
/S/ James E. Marley (James E. Marley)	Director	3-19-99
/S/ Robert F. Nation (Robert F. Nation)	Director	3-19-99
/S/ Carolyn F. Scanlan (Carolyn F. Scanlan)	Director	3-19-99
/S/ James I. Scheiner (James I. Scheiner)	Director	3-19-99
/S/ Andrew J. Sordoni III (Andrew J. Sordoni III)	Director	3-19-99
/S/ Joseph P. Viviano (Joseph P. Viviano)	Director	3-19-99
/S/ Dr. Robert C. Wilburn (Dr. Robert C. Wilburn)	Director	3-19-99

</TABLE>

Exhibit Index

Exhibit Number		Document Pages
10(f)	Commercial Paper Placement Agency agreement dated November 6, 1998, between Chase Securities, Inc. and Harsco Corporation	1 - 15
10(n)	Authorization, Terms and Conditions of the Annual Incentive Awards, as amended and Restated January 1, 1999, under the 1995 Executive Incentive Compensation Plan	1 - 8
12	Computation of Ratios of Earnings to Fixed Charges	1
21	Subsidiaries of the Registrant	1 - 4
23	Consent of Independent Accountants	1
27	Financial Data Schedule	1

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

COMMERCIAL PAPER PLACEMENT AGENCY AGREEMENT, dated as of November 6, 1998, between HARSCO CORPORATION, a Delaware corporation (the "Issuer"), and CHASE SECURITIES INC., a Delaware corporation (the "Placement Agent").

The Issuer intends to issue short-term notes pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "1933 Act"), and Rule 506 thereunder.

The Issuer desires to enter into this Agreement with the Placement Agent in order to provide for the offer and sale of such notes in the manner described herein.

The parties hereto, in consideration of the premises and mutual covenants herein contained, agree as follows:

1. Definitions

"Business Day" shall mean any day other than a Saturday or Sunday or a day when banks are authorized or required by law to close in New York City.

"Company Information" shall mean the Private Placement Memorandum (defined below), together with, to the extent applicable, information provided by the Issuer pursuant to Section 7(b) hereof.

"DTC" shall mean the Depository Trust Company.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Institutional Accredited Investor" shall mean an institutional investor that is reasonably believed to qualify as an "accredited investor" as defined in Rule 501 (a) (1), (2), (3) or (7) under the 1933 Act.

"Issuing and Paying Agent" shall mean The Chase Manhattan Bank, the issuing and paying agent under the Issuing and Paying Agency Agreement, or any successor thereto.

"Issuing and Paying Agency Agreement" shall mean the issuing and paying agency agreement, dated as of ___________ __, ______, and October 12, 1994 between [Morgan], as the Issuing and Paying Agent and the Issuer, the obligations under which were assumed by The Chase Manhattan Bank on _____ __, 199_, as the same may from time to time be amended.

"Notes" shall mean short-term promissory notes of the Issuer, represented by master notes substantially in the form of Annex A to the Issuing and Paying Agency Agreement, issued by the Issuer from time to time pursuant to the Issuing and Paying Agency Agreement.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

2

"Offering Materials" shall mean the offering materials concerning the Issuer contemplated by Section 7 hereof (including the materials incorporated by reference therein), and such offering materials as from time to time revised or supplemented.

"Private Placement Memorandum" shall mean the private placement memorandum with respect to the offer and sale of the Notes (including materials referred to therein or incorporated by reference therein), prepared in accordance with Section 7 hereof and provided to purchasers or prospective purchasers of the Notes, and all amendments and supplements thereto which may be prepared from time to time in accordance with this Agreement.

"Person" shall mean an individual, a corporation, a partnership, a trust, an association or any other entity.

"Qualified Institutional Buyer" shall have the meaning assigned to that term in Rule 144A.

"Rule 144A" shall mean Rule 144A under the 1933 Act.

"SEC" shall mean the U.S. Securities and Exchange Commission, or any successor thereto.

2. Issuance and Placement of Commercial Paper Notes

(a) The Issuer hereby appoints the Placement Agent to act as the Issuer's placement agent in connection with the sale of the Notes in accordance with the terms hereof, and the Placement Agent hereby accepts such appointment. While (i) the Issuer has and shall have no obligation to permit the Placement Agent to purchase any Notes for its own account or to arrange for the sale of the Notes and (ii) the Placement Agent has and shall have no obligation to purchase any Notes for the Placement Agent's own account or to arrange for the sale of Notes, the parties agree that, as to any and all Notes which the Placement Agent may purchase or the sale of which the Placement Agent may arrange, such Notes will be purchased or sold by the Placement Agent in reliance on, among other things, the agreements, representations, warranties and covenants of the Issuer contained herein and on the terms and conditions and in the manner provided for herein. Without limiting the generality of the foregoing, the Issuer agrees that the Issuer will not engage any person or party to assist in the placement of the Notes other than a placement agent that has executed a placement agreement with the Issuer which agreement contains procedures and terms substantially in the form of those set forth in Section 6 hereof (each such placement agent, along with the Placement Agent, referred to herein as an "Approved Placement Agent" and together, the "Approved Placement Agents") and that it shall provide the Placement Agent with a copy thereof within five (5) Business Days of execution

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

thereof.

(b) If the Issuer and the Placement Agent shall agree on the terms of the purchase of any Note by the Placement Agent or the sale of any Note arranged by the

Placement Agent (including, but not limited to, agreement with respect to the date of issue, purchase price, principal amount, maturity and interest rate (in the case of interest-bearing Notes) or discount rate thereof (in the case of Notes issued on a discount basis), and appropriate compensation for the Placement Agent's services hereunder) pursuant to this Agreement, the Placement Agent shall confirm the terms of each such agreement promptly to the Issuer in the Placement Agent's customary form, the Issuer shall cause such Note to be issued and delivered in accordance with the terms of the Issuing and Paying Agency Agreement, and payment for such Note shall be made in accordance with such Agreement. The authentication and delivery of such Note by the Issuing and Paying Agent shall constitute the issuance of such Note by the Issuer. The Issuer shall deliver Notes signed by the Issuer to the Issuing and Paying Agent, and instructions shall be delivered to the Issuing and Paying Agent to complete, authenticate and deliver such Notes in the manner prescribed in the Issuing and Paying Agency Agreement. So long as incurred at the time with the prior approval of the Issuer, the Placement Agent shall be entitled to compensation at such rates and paid in such manner as the Issuer and the Placement Agent shall from time to time agree upon and to reimbursement for the Placement Agent's out-of-pocket costs and expenses, including, but not limited to, fees and disbursements of outside counsel, in connection with the transactions contemplated hereby.

(c) The Notes shall be issued in book-entry form only. Notes in book-entry form shall be represented by master notes registered in the name of a nominee of DTC and recorded in the book-entry system maintained by DTC. References to "Notes" in this Agreement shall refer to such book-entry Notes unless the context otherwise requires. The Notes may be issued either at a discount or as interest-bearing obligations with interest payable at maturity in a stated amount.

(d) Each Note purchased by, or the sale of which is arranged through, the Placement Agent hereunder shall (i) have a face amount of $250,000, or an integral multiple of $1,000 in excess thereof, (ii) have a maturity which is a Business Day not later than the 270th day next succeeding such Note's date of issuance and (iii) not contain any provision for extension, renewal or automatic "rollover."

3. Representations and Warranties of the Issuer.

(a) The Issuer represents and warrants as follows:

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

(i) The Issuer is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own its property, to carry on its business as presently being conducted, to execute and deliver this Agreement, the Issuing and Paying Agency Agreement, and the Notes, and to perform and observe the conditions hereof and thereof.

(ii) Each of this Agreement and the Issuing and Paying Agency Agreement has been duly and validly authorized, executed and delivered by the Issuer and

constitutes the legal, valid and binding agreement of the Issuer. The issuance and sale of Notes by the Issuer hereunder have been duly and validly authorized by the Issuer and, when delivered by the Issuing and Paying Agent as provided in the Issuing and Paying Agency Agreement, each Note will be the legal, valid and binding obligation of the Issuer.

(iii) Assuming that the Notes are offered and sold in the manner contemplated by Section 6 below, the offer and sale by the Issuer of such Notes will constitute exempt transactions under Section 4(2) of the 1933 Act and Rule 506 thereunder, and, accordingly, registration of the Notes under the 1933 Act will not be required. Qualification of an indenture with respect to the Notes under the Trust Indenture Act of 1939, as amended, will not be required in connection with the offer, issuance, sale or delivery of the Notes.

(iv) The Issuer is neither an "investment company" nor a "company controlled by an investment company" within the meaning of the Investment Company Act of 1940, as amended.

(v) No consent or action of, or filing or registration with, any governmental or public regulatory body or authority is required to authorize, or is otherwise required in connection with, the execution, delivery or performance of this Agreement, the Issuing and Paying Agency Agreement or the Notes.

(vi) Neither the execution and delivery by the Issuer of any of this Agreement, the Issuing and Paying Agency Agreement and the Notes, nor the fulfillment of or compliance with the terms and provisions hereof or thereof by the Issuer, will (x) result in the creation of imposition of any mortgage, lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer or (y) violate any of the terms of the Issuer's charter documents or by-laws, any contract or instrument to which the Issuer is a party or by which it or its property is bound, or any law or regulation, or any order, writ, injunction or decree of any court or governmental instrumentality, to which the Issuer is subject or by which it or its property is bound.

(vii) There are no actions, suits, proceedings, claims or governmental investigations pending or, to the knowledge of the Issuer, threatened against

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

the Issuer or any of its officers or directors or any persons who control the Issuer (within the meaning of Section 15 of the 1933 Act or Section 20 of the Exchange Act) or to which any property of the Issuer is subject, which could in any way result in a material adverse change in the condition (financial or otherwise) of the Issuer, or materially prevent or interfere with, or materially and adversely affect the Issuer's execution, delivery of performance of, any of this Agreement, the Issuing and Paying Agency Agreement and the Notes, of which the Placement Agent has not been notified in writing.

(viii) The initial Offering Materials do not, and any amendments or supplements thereto and any subsequent Offering Materials and any amendments or supplements thereto will not, contain any untrue statement of a material fact or omit to state a

material fact necessary in order to make the statements made therein, in light of the circumstances under which they are made, not misleading.

(b) Each issuance of Notes by the issuer shall be deemed a representation and warranty by the Issuer to the Placement Agent, as of the date thereof, that both before and after giving effect to such issuance, (i) the representations and warranties of the Issuer set forth in Section 3(a) hereof remain true and correct on and as of such date as if made on and as of such date (except to the extent such representations and warranties expressly relate solely to an earlier date); (ii) the corporate resolutions and certificate of incumbency referred to in Section 5 hereof remain accurate and in full force and effect; (iii) since the date of the most recent Offering Materials, there has been no material adverse change in the financial condition or operations of the Issuer which has not been disclosed to the Placement Agent in writing; and (iii) the Issuer is not in default of any of its obligations hereunder, under the Issuing and Paying Agency Agreement or under any Note.

4. Covenants and Agreements of the Issuer.

(a) Without the prior written consent of the Placement Agent, the Issuer shall not permit to become effective any amendment, supplement, waiver or consent to or under the Issuing and Paying Agency Agreement. The Issuer shall give to the Placement Agent, at least 10 Business Days prior to the proposed effective date thereof, notice of any proposed amendment, supplement, waiver or consent under the Issuing and Paying Agency Agreement. The Issuer shall provide to the Placement Agent, promptly after the same is executed, a copy of any amendment, supplement or written waiver or consent covered by the notice requirements of this Section 4(a). The Issuer further agrees to furnish prior written notice to the Placement Agent, as soon as possible and in any event at least 10 Business Days prior to the effective date thereof, of any proposed resignation, termination or replacement of the Issuing and Paying Agent.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

(b) The Issuer shall, whenever there shall occur any change in the Issuer's financial condition or any development or occurrence in relation to the Issuer that would be material to the holders of Notes or potential holders of Notes, promptly, and in any event prior to any subsequent issuance of Notes, notify the Placement Agent (by telephone, confirmed in writing) of such change, development or occurrence.

(c) The Issuer covenants and agrees with the Placement Agent that the Issuer will promptly furnish to the Placement Agent a copy of any notice, report or other information, relating to the Notes delivered to or from rating agencies then rating the Notes.

(d) The Issuer shall not use the proceeds of the sale of the Notes for the purpose of purchasing or carrying securities within the meaning of Regulation T of the Board of Governors of the Federal Reserve System, unless the Issuer gives not less than 10 days' prior written notice to the Placement Agent of the Issuer's intention to do

so and prompt notice of the actual commencement of such use of proceeds. In the event that, after receipt of such a notice, the Placement Agent purchases Notes as principal and does not resell such Notes on the day of such purchase, the Placement Agent shall sell such Notes only to persons it reasonably believes to be Qualified Institutional Buyers or to Qualified Institutional Buyers it reasonably believes are acting for other Qualified Institutional Buyers, in each case pursuant to Rule 144A.

5. Conditions Precedent.

At or promptly after the execution of this Agreement, and as conditions precedent to any obligations of the Placement Agent hereunder, there shall have been furnished to the Placement Agent, in form and substance satisfactory to the Placement Agent:

(i) an original or photocopy of the executed Issuing and Paying Agency Agreement;

(ii) a certified copy of resolutions duly adopted by the Board of Directors of the Issuer authorizing and approving the transactions contemplated hereby;

(iii) a certificate of incumbency showing the officers and other representatives of the Issuer authorized to execute Notes and to give instructions concerning the issuance of Notes;

(iv) an opinion of counsel to the Issuer addressed to the Placement

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Agent as to the matters set forth in subsections (i)-(vii) of Section 3(a) above and as to such other matters as the Placement Agent shall reasonably request;

(v) a copy of each other opinion of counsel furnished to any Person that may be delivered in connection with the issuance of the Notes, including, but not limited to, any opinion delivered under or relating to the Issuing and Paying Agency Agreement, each of which shall be addressed to the Placement Agent;

(vi) true and correct copies of the letters assigning ratings and of all other correspondence to the Issuer from the rating agencies that have assigned a rating to the Notes;

(vii) a copy of the Offering Materials, including the Private Placement Memorandum, approved in writing by the Issuer;

(viii) true and correct copies of any documents relating to the Notes executed by the Issuer and DTC; and

(ix) in connection with issuance of Notes in book-entry form, a copy of the master note(s) evidencing such Notes.

6. Offers, Sales and Resales of Notes.

All offers and sales of the Notes by the Issuer shall be effected pursuant to the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof, which exempts transactions by an issuer not involving any public offering. Offers and sales of the Notes by the Issuer through the Placement Agent acting as agent for the Issuer shall be made in accordance with Rule 506 under the 1933 Act. Notes may be resold or otherwise transferred by the holders thereof only if the Notes are registered under the 1933 Act or if any exemption (including, but not limited to, the exemption afforded by Rule 144A) from the registration requirements of the 1933 Act is available, provided, however, that the Issuer shall have no obligation to register the Notes under the 1933 Act and has no intention of doing so at any time in the future.

The Placement Agent (only with respect to offers and sales made by it as agent for the Issuer and reoffers and subsequent resales or other transfers made by or through the Placement Agent) and the Issuer hereby establish and agree to observe the following procedures in connection with offers, sales and subsequent resales or other transfers of the Notes:

(a) The Issuer hereby confirms to the Placement Agent that within the preceding six months neither the Issuer nor any person other than an Approved

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Placement Agent acting on behalf of the Issuer has offered or sold any Notes, or any substantially similar security of the Issuer to, or solicited offers to buy any such security from, any person other than an Approved Placement Agent. The Issuer also agrees that, as long as the Notes are being offered for sale by the Approved Placement Agents as contemplated hereby and until at least six months after the offer of Notes hereunder has been terminated, neither the Issuer nor any person other than the Approved Placement Agents will offer the Notes or any substantially similar security of the Issuer for sale to, or solicit offers to buy any such security from, any person other than the Approved Placement Agents without the giving of prior written notice to the Placement Agent, it being understood that such agreement is made with a view to bringing the offer and sale of the Notes within the exemption provided by Section 4(2) of the 1933 Act and Rule 506 thereunder and shall survive any termination of this Agreement.

(b) Offers and sales of the Notes shall be made only to the following types of investors; (i) Institutional Accredited Investors (including, but not limited to, a bank, as defined in Section 3(a)(2) of the 1933 Act, or a savings and loan association or other institution, as defined in Section 3(a)(5)(A) of the 1933 Act, whether acting in its individual or fiduciary capacity, provided that, if it is acting in a fiduciary capacity, it has sole investment discretion with respect to any account for which it is purchasing a Note), (ii) fiduciaries or agents (other than U.S. banks or savings and loan associations of the type described in clause (i) of this sentence) that will be purchasing Notes for one

or more accounts, each of which is an Institutional Accredited Investor, and (iii) Qualified Institutional Buyers.

(c) Resales and other transfers of the Notes by the holders thereof shall be made only to the Issuer or to Institutional Accredited Investors or, in the case of Notes resold or otherwise transferred pursuant to Rule 144A, to Qualified Institutional Buyers or, if the Rule 144A resale is made through the Placement Agent, to institutional investors that the Placement Agent reasonably believes to qualify as Qualified Institutional Buyers. The Placement Agent shall not be liable to any person or entity for any resales or other transfers made in violation of the foregoing conditions that are not made by or through the Placement Agent.

(d) The Notes shall be offered only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising shall be used in connection with the offering of the Notes. Without limiting the generality of the foregoing, without the prior written approval of the Placement Agent, the Issuer shall not issue any press release, generate any publicity, allow any "tombstone" or other advertisement to be published, or hold any meeting with securities analysts to the extent that any of these actions relates to the Notes.

(e) No sale of Notes to any one purchaser shall be for less than $250,000

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

principal amount, and no Note shall be issued in a smaller face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom such purchaser is acting must purchase at least $250,000 face amount of Notes.

(f) Each Note shall contain the following legend:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR ANY OTHER APPLICABLE SECURITIES LAW. BY ITS ACCEPTANCE OF THIS NOTE, THE PURCHASER REPRESENTS THAT (A) THE PURCHASER IS (1) AN INSTITUTIONAL INVESTOR THAT IS AN ACCREDITED INVESTOR WITHIN THE MEANING OF REGULATION D UNDER THE ACT (AN "INSTITUTIONAL ACCREDITED INVESTOR"), INCLUDING, WITHOUT LIMITATION, A BANK, AS DEFINED IN SECTION 3(a)(2) OF THE ACT, OR A SAVINGS AND LOAN ASSOCIATION OR OTHER INSTITUTION, AS DEFINED IN SECTION 3(a)(5)(A) OF THE ACT, WHETHER ACTING IN ITS INDIVIDUAL OR FIDUCIARY CAPACITY, PROVIDED THAT, IF IT IS ACTING IN A FIDUCIARY CAPACITY, IT HAS SOLE INVESTMENT DISCRETION WITH RESPECT TO ANY ACCOUNT FOR WHICH IT IS PURCHASING A NOTE, OR (2) A FIDUCIARY OR AGENT (OTHER THAN A U.S. BANK OR SAVINGS AND LOAN ASSOCIATION OF THE TYPE DESCRIBED IN CLAUSE (A)(1) OF THIS SENTENCE) PURCHASING THIS NOTE FOR AN ACCOUNT WHICH IS AN INSTITUTIONAL ACCREDITED INVESTOR THAT IS PURCHASING AT LEAST $250,000 OF NOTES OF THE TYPE REPRESENTED HEREBY, OR (3) A QUALIFIED INSTITUTIONAL BUYER ("QIB") WITHIN THE MEANING OF RULE 144A UNDER THE ACT; (B) THIS NOTE IS BEING ACQUIRED FOR

INVESTMENT AND NOT WITH A VIEW TO OR FOR SALE IN CONNECTION WITH ANY DISTRIBUTION HEREOF; (C) ANY RESALE OF THIS NOTE WILL BE MADE ONLY (1) TO THE ISSUER, CHASE SECURITIES INC. ("CSI"), OR ANOTHER PERSON DESIGNATED BY THE ISSUER AS A PLACEMENT AGENT FOR THIS NOTE (CSI AND EACH SUCH PLACEMENT AGENT TO BE REFERRED TO HEREINAFTER AS A "PLACEMENT AGENT"), NONE OF WHICH SHALL HAVE ANY OBLIGATION TO ACQUIRE THIS NOTE, (2) THROUGH A PLACEMENT AGENT TO AN INSTITUTIONAL INVESTOR APPROVED AS AN ACCREDITED INVESTOR OR REASONABLY BELIEVED TO BE A QIB BY A PLACEMENT AGENT IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT, OR (3) TO A QIB IN A TRANSACTION THAT MEETS THE REQUIREMENTS OF RULE 144A; AND (D) IN THE CASE OF SALES PURSUANT TO RULE 144A, IT IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ANOTHER QIB AND THE PURCHASER UNDERSTANDS THAT THIS NOTE WAS SOLD TO THE PURCHASER PURSUANT TO AN EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT PURSUANT TO RULE 144A.

(g) The Placement Agent shall furnish to each purchaser of newly issued Notes a copy of the Private Placement Memorandum, and each amendment or supplement thereto (other than any amendment or supplement that has been completely superseded by a later amendment or supplement), and any additional Offering Materials approved by the Issuer and requested by such purchaser.

(h) For so long as any of the Notes is outstanding and is a "restricted

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

security" within the meaning of Rule 144(a)(3) under the 1933 Act, (i) the Issuer shall cause to be provided to any holder of Notes and any prospective purchaser of the Notes designated by a holder of such Notes, upon the request of such holder or prospective purchaser, the information, if any, required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) and (ii) the Issuer shall update such information from time to time in order to prevent such information from becoming false or misleading and the Issuer shall take such other actions as are necessary to ensure that the safe harbor exemption from the registration requirements of the 1933 Act under Rule 144A is and will be available for resale of the Notes conducted in accordance with Rule 144A.

(i) In the event that any Note offered or to be offered by the Placement Agent would be ineligible for resale under Rule 144A (because such Note is of the same class (within the meaning of Rule 144A) as any other securities of the Issuer which are at such time listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated inter-dealer quotation system), the Issuer shall immediately notify the Placement Agent (by telephone, confirmed in writing) of such fact and shall promptly prepare and deliver to the Placement Agent an amendment or supplement to the Offering Materials describing the Notes that are ineligible, the reason for such ineligibility and any other relevant information relating thereto.

(j) The Issuer agrees promptly from time to time to take such action as the Placement Agent may reasonably request to qualify the Notes for offering and sale under the securities laws of such jurisdictions as the Placement Agent may request and to comply with such laws so as to permit the continuance of sales and resales therein for as long as may be necessary to complete the transactions contemplated hereby, provided that in connection therewith the Issuer shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction other than consent to service of process under such state securities laws. The Issuer also agrees to reimburse the Placement Agent for any reasonable fees or costs incurred in so qualifying the Notes.

7. Disclosure.

(a) The Issuer understands that, in connection with the offer and sale of the Notes, from time to time offering materials, including a Private Placement Memorandum and any other Company Information approved by the Company for dissemination to purchasers or potential purchasers of the Notes (the "Offering Materials"), will be prepared relating to the Issuer, which may be distributed to the Placement Agent's sales personnel and to purchasers and prospective purchasers of the Notes.

(b) To provide a basis for the preparation of the Offering Materials and to assist in the Placement Agent's ongoing credit review procedures and sale of

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

the Notes, the Issuer agrees to furnish to the Placement Agent, as these items become available, (i) the Issuer's most recent report on Form 10-K filed with the SEC and each report on Form 10-Q or 8-K filed by the Issuer with the SEC since the most recent Form 10-K, (ii) the Issuer's most recent annual audited financial statements and each interim financial statement or report prepared subsequent thereto, if not included in item (i) above, (iii) the Issuer's and its affiliates' other publicly available recent reports, including, but not limited to, any publicly available filings or reports provided to their respective shareholders, any national securities exchange or any rating agency, and any information generally supplied in writing to securities analysts, (iv) research reports with respect to the Company prepared by any brokerage house or rating agency, (v) any other information or disclosure prepared pursuant to Section 7(f) hereof, and (vi) any other information or document prepared or approved by the Issuer for dissemination to purchasers or potential purchasers of the Notes. In addition, the Issuer shall provide the Placement Agent with such other information as the Placement Agent may reasonably request for the purpose of its ongoing credit review of the Issuer.

(c) The Issuer recognizes that the accuracy and completeness of the Offering Materials are dependent on the accuracy and completeness of the information obtained by the Placement Agent and, subject to Section 7(d) and Section 8 hereof, the Placement Agent shall not be responsible for any inaccuracy in any Offering Materials.

(d) The Placement Agent agrees that prior to the distribution of any Offering Materials the Placement Agent will provide the Issuer with a copy thereof for the Issuer's review and approval. The Issuer agrees to notify the Placement Agent in writing within 14 calendar days of receipt of such Offering Materials of the Issuer's approval or disapproval thereof. Any such approval by the Issuer shall be deemed to be a representation by the Issuer that the Offering Materials (excluding any information furnished by the Placement Agent expressly for inclusion therein, as set forth in the sections thereof entitled "CSI Affiliates" and "Additional Information") so approved does not contain an untrue statement of a material fact nor omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

(e) The Issuer represents and warrants to the Placement Agent that the financial statements of the Issuer delivered or to be delivered to the Placement Agent in accordance with this Section 7 are or will be in accordance with generally accepted accounting principles and practices in effect in the United States on the date such statements were or will be prepared and fairly do or will present the financial condition and operations of the Issuer at such date and the results of the Issuer's operations for the period then ended.

(f) The Issuer further agrees to notify the Placement Agent promptly upon the occurrence of (i) any event that would render any fact contained in the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Issuer's most recent financial reports, as submitted to the Placement Agent, untrue or misleading, or (ii) any event relating to or affecting the Issuer that would cause the Offering Materials then in use to include an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. In such event, the Issuer agrees to supply the Placement Agent promptly with such information as will correct such untrue or misleading statement or such omission.

8. Indemnification.

(a) The Issuer agrees to indemnify the Placement Agent and its affiliates, their respective directors, officers, employees, and agents, and each person who controls the Placement Agent or its affiliates within the meaning of the 1933 Act or the Exchange Act and any successor thereto (the Placement Agent and each such person being an "Indemnified Person") from and against any and all losses, claims, damages and liabilities, joint or several, to which such Indemnified Person may become subject under any applicable federal or state law, or otherwise, related to or arising out of (i) any untrue statement or alleged untrue statement or a material fact contained in the Offering Materials or in any information (whether oral or written) or documents furnished or made available by the Issuer to offerees of the Notes or any of their representatives or the omission or the alleged omission to state therein a material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made, or (ii) any matter or transaction

contemplated by this Agreement or by the engagement of the Placement Agent pursuant to, and the performance by the Placement Agent of the services contemplated by, this Agreement and shall promptly reimburse any Indemnified Person for all expenses (including, but not limited to, fees and disbursements of internal and external counsel), as they are incurred, in connection with the investigation of, preparation for or defense of any pending or threatened claims or any action or proceeding arising therefrom, whether or not such Indemnified Person is a party, provided, however, that, with respect to (ii) herein, the Issuer shall not be liable in any such case to the extent such loss, claim, damage or liability is finally judicially determined to have resulted primarily from an Indemnified Person's gross negligence or willful misconduct.

(b) Promptly after receipt by an Indemnified Person under this Section 8 of notice of any claim or the commencement of any action, the Indemnified Person shall, if a claim in respect thereof is to be made against the Issuer under this Section 8, notify the Issuer in writing of the claim or the commencement of that action; provided, however, that the failure to notify the Issuer shall not relieve it from any liability that the Issuer may have under this Section 8 except up to the extent of any factual and material prejudice suffered by the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Issuer as a result of such failure; and, provided, further, that in no event shall the failure to notify the Issuer relieve it from any liability that the Issuer may have to an Indemnified Person otherwise than under this Section 8. If any such claim or action shall be brought against an Indemnified Person, and notifies the Issuer thereof, the Issuer shall be entitled to participate therein and, to the extent that the Issuer wishes, to assume the defense thereof with counsel reasonably satisfactory to the Indemnified Person. After notice from the Issuer to the Indemnified Person of the Issuer's election to assume the defense of such claim or action, the Issuer shall not be liable to the Indemnified Person under this Section 8 for any legal or other expenses subsequently incurred by the Indemnified Person in connection with the defense thereof other than reasonable costs of investigation. The Issuer shall not be liable for any settlement of any such action effected without the Issuer's written consent (which consent shall not be unreasonably withheld) but, if settled with the Issuer's written consent or if there is final judgment for the plaintiff in any such action, the Issuer agrees to indemnify and hold harmless any Indemnified Person from and against any loss or liability by reason of such settlement or judgment.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Section 8 is for any reason unavailable or insufficient to hold harmless an Indemnified Person, other than as expressly provided above, the Issuer and the Placement Agent shall contribute to the aggregate costs of satisfying such liability (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer, on the one hand, and the Placement Agent, on the other hand, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer on the one hand and the Placement Agent on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits

received by the Issuer on the one hand and the Placement Agent on the other with respect to such offering shall be deemed to be in the same proportion as the aggregate proceeds to the Issuer of the Notes sold pursuant hereto (before deducting expenses) bear to the aggregate commissions and fees earned by the Placement Agent hereunder. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer on the one hand or the Placement Agent on the other, the intent of the parties, and their relative knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The Issuer and the Placement Agent agree that it would not be just and equitable if contributions pursuant to this Section 8 were to be determined by pro rata allocation or by any other method of allocation that does

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

not take into account the equitable considerations referred to herein. The amount paid or payable by an Indemnified Person as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 8 shall be deemed to include, for purposes of this Section 8, but not be limited to, any fees and disbursements of internal and external counsel reasonably incurred by an Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, the aggregate of all amounts paid by the Placement Agent pursuant to the foregoing shall not exceed the aggregate of such commissions and fees earned by the Placement Agent hereunder.

(d) The obligations of the Issuer in this Section 8 are in addition to any other liability that the Issuer may otherwise have.

(e) The provisions of this Section 8 shall survive the termination of this Agreement.

9. Choice of Forum.

The Issuer agrees that any suit, action or proceeding brought by the Issuer against the Placement Agent in connection with or arising out of this Agreement, any agreement, instrument or document entered into in connection with this Agreement, or the offer and sale of the Notes shall be brought solely in the Federal courts located in the Borough of Manhattan or the courts of the State of New York located in the Borough of Manhattan.

10. Notices.

All notices required under the terms and provisions hereof shall be in writing, delivered by hand, by mail (postage prepaid), or by telex, telecopier or telegram, and any such notice shall be effective when received at the address specified below.

If to the Issuer:	If to the Placement Agent:
Harsco Corporation	Chase Securities Inc.
350 Poplar Church Road	270 Park Avenue, 9th Floor
Camp Hill, PA 17011	New York, New York 10017
Attention: Director of Treasury	Attention: Money Market Division
Fax No.: 717-763-6424	Fax No.: 212-834-6560

or, if to any of the foregoing parties or their successors, at such other address as such party or successor may designate from time to time by notice

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

duly given in accordance with the terms of this Section 10 to the other party hereto.

11. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAWS PROVISIONS.

12. Entire Agreement.

This Agreement constitutes the entire agreement between the parties hereto with respect to the matters covered hereby and supersedes all prior agreements and understandings between the parties.

13. Amendment and Termination; Successors; Counterparts.

(a) The terms of this Agreement shall not be waived, altered, modified, amended or supplemented in any manner whatsoever except by written instrument signed by both parties hereto. The Issuer or the Placement Agent may terminate this Agreement upon at least 30 days' written notice to the other, provided that such termination shall not affect the obligations of the parties hereunder with respect to Notes unpaid at the time of such termination or with respect to actions or events occurring prior to such termination.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that neither the Issuer nor the Placement Agent may assign, either in whole or in part, any of its rights or obligations under this Agreement without the prior written consent of the other party, and any such assignment without such consent shall be null and void, except that the Placement Agent may assign and transfer this Agreement to a successor in interest to the Placement Agent as a result of a merger of the Placement Agent with any of its affiliates, or the acquisition of the Placement Agent or The Chase Manhattan Corporation.

(c) This Agreement may be executed in several counterparts, each of which shall be deemed an original hereof.

14. Captions.

The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

15. Severability of Provisions.

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

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

HARSCO CORPORATION

By: /s/ BARRY M. SULLIVAN

Name: Barry M. Sullivan
Title: Vice President - Corporate Development and Treasurer

CHASE SECURITIES INC.

By: /s/ MARCO TEJADA

Name: Marco Tejada
Title: Vice President

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

HARSCO CORPORATION

1995 EXECUTIVE INCENTIVE COMPENSATION PLAN

AUTHORIZATION, TERMS, AND CONDITIONS OF ANNUAL INCENTIVE AWARDS (AS AMENDED AND RESTATED JANUARY 1, 1999)

1. Purposes of Annual Incentive Awards

The grant of Annual Incentive Awards ("Awards") under the 1995 Executive Incentive Compensation Plan is intended to further the profitable growth of Harsco Corporation (the "Company") by offering a short-term incentive opportunity, in addition to base salary, to officers and key corporate and divisional employees of the Company and its subsidiaries who are largely responsible for such growth, to the benefit of the Company's stockholders. Such Awards are expected to encourage recipients to improve their performance and remain with the Company and its subsidiaries, and that the possibility of such awards will encourage other qualified persons to seek and accept employment with the Company and its subsidiaries.

2. Overview

This document (the "Authorization") sets forth the authorization, terms, and conditions of Awards under the Company's 1995 Executive Incentive Compensation Plan (the "1995 Plan"), as determined by the Management Development and Compensation Committee (the "Committee"). The terms of this Authorization are subject to, and qualified in their entirety by reference to, the 1995 Plan, including Section 6(h) of the 1995 Plan setting forth terms relating to Awards. If any terms of this Authorization are inconsistent with the terms of the 1995 Plan, the terms of the 1995 Plan shall control. Terms used in this Authorization but not otherwise defined herein shall have the meanings ascribed to such terms in the 1995 Plan.

3. Definitions

In addition to terms defined in Sections 1 and 2 hereof, the following terms shall be defined as set forth below:

3.1 Award Potential means the range of amounts, denominated in cash, that may be deemed to be earned upon achievement of Performance Objectives, as set forth in Section 4.1. The terms Maximum and Target Award Potential have the meanings set forth in Section 4.1, and the term Earned Award Potential has the meaning set forth in Section 5.1. Award Potentials are hypothetical amounts intended solely to provide a means of valuing Awards for purposes of

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

settlement.

3.2 Base Salary means salary actually earned by a Participant during the Performance Year to which the Award relates (as distinct from the annual salary rate in effect at the end of such Performance Year). This amount excludes payments resulting from awards authorized under the Company's Annual and Long-Term Incentive Plans prior to 1995 and payments under the 1995 Plan, the Authorization, or Awards thereunder.

3.3 Cause means (i) the willful and continued failure by the Participant to perform substantially his or her duties with the Company or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), or (ii) the willful engaging by the Participant in illegal conduct, or (iii) the willful engaging by the Participant in conduct in violation of any provision of the Code of Conduct or other published policies of the Company, or (iv) the willful engaging by the Participant in any act of serious dishonesty which adversely affects, or in the reasonable estimation of the Committee, could in the future adversely affect,

the value, reliability or performance of the Participant to the Company. For purposes of this definition, no act, or failure to act, on the part of the Participant shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that his or her action or omission was in, or not opposed to, the best interests of the Company.

3.4 Eligible Unit means the Company as a whole or any department, division, subsidiary, or other business unit or function of the Company for which separate operational results may be available to the Committee, as specified by the Committee.

3.5 Fair Market Value of Common Stock as of any given date means the average of the high and the low sale prices of a share of common stock reported in the table entitled "New York Stock Exchange Composite Transactions" contained in The Wall Street Journal (or an equivalent successor table) for such date or, if no such prices are reported for such date, on the most recent trading day prior to that date for which such prices were reported.

3.6 Normal Retirement means retirement at or after age 62 with at least 30 years of service, or at or after age 65.

3.7 Participant means an officer of the Company (including division officers).

3.8 Performance Objective means the business criteria and minimum, targeted, and maximum Performance Levels with respect to such business criteria required to be achieved during a Performance Year

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

as conditions to the settlement of an Award, and other related terms, as set forth in Section 4.2.

3.9 Performance Level means a specified measure of achievement with respect to a business criteria, required in connection with a Performance Objective, as set forth in Section 4.2.

3.10 Performance Year means the fiscal year or other specified period during which the achievement of Performance Objectives with respect to a given Award shall be measured.

3.11 Restricted Stock means Restricted Stock granted in settlement of a specified portion of an Award, subject to the terms of the 1995 Plan and this Authorization. Common Stock issued or delivered as Restricted Stock may consist, in whole or in part, of authorized and unissued shares or treasury shares.

3.12 Restricted Period shall have the meaning set forth in Section 6.1 hereof.

3.13 Salary Level means the numbered category assigned to each Participant for purposes of determining annual salary rate under the Company's executive compensation program, as of the end of the Performance Year to which an Award relates.

3.14 Termination means a termination of employment immediately after which the Participant is not an employee of the Company or any subsidiary. Conversion from full-time or part-time employment or a leave of absence from employment, if approved by the Committee, shall not be deemed to be a Termination for purposes of this Authorization.

4. Awards, Award Potentials, and Performance Objectives

The Committee may authorize Awards for a given Performance Year for eligible officers of the Company. The authorization of an Award for a Participant will confer upon such Participant a conditional right to receive cash upon achievement of Performance Objectives specified for the Participant. Each Award shall relate to a single Performance Year specified by the Committee.

4.1 Award Potential; Maximum and Target Award Potentials. The Award Potential for each Award shall range from zero to a maximum amount equal to the Participant's Base Salary multiplied

by his or her Salary Level multiplied by 0.06, such maximum amount being designated the Maximum Award Potential. Within this range, the

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Award Potential equal to 67% of the Maximum Award Potential shall be designated as the Target Award Potential.

4.2 Performance Objectives. For each Award, the Committee shall specify Performance Objectives, which shall be set forth in one or more exhibits which may be from time to time appended to this Authorization. The Performance Objectives specified in a given exhibit may apply to one or more Participants, including groups of Participants working for an Eligible Unit. Each such exhibit shall set forth the following, in any format deemed appropriate by the Committee:

(a) The Committee shall specify the business criteria for each Performance Objective, setting forth the nature of the performance to be measured. The Committee may limit the scope of any business criteria authorized under the 1995 Plan, and set forth in detail any terms relating to such business criteria as the Committee deems necessary or desirable to enable Performance Objectives to be unambiguous and subject to precise measurement.

(b) Because multiple Performance Objectives will be designated for each Award, the Committee shall specify the weighting to be given each Performance Objective. Such weighting will be expressed as a percentage, by which a Participant's Award Potential may be multiplied to determine the portion of the Award Potential that relates to a given Performance Objective.

(c) The Committee shall designate for each Performance Objective a Minimum, Target, and Maximum Performance Level. The Minimum Performance Level will represent the threshold level of performance required before any Award Potential will be deemed to be earned with respect to a given Performance Objective. The Target Performance Level will represent the level of performance required in order that the Target Award Potential will be deemed to be earned with respect to a given Performance Objective. The Maximum Performance Level will represent the level of performance required in order that the Maximum Award Potential will be deemed to be earned with respect to a given Performance Objective.

(d) The Committee shall designate the Performance Year to which the Performance Objectives relate.

4.3 Guidelines for Establishing Performance Levels. In establishing Performance Levels, the Minimum Performance Level will represent less than desired performance, the Target Performance Level will represent superior, professional performance under existing circumstances rather than ordinary performance, and the Maximum Performance Level will represent distinguished performance expected to be achieved only rarely, e.g., something on the order of two out

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

of ten times. Although the Target Award Potential represents 67% of the Maximum Award Potential, there is no requirement that Target Performance Levels bear any particular mathematical relationship to Maximum Performance Levels or Minimum Performance Levels.

4.4 Notification of Awards. The Company shall notify members of the class of eligible employees of their selection for participation, the authorization of Awards, and the applicable Performance Objectives as promptly as practicable. Such notification shall be accomplished in any reasonable manner, in the discretion of the Committee.

5. Settlement of Awards in Cash and Restricted Stock

5.1 Determination of Earned Award Potential and Limitation Thereof. As promptly as practicable following the end of each Performance Year, the Committee shall determine whether and the extent to which Performance Objectives and other material terms and conditions relating to each Participant's Award for such Performance Year have been achieved and satisfied, and shall determine the Award Potential, if any, deemed to be earned with respect to each such Award (the "Earned Award Potential"). In the event that a Participant's Earned Award Potential exceeds $2,000,000, the Earned Award Potential for such Participant's Award shall be reduced to that amount.

5.2 Payment of Cash and Grant of Restricted Stock. At the time the Committee determines a Participant's Earned Award Potential under Section 5.1, each Participant shall become entitled, subject to Sections 5.3 and 5.4, to receive a payment in cash equal to his or her Earned Award Potential. Such cash payment shall be made as promptly as practicable after the determination by the Committee of the Participant's Earned Award Potential. Participants may request that the Committee pay his or her award 60% in cash and the balance in a number of shares of common stock of the Company, equal to 40% of his or her Earned Award Potential divided by the Fair Market Value of common stock on the last trading day of the performance year. Upon approval by the Committee, the award shall be paid to the requesting Participant in that manner. Such common stock may consist in whole or in part, of authorized and unissued shares or treasury stock.

5.3 Committee Discretion. The Committee may, at any time prior to the payment under Section 5.2, adjust or modify Performance Objectives, Award Potentials, or other Award terms (1) in recognition of unusual or nonrecurring events affecting the Company or any Eligible Unit, or the financial statements or results thereof, or in response to

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

changes in applicable laws (including tax, disclosure, and other laws), regulations, accounting principles, or other circumstances deemed relevant by the Committee, (2) in view of the Committee's assessment of the business strategy of the Company and Eligible Units thereof, performance of comparable organizations, economic and business conditions, personal performance of the Participant, and other circumstances deemed relevant by the Committee, or (3) with respect to any Participant whose position or duties with the Company or any subsidiary has changed; provided, however, that no such adjustment or modification may be made with respect to an Award granted to a "covered employee" within the meaning of Code Section 162(m) and regulations thereunder if and to the extent that such adjustment or modification would increase the amount of compensation payable to such covered employee upon achievement of the existing Performance Objectives. Examples of considerations which might influence the Committee in exercising its discretion hereunder include:

(a) Achievement of a rate of return on stockholders' equity which was either significantly more or significantly less than the Committee's estimate of the Company's competitive cost of equity.

(b) The existence of compensation restraints at an Eligible Unit.

(c) A substantial change in the established strategic performance objectives during the period.

(d) A substantial change in the composition of an Eligible Unit during the period.

5.4 Settlement of Award In the Event of Termination. In the event of a Participant's Termination, such Participant (or his or her beneficiary) shall receive, in lieu of payment of all amounts specified in Section 5.2, settlement of such Participant's Award as provided in this Section 5.4.

In the event of a Participant's Termination by reason of Normal Retirement, death, or full and permanent disability (as determined by the Committee) prior to the end of a Performance Year to which an Award relates, the Participant's Earned Award Potential shall be 100% of the Earned Award Potential otherwise determined under Section 5.1. (However, the definition of "Base Salary" will have the effect of prorating the Participant's Earned Award Potential according to the salary actually earned during the year to the date of retirement.) In the event of a Participant's Termination for any reason other than an involuntary Termination for Cause after the end

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

of a Performance Year to which an Award relates but prior to settlement of an Award relating to such Performance Year, the Participant's Earned Award Potential shall equal 100% of the Earned Award Potential otherwise determined under Section 5.1. In any case, the Participant's Earned Award Potential shall be determined by the Committee at such time as determinations are otherwise made under Section 5.1, and settlement of his or her Award shall be made as promptly as practicable thereafter.

Any settlement under this Section 5.4 shall be made in the form of a payment in cash equal to 100% of the Participant's Earned Award Potential (as adjusted under this Section 5.4).

In the event of a Participant's Termination (i) for any reason other than Normal Retirement, death, or full and permanent disability (as determined by the Committee) prior to the end of a Performance Year to which an Award relates or (ii) which is an involuntary Termination for Cause after the end of a Performance Year to which an Award relates but prior to the Committee's determination of the Participant's Earned Award Potential with respect to such Award, any Award of such Participant for which such Earned Award Potential has not previously been determined shall be forfeited.

5.5 Certification. Determinations by the Committee under this Section 5 shall be set forth in a written certification, which may include for this purpose approved minutes of a meeting of the Committee at which such determinations were made.

6. Restricted Stock

6.1 Effective January 6, 1999, all restrictions against transfer and forfeiture conditions applicable to the outstanding Restricted Stock shall terminate and all such shares which had not previously been forfeited shall become transferable and nonforfeitable. In addition, on such date, the Company shall repurchase from the Participants all outstanding Restricted Stock with respect to which the Fair Market Value on January 6, 1999 is more than 10% below the Fair Market Value which was used at the time of grant to calculate the number of shares awarded ("Original Grant Value"). Such repurchases shall be paid for by the Company as soon as practicable in cash (subject to necessary withholding) at a price per share equal to the Original Grant Value. With respect to awards made in the form of a deferred right to receive common stock of the Company (United Kingdom Participants only), the Company shall issue common stock with respect to those awards which are not being purchased for cash, and with respect to the awards which the Company is repurchasing, the Company shall pay cash to the Participants in an amount per share equal to the Original Grant Value (subject to necessary withholding) in satisfaction of its obligation to deliver those shares.

6.2 Delivery of Stock Certificates Upon Termination of Restricted

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Period. Following termination of the Restricted Period applicable to Restricted Stock, the Company shall upon Participant's request, promptly cause to be delivered to the Participant one or more certificates representing the shares granted as such Restricted Stock (which shares shall no longer be deemed to be Restricted Stock), with any legends no longer applicable to such shares removed from such certificate(s).

7. Tax Withholding

7.1 Upon the termination of the Restricted Period applicable to Restricted Stock, the Company will withhold from such Restricted Stock, whole shares of Common Stock which shall be sufficient in value to satisfy all or a portion of such tax withholding obligations.

7.2 Shares withheld or surrendered under this Section 7 shall be valued at their Fair Market Value on January 6, 1999. The Committee may, in its discretion, impose restrictions on any share withholding and surrender under this Section 7, including restrictions on Participants subject to Section 16 of the Exchange Act, in order to ensure that the grant of a right to elect such share withholding and provide the opportunity to such Participants to avail themselves of an exemption for the actual withholding or surrender of shares from short-swing profits liability under the Exchange Act.

8. Administration

Administrative details relating to Awards shall be handled by the Administrator, which shall be one or more individuals, employed in the Company's corporate office, designated by the Chief Executive Officer of the Company to serve in such capacity.

Exhibit 1995-I

ANNUAL INCENTIVE AWARDS AUTHORIZED
FOR 1995

The following sets forth the name of eligible officers for whom Annual Incentive Awards are authorized for the 1995 Performance Year. Opposite the name of each Participant is the Exhibit setting forth the Performance Objectives applicable to such Participant.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Name	Exhibit Setting Forth Performance Objective
____	Exhibit 1995-II
____	Exhibit 1995-III
____	Exhibit 1995-III
____	Exhibit 1995-IV
____	Exhibit 1995-IV
____	Exhibit 1995-IV
____	Exhibit 1995-V

Exhibit 1995-____

PERFORMANCE OBJECTIVES FOR 1995
ANNUAL INCENTIVE AWARDS

[NAME OF ELIGIBLE UNIT:]

		Performance Level		
Weight	Business Criteria	Minimum	Target	Maximum

Notes

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

HARSCO CORPORATION

Exhibit 12

Computation of Ratios of Earnings to Fixed Charges

(In Thousands of Dollars)

<TABLE>
<CAPTION>

	YEARS ENDED DECEMBER 31				
	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>
Pre-tax income from continuing operations (net of minority interest in net income)	$ 174,874	$ 165,613	$ 145,984	$ 107,073	$ 84,197
Add fixed charges computed below	28,417	24,263	26,181	33,121	37,982
Net adjustments for equity companies	139	(694)	(181)	(466)	(134)
Net adjustments for capitalized interest	(10)	--	--	--	(274)
Fixed Charges	$ 203,420	$ 189,182	$ 171,984	$ 139,728	$ 121,771
Consolidated Fixed Charges:					
Interest expense per financial statements (1)	$ 20,504	$ 16,741	$ 21,483	$ 28,921	$ 34,048
Interest expense capitalized	128	128	131	134	338
Portion of rentals (1/3) representing an interest factor	7,785	7,394	4,567	4,066	3,596
Interest expense for equity companies whose debt is guaranteed (2)	--	--	--	--	--
Consolidated Fixed Charges	$ 28,417	$ 24,263	$ 26,181	$ 33,121	$ 37,982
Consolidated Ratio of Earnings to Fixed Charges	7.16	7.80	6.57	4.22	3.21

</TABLE>

(1) Includes amortization of debt discount and expense.

(2) No fixed charges were associated with debt of less than fifty percent owned companies guaranteed by the Company during the five year period 1994 through 1998.

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

HARSCO CORPORATION EXHIBIT 21

Subsidiaries of the Registrant

<TABLE>
<CAPTION>

Name	Country of Incorporation	Ownership Percentage
<S>	<C>	<C>
Heckett MultiServ SAIC	Argentina	100%
MetServ Holdings Pty. Limited	Australia	55%
MetServ Australasia Pty. Ltd.	Australia	70%
MetServ Victoria Pty. Ltd.	Australia	70%
MetServ Pty. Ltd.	Australia	55%
Harsco (Australia) Pty. Limited	Australia	100%
Fairmont Tamper (Australia) Pty. Limited	Australia	100%
Taylor-Wharton (Australia) Pty. Limited	Australia	100%
AluServ Middle East W.L.L.	Bahrain	65%
Heckett MultiServ S.A.	Belgium	100%
Heckett MultiServ Russia S.A.	Belgium	100%
Loyquip Holdings S.A.	Belgium	100%
Societe D'Etudes et D'Administration des Enterprises S.A.	Belgium	100%
Fortuna Insurance Limited	Bermuda	100%
Harsco (Bermuda) Limited	Bermuda	100%
Sobremetal - Recuperacao de Metais Ltda	Brazil	100%
Comercio de Rejeitos Industriais Ltda	Brazil	100%
Harsco Canada Limited	Canada	100%
Heckett MultiServ S.A.	Chile	100%
EnviroServ Co., Ltd.	China	55%
MultiServ Wuhan Co. Ltd.	China	100%
MultiServ Jiangxi Co. Ltd.	China	100%
Taylor-Wharton (Beijing) Cryogenic Equipment Co. Ltd.	China	51%
MultiServ s.r.o.	Czech Republic	100%
Czech Slag - Nova Hut s.r.o.	Czech Republic	65%
Czech Slag Consulting s.r.o.	Czech Republic	100%
Czech Slag s.r.o.	Czech Republic	100%
Slag Reduction Vitkovice s.r.o.	Czech Republic	65%
Heckett MultiServ Bahna S.A.E.	Egypt	65%
Metalsider S.A.S.	France	100%
Heckett MultiServ France S.A.	France	100%
Floyequip S.A.	France	100%
PyroServ	France	100%
Heckett MultiServ SAS	France	100%
Heckett MultiServ Sud S.A.	France	100%
Carbofer International GmbH	Germany	100%
MultiServ GmbH	Germany	100%
Harsco GmbH	Germany	100%
IMS Servizi SpA	Italy	100%
MultiServ SrL	Italy	100%
ILSERV SrL	Italy	65%

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE>
<CAPTION>

Name	Country of Incorporation	Ownership Percentage
<S>	<C>	<C>
Luxequip Holding S.A.	Luxembourg	100%
Heckett MultiServ S.A.	Luxembourg	100%
Societe Luxembourgeoise D'Interim S.A.	Luxembourg	100%
Heckett MultiServ Kemaman SDN. BHD.	Malaysia	100%
Taylor-Wharon Gas Equipment SDN. BHD.	Malaysia	100%
Tayor-Wharton Asia (M) SDN. BHD.	Malaysia	100%
Irving, S.A. de C.V.	Mexico	100%
Heckett Mexicana, S.A. de C.V.	Mexico	100%
Andamios Patentados, S.A. de C.V.	Mexico	100%
Servicios Industriales Siderurgicos, S.A. de C.V.	Mexico	100%
Electroforjados Nacionales, S.A. de C.V.	Mexico	100%
Heckett MultiServ International N.V.	Netherlands	100%
Heckett MultiServ Finance B.V.	Netherlands	100%
Heckett MultiServ China B.V.	Netherlands	100%
Heckett MultiServ Far East B.V.	Netherlands	100%
Harsco Europe B.V.	Netherlands	100%
Heckett MultiServ (Holland) B.V.	Netherlands	100%
Slag Reductie (Pacific) B.V.	Netherlands	100%
Slag Reductie Nederland B.V.	Netherlands	100%
Heckett MultiServ AS	Norway	100%
Slag Polska SP Z.O.O	Poland	100%
C.T.S.-Companhia de Tratemento de Sucatas, Lda.	Portugal	100%
Heckett MultiServ Saudi Arabia Limited	Saudi Arabia	55%
MultiServ Slovensko spol. s.r.o.	Slovakia Republic	100%
FerroServ (Pty.) Limited	South Africa	100%
SteelServ (Pty.) Ltd.	South Africa	51%
Faber Prest (South Africa) (Proprietary) Ltd.	South Africa	100%
S.R.V. Mill Services (Pty.) Ltd.	South Africa	100%
Slag Reduction (South Africa) (Proprietary) Limited	South Africa	100%
SRH Pty. Ltd.	South Africa	100%
MultiServ Lycrete S.A.	Spain	100%
Serviequipo S.A.	Spain	100%
MultiServ Intermetal S.A.	Spain	100%
MultiServ Iberica S.A.	Spain	100%
Heckett MultiServ Reclamet S.A.	Spain	100%
Gestion Materias Ferricas, S.A.	Spain	100%
Heckett MultiServ Nordiska AB	Sweden	100%
Heckett MultiServ Thailand Limited	Thailand	70%
EFIC Ltd.	U.K.	100%
Heckett MultiServ Investment Limited	U.K.	100%
Heckett MultiServ plc	U.K.	100%
Heckett MultiServ Ltd.	U.K.	100%
MultiServ Overseas Ltd.	U.K.	100%
Quipco Ltd.	U.K.	100%
Harsco (U.K.) Ltd.	U.K.	100%

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE>
<CAPTION>

Name	Country of Incorporation	Ownership Percentage
<S>	<C>	<C>
The Permanent Way Equipment Company Limited	U.K.	100%
Heckett International Services Limited	U.K.	100%
Heckett Limited	U.K.	100%
B.P. Dempsey Ltd.	U.K.	100%
Faber Prest (Australia) Limited	U.K.	100%
Faber Prest (Overseas) Limited	U.K.	100%
Faber Prest (Pacific) Limited	U.K.	100%
Faber Prest Distribution Limited	U.K.	100%
Faber Prest Limited	U.K.	100%
Flixborough Wharf Limited	U.K.	75%
Gunness Wharf Limited	U.K.	100%
Heckett MultiServ (ASR) Ltd.	U.K.	100%
Heckett MultiServ (Sheffield) Ltd.	U.K.	100%
Heckett MultiServ (SR) Ltd.	U.K.	100%
Otis Transport Services Limited	U.K.	100%
Slag Reduction Overseas Limited	U.K.	100%
Faber Prest (US) Ltd.	U.K.	100%
Harsco Foreign Sales Corporation	U.S. Virgin Islands	100%
Bio-Oxidation Services Inc.	U.S.A.	100%
EFIC Corporation	U.S.A.	100%
Heckett MultiServ U.S. Corporation	U.S.A.	100%
Heckett MultiServ Inc.	U.S.A.	100%
Heckett MultiServ Operations Ltd.	U.S.A.	100%
Heckett MultiServ General Corp.	U.S.A.	100%
Heckett MultiServ Intermetal Inc.	U.S.A.	100%
Heckett Technology Services Inc.	U.S.A.	100%
Harsco Defense Holding, Inc.	U.S.A.	100%
Harsco Minnesota Corporation	U.S.A.	100%
Harsco UDLP Corporation	U.S.A.	100%
Heckett MultiServ Investment Corporation	U.S.A.	100%
T.J. Egan and Company Inc.	U.S.A.	100%
Chemi-Trol Chemical Co.	U.S.A.	100%
Faber Prest (U.S.), Inc.	U.S.A.	100%
Harsco Technologies Corporation	U.S.A.	100%
Heckett MultiServ International Holdings	U.S.A.	100%
SRA Mill Services, Inc.	U.S.A.	100%
Heckett MultiServ MV & MS, C.A.	Venezuela	100%

</TABLE>

Companies in which Harsco Corporation does not have majority ownership are not consolidated. These companies are listed below as unconsolidated entities

<TABLE>
<CAPTION>

	Country of Incorporation/	Ownership

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

Name	Organization	Percentage
Steelstone (Rooty Hill) Pty. Limited	Australia	50%
Steelstone Holdings Pty. Ltd.	Australia	50%
Steelstone Pty. Limited	Australia	50%
Phooltas Tamper Private Limited	India	40%
Ferro Scrap Nigam Ltd.	India	40%
P.T. Purna Baja Heckett	Indonesia	40%
IKG-Salcon SDN. BHD.	Malaysia	50%
RST Teknologi SDN. BHD.	Malaysia	29%
The Slag Reduction Company (New Zealand) Limited	New Zealand	50%
Natsteel Abrasives Pte. Ltd.	Singapore	45%
Auxihec	Spain	50%
S. R. Gabisa, S.A.	Spain	50%

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

EXHIBIT 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the following Registration Statements of Harsco Corporation and Subsidiary Companies (the "Company") of our reports, dated January 28, 1999, except as to paragraph 6 of Note 10, for which the date is February 8, 1999, on our audits, of the consolidated financial statements and consolidated financial statement schedule of the Company as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998, which reports are included in this Annual Report on Form 10-K, respectively:

- Post Effective Amendment No. 6 to Form S-8 Registration Statement (Registration No. 2-57876), effective May 21, 1982.
- Post Effective Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-5300), dated March 26, 1987.
- Form S-8 Registration Statement (Registration No. 33-14064), dated May 6, 1987.
- Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-24854), dated October 31, 1988.
- Form S-3 Registration Statement (Registration No. 33-56885), dated December 15, 1994.
- Form S-8 Registration Statement (Registration No. 333-13175), dated October 1, 1996.
- Form S-8 Registration Statement (Registration No. 333-13173), dated October 1, 1996.

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania
March 22, 1999

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document

<TABLE> <S> <C>

<ARTICLE> 5
<MULTIPLIER> 1,000

<S>	<C>
<PERIOD-TYPE>	12-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-END>	DEC-31-1998
<CASH>	41,562
<SECURITIES>	0
<RECEIVABLES>	310,935
<ALLOWANCES>	(13,602)
<INVENTORY>	175,804
<CURRENT-ASSETS>	587,441
<PP&E>	1,438,102
<DEPRECIATION>	(811,908)
<TOTAL-ASSETS>	1,623,581
<CURRENT-LIABILITIES>	474,822
<BONDS>	309,131
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	82,594
<OTHER-SE>	602,705
<TOTAL-LIABILITY-AND-EQUITY>	1,623,581
<SALES>	1,733,458
<TOTAL-REVENUES>	1,735,394
<CGS>	1,327,342
<TOTAL-COSTS>	1,543,493
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	9,166
<INTEREST-EXPENSE>	20,504
<INCOME-PRETAX>	179,775
<INCOME-TAX>	67,361
<INCOME-CONTINUING>	107,513
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	107,513
<EPS-PRIMARY>	2.36
<EPS-DILUTED>	2.34

</TABLE>

Copyright © 2012 www.secdatabase.com. All Rights Reserved.
Please Consider the Environment Before Printing This Document