

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1995

OR

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

Commission File Number 1-3970

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

Delaware
(State of incorporation)

23-1483991
(I.R.S. Employer Identification No.)

Camp Hill, Pennsylvania 17001-8888
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number (717) 763-7064

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 ()

Title of Each Class	Outstanding Shares at March 31, 1995
Common Stock Par Value \$1.25	25,239,521
Preferred Stock Purchase Rights	25,239,521

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended March 31	
	1995	1994
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Revenues:		
Net sales	\$ 356,879	\$ 318,672
Equity in income of unconsolidated entities	18,537	15,028
Gain on sale of investments	-	5,867
Other revenues	526	4,101
Total revenues	375,942	343,668
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Costs and expenses:		
Cost of sales	276,897	252,997
Selling, administrative and general expenses	49,625	47,660
Research and development	1,143	931
Facilities discontinuance and reorganization costs	1,313	17
Other	(2,584)	1,034
Total costs and expenses	326,394	302,639
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Income before interest, taxes, and minority interest	49,548	41,029
Interest income	1,497	1,481
Interest expense	(7,510)	(8,330)
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Income before taxes and minority interest	43,535	34,180
Provision for income taxes	17,414	14,936
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Income before minority interest	26,121	19,244
Minority interest	661	616
Net income	\$ 25,460	\$ 18,628
Average shares of common stock outstanding	25,202	25,012
Net income per share	\$ 1.01	\$.74
Cash dividends declared per share	\$.37	\$.35

See accompanying notes to consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

March 31 (In thousands)	December 31 1995	1994
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,708	\$ 43,550
Receivables	342,162	350,578
Inventories:		
Finished goods	28,762	25,641
Work in process	33,099	28,625
Raw material and purchased parts	59,861	53,338
Stores and supplies	15,085	13,595
Total inventories	136,807	121,199
Other current assets	25,318	21,432
Total current assets	537,995	536,759
Property, plant and equipment, at cost	1,023,529	984,930
Allowance for depreciation	(575,488)	(549,962)
	448,041	434,968
Cost in excess of net assets of companies acquired, net	211,824	213,480
Investments	42,487	43,711
Other assets	91,176	85,731
	\$1,331,523	\$1,314,649

See accompanying notes to consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In thousands)	March 31 1995	December 31 1994
LIABILITIES		
Current liabilities:		
Notes payable and current maturities	\$ 28,778	\$ 25,738
Accounts payable	94,401	92,166
Accrued compensation	37,454	37,837
Other current liabilities	146,752	126,680
Total current liabilities	307,385	282,421

Long-term debt	326,430	340,246
Deferred income taxes	25,100	29,217
Other liabilities	76,351	81,543
	735,266	733,427
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SHAREHOLDERS' EQUITY		
Common stock and additional paid-in capital	136,799	134,499
Cumulative adjustments	(18,790)	(16,119)
Retained earnings	670,116	653,996
Treasury stock	(191,868)	(191,154)
	596,257	581,222
	\$1,331,523	\$1,314,649
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See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In thousands)	Three Months Ended March 31	
	1995	1994
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Cash flows from operating activities:		
Net income	\$ 25,460	\$ 18,628
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	23,110	21,190
Amortization	2,538	2,363
Gain on sale of investments	-	(5,867)
Equity in earnings of unconsolidated entities	(18,537)	(14,413)
Dividends or distributions from unconsolidated entities	3,325	-
Other, net	(5,879)	(1,926)
Changes in assets and liabilities, net of acquisition of a business and formation of a partnership:		
Notes and accounts receivable	25,713	(4,466)
Inventories	(14,977)	(4,026)
Accounts payable	(4,819)	(11,205)
Other assets and liabilities	10,644	(1,086)
Net cash provided (used) by operating activities	46,578	(9,808)
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Cash flows from investing activities:		
Expenditures for property, plant and equipment, net of disposals	(23,132)	(15,200)
Purchase of business, net of cash acquired	(3,208)	-
Proceeds from sale of investment held available for sale	-	7,617
Investments held-to-maturity:		
Purchases	-	(2,000)
Maturities	1,000	6,005
Other investing activities	514	(6,943)
Net cash (used) by investing activities	(24,826)	(10,521)
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Cash flows from financing activities:		
Short-term borrowings, net	(3,342)	(13,570)
Current maturities and long-term debt:		
Additions	15,109	34,414
Reductions	(35,452)	(3,321)
Cash dividends paid on common stock	(9,319)	(8,741)
Common stock issued-options	1,586	3,615
Other financing activities	(221)	-
Net cash provided (used) by financing activities	(31,639)	12,397
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Effect of exchange rate changes on cash	45	(593)
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Net (decrease) in cash and cash equivalents	(9,842)	(8,525)
Cash and cash equivalents at beginning of period	43,550	58,740
Cash and cash equivalents at end of period	\$ 33,708	\$ 50,215
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Reclassified

See accompanying notes to consolidated financial statements.

REVIEW OF OPERATIONS BY GROUP
(Unaudited)

SALES (In millions)	Three Months Ended March 31	
	1995	1994
Metal Reclamation and Mill Services	\$ 141.7	\$ 118.0
Infrastructure and Construction *	93.0	91.4
Process Industry Products	122.2	109.3
Total	\$ 356.9	\$ 318.7

INCOME BEFORE TAX AND MINORITY INTEREST (In millions)	Three Months Ended March 31	
	1995	1994
Group operating profit:		
Metal Reclamation and Mill Services	\$ 14.1	\$ 5.3
Infrastructure and Construction *	3.6	2.6
Process Industry Products	12.5	11.0
	30.2	18.9
Facilities discontinuance and reorganization costs	(1.2)	(0.1)
Total group operating profit	29.0	18.8
Equity in income of unconsolidated entities	18.5	15.0
Gain on sale of investments	-	5.9
Claim settlements	-	3.8
Interest expense	(7.5)	(8.3)
Unallocated income (expense)	3.5	(1.0)
Total pre-tax income	\$ 43.5	\$ 34.2

*Note: Effective January 1, 1995, the Infrastructure, Construction and Transportation Group was renamed the Infrastructure and Construction Group due to the Company's announced exit from the school bus business. School bus sales and operating results are included under this Group.

Cash payments for interest on all debt, net of amounts capitalized were \$7,510,000 for the first quarter of 1995 and \$9,159,000 for the first quarter of 1994. Cash payments for income taxes were \$5,981,000 for the first quarter of 1995 and \$7,018,000 for the first quarter of 1994.

Notes to Consolidated Financial Statements

Receivables:

As of March 31, 1995, Receivables include \$62,415,000 of unbilled receivables representing the Company's claim against the U.S. Government for Federal Excise Taxes and related claims on the five-ton truck contract. See "Commitments and Contingencies" for additional disclosure on this claim.

Commitments and Contingencies:

Federal Excise Tax and Other Matters Related to the Five-ton Truck Contract:

Subsequent to the award of the five-ton truck contract in 1986, the Federal Excise Tax (FET) law, which was due to expire on October 1, 1988, was extended. The Company and its legal counsel consider that the excise tax required to be paid by the extension of the law constitutes an after-imposed tax and therefore is subject to recovery by a price adjustment. In January 1993, the Armed Services Board of Contract Appeals decided in favor of the Company's position, ruling that Harsco is entitled to a price adjustment to the contract to reimburse FET paid on vehicles that were to be delivered after October 1, 1988. The Government filed a motion requesting the Armed Services Board of Contract Appeals to reopen the proceedings to admit additional evidence or alternatively to reconsider its decision. On February 25, 1994, the Armed Services Board of Contract Appeals denied the Government's motions. In June 1994, the Government appealed these decisions to the Court of Appeals for the Federal Circuit, but voluntarily withdrew its appeal effective August 16, 1994. On February 23, 1995, the Government filed another motion to reopen the proceedings at the Armed Services Board of Contract Appeals to allow additional discovery or alternatively, to reconsider its decision. The Company will oppose this motion. The Government might also seek to overturn the decision in a separate legal action based upon the results of the continuing investigation described below.

As previously reported, the Company had already anticipated prevailing on its claims and recorded as an account receivable the amount of the FET it has paid on these vehicles of approximately \$47 million, and the related claim arising from changes in shipment destinations of approximately \$15 million. The January 1993 decision only rules upon the Company's claim for reimbursement of the taxes paid without establishing the specific amount of the reimbursement. Subject to the Company prevailing against the Government motions and any other legal challenges to the judgment, the government contracting officer will be required to determine the proper amount of the price adjustment consistent with the ruling. Under applicable law, interest also accrues on the amount owed. Although the January 1993 decision does not directly deal with the claim for \$15 million on the related destination change issue, the Company believes that the ruling resolves the key factual issues in that claim in favor of Harsco as well. The Company continues to anticipate favorable resolution with respect to both claims and continues to negotiate with the Government. Final resolution of the issues in favor of the Company would not result in the recording of additional income other than any interest received, but would have a positive cash flow effect. To the extent that any portion of the FET and related claims is not recovered, additional losses on the contract will have to be recognized which could have a material effect on quarterly or annual operating results.

The Commercial Litigation Branch of the Department of Justice is continuing an investigation with respect to the facts underlying the Company's claim for reimbursement of Federal Excise Tax payments and its related claim regarding destination changes. In addition, the investigation is examining the way the Company charged the Army for sales of certain cargo truck models for which the Company did not pay Federal Excise Tax based upon an exemption in the law. If the Government files a civil action against the Company as a result of the civil investigation, it may seek various remedies including forfeiture by the Company of its claims for reimbursement of FET and related claims, treble damages, and civil penalties.

In a related matter, the Internal Revenue Service is reviewing Harsco's position that certain cargo truck models are not taxable due to a provision in the tax law that exempts trucks having a gross vehicle weight of 33,000 pounds or less, and has tentatively concluded that they appear to be taxable. If the Internal Revenue Service asserts that tax is due on these vehicles, the total claim could be \$39 million plus interest and penalty, if any. The Company plans to vigorously contest any such tax deficiency. Although there is risk of an adverse outcome, the Company and its counsel believe that these trucks are not taxable. Even if they are held to be taxable, the Company and its counsel believe the Government would be obligated to reimburse the Company for the majority of the tax, because it would constitute an after-imposed tax that would be subject to the ruling of the Armed Services Board of Contract Appeals discussed above, resulting in a net maximum liability for Harsco of \$16 million plus interest and penalty, if any.

M9 Armored Combat Earthmover Claim:

The Company and its legal counsel are of the opinion that the U.S. Government did not exercise option three under the M9 Armored Combat Earthmover (ACE) contract in a timely manner, with the result that the unit price for options three, four and five are subject to renegotiation. Claims reflecting the Company's position have been filed with respect to all options purported to be exercised, totalling in excess of \$60 million plus interest. No recognition has been given in the accompanying financial statements for any recovery on these claims. The Company is awaiting a decision on its Motion for Summary Judgment relating to the late option exercise that is now pending before the Armed Services Board of Contract Appeals.

In addition, the Company negotiated a settlement with the U.S. Government of a smaller outstanding claim concerning this contract which provided for payment of \$3.8 million by the U.S. Government to Harsco. The Company recognized such amount as other revenue in the Consolidated Statements of Income in the first quarter of 1994 and payment has been received.

Other Litigation:

On March 13, 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 the United States Claims Court along with the Government's answer to the Company's claim of approximately \$5 million against the Government for costs incurred on this contract relating to the same issue. The Government claims breach of contract damages of \$7.3 million and in addition seeks treble that amount under the False Claims Act plus unquantified civil penalties which the Company estimates to be approximately \$3.3 million. The Company and its counsel believe it is unlikely that resolution of these claims 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.

Iran's Ministry of Defense initiated arbitration procedures against the Company in 1991 under the rules of the International Chamber of Commerce for damages allegedly resulting from breach of various contracts executed by the Company and the Ministry of Defense between 1970 and 1978. The contracts were terminated in 1978 and 1979 during the period of civil unrest in Iran that preceded the Iranian revolution. Iran has asserted a claim under one contract for repayment of a \$7.5 million advance payment it made to the Company, plus interest at 12% through June 27, 1991 in the amount of \$25.3 million. Iran has also asserted a claim for damages under other contracts for \$76.3 million. The Company has asserted various defenses and also has filed counterclaims against Iran for damages in excess of \$7.5 million which it sustained as a result of Iran's breach of contract, plus interest. The Company's management and its counsel believe it is unlikely that resolution of these claims will have a material adverse effect on the Company's financial position or 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 Company is continuing to cooperate and is responding to the subpoena. Although the Government has not clearly identified to the Company the focus of its investigation, based on discussions with the agent in charge, it appears that it focuses on whether the Company received progress payments in advance of the schedule permitted by the Defense Security Assistance Agency regulations and Company certifications. The Company's management and its counsel believe it is unlikely that this issue will have a material adverse effect on the Company's financial position or results of operations.

In June 1994, the shareholder of the Ferrari Group, a Belgium holding company involved in steel mill services and other activities, filed a legal action in Belgium against Hekett MultiServ, S.A. and S.E.A.E., subsidiaries of MultiServ International N.V. (a subsidiary of Harsco Corporation). The action alleges that these two subsidiaries breached contracts arising from letters of intent signed in 1992 and 1993 concerning the possible acquisition of the Ferrari Group, claiming that the subsidiaries were obligated to proceed with the acquisition and failed to do so. The action seeks damages of 504 million Belgian Francs (approximately U.S. \$17 million). The Company intends to vigorously defend against the action and believes that based on conditions contained in the letters of intent and other defenses it will prevail. The Company and its counsel believe that it is unlikely that these claims will have a material adverse effect on the Company's financial position or results of operations.

On August 29, 1994, the Company filed a legal action in the United States District Court for the Southern District of New York against certain former shareholders of MultiServ International N.V. seeking recovery of damages arising from misrepresentations which the Company claims were made to it in connection with its purchase of the MultiServ International N.V. stock on August 31, 1993. The Complaint seeks damages in an amount to be determined. On April 4, 1995, the court dismissed various elements of the Company's claims and allowed the Company to amend its complaint with respect to other elements. The Company intends to appeal this decision and to continue pursuing its claims.

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 Sheets at March 31, 1995 and December 31, 1994, include an accrual of \$6.2 million for environmental matters. No additional charges were made to earnings for environmental matters during the first quarter of 1995. The first quarter of 1994 included charges to earnings amounting to \$.1 million.

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. Subject to the imprecision in estimating future environmental costs, 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 or results of operations.

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.

Opinion of Management:

Financial information furnished herein, which is unaudited, reflects in the opinion of management all adjustments (all of which are of a recurring nature) that are necessary to present a fair statement of the interim period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Cash provided by operating activities was \$46.6 million in the first quarter of 1995, reflecting, among other things, a \$25.7 million decrease in accounts receivable which include the claim settlement of \$20.4 million received from the U.S. Government and a \$13.8 million increase in income taxes payable. During the first quarter, distributions of \$3.3 million were received from unconsolidated entities. As previously reported, included in receivables is \$62.4 million for amounts expended, or income not received, related to the Federal Excise Tax (FET) and related claims for the completed five-ton truck contract. Final resolution of the FET and related claims in favor of the Company would not result in the recording of additional income other than any interest received, but would have a positive cash flow effect. To the extent that any portion of the FET and related claims is not recovered, additional losses on the contract will have to be recognized, but there would be little impact on cash outflows.

Cash used by investing activities included capital expenditures of \$24.9 million and \$3.2 million for the acquisition of Fabsco. Total consideration for Fabsco was \$14.6 million with the assumption of debt and other liabilities. Cash flow used for financing activities included a net decrease in long-term debt of \$20.4 million, which included the purchase at market of \$10 million of the Company's outstanding 8-3/4% 10 year notes due May 1996, a \$3.3 million reduction of short-term debt, and \$9.3 million of cash dividends paid on common stock. Cash and cash equivalents decreased \$9.8 million to \$33.7 million at March 31, 1995.

Other matters which could significantly affect cash flows in the future are discussed in the 1994 Annual Report to Shareholders under Note 10, "Commitments and Contingencies" and the updated "Notes to the Consolidated Financial Statements" include herein under Item 1.

Harsco continues to maintain a good financial position, with net working capital of \$230.6 million, down from the \$254.3 million at December 31, 1994, principally due to the increase in income taxes payable related to higher earnings. Current assets amounted to \$538.0 million, and current liabilities were \$307.4 million, resulting in a current ratio of 1.8 to 1, slightly below the 1.9 to 1 at year-end 1994. With total debt at \$355.2 million and equity at \$596.3 million at March 31, 1995, the total debt as a percent of capital was 37.3%, which is lower than the 38.6% at December 31, 1994.

The stock price range during the first quarter was \$45 - 39 5/8. Harsco's book value per share at March 31, 1995, was \$23.62, compared with \$23.08 at year-end 1994. The Company's annualized return on equity for the first quarter of 1995 was 17.3%, compared with 15.7% for the year 1994. The return on assets was 15.4%, compared with the 13.5% for the year 1994. The annualized return on capital for the first quarter was 12.6%, compared with 11.0% for year 1994.

The Company has available through a syndicate of banks a \$150 million 364-day revolving line of credit and a \$150 million, multi-currency five-year term line of credit. As of March 31, 1995, there were no borrowings outstanding under these facilities.

The Company also has a commercial paper borrowing program under which it can

issue up to \$150 million of short-term notes in the U.S. commercial paper market. The Company limits the aggregate commercial paper and credit facility borrowings at any one time to a maximum \$300 million. At March 31, 1995, the Company had outstanding \$45.8 million in commercial paper. Harsco's outstanding notes are rated A by Standard & Poor's and Baa1 by Moody's. Harsco's commercial paper is rated A-1 by Standard & Poor's, F-1 by Fitch Investors Service 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 at competitive costs.

RESULTS OF OPERATIONS FIRST QUARTER OF 1995 COMPARED WITH FIRST QUARTER OF 1994

First quarter revenues of \$375.9 million were 9% above last year's comparable period. The increase was primarily due to higher sales for metal reclamation and mill services, gas control and containment equipment, scaffolding, shoring and forming equipment, and to a lesser extent roofing granules and abrasives. Additionally, higher revenues included sales from an acquisition made in the first quarter of 1995, and increased income from the Company's equity investment in United Defense, L.P. These increases were partially offset by lower sales of railway maintenance equipment and process equipment. On a comparative basis, the Company recorded in 1994 a \$5.9 million pre-tax gain on the sale of the remaining holdings of an investment in a marketable equity security and \$3.8 million of revenues due to the negotiated settlement of a claim with the U.S. Government.

Cost of sales increased, principally due to higher volume. Selling and administrative expenses increased, as a result of higher compensation costs, legal and business development costs, and, to a lesser extent, the inclusion of an acquired company.

Income before taxes and minority interest was up 27% from the comparable period last year due to higher earnings. The effective income tax rate for 1995 is 40.0%, versus 43.7% in 1994. The lower income tax rate is primarily due to a reduction in losses sustained in certain foreign operations for which there is no tax benefit and increased tax benefits relating to export sales.

Higher earnings in the first quarter of 1995 were due principally to improved results for metal reclamation and mill services, gas control and containment equipment, roofing granules and abrasives, as well as the Company's share of income in its equity investment in United Defense, L.P. Lower earnings were recorded for railway maintenance equipment and pipe fittings. Income benefited in 1995 from the impact of a pre-tax \$5.1 million net foreign currency translation exchange gain arising from the decline in the U.S. Dollar against certain European currencies which more than offset a pre-tax \$3.4 million foreign currency translation exchange loss due to the continued devaluation of the Mexican peso. On a comparative basis, favorably affecting 1994's first quarter's results were a gain on the sale of the remaining holdings of an investment in a marketable equity security and income resulting from the negotiated settlement of a claim with the U.S. Government. Finally, continuing losses during the planned shutdown of the school bus operation, approximated losses incurred in the first quarter of 1994.

Net income of \$25.5 million, was up 37% from the comparable period in 1994. This net income was the highest first quarter performance excluding accounting changes in prior first quarters.

Sales of the Metal Reclamation and Mill Services Group, at \$141.7 million, were significantly above 1994's first quarter, due to improved business conditions, particularly in Europe, as well as North America which was unfavorably affected in 1994 by severe winter weather. The favorable impact of the decline in the U.S. Dollar against certain European currencies also contributed to increased revenues for the Group. Sales for Infrastructure and Construction Group at \$93.0 million, were slightly ahead of last year's similar period. Scaffolding equipment sales increased significantly from 1994. Sales for the Process Industry Products Group, at \$122.2 million, were well ahead of the prior year's first quarter. The improvement included increased sales for most product classes, as well as sales from an acquisition made in the first quarter of 1995.

Operating profit for the Metal Reclamation and Mill Services Group was significantly ahead of 1994's first quarter, despite \$4.2 million of net foreign currency translation exchange losses due principally to the continued devaluation of the Mexican peso. The increase reflects improved business conditions, the favorable effects of cost reduction efforts, and the favorable impact of the decline in the U.S. Dollar against certain European currencies. The Infrastructure and Construction Group posted an operating profit of \$3.6 million, which exceeded 1994's first quarter, as all product classes posted improved results, except railway maintenance equipment which benefited in 1994 from two large shipments to two international customers. On a comparative basis, continuing losses from the planned shutdown of the school bus operation, approximated losses incurred in the first quarter of 1994. Operating profit for the Process Industry Products Group, at \$12.5 million, was up 14% from the prior year's first quarter and reflected significantly

improved results for gas control and containment equipment which more than offset lower earnings for pipe fittings.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on legal proceedings is included under Part I, Item 1., the section labeled "Commitments and Contingencies."

ITEM 4. SUBMISSION OF MATTERS TO A VOTE BY SECURITY HOLDERS

a.) At the Annual Meeting of shareholders held on April 25, 1995 in Camp Hill, Pennsylvania, three members of the Board of Directors were reelected to terms expiring in 1998 under the classified Board structure enacted at the 1986 Annual Meeting. They include R. L. Kirk, Chairman, British Aerospace, Inc.; J. E. Marley, Chairman of AMP Inc.; and J. I. Scheiner, P.E., President of Benatec Associates Inc.

The Board of Directors voting tabulation is as follows:

Name	For No. of Shares	Withheld No. of Shares
R. L. Kirk	21,270,462	102,240
J. E. Marley	21,263,313	109,389
J. I. Scheiner	21,234,831	137,871

Shareholders approved the 1995 Executive Incentive Compensation Plan by the following vote: 17,072,531 For, 2,643,655 Against, and 279,258 Abstain.

Shareholders approved the 1995 Non-employee Directors' Stock Plan by the following vote: 17,613,644 For, 2,011,563 Against, and 370,237 Abstain.

Shareholders also approved the appointment of Coopers & Lybrand as independent accountants to audit the accounts of the Company for the fiscal year ending December 31, 1995 by the following vote: 21,196,146 For, 80,845 Against, and 95,711 Abstain.

ITEM 5. OTHER INFORMATION

ACQUISITION:

* On February 6, 1995, Harsco Corporation announced that it had completed the acquisition of substantially all of the assets of Fabsco, Inc. for a total consideration of \$14.6 million in cash and assumed liabilities. Fabsco, Inc., with its main offices in Sapulpa, Oklahoma, manufactures heat exchange products and generates annual sales of approximately \$22 million to the process industry cooler market. The operations of Fabsco will be integrated into the Patterson-Kelley Division of Harsco, and operated as a new business unit of that Division under the Fabsco name.

DIVESTITURE:

* In November 1994, the Board of Directors authorized the Company to exit from the school bus business and in January 1995, Harsco Corporation announced that it would close its school bus manufacturing division in Marysville, Ohio.

* On January 31, 1995, Harsco Corporation announced that it had signed a letter of intent to sell the assets of its school bus manufacturing business in Marysville, Ohio, to Warrick Industries for an undisclosed price. The transaction was contingent upon the early finalization of a definitive agreement and completion of statutory filing requirements.

* On February 15, 1995, Harsco Corporation announced that discussions regarding the proposed sale of its school bus business to Warrick Industries, Inc. have terminated due to Warrick's inability to complete its required purchase commitment contingencies.

DIVIDEND ACTION:

* On March 16, 1995, Harsco Corporation announced that the Board of Directors declared a quarterly cash dividend of 37 cents per share, payable May 15, 1995, to shareholders of record on April 14, 1995.

DIRECTOR RETIREMENTS:

* On April 25, 1995, DeWitt C. Smith, Jr. and Frank E. Masland III retired from the Company's Board of Directors bringing the total number of directors to 10.

ITEM 6(a). EXHIBITS

The following exhibits are attached:

- a.) Exhibit No. 11 Computation of Fully Diluted Net Income Per Common Share.
- b.) Exhibit No. 12 Computation of Ratios of Earnings to Fixed Charges.

c.) An 8-K was filed on January 11 reporting that the Government and the Company agreed to settle various claims on completed contracts for \$20,400,000. The related income was recognized in 1994.

d.) An 8-K was filed on January 20, announcing that the Company plans to close its school bus manufacturing division in Marysville, Ohio.

SIGNATURES

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

HARSCO CORPORATION

(Registrant)

DATE _____

/S/ Leonard A. Campanaro

Leonard A. Campanaro
Senior Vice President and
Chief Financial Officer

DATE _____

/S/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Vice President and Controller

HARSCO CORPORATION
COMPUTATION OF FULLY DILUTED NET INCOME PER COMMON SHARE
(dollars in thousands except per share)

	3 MONTHS ENDED MARCH 31	
	1995	1994
	_____	_____
Net income	\$ 25,460	\$ 18,628
	_____	_____
Average shares of common stock outstanding used to compute primary earnings per common share	25,202,429	25,012,305
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	107,161	179,820
	_____	_____
Shares used to compute dilutive effect of stock options	25,309,590	25,192,125
	_____	_____
Fully diluted net income per common share	\$ 1.01	\$.74
	_____	_____
Net income per common share as reported in report to shareholders	\$ 1.01	\$.74
	_____	_____

HARSCO CORPORATION
Computation of Ratios of Earnings to Fixed Charges
(In Thousands of Dollars)

	YEARS ENDED DECEMBER 31					Three Months Ended 3/31/95
	1990	1991	1992	1993	1994	
Consolidated Earnings:						
Pre-tax income from continuing operations	\$ 115,587	\$ 119,647	\$ 140,576	\$ 137,151	\$ 146,089	\$ 42,874
Add fixed charges computed below	21,864	23,544	22,425	23,879	37,982	8,380
Net adjustments for equity companies	(532)	(439)	(454)	(363)	(134)	(3,690)
Net adjustments for capitalized interest	(255)	(469)	(134)	(172)	(274)	-
Consolidated Earnings Available for Fixed Charges	\$ 136,664	\$ 142,283	\$ 162,413	\$ 160,495	\$ 183,663	\$ 47,564
Consolidated Fixed Charges:						
Interest expense per financial statements	\$ 17,506	\$ 18,925	\$ 18,882	\$ 19,974	\$ 34,048	\$ 7,510
Interest expense capitalized	345	574	355	332	338	50
Portion of rentals (1/3) representing an interest factor	4,013	4,045	3,188	3,573	3,576	820
Interest expense for equity companies whose debt is guaranteed	-	-	-	-	-	-
Consolidated Fixed Charges	\$ 21,864	\$ 23,544	\$ 22,425	\$ 23,879	\$ 37,982	\$ 8,380
Consolidated Ratio of Earnings to Fixed Charges	6.25	6.04	7.24	6.72	4.84	5.68

1992 excludes the cumulative effect of change in accounting method for postretirement benefits other than pensions.

Includes amortization of debt discount and expense.

No fixed charges were associated with debt of less than fifty percent owned companies guaranteed by Harsco during the five year period 1990 through 1994, and the three months ended March 31, 1995.

3-MOS
DEC-31-1995
MAR-31-1995
33,708
0
350,126
(7,964)
136,807
537,995
1,023,529
(575,488)
1,331,523
307,385
326,430
40,522
0
0
555,735
1,331,523
356,879
375,942
276,897
326,394
0
733
7,510
43,535
17,414
25,460
0
0
0
25,460
1.01
1.01