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

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2005

OR

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

For the transition period from _____ to ______

Commission File Number 1-3970

HARSCO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	23-1483991
(State of incorporation)	(I.R.S. Employer Identification No.)

350 Poplar Church Road, Camp Hill, Pennsylvania	17011
(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 [_]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). YES [X] NO [_]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [_] NO [X]

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

Class	Outstanding at October 31, 2005
Common stock, par value $1.25 per share	41,740,314

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2005	2004	2005	2004
REVENUES FROM CONTINUING OPERATIONS:				
Service sales	$ 472,183	$ 439,956	$ 1,440,543	$ 1,286,563
Product sales	225,286	177,332	593,134	504,575
TOTAL REVENUES	697,469	617,288	2,033,677	1,791,138

COSTS AND EXPENSES FROM CONTINUING OPERATIONS:				
Cost of services sold	350,169	325,453	1,069,975	956,839
Cost of products sold	182,477	145,292	482,633	410,772
Selling, general and administrative expenses	95,090	90,594	287,338	268,053
Research and development expenses	620	590	1,991	1,971
Other (income) expenses	(502)	907	347	4,480
TOTAL COSTS AND EXPENSES	627,854	562,836	1,842,284	1,642,115
OPERATING INCOME FROM CONTINUING OPERATIONS	69,615	54,452	191,393	149,023
Equity in income (loss) of unconsolidated entities, net	(29)	38	92	210
Interest income	879	454	2,024	1,655
Interest expense	(9,921)	(10,092)	(30,783)	(30,412)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	60,544	44,852	162,726	120,476
Income tax expense	(18,624)	(12,147)	(51,380)	(35,616)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	41,920	32,705	111,346	84,860
Minority interest in net income	(1,898)	(2,031)	(6,458)	(6,349)
INCOME FROM CONTINUING OPERATIONS	40,022	30,674	104,888	78,511
DISCONTINUED OPERATIONS:				
Loss from operations of discontinued business	(111)	(203)	(452)	(619)
Gain/(loss) on disposal of discontinued business	66	(36)	261	(124)
Income/(loss) related to discontinued defense business	(6)	12,529	26	12,753
Income tax benefit (expense)	19	(4,411)	62	(4,298)
INCOME/(LOSS) FROM DISCONTINUED OPERATIONS	(32)	7,879	(103)	7,712
NET INCOME	$ 39,990	$ 38,553	$ 104,785	$ 86,223
Average shares of common stock outstanding	41,693	41,165	41,603	41,061
Basic earnings per common share:				
Continuing operations	$ 0.96	$ 0.75	$ 2.52	$ 1.91
Discontinued operations	--	0.19	--	0.19
BASIC EARNINGS PER COMMON SHARE	$ 0.96	$ 0.94	$ 2.52	$ 2.10
Diluted average shares of common stock outstanding	42,112	41,589	42,046	41,525
Diluted earnings per common share:				
Continuing operations	$ 0.95	$ 0.74	$ 2.49	$ 1.89
Discontinued operations	--	0.19	--	0.19
DILUTED EARNINGS PER COMMON SHARE	$ 0.95	$ 0.93	$ 2.49	$ 2.08
CASH DIVIDENDS DECLARED PER COMMON SHARE	$ 0.30	$ 0.275	$ 0.90	$ 0.825

See accompanying notes to consolidated financial statements

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(IN THOUSANDS)	SEPTEMBER 30 2005	DECEMBER 31 2004 (A)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 113,231	$ 94,093
Accounts receivable, net	566,996	555,191
Inventories	246,622	217,026
Other current assets	62,405	58,614
Assets held-for-sale	36,316	932
TOTAL CURRENT ASSETS	1,025,570	925,856
Property, plant and equipment, net	949,732	932,298
Goodwill, net	401,964	433,125
Other assets	105,566	98,477
TOTAL ASSETS	$ 2,482,832	$ 2,389,756
LIABILITIES		
CURRENT LIABILITIES:		
Short-term borrowings	$ 7,148	$ 16,145
Current maturities of long-term debt	6,512	14,917
Accounts payable	204,876	220,322
Accrued compensation	60,848	63,776
Income taxes	47,550	40,227
Dividends payable	12,519	12,429
Insurance liabilities	57,266	23,470
Other current liabilities	198,905	187,111
Liabilities associated with assets held-for-sale	15,945	691
TOTAL CURRENT LIABILITIES	611,569	579,088
Long-term debt	597,718	594,747
Deferred income taxes	109,433	95,702
Insurance liabilities	56,889	53,960
Retirement plan liabilities	93,591	97,586
Other liabilities	52,787	54,483
TOTAL LIABILITIES	1,521,987	1,475,566
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock	85,256	84,889
Additional paid-in capital	152,340	139,532
Accumulated other comprehensive loss	(160,094)	(127,491)
Retained earnings	1,487,926	1,420,637
Treasury stock	(603,261)	(603,377)
Unearned stock-based compensation	(1,322)	--
TOTAL STOCKHOLDERS' EQUITY	960,845	914,190
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,482,832	$ 2,389,756

(a) Reclassified for comparative purposes.

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30 2005	2004 (A)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 104,785	$ 86,223
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	145,307	133,448
Amortization	1,895	1,859
Equity in income of unconsolidated entities, net	(92)	(210)
Dividends or distributions from unconsolidated entities	60	544
Other, net	4,270	(5,823)
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:		
Accounts receivable	(57,577)	(67,015)
Inventories	(43,060)	(54,079)
Accounts payable	2,654	16,710
Accrued interest payable	18,385	17,752
Accrued compensation	484	7,849
Other assets and liabilities	55,468	28,567
NET CASH PROVIDED BY OPERATING ACTIVITIES	232,579	165,825
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(209,247)	(153,883)
Purchase of businesses, net of cash acquired	(7,011)	(5,165)
Proceeds from sales of assets	17,353	3,564
NET CASH USED BY INVESTING ACTIVITIES	(198,905)	(155,484)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings, net	(937)	1,610
Current maturities and long-term debt:		
Additions	147,482	152,829
Reductions	(120,956)	(121,409)
Cash dividends paid on common stock	(37,407)	(33,831)
Common stock issued-options	8,336	10,350
Other financing activities	(3,532)	(4,778)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(7,014)	4,771
Effect of exchange rate changes on cash	(7,522)	(1,863)
Net increase in cash and cash equivalents	19,138	13,249
Cash and cash equivalents at beginning of period	94,093	80,210
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 113,231	$ 93,459

(a) Reclassified for comparative purposes.

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(IN THOUSANDS)	THREE MONTHS ENDED SEPTEMBER 30 2005	2004
Net income	$ 39,990	$ 38,553
Other comprehensive income (loss):		
Foreign currency translation adjustments	1,737	8,552
Net gains/(losses) on cash flow hedging instruments, net of deferred income taxes of $7 and $(12) in 2005 and 2004, respectively	(14)	22
Pension liability adjustments, net of deferred income taxes of ($1,256) and ($214) in 2005 and 2004, respectively	2,962	537
Marketable securities, unrealized gain net of deferred income taxes of less than $1 in both 2005 and 2004	--	1
Reclassification adjustment for gain on cash flow hedging instruments included in net income, net of deferred income taxes of $1 and $0 in 2005 and 2004, respectively	(1)	--
Other comprehensive income	4,684	9,112
TOTAL COMPREHENSIVE INCOME	$ 44,674	$ 47,665

(IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30 2005	2004
Net income	$ 104,785	$ 86,223
Other comprehensive income (loss):		
Foreign currency translation adjustments	(43,940)	(3,205)
Net losses on cash flow hedging instruments, net of deferred income taxes of $52 and $1 in 2005 and 2004, respectively	(96)	(3)
Pension liability adjustments, net of deferred income taxes of ($4,895) and $446 in 2005 and 2004, respectively	11,437	(1,030)
Marketable securities, unrealized gain net of deferred income taxes of less than $1 in both 2005 and 2004	--	1
Reclassification adjustment for (gain) loss on cash flow hedging instruments included in net income, net of deferred income taxes of $2 and ($56) in 2005 and 2004, respectively	(4)	104
Other comprehensive loss	(32,603)	(4,133)
TOTAL COMPREHENSIVE INCOME	$ 72,182	$ 82,090

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. OPINION OF MANAGEMENT

Financial information furnished herein, which is unaudited, in the opinion of management reflects all adjustments (all of which are of a normal recurring nature) that are necessary to present a fair statement of the interim period. This unaudited interim information should be read in conjunction with the Company's annual Form 10-K filing for the year ended December 31, 2004.

B. RECLASSIFICATIONS

Certain reclassifications have been made to prior years' amounts to conform with current year classifications. These reclassifications relate principally to components of the Condensed Consolidated Balance Sheets and the Condensed Consolidated Statements of Cash Flows. As a result of these reclassifications, certain 2004 amounts presented for comparative purposes will not individually agree with previously filed Forms 10-K or 10-Q.

C. OPTIONS FOR COMMON STOCK

In prior years, when stock options were issued to employees, the Company used the intrinsic value method to account for the options. No compensation expense was recognized on the grant date, since at that date, the option price equaled the market price of the underlying common stock. Effective in 2003, the Company ceased granting stock options to employees. In 2004, the Management Development and Compensation Committee of the Board of Directors approved the granting of restricted stock units as the long-term equity component of officer compensation. In the first quarter of 2005, the Company issued 32,700 performance-based restricted stock units, with a fair value of $50.41 per unit, to certain officers. Restricted stock units are more fully described in Note 12, "Stock-Based Compensation," to the Company's Form 10-K for the year ended December 31, 2004.

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 No. 123, "Accounting for Stock-Based Compensation" (SFAS 123).

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
(IN THOUSANDS, EXCEPT PER SHARE)	2005	2004	2005	2004
Net income:				
As reported	$ 39,990	$ 38,553	$ 104,785	$ 86,223
Compensation expense (a)	--	--	--	(96)
Pro forma	$ 39,990	$ 38,553	$ 104,785	$ 86,127
Basic earnings per share:				
As reported	$ 0.96	$ 0.94	$ 2.52	$ 2.10
Pro forma	0.96	0.94	2.52	2.10
Diluted earnings per share:				
As reported	0.95	0.93	2.49	2.08
Pro forma	0.95	0.93	2.49	2.07

(a) Total stock-based employee compensation expense related to stock options determined under fair value-based method for all awards, net of related tax effects.

D. REVIEW OF OPERATIONS BY SEGMENT

(IN THOUSANDS)	THREE MONTHS ENDED SEPTEMBER 30, 2005 SALES	THREE MONTHS ENDED SEPTEMBER 30, 2005 OPERATING INCOME (LOSS)	THREE MONTHS ENDED SEPTEMBER 30, 2004 SALES	THREE MONTHS ENDED SEPTEMBER 30, 2004 OPERATING INCOME (LOSS)
Mill Services Segment	$ 254,857	$ 23,095	$ 244,904	$ 24,958
Access Services Segment	195,353	20,867	176,338	13,446
Gas Technologies Segment	98,010	5,168	84,448	2,444
Segment Totals	548,220	49,130	505,690	40,848
Engineered Products & Services ("all other") Category	149,249	20,872	111,598	13,667
General Corporate	--	(387)	--	(63)
Consolidated Totals	$ 697,469	$ 69,615	$ 617,288	$ 54,452

(IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30, 2005 SALES	NINE MONTHS ENDED SEPTEMBER 30, 2005 OPERATING INCOME (LOSS)	NINE MONTHS ENDED SEPTEMBER 30, 2004 SALES	NINE MONTHS ENDED SEPTEMBER 30, 2004 OPERATING INCOME (LOSS)
Mill Services Segment	$ 794,778	$ 83,500	$ 723,445	$ 75,056
Access Services Segment	585,527	51,486	517,273	31,168
Gas Technologies Segment	270,178	10,896	244,964	10,799
Segment Totals	1,650,483	145,882	1,485,682	117,023
Engineered Products & Services ("all other") Category	383,194	48,183	305,456	33,007
General Corporate	--	(2,672)	--	(1,007)
Consolidated Totals	$ 2,033,677	$ 191,393	$ 1,791,138	$ 149,023

RECONCILIATION OF SEGMENT OPERATING INCOME TO CONSOLIDATED INCOME BEFORE INCOME TAXES AND MINORITY INTEREST

(IN THOUSANDS)	THREE MONTHS ENDED SEPTEMBER 30 2005	THREE MONTHS ENDED SEPTEMBER 30 2004	NINE MONTHS ENDED SEPTEMBER 30 2005	NINE MONTHS ENDED SEPTEMBER 30 2004
Segment Operating Income	$ 49,130	$ 40,848	$ 145,882	$ 117,023
Engineered Products & Services ("all other") Category	20,872	13,667	48,183	33,007
General Corporate	(387)	(63)	(2,672)	(1,007)
Operating income from continuing operations	69,615	54,452	191,393	149,023
Equity in income (loss) of unconsolidated entities, net	(29)	38	92	210
Interest income	879	454	2,024	1,655
Interest expense	(9,921)	(10,092)	(30,783)	(30,412)
Income from continuing operations before income taxes and minority interest	$ 60,544	$ 44,852	$ 162,726	$ 120,476

E. ACCOUNTS RECEIVABLE AND INVENTORIES

Accounts receivable are net of an allowance for doubtful accounts of $17.4 million and $19.1 million at September 30, 2005 and December 31, 2004, respectively. The decrease in the allowance for doubtful accounts is due to the write-off of previously reserved accounts receivable and the effects of foreign currency translation. The provision for doubtful accounts was $1.3 million and $1.6 million for the three months ended September 30, 2005 and 2004, respectively, and $4.4 million and $4.2 million for the nine months ended September 30, 2005 and 2004, respectively.

(IN THOUSANDS)	INVENTORIES SEPTEMBER 30 2005	INVENTORIES DECEMBER 31 2004
Finished goods	$ 63,121	$ 60,554
Work-in-process	55,606	37,882
Raw materials and purchased parts	96,216	91,965
Stores and supplies	31,679	26,625
Total Inventories	$ 246,622	$ 217,026

Inventories increased $29.6 million from December 31, 2004 due to the following factors:

- Increased work-in-process and raw materials inventories due primarily to customer orders being manufactured at the railway track maintenance services and equipment business, scheduled for delivery principally in the fourth quarter of 2005.
- Increased finished goods for the Gas Technologies Segment to meet expected demand in the fourth quarter of 2005.

F. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

(IN THOUSANDS)	SEPTEMBER 30 2005	DECEMBER 31 2004
Land and improvements	$ 38,677	$ 39,838
Buildings and improvements	166,126	185,807
Machinery and equipment	2,049,056	2,027,765
Uncompleted construction	81,311	45,083
Gross property, plant and equipment	2,335,170	2,298,493
Less accumulated depreciation	(1,385,438)	(1,366,195)
Net property, plant and equipment	$ 949,732	$ 932,298

G. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects the changes in carrying amounts of goodwill for the nine months ended September 30, 2005:

	GOODWILL				
(IN THOUSANDS)	MILL SERVICES SEGMENT	ACCESS SERVICES SEGMENT	GAS TECHNOLOGIES SEGMENT	ENGINEERED PRODUCTS AND SERVICES ("ALL OTHER") CATEGORY	CONSOLIDATED TOTALS
Balance as of December 31, 2004, net of accumulated amortization	$ 220,493	$ 167,802	$ 36,693	$ 8,137	$ 433,125
Goodwill acquired during year	166	--	--	--	166
Goodwill transferred to held-for-sale	--	(5,309)	--	--	(5,309)
Foreign currency translation	(12,724)	(13,185)	--	--	(25,909)
Other	--	(109)	--	--	(109)
BALANCE AS OF SEPTEMBER 30, 2005, NET OF ACCUMULATED AMORTIZATION	$ 207,935	$ 149,199	$ 36,693	$ 8,137	$ 401,964

Goodwill is net of accumulated amortization of $103.8 million and $108.4 million at September 30, 2005 and December 31, 2004, respectively.

Intangible assets, which are included principally in Other assets on the Condensed Consolidated Balance Sheets, totaled $10.7 million, net of accumulated amortization of $11.2 million at September 30, 2005 and $10.9 million, net of accumulated amortization of $10.5 million at December 31, 2004. The following chart reflects these intangible assets by major category.

INTANGIBLE ASSETS

(IN THOUSANDS)	SEPTEMBER 30, 2005 GROSS CARRYING AMOUNT	SEPTEMBER 30, 2005 ACCUMULATED AMORTIZATION	DECEMBER 31, 2004 GROSS CARRYING AMOUNT	DECEMBER 31, 2004 ACCUMULATED AMORTIZATION
Customer Relationships	$ 9,126	$ 962	$ 7,662	$ 609
Non-compete agreements	5,038	4,308	4,898	4,032
Patents	3,871	3,572	4,416	3,757
Other	3,880	2,406	4,411	2,087
Total	$ 21,915	$ 11,248	$ 21,387	$ 10,485

The increase in intangible assets during 2005 is due in part to the Evulca acquisition discussed in Note H, "Acquisitions and Dispositions." As part of this transaction, the Company acquired the following intangible assets (by major class) which are subject to amortization:

ACQUIRED INTANGIBLE ASSETS

(IN THOUSANDS)	GROSS CARRYING AMOUNT	RESIDUAL VALUE	WEIGHTED-AVERAGE AMORTIZATION PERIOD
Customer relationships	$ 3,565	None	8 years
Non-compete agreements	149	None	10 years
Total	$ 3,714		

The above acquisitions were partially offset by the sale of certain intangible assets principally in the Mill Services Segment.

There were no research and development assets acquired and written off in the first nine months of 2005 or 2004.

Amortization expense for intangible assets was $1.4 million and $1.3 million for the nine months ended September 30, 2005 and 2004, respectively. The following chart shows the estimated amortization expense for the next five fiscal years based on the current intangible asset carrying amounts.

(IN THOUSANDS)	2005	2006	2007	2008	2009
Estimated Amortization Expense	$ 2,000	$ 1,800	$ 1,500	$ 1,200	$ 900

H. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS
In September 2005, the Company executed an agreement with Sun HB Holdings, LLC whereby the Company will acquire the German-based Hunnebeck Group GmbH (Hunnebeck) for (euro)140 million (approximately $170 million) subject to certain adjustments related to specific balance sheet amounts at closing. The Company will not purchase cash or assume debt. Hunnebeck is a provider of highly engineered formwork and scaffolding equipment with more than 60 branches and depots in 12 countries and export sales worldwide. Hunnebeck's annual revenues of approximately (euro)143 million (approximately $174 million) include approximately 73 percent from Western Europe, including Germany, France, Italy and Scandinavia, with the remainder generated from export sales and emerging markets in Eastern Europe and the Middle East. Completion of the acquisition is subject to the receipt of the necessary regulatory approvals and customary closing conditions. It is expected to close during the fourth quarter of 2005.

In May 2005, the Company's Mill Services Segment acquired Evulca SAS, a France-based company with more than 30 years experience providing conveyor belt management and maintenance services to the steel industry and other industrial

clients. The privately-held company recorded 2004 sales in excess of $5 million. The pro forma impact of the above acquisition was not material.

DISPOSITIONS - ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS
In management's ongoing strategic efforts to increase the Company's focus on core industrial services, certain manufacturing operations have been divested. During the third quarter of 2005, certain assets and liabilities related to the Company's Youngman light access manufacturing plant in the U.K. (a component of the Access Services Segment) were classified as "held-for-sale" in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets." At September 30, 2005, these assets and liabilities had a net book value of $34.5 million and $15.9 million, respectively. The Youngman unit was sold in October 2005. Additionally, certain long-lived assets of the Gas Technologies Segment were classified as "held-for-sale" during the second quarter of 2005, and have been reported on the Consolidated Balance Sheet as "held-for-sale" at September 30, 2005. These assets had a net book value of $1.0 million at September 30, 2005.

The major classes of assets and liabilities "held-for-sale" included in the Consolidated Balance Sheets are as follows:

(IN THOUSANDS)	SEPTEMBER 30 2005	DECEMBER 31 2004
ASSETS		
Cash and cash equivalents	$ 3	$ --
Accounts receivable, net	16,033	15
Inventories	9,408	133
Other current assets	183	23
Property, plant and equipment, net	5,380	761
Goodwill	5,309	--
TOTAL ASSETS "HELD-FOR-SALE"	$ 36,316	$ 932
LIABILITIES		
Accounts payable	$ 9,940	$ 24
Accrued compensation	690	--
Other current liabilities	5,315	542
Other liabilities	--	125
TOTAL LIABILITIES ASSOCIATED WITH ASSETS "HELD-FOR-SALE"	$ 15,945	$ 691

I. COMMITMENTS AND 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 Sheets at September 30, 2005 and December 31, 2004 include accruals of $2.5 million and $2.7 million, respectively, for environmental matters. The amounts charged against pre-tax income related to environmental matters totaled $0.8 million and $1.4 million for the first nine months of 2005 and 2004, respectively.

The liability for future remediation costs is evaluated on a quarterly basis. Actual costs 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, results of operations or cash flows.

ROYALTY EXPENSE DISPUTE

The Company is involved in a royalty expense dispute with Canada Revenue Agency (CRA). The CRA is proposing to disallow certain royalty expense deductions claimed by the Company's Canadian subsidiary on its 1994-1998 tax returns. As of September 30, 2005, the maximum assessment from the CRA for the period 1994-1998 is approximately $10.0 million including tax and interest. The Company has filed an administrative appeal and will vigorously contest the disallowance.

The Company currently anticipates that, ultimately, it may have liability for some portion of the assessment in this royalty expense dispute. However, the Company intends to utilize competent authority proceedings in the U.S. to recover a portion of any required tax payment amount. The Company believes that any amount not recovered through these proceedings has been fully reserved as of September 30, 2005, and therefore will not have a material adverse effect on the Company's future results of operations or financial condition. In accordance with Canadian tax law, the Company intends to make a payment to the CRA during the fourth quarter of 2005 of approximately $5.0 million, or one-half of the disputed amount. Payment of that amount will only be made for tax compliance purposes and to reduce potential interest expense on the disputed amount. The payment in no way reflects the Company's acknowledgement as to the validity of the assessed amounts.

OTHER

The Company has been named as one of many defendants (approximately 90 or more in most cases) in legal actions alleging personal injury from exposure to airborne asbestos over the past several decades. In their suits, the plaintiffs have named as defendants many manufacturers, distributors and installers of numerous types of equipment or products that allegedly contained asbestos.

The Company believes that the claims against it are without merit. The Company has never been a producer, manufacturer or processor of asbestos fibers. Any component within a Company product which may have contained asbestos would have been purchased from a supplier. Based on scientific and medical evidence, the Company believes that any asbestos exposure arising from normal use of any Company product never presented any harmful airborne asbestos exposure, and moreover, the type of asbestos contained in any component that was used in those products is protectively encapsulated in other materials and is not associated with the types of injuries alleged. Finally, in most of the depositions taken of plaintiffs to date in the litigation against the Company, plaintiffs have failed to identify any Company products as the source of their asbestos exposure.

The majority of the asbestos complaints have been filed in either New York or Mississippi. Almost all of the New York complaints contain a standard claim for damages of $20 million or $25 million against the approximately 90 defendants, regardless of the individual's alleged medical condition, and without identifying any Company product as the source of plaintiff's asbestos exposure. With respect to the Mississippi complaints, most contain a standard claim for an unstated amount of damages against the numerous defendants (typically 240 to 270), without identifying any Company product as the source of plaintiff's asbestos exposure.

The Company has not paid any amounts in settlement of these cases, with the exception of three settlements for nominal amounts paid by the Company's insurance carrier. The Company's insurance carrier has also paid all legal costs and expenses to date. The Company has liability insurance coverage available under various primary and excess policies that the Company believes will be available, if necessary, to substantially cover any liability that might ultimately be incurred on these claims.

As of September 30, 2005, there are 31,393 pending asbestos personal injury claims filed against the Company. Of these cases, 26,293 were pending in the New York Supreme Court for New York County in New York State and 4,772 of the cases were pending in state courts of various counties in Mississippi. The other claims, totaling approximately 328, are filed in various counties in a number of state courts, and in certain Federal District Courts, and those complaints assert lesser amounts of damages than the New York cases or do not state any amount claimed.

As of September 30, 2005, the Company has obtained dismissal by stipulation, or summary judgment prior to trial, in all cases that have proceeded to trial. To date, the Company has been dismissed from 11,808 cases.

In view of the persistence of asbestos litigation nationwide, which has not yet been sufficiently addressed either politically or legally, the Company expects to continue to receive additional claims. However, there were developments during the

fourth quarter of 2002 that could have a favorable effect for the Company regarding the pending claims and the number of future claims filed in the New York Supreme Court for New York County and in Mississippi state courts after 2002. On December 19, 2002, the New York Supreme Court responsible for managing all asbestos cases pending within New York County issued an Order which created a Deferred or Inactive Docket for all pending and future asbestos claims filed by plaintiffs who cannot demonstrate that they have a malignant condition or discernible physical impairment, and an Active Docket for plaintiffs who are able to show such medical conditions. The Order has been challenged by plaintiffs. Under the Order, the Court is reviewing cases for docketing based on their date of filing, with the older pending cases reviewed first. Cases designated as Active are then assigned to a "FIFO" trial group, which groups are scheduled for trial in the designated months of either February or August. For cases in which there has been a recent death or a diagnosis of cancer, the Court reviews such cases on an expedited basis and, if medically supported, such cases are transferred to an "In Extremis" trial group, which groups are scheduled for trial in the designated months of either May or November. As of September 30, 2005, the Company was listed as a defendant in approximately 258 pending cases in the New York Supreme Court for New York County that have been designated as Active or "In Extremis" and assigned to trial groups. To date, the Company has been dismissed as a defendant prior to trial in all New York cases that have proceeded to trial. The number of these dismissals is currently approximately 1,496.

Also, in the fourth quarter of 2002, Mississippi enacted tort reform legislation that made various changes in the law favorable to the Company's defense and that will apply to all cases filed on or after January 1, 2003. The majority of the claims pending against the Company in Mississippi were filed in the fourth quarter of 2002, in advance of the effective date of this more restrictive legislation.

During the third quarter of 2005, the Company continued to obtain case dismissals in Mississippi. These dismissals were in the wake of the Mississippi Supreme Court's decision in the Mangialardi case (in which the court held that consolidation of personal injury claims is impermissible and which restricted out of state residents from bringing asbestos suits in Mississippi). Based on these dismissals, the total number of pending Mississippi cases as of September 30, 2005 is now 4,772. Significantly, however, 2,877 of those cases were filed in, or removed to, the Mississippi federal district court, which is in the process of transferring them to the federal Multidistrict Asbestos Docket in Philadelphia (the "MDL"). In accordance with an order of the MDL court entered several years ago, the transferred cases are deemed "administratively dismissed," subject to being reinstated only when each individual plaintiff can demonstrate both a present physical injury and that asbestos exposure resulted from the products or activities of identifiable defendants. These "administratively dismissed" cases are not included in the dismissal numbers noted in the above paragraphs.

The Company intends to continue its practice of vigorously defending these cases as they are listed for trial and expects the insurance carriers to continue to pay the legal costs and expenses. Management believes that the outcome of these cases will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company is subject to various other claims and legal proceedings 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, results of operations or cash flows of the Company.

Insurance liabilities are recorded in accordance with SFAS 5, "Accounting for Contingencies." Insurance reserves have been estimated based primarily upon actuarial calculations and reflect the undiscounted estimated liabilities for ultimate losses including claims incurred but not reported. Inherent in these estimates are assumptions which are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. If actual claims differ from those projected by management, changes (either increases or decreases) to insurance reserves may be required and would be recorded through income in the period the change was determined. When a recognized liability is covered by third-party insurance, the Company records an insurance claim receivable to reflect the covered liability.

J. RECONCILIATION OF BASIC AND DILUTED SHARES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)	THREE MONTHS ENDED SEPTEMBER 30 2005	THREE MONTHS ENDED SEPTEMBER 30 2004	NINE MONTHS ENDED SEPTEMBER 30 2005	NINE MONTHS ENDED SEPTEMBER 30 2004
Income from continuing operations	$ 40,022	$ 30,674	$ 104,888	$ 78,511
Average shares of common stock outstanding used to compute basic earnings per common share	41,693	41,165	41,603	41,061
Dilutive effect of stock-based compensation	419	424	443	464
Shares used to compute dilutive effect of stock-based compensation	42,112	41,589	42,046	41,525
Basic earnings per common share from continuing operations	$ 0.96	$ 0.75	$ 2.52	$ 1.91
Diluted earnings per common share from continuing operations	$ 0.95	$ 0.74	$ 2.49	$ 1.89

All outstanding stock options and restricted stock units were included in the computation of diluted earnings per share at September 30, 2005. Options to purchase 8,000 shares were not included in the computation of diluted earnings per share at September 30, 2004 because the effect was antidilutive.

K. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION EXPENSE (INCOME) (IN THOUSANDS)	THREE MONTHS ENDED SEPTEMBER 30 U. S. PLANS 2005	U. S. PLANS 2004	INTERNATIONAL PLANS 2005	INTERNATIONAL PLANS 2004
Service cost	$ 845	$ 652	$ 1,757	$ 2,113
Interest cost	3,479	3,398	9,679	9,083
Expected return on plan assets	(4,778)	(4,490)	(10,674)	(9,649)
Recognized prior service costs	192	188	302	301
Recognized losses	904	746	3,006	3,312
Amortization of transition (asset)	(364)	(366)	11	(135)
Settlement loss	--	--	10	--
Defined benefit plans pension expense	$ 278	$ 128	$ 4,091	$ 5,025

DEFINED BENEFIT PENSION EXPENSE (INCOME) (IN THOUSANDS)	NINE MONTHS ENDED SEPTEMBER 30 U. S. PLANS 2005	U. S. PLANS 2004	INTERNATIONAL PLANS 2005	INTERNATIONAL PLANS 2004
Service cost	$ 2,535	$ 1,957	$ 5,322	$ 6,938
Interest cost	10,436	10,194	29,933	27,984
Expected return on plan assets	(14,334)	(13,470)	(33,041)	(29,459)
Recognized prior service costs	576	565	937	918
Recognized losses	2,713	2,237	9,364	9,966
Amortization of transition liability (asset)	(1,092)	(1,099)	14	(410)
Settlement loss	--	--	37	--
Defined benefit plans pension expense	$ 834	$ 384	$ 12,566	$ 15,937

Defined benefit pension expense in the third quarter and nine months of 2005 decreased $0.8 million and $2.9 million, respectively, from the comparable 2004 periods. This decrease relates primarily to a decline in the Company's SGB Group's U.K. pension expense as a result of plan changes implemented effective January 1, 2004. The decline in 2005 defined benefit pension expense was offset by increased defined contribution and multi-employer plans' pension expense.

Contributions to defined benefit pension plans are as follows:

DEFINED BENEFIT PENSION PLAN CONTRIBUTIONS

(IN MILLIONS)	U. S. PLANS	INTERNATIONAL PLANS
First quarter 2005	$ 0.2	$ 14.9(a)
Second quarter 2005	0.2	4.9
Third quarter 2005	4.1(b)	4.4
Nine months 2005	4.5	24.2
Projected October - December 2005	3.9(c)	4.9
Total projected for the year 2005	$ 8.4	$ 29.1

(a) Includes a $9.4 million voluntary contribution to the Company's SGB Group's U.K. pension plan.
(b) Includes a $3.8 million voluntary contribution to the Company's U.S. pension plans.
(c) Includes a $3.7 million voluntary contribution to the Company's U.S. pension plans.

Contributions to multiemployer pension plans during the third quarter and nine months ended September 30, 2005 were $2.3 million and $9.4 million, respectively.

POSTRETIREMENT BENEFITS EXPENSE (INCOME)	THREE MONTHS ENDED SEPTEMBER 30	
(IN THOUSANDS)	2005	2004
Service cost	$ 1	$ 3
Interest cost	48	72
Recognized prior service costs	1	8
Recognized (gains)/losses	(9)	8
Postretirement benefits expense	$ 41	$ 91

POSTRETIREMENT BENEFITS EXPENSE (INCOME)	NINE MONTHS ENDED SEPTEMBER 30	
(IN THOUSANDS)	2005	2004
Service cost	$ 5	$ 9
Interest cost	151	270
Recognized prior service costs	7	24
Recognized (gains)/losses	(27)	30
Curtailment gains	(318)	(2,238)
Postretirement benefits income	$ (182)	$(1,905)

The curtailment gains of $0.3 million and $2.2 million for the nine months ended September 30, 2005 and 2004, respectively, were due principally to the termination of certain postretirement health care plans.

In the quarter ended September 30, 2005, the Company contributed $78 thousand to the postretirement plans. For the nine months ended September 30, 2005, the Company contributed $213 thousand to the postretirement plans and anticipates contributing approximately $100 thousand during the remainder of 2005.

L. INCOME TAXES

The effective income tax rate relating to continuing operations was 30.8% and 31.6% in the third quarter and first nine months of 2005, respectively. This compares with 27.1% and 29.6% in the third quarter and first nine months of 2004, respectively. These increases in the effective income tax rate in 2005 were primarily the result of the expiration of three tax holidays, including Europe, Asia and the Middle East.

On October 22, 2004, the President signed the American Jobs Creation Act of 2004 (the "Act") into law. The Act creates a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85 percent dividends-received deduction for certain dividends from controlled foreign corporations. The deduction is subject to a number of limitations and complexities, and during the past six months, the Company has been analyzing the previous guidance provided by the U.S. Department of the Treasury and the potential effect of applying the repatriation provision to un-remitted foreign earnings held by its various Controlled Foreign Corporations. The Company expects to finalize its evaluation in the fourth quarter of 2005, and it expects to receive a one-time tax benefit from the Act. The amount of income to be repatriated, and the expected tax benefit have not yet been determined.

M. NEW FINANCIAL ACCOUNTING STANDARDS ISSUED

SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS 123R)

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS 123R which replaces SFAS No. 123, "Accounting for Stock-Based Compensation," and supersedes Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). SFAS 123R requires the cost of employee services received in exchange for an award of equity instruments to be based upon the grant-date fair value of the award (with limited exceptions). Additionally, this cost is to be recognized as expense over the period during which an employee is required to provide services in exchange for the award (usually the vesting period). SFAS 123R eliminates APB 25's intrinsic value method which the Company has historically used to account for stock option grants.

In March 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 107 (SAB 107) which summarizes the views of the SEC staff regarding the interaction between SFAS 123R and certain SEC rules and regulations. SAB 107 provides guidance on several topics including: valuation methods, the classification of compensation expense, capitalization of compensation cost related to share-based payment arrangements, the accounting for income tax effects of share-based payment arrangements, and disclosures in Management's Discussion and Analysis subsequent to adoption of SFAS 123R.

In April 2005, the SEC issued FR-74, "Amendment to Rule 4-01(a) of Regulation S-X Regarding the Compliance Date for Statement of Financial Accounting Standards No. 123 (Revised 2004), SHARE-BASED PAYMENT" (FR-74). FR-74 allows companies to implement SFAS 123R at the beginning of their next fiscal year (January 1, 2006 for the Company), instead of the next reporting period that begins after June 15, 2005. FR-74 does not change the accounting required by SFAS 123R; it only changes the required implementation date of the standard.

The Company has not yet determined the full impact of implementing SFAS 123R, but it is not expected to have a material impact on the Company's financial position, results of operations or cash flows since the Company ceased granting stock options in 2003. The Company plans to implement SFAS 123R as of January 1, 2006.

SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4" (SFAS 151)

In November 2004, the FASB issued SFAS 151, which amends Accounting Research Bulletin No. 43, Chapter 4, "Inventory Pricing" (ARB 43). SFAS 151 clarifies that abnormal amounts of idle facility expense, freight, handling costs and wasted material (spoilage) should be expensed rather than capitalized as inventory. Additionally, SFAS 151 requires that allocation of fixed production overheads to inventory costs be based upon the normal capacity of the production facility. The provisions of SFAS 151 are applicable to inventory costs incurred during fiscal years beginning after June 15, 2005 (as of January 1, 2006 for the Company) with earlier application permitted. The Company has not yet determined the full impact of SFAS 151; however, it is not expected to materially impact the Company's financial position, results of operations or cash flows. The Company plans to implement SFAS 151 effective January 1, 2006.

SFAS No. 154, "Accounting Changes and Error Corrections, a replacement of APB Opinion No. 20 and FASB Statement No. 3" (SFAS 154)

In May 2005, the FASB issued SFAS 154 which replaces APB Opinion No. 20, "Accounting Changes" (APB 20) and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements" (SFAS 3). SFAS 154 changes the requirements for the accounting and reporting of a change in accounting principle or correction of an error. It establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not expect the adoption of SFAS 154 to have a material impact on the Company's financial position, results of operations or cash flows. The Company plans to implement SFAS 154 effective January 1, 2006.

FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143" (FIN 47).

In March 2005, the FASB issued FIN 47 which clarifies that the term "conditional asset retirement obligation" as used in SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS 143), refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. The obligation to perform the asset retirement activity is unconditional even though uncertainty exists about the timing and/or method of settlement. Accordingly, an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value of the liability can be reasonably estimated. The fair value of a liability for the conditional asset retirement obligation should be recognized when incurred--generally upon acquisition, construction, or development and/or through the normal operation of the asset. Uncertainty about the timing and/or method of settlement of a conditional asset retirement obligation should be factored into the measurement of the liability when sufficient information exists. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation. FIN 47 is effective no later than the end of fiscal years ending after December 15, 2005 (December 31, 2005 for the Company). The Company has not yet determined the full impact of implementing FIN 47, but it is not expected to have a material impact on the Company's financial position, results of operations or cash flows. The Company plans to implement FIN 47 by December 31, 2005.

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

The following discussion should be read in conjunction with the accompanying unaudited financial statements as well as the Company's annual Form 10-K for the year ended December 31, 2004 which included additional information about the Company's critical accounting policies, contractual obligations, practices and the transactions that support the financial results.

FORWARD-LOOKING STATEMENTS

The nature of the Company's business 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. Forward-looking statements contained herein could include statements about our management confidence and strategies for performance; expectations for new and existing products, technologies, and opportunities; and expectations regarding growth, sales, cash flows, earnings and Economic Value Added (EVA(R)). These statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe," or other comparable terms.

Factors which could cause results to differ include, but are not limited to, those discussed in Part I, Item 3, "Quantitative and Qualitative Disclosures About Market Risk," of this Form 10-Q. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements.

EXECUTIVE OVERVIEW

The Company's third quarter 2005 revenues were a record $697.5 million. This was an increase of $80.2 million or 13% over the third quarter of 2004. Income from continuing operations was a record $40.0 million compared with $30.7 million in the third quarter of 2004, an increase of 30%. Diluted earnings per share from continuing operations were a record $0.95 compared with $0.74 for the third quarter of 2004, a 28% increase.

Revenues for the first nine months of 2005 were a record $2.0 billion. This is an increase of $242.5 million or 14% over the first nine months of 2004. Income from continuing operations was a record $104.9 million compared with $78.5 million in the first nine months of 2004, an increase of 34%. Diluted earnings per share from continuing operations were a record $2.49 compared with $1.89 for the first nine months of 2004, a 32% increase.

The third quarter and first nine months of 2005 results were led by strong performances from the Access Services Segment and all businesses in the Engineered Products and Services ("all other") Category. The Mill Services Segment had improved revenues in both the third quarter and first nine months of 2005. For the first nine months of 2005, the Mill Services Segment had improved operating income compared with 2004 despite a decline during the third quarter of 2005 due to increased energy costs and reduced volume at certain customer sites. The Gas Technologies Segment had improved revenues and operating income for both the third quarter and first nine months of 2005.

During the first nine months of 2005, the Company had record net cash provided by operating activities of $232.6 million compared with $165.8 million in the first nine months of 2004. Since the fourth quarter has historically been the Company's highest for cash flows, Management is confident that the stated 2005 strategic objective of generating a record $320 million in cash from operations will be achieved. The Company's cash flows are further discussed in the Liquidity and Capital Resources section.

The record revenue, operating income from continuing operations and diluted earnings per share from continuing operations for both the third quarter and first nine months of 2005 demonstrates the balance and geographic diversity of the Company's operations. The Company's Access Services Segment and Engineered Products and Services ("all other") Category delivered improved results and more than offset the third quarter operating income decline in the Mill Services Segment. This operating balance and geographic diversity provides a hedge against normal changes in economic and industrial cycles.

SEGMENT OVERVIEW

Revenues for the third quarter of 2005 for the Mill Services Segment were $254.9 million compared with $244.9 million in the third quarter of 2004, a 4% increase. Operating income decreased by 7% to $23.1 million, from $25.0 million in the third quarter of 2004. Operating margins for this Segment decreased by 110 basis points to 9.1% from 10.2% in the third quarter last year due to higher energy costs, production cutbacks by certain global steel mill customers, and higher severance costs. In comparison with the first nine months of 2004, this Segment achieved period-over-period revenue growth of $71.3 million or 10%, and accounted for 39% of the Company's revenues and 44% of the operating income for the first nine months of 2005. Despite the decline in third quarter results, operating margins for the first nine months of 2005 still increased by 10 basis points to 10.5% from 10.4% for the first nine months of 2004 due principally to new contracts.

The Access Services Segment's revenues in the third quarter of 2005 were $195.4 million compared with $176.3 million in the third quarter of 2004, an 11% increase. Operating income increased by 55% to $20.9 million, from $13.4 million in the third quarter of 2004. Operating margins for the Segment improved by 310 basis points to 10.7% from 7.6% in the third quarter of last year due to increased rental equipment utilization; better market conditions; improved pricing, particularly in the United States; and a $1.6 million pre-tax gain from the disposal of assets related to the closing of a branch location. In comparison with the first nine months of 2004, this Segment achieved period-over-period revenue growth of $68.3 million or 13%, and accounted for 29% of the Company's revenues and 27% of the operating income for the first nine months of 2005. Improved performance was achieved by both the international and domestic Access Services operations.

The Gas Technologies Segment's revenues in the third quarter of 2005 were $98.0 million compared with $84.4 million in the third quarter of 2004, a 16% increase. Operating income increased by 111% to $5.2 million, from $2.4 million in the third quarter of 2004. The increased revenues in the third quarter of 2005 were led by the propane tank and cryogenics equipment and businesses; however all businesses showed some improvement from the third quarter of 2004. As expected, operating income and margins were positively affected in the quarter by $4.0 million in lower commodity costs, particularly steel, compared with the third quarter of 2004. In comparison with the first nine months of 2004, this Segment achieved period-over-period revenue growth of $25.2 million or 10%, and accounted for 13% of the Company's revenues and 6% of the operating income for the first nine months of 2005.

Four of the five businesses in the Engineered Products and Services ("all other") Category contributed higher revenues, operating income and operating margins in the third quarter of 2005 compared with the third quarter of 2004. The performance included record results from the railway track maintenance services and equipment business, which continued to see strong sales and contracting services activity; the air-cooled heat exchangers business, where improved

market conditions have resulted in increased volumes and backlogs; and the boiler and process equipment business, where positive market acceptance of a new product and a better sales mix contributed to improved performance. Additionally, all five of the businesses contributed higher revenues and operating income in the first nine months of 2005 compared with the corresponding 2004 period.

The positive effect of foreign currency translation increased third quarter 2005 consolidated revenues by $4.9 million and pre-tax income by $1.2 million when compared with the third quarter of 2004. For the first nine months of 2005, the positive effect of foreign currency translation increased consolidated revenues by $34.6 million and pre-tax income by $3.7 million when compared with the first nine months of 2004.

OUTLOOK OVERVIEW

The Company's operations span several industries and products as more fully discussed in Part I, Item 1, "Business," of the Company's Form 10-K for the year ended December 31, 2004. On a macro basis, the Company is affected by worldwide steel mill production and capacity utilization; non-residential construction and industrial maintenance activities; industrial production volume; and the general business trend towards the outsourcing of services. The overall outlook for the remainder of 2005 continues to be positive for these business drivers, although worldwide steel mill production (excluding China) in the fourth quarter of 2005 is expected to approximate the fourth quarter of 2004. Also, the Company is currently experiencing increased energy costs that may have a negative effect on operating margins, to the extent these costs cannot be passed to customers.

Both domestic and international Access Services activity remains strong. Additionally, the Company's pending acquisition of Hunnebeck will expand the Company' geographic reach and diversification. Hunnebeck is Europe's third-largest provider of highly engineered construction formwork and scaffolding access equipment services with more than 60 branches and depots in 12 countries. The acquisition is expected to be completed in the fourth quarter of 2005, subject to regulatory approvals.

During the fourth quarter of 2004, the Company's railway track maintenance services and equipment business delivered a record number of units, principally to international customers in China, resulting in record revenues for the business. During 2005, this business' shipments have been more evenly distributed throughout the year. Therefore, on a comparative basis, results for the fourth quarter of 2005 for this business are expected to be lower than the record levels attained in the fourth quarter of 2004.

Company Management believes that the Company's record third quarter and first nine months of 2005 revenues (nine months increased 14% from 2004) and earnings per share (nine months increased 32% from 2004); the stable or improved market conditions for most of the Company's services and products; and the significant investments made in growth-related capital expenditures provide a solid base for achieving the Company's stated objective of double-digit growth in diluted earnings per share from continuing operations in 2005.

REVENUES BY REGION

(DOLLARS IN MILLIONS)	TOTAL REVENUES THREE MONTHS ENDED SEPTEMBER 30 2005	2004	PERCENTAGE GROWTH FROM 2004 TO 2005 VOLUME	CURRENCY	TOTAL
U.S.	$ 298.6	$ 252.7	18.2%	0.0%	18.2%
Europe	274.9	252.3	10.0	(1.0)	9.0
Latin America	37.5	32.2	2.2	14.3	16.5
Asia-Pacific	34.1	31.1	5.3	4.3	9.6
Middle East	24.2	19.1	25.2	1.5	26.7
Other	28.2	29.9	(9.5)	3.8	(5.7)
Total	$ 697.5	$ 617.3	12.2%	0.8%	13.0%

REVENUES BY REGION

(DOLLARS IN MILLIONS)	TOTAL REVENUES NINE MONTHS ENDED SEPTEMBER 30		PERCENTAGE GROWTH FROM 2004 TO 2005		
	2005	2004	VOLUME	CURRENCY	TOTAL
U.S.	$ 828.4	$ 737.7	12.3%	0.0%	12.3%
Europe	831.5	741.0	10.1	2.1	12.2
Latin America	111.0	88.0	15.1	11.0	26.1
Asia-Pacific	102.0	87.5	12.5	4.1	16.6
Middle East	70.5	51.6	35.1	1.5	36.6
Other	90.3	85.3	0.1	5.8	5.9
Total	$2,033.7	$1,791.1	11.6%	1.9%	13.5%

2005 HIGHLIGHTS

The following significant items affected the Company overall during the third quarter and first nine months of 2005 in comparison with the third quarter and first nine months of 2004, respectively:

Company Wide:

- Strong worldwide economic activity benefited the Company's Mill Services Segment for the first nine months (particularly the first and second quarters) and also benefited a number of the Company's other products and services. This included increased international demand for railway track maintenance services and equipment; access equipment sales and rentals especially in the U.S., Middle East and Europe; cryogenics equipment; industrial cylinders; industrial grating products; roofing granules and abrasives; and air-cooled heat exchangers.
- The effective income tax rate relating to continuing operations increased from 27.1% and 29.6% in the third quarter and first nine months of 2004, respectively, to 30.8% and 31.6% in the third quarter and first nine months of 2005, respectively. This resulted in approximately $2.2 million and $3.2 million in higher income tax expense for the third quarter and first nine months of 2005, respectively. This is more fully discussed under Part I, Item 1, Footnote L, labeled "Income Taxes."

MILL SERVICES SEGMENT:

(DOLLARS IN MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
Revenues	$ 254.9	$ 244.9	$ 794.8	$ 723.4
Operating income	23.1	25.0	83.5	75.1
Operating margin percent	9.1%	10.2%	10.5%	10.4%

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES (IN MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30
Revenues - 2004	$ 244.9	$ 723.4
Increased volume and new business	2.6	42.4
Benefit of positive foreign currency translation	5.6	25.8
Acquisitions - (principally Evulca SAS in France)	1.6	2.4
Other	0.2	0.8
Revenues - 2005	$ 254.9	$ 794.8

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- In the third quarter of 2005, operating income decreased by $1.9 million, and operating margins decreased 110 basis points to 9.1%, as a result of higher energy costs, production cutbacks by global steel mill customers, and higher severance costs. However, operating income for the first nine months of 2005 increased by $8.4 million as a result of increased pricing for certain contracts and new business, particularly in Europe and Brazil, partially offset by increased operating costs (as noted below) and reduced volume in South Africa and in North America during the second and third quarters of 2005.
- Compared with the third quarter and first nine months of 2004, the Segment's operating income in the third quarter and first nine months of 2005 was negatively impacted by increased fuel and energy-related costs of approximately $3 million and $11 million, respectively.
- The benefit of positive foreign currency translation in the third quarter and first nine months of 2005 resulted in increased operating income of $0.9 million and $2.7 million, respectively, compared with the corresponding 2004 periods.
- The Segment's operating income for the first nine months of 2005 was positively affected by $2.1 million in pre-tax income due to a net gain on the disposal of assets related to exiting an underperforming contract, partially offset by reorganization costs. This compares with $1.3 million in pre-tax expense in the first nine months of 2004.
- Selling, general and administrative costs increased $1.2 million and $6.1 million for the third quarter and first nine months of 2005, respectively (including approximately $0.4 million and $1.7 million related to foreign currency translation in the third quarter and first nine months of 2005, respectively). These increases related primarily to increased compensation costs.

ACCESS SERVICES SEGMENT:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS)	2005	2004	2005	2004
Revenues	$ 195.4	$ 176.3	$ 585.5	$ 517.3
Operating income	20.9	13.4	51.5	31.2
Operating margin percent	10.7%	7.6%	8.8%	6.0%

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES	THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30
(IN MILLIONS)		
Revenues - 2004	$ 176.3	$ 517.3
Net increased volume, mainly in the Middle East and U.S.	20.1	56.8
Effect of (negative)/positive foreign currency translation	(1.0)	7.5
Acquisitions (principally SGB Raffia in Australia)	--	3.5
Other	--	0.4
Revenues - 2005	$ 195.4	$ 585.5

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- In the third quarter and first nine months of 2005, the Segment's operating income and operating margins were positively affected by the performance of the concrete forming rental business, particularly in the Middle East and the U.K. (first six months only), as well as increased equipment rentals, product sales and erection and dismantling services revenue in North America.
- Lower pension expense in the third quarter and first nine months of 2005 increased operating income by approximately $0.9 million and $3.1 million, respectively, when compared with the respective 2004 periods.

- During the third quarter and first nine months of 2005, the international Access Services business continued to grow outside the U.K., principally in the Middle East, due to certain on-going large projects. During the first nine months of 2005, the international operations outside of the U.K. had approximately $201 million in revenues and $28 million in operating income. This compares with $154 million in revenues and $20 million in operating income for the first nine months of 2004.
- In the first nine months of 2005, there was a continued strengthening in the U.S. non-residential construction markets that started in the latter half of 2004. During the third quarter of 2005, the value of equipment on customer job sites reached an all-time high. This had a positive effect on volume (particularly erection and dismantling services revenue and equipment rental) which caused overall margins in the U.S. to improve. Equipment rentals, particularly in the construction sector, provide the highest margins for this Segment.
- Foreign currency translation in the third quarter and first nine months of 2005 resulted in increased operating income of $0.2 million and $1.1 million, respectively, compared with the corresponding 2004 periods.
- On a comparative basis, operating income in the first nine months of 2005 was positively affected by a $1.6 million pre-tax gain from the disposal of assets related to the closing of a branch location. This was mostly offset by the impact of $1.3 million in pre-tax income from the termination of a post-retirement benefit during the first nine months of 2004 that was not repeated in 2005.

GAS TECHNOLOGIES SEGMENT:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS)	2005	2004	2005	2004
Revenues	$ 98.0	$ 84.4	$ 270.2	$ 245.0
Operating income	5.2	2.4	10.9	10.8
Operating margin percent	5.3%	2.9%	4.0%	4.4%

GAS TECHNOLOGIES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES (IN MILLIONS)	THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30
Revenues - 2004	$ 84.4	$ 245.0
Increased demand for cryogenics equipment and industrial cylinders	3.9	21.2
Increased demand for composite-wrapped cylinders and certain valves	3.8	6.0
Benefit of positive foreign currency translation	0.1	0.5
Increased/(decreased) sales of propane tanks (due to customers accelerating purchases in 2004 to avoid price increases)	5.8	(2.3)
Other	--	(0.2)
Revenues - 2005	$ 98.0	$ 270.2

GAS TECHNOLOGIES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- Operating income increased in the third quarter and first nine months of 2005 compared with the same periods of 2004, due mainly to decreased commodity costs, particularly steel.
- As expected, the propane business had increased revenues and operating income in the third quarter although both revenue and operating income decreased in the first nine months of 2005 when compared with the same 2004 periods. As indicated last year, there was increased demand for propane tanks in the first nine months of 2004 driven by customers accelerating purchases in anticipation of future price increases due to higher steel prices.
- Increased costs and product mix in the valves business negatively impacted operating income in the first nine months of 2005 compared with the same period of 2004. A strategic action plan is being implemented to improve the results of the valves business. This plan is further discussed in the Outlook, Trends and Strategies section.

- The international businesses, in both Asia and Europe, contributed significantly to the increased performance of the cryogenics business during the first nine months of 2005 compared with the first nine months of 2004.
- Higher operating income for industrial cylinders was due to increased demand and selling price increases.
- Foreign currency translation in the first nine months of 2005 did not have a material impact on operating income for this Segment compared with the first nine months of 2004.

ENGINEERED PRODUCTS AND SERVICES ("ALL OTHER") CATEGORY:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
(IN MILLIONS)	2005	2004	2005	2004
Revenues	$ 149.2	$ 111.6	$ 383.2	$ 305.5
Operating income	20.9	13.7	48.2	33.0
Operating margin percent	14.0%	12.2%	12.6%	10.8%

ENGINEERED PRODUCTS & SERVICES ("ALL OTHER") CATEGORY - SIGNIFICANT IMPACTS ON REVENUES	THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30
(IN MILLIONS)		
Revenues - 2004	$ 111.6	$ 305.5
Railway track maintenance services and equipment	24.7	41.6
Air-cooled heat exchangers	9.7	24.4
Industrial grating products	1.5	7.8
Boiler and process equipment	1.7	2.8
Benefit of positive foreign currency translation	0.2	0.8
Roofing granules and abrasives	(0.3)	0.2
Rounding	0.1	0.1
Revenues - 2005	$ 149.2	$ 383.2

ENGINEERED PRODUCTS AND SERVICES ("ALL OTHER") CATEGORY - SIGNIFICANT IMPACTS ON OPERATING INCOME FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2005 COMPARED WITH THE SAME 2004 PERIODS:

- Higher operating income in the first nine months of 2005 (including a record third quarter) for the railway track maintenance services and equipment business was due principally to increased rail equipment sales (principally to international customers), international contract services and repair parts sales in the U.S. This was partially offset by increased engineering and selling, general and administrative expenses.
- Operating income for the air-cooled heat exchangers business improved in the third quarter and first nine months of 2005 due to increased volume resulting from an improved natural gas market.
- Increased third quarter and first nine months of 2005 operating income for the industrial grating products business was due principally to higher selling prices and an improved product mix.
- The boiler and process equipment business delivered improved third quarter and first nine months 2005 results due to improved pricing and improved revenues from the new-generation Mach boilers.
- Strong demand for roofing granules and abrasives again resulted in sustained levels of profitable results for that business in the first nine months of 2005, consistent with prior periods. This is despite difficulty throughout the third quarter of 2005 in obtaining rail cars to deliver its products, and to a lesser extent higher energy costs.
- Foreign currency translation in the first nine months of 2005 did not have a material impact on operating income for this Segment compared with the first nine months of 2004.

OUTLOOK, TRENDS AND STRATEGIES

Looking to the remainder of 2005 and beyond, the following significant items, trends and strategies are expected to affect the Company:

Company Wide:

- The Company will continue its focus on expanding the higher-margin industrial services businesses, with a particular emphasis on growing the Mill Services Segment, Access Services Segment and railway services through the provision of additional services to existing customers, new contracts in both mature and emerging markets and strategic acquisitions such as the previously announced Hunnebeck Access Services acquisition.
- The continued growth of the Chinese steel industry could impact the Company in several ways. Increased steel mill production in China may provide additional service opportunities for the Mill Services Segment. However, increased Chinese steel exports could result in lower steel production in other parts of the world affecting the Company's customer base. Additionally, although certain commodity costs (e.g., steel) have stabilized in the first nine months of 2005, continued increased Chinese economic activity may result in increased commodity costs in the future, which may adversely affect the Company's manufacturing businesses. The potential impact of these risks are currently unknown.
- Fuel and energy costs have increased approximately $13 million for the first nine months of 2005 compared with the same period of 2004. Should these costs continue to rise, the Company's operating costs would further increase and profitability would decline to the extent that such costs cannot be passed to customers.
- Foreign currency translation has had a favorable effect on the Company's sales and income during the first nine months of 2005. This is due to the average foreign exchange rate for the euro and the British pound sterling being 3% and 1% higher, respectively, during the first nine months of 2005 when compared with the first nine months of 2004. In comparison with December 31, 2004, the euro and British pound sterling have weakened 13% and 9%, respectively, in relation to the U.S. dollar. Should the U.S. dollar continue to strengthen, particularly in relationship to the euro or British pound sterling, the impact on the Company would generally be negative in terms of reduced sales and income.
- The Company will continue to focus on improving Economic Value Added (EVA(R)). Under this program, the Company evaluates strategic investments based upon the investment's economic profit. EVA equals after-tax operating profits less a charge for the use of the capital employed to create those profits (only the service cost portion of defined benefit pension expense is included for EVA purposes). Therefore, value is created when a project or initiative produces a return above the cost of capital.
- A record $320 million in net cash provided by operating activities has been targeted for 2005 and will likely be achieved. This is supported by record net cash provided by operating activities of $232.6 million in the first nine months of 2005 combined with fourth quarter cash flows that are traditionally the Company's strongest quarter of the year (see chart in Part I, Item 3. "Quantitative and Qualitative Disclosures About Market Risk."
- Controllable cost reductions and continuous process improvement initiatives across the Company should further enhance margins for most businesses. This includes improved supply chain management and additional outsourcing in the manufacturing businesses.
- Total pension expense (defined benefit, defined contribution and multi-employer) for 2005 is expected to approximate 2004. Global defined benefit pension plan expense for 2006 is expected to approximate 2005. In the U.K., pension expense is expected to decline in 2006 due to the significant level (approximately $20 million in the past 12 months) of voluntary cash contributions to the defined benefit pension plan. This will be partially offset by increased expense due to the effects of changes in actuarial assumptions in the global pension plans required by SFAS No. 87, "Employers' Accounting for Pensions." Domestically, the twenty-year amortization of the transition asset (from the initial implementation of SFAS No. 87 in 1986) will cease during 2006. This is projected to increase pension expense approximately $1.3 million when compared with 2005. The full impact of these anticipated changes will not be known until the latter half of the fourth quarter of 2005. For additional information on the Company's defined benefit pension plans see Part I, Item 1, Footnote K labeled "Employee Benefit Plans" and Part I, Item 3, "Quantitative and Qualitative Disclosures About Market Risk."
- Changes in worldwide interest rates should not significantly affect the Company's overall interest expense. Approximately 84% of the Company's current borrowings are at fixed interest rates, principally in British pounds sterling or U.S. dollars. Additionally, most of the Company's borrowings are long-term in nature and do not mature until 2010 or later. Should the Company require significant additional borrowings to finance growth-related acquisitions, they would be at the prevailing market interest rates which may be higher than the Company is currently paying under its commercial paper programs.
- On October 22, 2004, the President signed the American Jobs Creation Act of 2004 (the "Act") into law. The Act creates a temporary incentive for U.S. corporations to repatriate accumulated income earned abroad by providing an 85 percent dividends-received deduction for certain dividends from controlled foreign corporations. The deduction is

subject to a number of limitations and complexities, and during the past six months, the Company has been analyzing the previous guidance provided by the U.S. Department of the Treasury and the potential effect of applying the repatriation provision to un-remitted foreign earnings held by its various Controlled Foreign Corporations. The Company expects to finalize its evaluation in the fourth quarter of 2005, and it expects to receive a one-time tax benefit from the Act. The amount of income to be repatriated, and the expected tax benefit have not yet been determined.

- In the fourth quarter of 2005, the effective income tax rate for continuing operations is expected to be 33.4%, before the effect of any discrete items. This compares with an effective tax rate of 26.4% in the fourth quarter of 2004. However, as indicated in the prior paragraph, a one-time tax benefit from the American Jobs Creation Act of 2004 is expected in the fourth quarter of 2005. Overall, net of the one-time benefit, the effective income tax rate is expected to be higher in the fourth quarter of 2005 compared with 2004.

Mill Services Segment:

- According to the International Iron and Steel Institute (IISI), global steel production (excluding China) for the first nine months of 2005 was slightly below the first nine months of 2004. To maintain pricing levels, a more disciplined steel industry has been adjusting production levels to bring inventories in-line with current demand. Based on these demand changes, during the fourth quarter of 2005, the Company expects global steel production to approximate the production of the fourth quarter of 2004.
- The Mill Services Segment's fourth quarter 2005 results are expected to approximate the fourth quarter of 2004. This is principally a result of production volume decreases in certain counties (i.e., the U.S., South Africa, Spain, etc.) and higher energy costs, mostly offset by the benefit of new contracts. A gradual increase in volume is expected to occur as the fourth quarter progresses and should continue into 2006.
- The effect of foreign currency translation for the remainder of 2005 is unknown.
- The increased energy-related costs this Segment experienced during the first nine months of 2005 are expected to persist through the rest of the year and into 2006. However, given the volatility of such costs, the effect cannot be quantified.
- A merger during April 2005 of two of the Company's larger customers has created the world's largest steel company. The risk remains that certain Mill Services customers may be acquired or consolidate in the future, which could have an adverse impact on the Company's income and cash flows. Conversely, such consolidation may provide additional service opportunities for the Company.

Access Services Segment:

- Both the international and domestic Access Services businesses are expected to show continued improvement during 2005 and into 2006.
- Nonresidential construction activity at the Company's international operations, particularly in the Middle East, remains strong. However, looking towards 2006, certain large projects in the Middle East are expected to be completed. This potential decrease is expected to be offset by increased activity in other markets.
- U.S. non-residential construction activity continued to improve in the first nine months of 2005 and the overall market outlook remains positive. Various industry sources are currently forecasting significant growth for U.S. non-residential construction during 2005 which should continue into 2006.
- The domestic Access Services business is expected to benefit from increased non-residential construction activity as a result of recent hurricanes; however, the projected benefit cannot be quantified at this time.
- The effect of foreign currency translation for the remainder of 2005 is unknown.

Gas Technologies Segment:

- Although cost inflation for steel and certain commodities started to moderate in the second and third quarters of 2005, worldwide supply and demand for steel and the availability of carbon fiber used to manufacture filament-wound composite cylinders could have adverse effects on future raw material costs and this Segment's ability to obtain the necessary raw materials. Nonetheless, this Segment is expected to benefit from overall lower commodity costs during the fourth quarter of 2005 in comparison with the fourth quarter of 2004.
- Weak market conditions and increased costs have impacted the valves business during the first nine months of 2005. A comprehensive strategic plan has been developed and is currently being executed to mitigate these conditions. They include the following: a new senior management team; development and marketing of new products; focus on an expanded international customer base; consolidating certain manufacturing process; process improvements within the manufacturing operations including outsourcing; and optimization of the organizational structure of the business. If the conditions encountered during 2004 and the first nine months of 2005 persist, despite execution of the strategic action plan, the valuation of this business could be negatively impacted.

- Despite a decline in the first nine months of 2005, the propane business is expected to perform well for 2005 as a whole, as it returns to its more normal business cycle.

Engineered Products and Services ("all other") Category:

- International demand for the railway track maintenance services and equipment business' products and services has been strong and is expected to remain so. However, on a comparative basis, results for the fourth quarter of 2005 are expected to be lower than the record levels attained by this business in the fourth quarter of 2004.
- Process improvements, new technologies and improved manufacturing efficiencies are expected to assist in continuing to improve margins of the railway track maintenance services and equipment business on a long-term basis.
- The industrial grating business is expected to sustain its continued levels of increased profitability for 2005. Additionally, this business is expected to benefit from increased non-residential construction activity as a result of recent hurricanes; however, the projected benefit cannot be quantified at this time.
- Although cost inflation for steel and certain commodities has started to moderate in 2005, worldwide supply and demand for steel could have an adverse effect on raw material costs and the ability to obtain the necessary raw materials for most businesses in this Category.
- Consistent, sustained profitable results are expected from the roofing granules and abrasives business, although increased energy costs could impact margins.
- Due to an improving natural gas market, demand for air-cooled heat exchangers is expected to remain strong for the balance of the 2005 and stable into 2006.

RESULTS OF OPERATIONS

(DOLLARS ARE IN MILLIONS, EXCEPT PER SHARE AND PERCENTAGES)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
Revenues from continuing operations	$ 697.5	$ 617.3	$ 2,033.7	$ 1,791.1
Cost of services and products sold	532.6	470.7	1,552.6	1,367.6
Selling, general and administrative expenses	95.1	90.6	287.3	268.1
Other (income) expenses	(0.5)	0.9	0.3	4.5
Operating income from continuing operations	69.6	54.5	191.4	149.0
Interest expense	9.9	10.1	30.8	30.4
Income tax expense from continuing operations	18.6	12.1	51.4	35.6
Income from continuing operations	40.0	30.7	104.9	78.5
Income/(loss) from discontinued operations	--	7.9	(0.1)	7.7
Net income	40.0	38.6	104.8	86.2
Diluted earnings per common share	0.95	0.93	2.49	2.08
Consolidated effective income tax rate	30.8%	29.0%	31.6%	30.1%

COMPARATIVE ANALYSIS OF CONSOLIDATED RESULTS

REVENUES

Revenues for the third quarter of 2005 increased $80.2 million or 13% from the third quarter of 2004, to a record level. Revenues for the first nine months of 2005 increased $242.5 million or 14% from the first nine months of 2004, to a record level for the first nine months of a year. These increases were attributable to the following significant items:

CHANGES IN REVENUES - 2005 VS. 2004 (IN MILLIONS)	THIRD QUARTER	NINE MONTHS
Net increased revenues in the Access Services Segment due principally to the strength of the international business, particularly in the Middle East and Europe, and improving markets in North America.	$ 20.1	$ 57.2
Net increased volume, new contracts and sales price changes in the Mill Services Segment.	2.8	43.2
Net increased revenues in the railway track maintenance services and equipment business due principally to increased rail equipment sales (primarily to international customers), contract services and repair part sales.	24.7	41.6
Effect of positive foreign currency translation.	4.9	34.6
Net increased revenues in the Gas Technologies Segment due principally to improved market conditions for industrial cylinders, cryogenics equipment and composite-wrapped cylinders. For the third quarter of 2005, propane tank sales increased due to lower than normal seasonal demand in the third quarter of 2004. However, for the first nine months of 2005, propane tank sales decreased in comparison with the first nine months of 2004. This was due to customers accelerating purchases in 2004 to avoid anticipated price increases due to commodity cost inflation.	13.5	24.7
Increased revenues of the air-cooled heat exchangers business due to improving natural gas markets.	9.7	24.4
Increased revenues of the industrial grating products business due principally to strong demand resulting in increased volume and increased prices.	1.5	7.8
Net effect of business acquisitions in the Mill Services Segment $1.6 million/$2.4 million (quarter and nine months) and the Access Services Segment $3.5 million (nine months only).	1.6	5.9
Other (minor changes across the various units not already mentioned).	1.4	3.1
Total Change in Revenues - 2005 vs. 2004	$ 80.2	$ 242.5

COST OF SERVICES AND PRODUCTS SOLD

Cost of services and products sold for the third quarter of 2005 increased $61.9 million, or 13%, from the third quarter of 2004, in line with the 13% increase in revenues. Cost of services and products sold for the first nine months of 2005 increased $185.0 million, or 14%, from the first nine months of 2004, in line with the 14% increase in revenues. These increases were attributable to the following significant items:

CHANGES IN COST OF SERVICES AND PRODUCTS SOLD - 2005 VS. 2004 (IN MILLIONS)	THIRD QUARTER	NINE MONTHS
Increased costs due to increased revenues (exclusive of the effect of foreign currency translation and business acquisitions) including the effect of increased commodity costs and energy-related cost increases in excess of approximately $4 million and $12 million for the third quarter and first nine months, respectively.	$ 55.5	$ 153.7
Effect of foreign currency translation.	4.3	27.1
Effect of business acquisitions in the Mill Services (third quarter and nine months) and Access Services Segments (nine months only).	1.1	4.8
Other (due to product mix and minor changes across the various units not already mentioned).	1.0	(0.6)
Total Change in Cost of Services and Products Sold - 2005 vs. 2004	$ 61.9	$ 185.0

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative (SG&A) expenses for the third quarter of 2005 increased $4.5 million or 5% from the third quarter of 2004, a lower rate than the 13% increase in revenues. SG&A expenses for the first nine months of 2005 increased $19.3 million or 7% from the first nine months of 2004, a lower rate than the 14% increase in revenues. These lower relative percentage increases in SG&A expenses as compared with revenues were due to stringent cost controls, process improvements and reorganization actions. Additionally, a significant portion of the general and administrative costs are relatively fixed and would not normally change in direct proportion to increases or decreases in revenues. The absolute dollar increase in SG&A expenses were attributable to the following significant items:

CHANGES IN SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - 2005 VS. 2004 (IN MILLIONS)	THIRD QUARTER	NINE MONTHS
Increased compensation expense due to salary increases, increased headcount, increased payroll taxes and employee incentive plan increases due to improved performance, partially offset by decreased defined benefit pension expense.	$ 1.9	$ 4.8
Effect of foreign currency translation.	0.1	3.9
Increased commissions expense.	1.7	2.9
Increased costs on a comparative basis due to income generated by the termination of postretirement benefit plans in 2004 that were not repeated in 2005.	--	2.1
Effect of business acquisitions - principally SGB Raffia in Australia.	0.1	1.4
Increased travel expenses.	0.2	1.2
Other (including increased energy-related costs).	0.5	3.0
Total Change in Selling, General and Administrative Expenses - 2005 vs. 2004	$ 4.5	$ 19.3

OTHER (INCOME) EXPENSES

This income statement classification includes impaired asset write-downs, employee termination benefit costs and costs to exit activities, offset by net gains on the disposal of non-core assets. During the first nine months of 2005, the Company continued its strategy to streamline operations. This strategy included the sale of certain assets related to exiting an underperforming Mill Services contract; the sale of certain assets in the Access Services Segment; and, where appropriate, headcount reductions in both administrative and operating positions. These actions resulted in net Other (income)/expense of $(0.5) million and $0.3 million in the third quarter and first nine months of 2005, respectively, compared with net Other expense of $0.9 million and $4.5 million in the comparable 2004 periods. These changes were attributable to the following significant items:

CHANGES IN OTHER (INCOME) EXPENSES - 2005 VS. 2004 (IN MILLIONS)	THIRD QUARTER	NINE MONTHS
Net increase in gains on disposals of assets.	$ (2.0)	$ (5.9)
Increase in employee termination benefit costs.	0.5	1.5
Increase in other expenses due principally to costs associated with reorganization initiatives.	0.1	0.3
Total Change in Other (Income) Expenses - 2005 vs. 2004	$ (1.4)	$ (4.1)

INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

The increase in income tax expense from continuing operations for the third quarter and first nine months of 2005 of $6.5 million or 53% and $15.8 million or 44%, respectively, was primarily due to increased earnings from continuing operations for the reasons mentioned above. There was also an increase in the effective income tax rate relating to continuing operations from 27.1% and 29.6% in the third quarter and first nine months of 2004, respectively, to 30.8% and 31.6% in the third quarter and first nine months of 2005, respectively. The increase in the effective income tax rate in 2005 was primarily the result of the expiration of three tax holidays in Europe, Asia and the Middle East.

INCOME FROM CONTINUING OPERATION

Income from continuing operations was a record $40.0 million and a record $104.9 million in the third quarter and first nine months of 2005, respectively. These were increases of 30% and 34% from the respective 2004 periods. These records resulted from improved third quarter performance from principally the Access Services Segment, the railway track maintenance services and equipment business, the Gas Technologies Segment, air-cooled heat exchangers and industrial grating products. On a year-to-year basis, improved performance resulted primarily from the Access Services Segment, the railway track maintenance services and equipment business, the Mill Services Segment, air-cooled heat exchangers and industrial grating products. Increased gains on the disposal of assets also affected results, as more fully described in the sections above. These improvements were partially offset by an increased effective income tax rate in both the third quarter and first nine months of 2005.

INCOME/(LOSS) FROM DISCONTINUED OPERATIONS

The decrease in income from discontinued operations in both the third quarter and first nine months of 2005 related to the recording of $12.5 million pre-tax of the $12.6 million pre-tax settlement with the U.S. Government regarding the long-standing Federal Excise Tax (FET) dispute during the third quarter of 2004. The Company received payment of the settlement during the fourth quarter of 2004. For additional information on the FET settlement, see Note 10, "Commitments and Contingencies," to the Company's Form 10-K for the year ended December 31, 2004.

NET INCOME AND EARNINGS PER SHARE

Net income of $40.0 million and diluted earnings per share of $0.95 in the third quarter of 2005 exceeded the third quarter of 2004 by $1.4 million and $0.02, respectively. Net income of $104.8 million and diluted earnings per share of $2.49 in the first nine months of 2005 exceeded the first nine months of 2004 by $18.6 million and $0.41, respectively. These increases resulted from strong demand for most of the Company's services and products resulting in increased revenues, as well as from stringent cost controls and process improvements that contained selling, general and administrative expenses growth to a level below revenue growth, partially offset by an increased effective income tax rate. This was partially offset by decreased income from discontinued operations in 2005 for the reasons mentioned in the previous paragraph.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

Building on 2004's record cash provided by operations of $270.5 million, the Company continued that momentum by achieving a record $232.6 million in operating cash in the first nine months of 2005, 40% higher than the first nine months of 2004. That significant source of cash in 2005 has enabled the Company to invest $209.2 million in capital expenditures (over one-half of which were for revenue-growth projects) and $7.0 million in strategic acquisitions, in addition to paying $37.4 million in stockholder dividends. The Company also received $17.4 million in cash from asset sales in the first nine months of 2005. The sale of the Youngman access equipment manufacturing plant in October 2005 will put the total cash from asset sales well above the Company's $20 million goal.

Since the fourth quarter has historically been the Company's highest for cash flows, Management is confident that the stated 2005 strategic objective of generating a record $320 million in net cash provided by operating activities will be achieved. The Company's strategy is to redeploy excess or discretionary cash in new long-term, high renewal-rate services contracts for the Mill Services business and for growth in the Access Services and railway track maintenance services businesses. The Company will also pursue sensible bolt-on acquisitions, such as the recently announced Hunnebeck Access Services acquisition, to further enhance its industrial services growth, expand its geographic footprint and increase Economic Value Added (EVA(R)). Upon completion of the pending Hunnebeck acquisition, the 2005 targeted investment of $140 million of discretionary cash flow for internal growth opportunities and acquisitions will be substantially exceeded. The Company also plans to continue its long and consistent history of paying dividends to stockholders.

The Company's net cash borrowings increased $25.6 million in the first nine months of 2005 due to record capital investments of $209.2 million. As of September 30, 2005, the Company had only approximately $87 million of debt that can be paid prior to maturity. The balance of the debt, principally the Company's (pound)200 million notes and its $150 million notes, cannot be paid until maturity in 2010 and 2013, respectively. With the pending Hunnebeck acquisition, the Company's overall debt is expected to increase in the near-term with a goal of reducing this debt during 2006, to the extent possible. The Hunnebeck acquisition is expected to be financed by issuing commercial paper in the U.S. and Europe. This will increase variable debt from its current 16% of total debt to approximately 34% of total debt.

COMMERCIAL COMMITMENTS

As of September 30, 2005, there was a decrease in the standby letters of credit and performance bonds of approximately $96.9 million from the total $218.3 million outstanding at December 31, 2004. This decrease was due principally to the release in January 2005 of an $80 million surety bond and a $9 million standby letter of credit, both related to the Company's settled Federal Excise Tax (FET) dispute, as previously reported in the Annual Report on Form 10-K for 2004.

SOURCES AND USES OF CASH

The Company's principal sources of liquidity are cash from operations and short-term borrowings under its various credit agreements, augmented periodically by cash proceeds from asset sales. The primary drivers of the Company's cash flow from operations are the Company's sales and income, particularly in the services businesses. The Company's long-term Mill Services contracts provide predictable cash flows for several years into the future. (See "Certainty of Cash Flows" section for additional information on estimated future revenues of Mill Services contracts and order backlogs for the Company's manufacturing businesses and railway track maintenance services business). Additionally, returns on capital investments made in prior years, for which no cash is currently required, are a significant source of operating cash. Depreciation related to these investments is a non-cash charge. The Company also continues to maintain working capital at a manageable level based upon the requirements and seasonality of the business.

Major uses of operating cash flows and borrowed funds include payroll costs and related benefits; pension funding payments; raw material purchases for the manufacturing businesses; income tax payments; interest payments; insurance premiums and payments of self-insured casualty losses; and machinery, equipment, automobile and facility rental payments. Other primary uses of cash include capital investments, principally in the industrial services businesses; debt payments; and dividend payments. Cash will also be used for acquisitions as the appropriate opportunities arise.

RESOURCES AVAILABLE FOR CASH REQUIREMENTS - The Company has various credit facilities and commercial paper programs available for use throughout the world. The following chart illustrates the amounts outstanding on credit facilities and commercial paper programs and available credit at September 30, 2005.

SUMMARY OF CREDIT FACILITIES AND COMMERCIAL PAPER PROGRAMS	AS OF SEPTEMBER 30, 2005		
(IN MILLIONS)	FACILITY LIMIT	OUTSTANDING BALANCE	AVAILABLE CREDIT
U.S. commercial paper program	$ 350.0	$ 56.6	$ 293.4
Euro commercial paper program	120.5	16.8	103.7
Revolving credit facility (a)	350.0	--	350.0
Bilateral credit facility (b)	25.0	--	25.0
TOTALS AT SEPTEMBER 30, 2005	$ 845.5	$ 73.4	$ 772.1(c)

(a) U.S.-based program
(b) International-based program
(c) Although the Company has significant available credit, it is the Company's policy to limit aggregate commercial paper and credit facility borrowings at any one time to a maximum of $375 million. This will increase to $500 million upon the expected execution of increased credit facilities and commercial paper programs in the fourth quarter of 2005, as indicated below.

In order to provide increased financial flexibility for potential growth-related investments and for general corporate requirements, the Company plans to increase its credit facilities and commercial paper programs during the fourth quarter of 2005 as follows:

SUMMARY OF PROJECTED CHANGES TO CREDIT FACILITIES AND COMMERCIAL PAPER PROGRAMS

(IN MILLIONS)	SEPTEMBER 30, 2005 FACILITY LIMIT	PROJECTED DECEMBER 31, 2005 FACILITY LIMIT(d)	CHANGE
U.S. commercial paper program	$ 350.0	$ 450.0	$ 100.0
Euro commercial paper program (a)	120.5	241.0	120.5
Revolving credit facility (b)	350.0	450.0	100.0
Bilateral credit facility (c)	25.0	50.0	25.0
Totals	$ 845.5	$ 1,191.0	$ 345.5

(a) 100 million euros being expanded to 200 million euros
(b) U.S.-based program
(c) International-based program
(d) The projected increases are contingent upon the execution of the necessary agreements and receipt of regulatory approvals.

For more information on the Company's credit facilities, see Note 6, "Debt and Credit Agreements," to the Company's Form 10-K for the year ended December 31, 2004.

CREDIT RATINGS AND OUTLOOK - The following table summarizes the Company's debt ratings at September 30, 2005:

	LONG-TERM NOTES	U.S.-BASED COMMERCIAL PAPER	OUTLOOK
Standard & Poor's (S&P)	A-	A-2	Stable
Moody's	A3	P-2	Stable
Fitch	A-	F2	Stable

The Company's euro-based commercial paper program has not been rated since the euro market does not require it. In July 2005, Fitch reaffirmed its A- and F2 ratings for the Company's long-term notes and U.S. commercial paper, respectively, and its stable outlook. S&P and Moody's reaffirmed their ratings for the Company in September 2005 and September 2004, respectively. A downgrade to the Company's credit rating would probably increase the costs to the Company to borrow funds. An improvement in the Company's credit rating would probably decrease the costs to the Company to borrow funds.

WORKING CAPITAL POSITION - Changes in the Company's working capital are reflected in the following table:

(DOLLARS ARE IN MILLIONS)	SEPTEMBER 30 2005	DECEMBER 31 2004	INCREASE (DECREASE)
CURRENT ASSETS			
Cash and cash equivalents	$ 113.3	$ 94.1	$ 19.2
Accounts receivable, net	567.0	555.2	11.8
Inventories	246.6	217.0	29.6
Other current assets	62.4	58.6	3.8
Assets held-for-sale	36.3	1.0	35.3
Total current assets	1,025.6	925.9	99.7
CURRENT LIABILITIES			
Notes payable and current maturities	13.7	31.1	(17.4)
Accounts payable	204.9	220.3	(15.4)
Accrued compensation	60.8	63.8	(3.0)
Income taxes	47.6	40.2	7.4
Other current liabilities	268.7	223.0	45.7
Liabilities associated with assets held-for-sale	15.9	0.7	15.2
Total current liabilities	611.6	579.1	32.5
WORKING CAPITAL	$ 414.0	$ 346.8	$ 67.2
CURRENT RATIO	1.7:1	1.6:1	

Working capital increased approximately 19% in the first nine months of 2005 due principally to the following factors:

- Assets held-for-sale and their associated liabilities increased as of September 30 due to the pending sale of the Youngman U.K. Access Services manufacturing plant. This transaction closed in October 2005.

- Inventories increased $29.6 million from December 31, 2004 due to the following factors:

  - Increased work-in-process and raw materials inventories due primarily to customer orders being manufactured at the railway track maintenance services and equipment business, scheduled for delivery principally in the fourth quarter of 2005.

  - Increased finished goods for the Gas Technologies Segment to meet expected demand in the fourth quarter of 2005.

- Cash increased by $19.2 million due to increased cash from operations in certain subsidiaries. A portion of this cash will be repatriated in the fourth quarter under the American Jobs Creation Act. See Part I, Item 1, Footnote L, labeled "Income Taxes" for further discussion.

- Short-term borrowings and current maturities decreased due to reduced international short-term borrowings.

- Other current liabilities increased principally due to increases in accrued insurance liabilities (primarily related to claims covered by third-party insurance) and accrued interest on the 200 million British pound sterling notes (since interest is paid annually in October). The increase in accrued insurance liabilities was offset by an increase in accounts receivable related to the corresponding insurance recovery.

CERTAINTY OF CASH FLOWS - The certainty of the Company's future cash flows is underpinned by the long-term nature of the Company's Mill Services contracts. At December 31, 2004, the Company's Mill Services contracts had estimated future revenues of $3.7 billion. In addition, as of September 30, 2005, the Company had an order backlog of $323.4 million for its manufacturing businesses and railway track maintenance services. This compares with $243.0 million at December 31, 2004 and $299.6 million at September 30, 2004. The increase from December 31, 2004 is due principally to new railway track maintenance services contracts and new orders for heat exchangers in the Engineered Products and

Services ("all other") Category. The railway track maintenance services and equipment business backlog includes a significant portion that is long-term, which will not be realized until 2006 and later due to the long lead times necessary to build certain equipment, and the long-term nature of certain service contracts. Backlog for scaffolding, shoring and forming services 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.

The types of products and services that the Company provides are not subject to rapid technological change. This increases the stability of related cash flows. Additionally, each of the Company's businesses is among the top three companies (relative to sales) in the industries the Company serves. Due to these factors, the Company is confident in its future ability to generate positive cash flows from operations.

CASH FLOW SUMMARY

The Company's cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

SUMMARIZED CASH FLOW INFORMATION

(IN MILLIONS)	NINE MONTHS ENDED SEPTEMBER 30 2005	2004
Net cash provided by (used in):		
Operating activities	$ 232.6	$ 165.8
Investing activities	(198.9)	(155.5)
Financing activities	(7.0)	4.8
Effect of exchange rate changes on cash	(7.5)	(1.9)
Net change in cash and cash equivalents	$ 19.1(a)	$ 13.2

(a) does not total due to rounding

CASH FROM OPERATING ACTIVITIES - Net cash provided by operating activities in the first nine months of 2005 was a record $232.6 million, an increase of $66.8 million from the first nine months of 2004. The increased cash from operations was a result of the following factors:

- Increased net income in the first nine months of 2005 compared with the first nine months of 2004.

- Net receivables increased as of September 30, 2005 compared with December 31, 2004. This was due to the timing of receipts on third-party insurance claims partially offset by the timing of cash collections at the railway track maintenance services and equipment business, Mill Services business, and the international Access Services business. The increased receivables due to the third-party insurance claims were directly offset by an increase in insurance liabilities.

- Net cash payments for inventories of $43 million were made through September 30, 2005, less than in the comparable period of 2004. This build-up was to meet scheduled shipments at the railway track maintenance services and equipment business and for anticipated shipments by the Gas Technologies Segment.

- A change in other assets and liabilities was due principally to the increase in insurance liabilities partially offset by a discretionary payment made to the U.K. pension plan in the first quarter of 2005. The increased insurance liabilities were directly offset by increased third-party insurance claim receivables.

CASH USED IN INVESTING ACTIVITIES - Capital investments of $209.2 million for the first nine months of 2005 were a record for the first nine months of a year. This was an increase of $55.4 million over the first nine months of 2004. Overall, in the first nine months of 2005, over 50% of the investments were for projects intended to grow future revenues. Investments were made predominantly in the industrial services businesses with 55% in the Mill Services Segment and 31% in the Access Services Segment. Throughout the remainder of 2005, the Company plans to continue to invest in high-return projects and bolt-on acquisitions, principally in the industrial services businesses.

CASH USED IN FINANCING ACTIVITIES - The following table summarizes the Company's debt and capital positions at September 30, 2005 and December 31, 2004.

(DOLLARS ARE IN MILLIONS)	SEPTEMBER 30 2005	DECEMBER 31 2004
Notes Payable and Current Maturities	$ 13.7	$ 31.1
Long-term Debt	597.7	594.7
Total Debt	611.4	625.8
Total Equity	960.8	914.2
Total Capital	$ 1,572.2	$ 1,540.0
Total Debt to Total Capital	38.9%	40.6%

The Company's debt as a percent of total capital as of September 30, 2005 decreased slightly from December 31, 2004. Total equity increased due to $104.8 million of net income in the first nine months of 2005 and increases in additional paid-in capital from stock option exercises partially offset by foreign currency translation adjustments and cash dividends to stockholders.

DEBT COVENANTS

The Company's credit facilities and certain notes payable agreements contain covenants requiring a minimum net worth of $475 million and a maximum debt to capital ratio of 60%. Based on balances at September 30, 2005, the Company could increase borrowings by approximately $829.9 million and still be within its debt covenants. Alternatively, keeping all other factors constant, the Company's equity could decrease by approximately $485.8 million and the Company would still be within its covenants. The Company expects to be compliant with these debt covenants one year from now.

CASH AND VALUE-BASED MANAGEMENT

The Company plans to continue with its strategy of selective investing for strategic purposes for the foreseeable future. The goal of this strategy is to improve the Company's Economic Value Added (EVA(R)) under the program that commenced January 1, 2002. Under this program, the Company evaluates strategic investments based upon the investment's economic profit. EVA equals after-tax operating profits less a charge for the use of the capital employed to create those profits (only the service cost portion of defined benefit pension expense is included for EVA purposes). Therefore, value is created when a project or initiative produces a return above the cost of capital. In the first nine months of 2005, eight of the Company's nine divisions improved their EVA from the comparable 2004 period.

The Company is committed to continue paying dividends to stockholders. The Company has increased the dividend rate for eleven consecutive years, and in August 2005, the Company paid its 221st consecutive quarterly cash dividend. In September 2005, the Company declared its 222nd consecutive quarterly cash dividend. Additionally, the Company has authorization to repurchase up to one million of its shares through January 31, 2006.

The Company's financial position and debt capacity should enable it to meet current and future requirements. As additional resources are needed, the Company should be able to obtain funds readily and at competitive costs. The Company is well-positioned and intends to continue investing strategically in high-return projects and acquisitions, reducing debt to the extent possible and paying cash dividends as a means to enhance stockholder value.

NEW FINANCIAL ACCOUNTING STANDARDS ISSUED

Information on new financial accounting standards issued is included in Note M, "New Financial Accounting Standards Issued," in Part I, Item 1, Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

MARKET RISK.

In the normal course of business, the Company is routinely subjected to a variety of risks. In addition to the market risk associated with interest rate and currency movements on outstanding debt and non-U.S. dollar-denominated assets and liabilities, other examples of risk include collectibility of receivables, volatility of the financial markets and their effect on defined benefit pension plans, and global economic and political conditions.

CYCLICAL INDUSTRY AND ECONOMIC CONDITIONS MAY ADVERSELY IMPACT THE COMPANY'S BUSINESSES.

The Company's businesses are vulnerable to general economic slowdowns and cyclical conditions in the industries served. In particular,

- The Company's Mill Services business may be adversely affected by slowdowns in steel mill production, excess capacity, consolidation or bankruptcy of steel producers, or a reversal or slowing of current outsourcing trends in the steel industry;
- The Company's Access Services business may be adversely affected by slowdowns in non-residential construction and annual industrial and building maintenance cycles;
- The railway track maintenance business may be adversely impacted by developments in the railroad industry that lead to lower capital spending or reduced maintenance spending;
- The industrial abrasives and roofing granules business may be adversely impacted by reduced home resales or economic conditions that slow the rate of residential roof replacement, or by slowdowns in the industrial and infrastructure refurbishment industries;
- The industrial grating business may be adversely impacted by slowdowns in non-residential construction and industrial production;
- The Air-X-Changers business is affected by cyclical conditions present in the natural gas industry. A high demand for natural gas is currently creating increased demand for the Company's air-cooled heat exchangers. However, a slowdown in natural gas production could adversely affect the Air-X-Changers business, and
- The Company's Gas Technologies business may be adversely impacted by reduced industrial production, and lower demand for industrial gases, slowdowns in demand for medical cylinders, valves and consumer barbecue grills, or lower demand for natural gas vehicles.

THE COMPANY'S DEFINED BENEFIT PENSION EXPENSE IS DIRECTLY AFFECTED BY THE EQUITY AND BOND MARKETS AND A DOWNWARD TREND IN THOSE MARKETS COULD ADVERSELY IMPACT THE COMPANY'S FUTURE EARNINGS. AN UPWARD TREND IN THE EQUITY AND BOND MARKETS COULD POSITIVELY AFFECT THE COMPANY'S FUTURE EARNINGS.

In addition to the economic issues that directly affect the Company's businesses, changes in the performance of equity and bond markets, particularly in the United Kingdom and the United States, impact actuarial assumptions used in determining annual pension expense, pension liabilities and the valuation of the assets in the Company's defined benefit pension plans. The downturn in financial markets during 2000, 2001 and 2002 negatively impacted the Company's pension expense and the accounting for pension assets and liabilities. This resulted in an increase in pre-tax defined benefit pension expense from continuing operations of approximately $20.8 million for calendar year 2002 compared with 2001 and $17.7 million for calendar year 2003 compared with 2002. The upturn in certain financial markets during 2003 and certain plan design changes (discussed below) contributed to a decrease in pre-tax defined benefit pension expense from continuing operations of approximately $5.4 million for 2004 compared with 2003. Additionally, pre-tax defined benefit pension expense for 2005 is expected to be approximately $5 million less than 2004. This estimate excludes the impact of any potential curtailments and will be mostly offset by increased defined contribution and multi-employer plans' pension expense. An upward trend in capital markets would likely result in a decrease in future unfunded obligations and pension expense. This could also result in an increase to Stockholders' Equity and a decrease in the Company's statutory funding requirements. If the financial markets deteriorate, it would most likely have a negative impact on the Company's pension expense and the accounting for pension assets and liabilities. This could result in a decrease to Stockholders' Equity and an increase in the Company's statutory funding requirements.

Changes in the related pension benefit costs may occur in the future due to changes in the assumptions and due to changes in returns on plan assets resulting from financial market conditions. Using the expense calculated for calendar year 2005 and holding all other assumptions constant, a one-half percent increase or decrease in the discount rate and the expected long-term rate of return on plan assets would increase or decrease annual 2005 pre-tax defined benefit pension expense as follows:

	APPROXIMATE CHANGES IN PRE-TAX DEFINED BENEFIT PENSION EXPENSE	
	U.S. PLANS	U.K. PLAN
Discount rate		
One-half percent increase	Decrease of $1.6 million	Decrease of $5.8 million
One-half percent decrease	Increase of $1.6 million	Increase of $5.8 million
Expected long-term rate of return on plan assets		
One-half percent increase	Decrease of $1.1 million	Decrease of $2.8 million
One-half percent decrease	Increase of $1.1 million	Increase of $2.8 million

Although the above sensitivity analysis is based upon calculations for the 2005 defined benefit pension expense, it is expected that these changes would result in a similar impact on 2006 defined benefit pension expense.

During 2006, the twenty-year amortization of the transition asset (from the implementation of SFAS No. 87 in 1986) for the U.S. pension plans will cease. Holding all other assumptions constant with 2005, this will result in approximately $1 million in additional pension expense during 2006. Overall global defined benefit pension expense for 2006 is expected to approximate 2005 expense based upon the expected actuarial assumptions to be used, plan asset returns, as well as the significant voluntary contributions made by the Company during 2005.

In response to the adverse market conditions, during 2002 and 2003 the Company conducted a comprehensive global review of its pension plans in order to formulate a plan to make its long-term pension costs more predictable and affordable. The Company implemented design changes for most of these plans during 2003. The principal change involved converting future pension benefits for many of the Company's non-union employees in both the U.K. and U.S. from defined benefit plans to defined contribution plans as of January 1, 2004. In the long-term, this conversion is expected to make the Company's pension expense more predictable and affordable and less sensitive to changes in the financial markets.

THE COMPANY'S GLOBAL PRESENCE SUBJECTS IT TO A VARIETY OF RISKS ARISING FROM DOING BUSINESS INTERNATIONALLY.

The Company operates in over 40 countries, including the United States. The Company's global footprint exposes it to a variety of risks that may adversely impact results of operations, cash flows or financial position. These include the following:

- periodic economic downturns in the countries in which the Company does business;
- fluctuations in currency exchange rates;
- customs matters and changes in trade policy or tariff regulations;
- imposition of or increases in currency exchange controls and hard currency shortages;
- changes in regulatory requirements in the countries in which the Company does business;
- higher tax rates and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and "double taxation ";
- longer payment cycles and difficulty in collecting accounts receivable;
- complications in complying with a variety of international laws and regulations;
- political, economic and social instability, civil unrest and armed hostilities in the countries in which the Company does business;
- inflation rates in the countries in which the Company does business;

- laws in various international jurisdictions that limit the right and ability of subsidiaries to pay dividends and remit earnings to affiliated companies unless specified conditions are met; and,

- uncertainties arising from local business practices, cultural considerations and international political and trade tensions.

If the Company is unable to successfully manage the risks associated with its global business, the Company's financial condition, cash flows and results of operations may suffer.

The Company has operations in several countries in the Middle East, including Bahrain, Egypt, Saudi Arabia, United Arab Emirates and Qatar, which are geographically close to Iraq and other countries with a continued high risk of armed hostilities. During the first nine months of 2005, 2004 and 2003, operations in these countries contributed approximately $23.8 million, $17.5 million and $12.0 million, respectively, to the Company's operating income. Additionally, the Company has operations in and sales to countries that have encountered outbreaks of communicable diseases (e.g., Acquired Immune Deficiency Syndrome (AIDS) and others). Should such outbreaks worsen or spread to other countries, the Company may be negatively impacted through reduced sales to and within these countries and other countries impacted by such diseases.

EXCHANGE RATE FLUCTUATIONS MAY ADVERSELY IMPACT THE COMPANY'S BUSINESS.

Fluctuations in foreign exchange rates between the U.S. dollar and the approximately 35 other currencies in which the Company conducts business may adversely impact the Company's operating income and income from continuing operations in any given fiscal period. Approximately 59% of the Company's sales and approximately 69% of the Company's operating income from continuing operations for the nine months ended September 30, 2005 and 2004 were derived from operations outside the United States. More specifically, during the nine months ended September 30, 2005 and 2004, approximately 21% and 22%, respectively, of the Company's revenues were derived from operations in the U.K. Additionally, approximately 18% and 17% of the Company's revenues were derived from operations with the euro as their functional currency during the nine months ended September 30, 2005 and 2004, respectively. Given the structure of the Company's revenues and expenses, an increase in the value of the U.S. dollar relative to the foreign currencies in which the Company earns its revenues generally has a negative impact on operating income, whereas a decrease in the value of the U.S. dollar tends to have the opposite effect. The Company's principal foreign currency exposures are to the British pound sterling and the euro.

Compared with the corresponding period in 2004, the average values of major currencies changed as follows in relation to the U.S. dollar during the first nine months of 2005, impacting the Company's sales and income:

- British pound sterling — Strengthened by 1%
- euro — Strengthened by 3%
- South African rand — Strengthened by 4%
- Brazilian real — Strengthened by 17%
- Australian dollar — Strengthened by 6%

Compared with exchange rates at December 31, 2004, the values of major currencies changed as follows as of September 30, 2005:

- British pound sterling — Weakened by 9%
- euro — Weakened by 13%
- South African rand — Weakened by 12%
- Brazilian real — Strengthened by 17%
- Australian dollar — Weakened by 3%

The Company's foreign currency exposures increase the risk of income statement, balance sheet and cash flow volatility. If the above currencies change materially in relation to the U.S. dollar, the Company's financial position, results of operations, or cash flows may be materially affected.

To illustrate the effect of foreign currency exchange rate changes on the Company, in the first nine months of 2005, revenues would have been approximately 2% or $34.6 million less and operating income would have been approximately 2% or $4.0 million less if the average exchange rates for the first nine months of 2004 were utilized. In a similar comparison for the first nine months of 2004, revenues would have decreased approximately 5% or $83.1 million while

operating income would have been approximately 4% or $5.8 million less if the average exchange rates would have remained the same as the first nine months of 2003.

Currency changes result in assets and liabilities denominated in local currencies being translated into U.S. dollars at different amounts than at the prior period end. These currency changes resulted in decreased net assets of $44.0 million and $3.1 million, at September 30, 2005 and 2004, respectively, when compared with December 31, 2004 and 2003, respectively.

The Company seeks to reduce exposures to foreign currency transaction fluctuations through the use of forward exchange contracts. At September 30, 2005, the notional amount of these contracts was $89.5 million, and over 90% of these contracts will mature in the fourth quarter of 2005. 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.

Although the Company engages in foreign currency forward exchange contracts and other hedging strategies to mitigate foreign exchange risk, hedging strategies may not be successful or may fail to offset the risk.

In addition, competitive conditions in the Company's manufacturing businesses may limit the Company's ability to increase product prices in the face of adverse currency movements. Sales of products manufactured in the United States for the domestic and export markets may be affected by the value of the U.S. dollar relative to other currencies. Any long-term strengthening of the U.S. dollar could depress demand for these products reducing sales and may cause translation gains or losses due to the revaluation of foreign currency-denominated accounts payable, accounts receivable and other asset and liability accounts. Conversely, any long-term weakening of the U.S. dollar could improve demand for these products increasing sales and may cause translation gains or losses due to the revaluation of accounts payable, accounts receivable and other asset and liability accounts.

NEGATIVE ECONOMIC CONDITIONS MAY ADVERSELY IMPACT THE ABILITY OF THE COMPANY'S CUSTOMERS TO MEET THEIR OBLIGATIONS TO THE COMPANY ON A TIMELY BASIS AND IMPACT THE VALUATION OF THE COMPANY'S ASSETS.

If a downturn in the economy occurs, it may adversely impact the ability of the Company's customers to meet their obligations to the Company on a timely basis and could result in bankruptcy filings by them. If customers are unable to meet their obligations on a timely basis, it could adversely impact the realizability of receivables, the valuation of inventories and the valuation of long-lived assets across the Company's businesses, as well as negatively impact the forecasts used in performing the Company's goodwill impairment testing under SFAS No. 142, "Goodwill and Other Intangible Assets." If management determines that goodwill or assets are impaired or that inventories or receivables cannot be realized at recorded amounts, the Company will be required to record a write-down in the period of determination, which will reduce net income for that period. Additionally, the risk remains that certain Mill Services customers may file for bankruptcy protection, be acquired or consolidate in the future, which could have an adverse impact on the Company's income and cash flows. Conversely, such consolidation may provide additional service opportunities for the Company.

A NEGATIVE OUTCOME ON PERSONAL INJURY CLAIMS AGAINST THE COMPANY MAY ADVERSELY IMPACT RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

The Company has been named as one of many defendants (approximately 90 or more in most cases) in legal actions alleging personal injury from exposure to airborne asbestos. In their suits, the plaintiffs have named as defendants many manufacturers, distributors and repairers of numerous types of equipment or products that may involve asbestos. Most of these complaints contain a standard claim for damages of $20 million or more against the named defendants. The Company has not paid any amounts in settlement of these cases, with the exception of three settlements for nominal amounts paid by the Company's insurance carrier. However, if the Company was found to be liable in any of these actions and the liability was to exceed the Company's insurance coverage, results of operations, cash flows and financial condition could be adversely affected. For more information concerning these litigations, see Note I, "Commitments and Contingencies," in Part 1, Item 1, Financial Statements.

THE COMPANY MAY LOSE CUSTOMERS OR BE REQUIRED TO REDUCE PRICES AS A RESULT OF COMPETITION.

The industries in which the Company operates are highly competitive.

- The Company's Mill Services business is sustained mainly through contract renewals. Historically, the Company's contract renewal rate has averaged approximately 95%. If the Company is unable to renew its contracts at the historical rates, revenue may decline.
- The Company's Access Services business rents and sells equipment and provides erection and dismantling services to principally the non-residential construction and industrial plant maintenance markets. Contracts are awarded based upon the Company's engineering capabilities, product availability, safety record, and the ability to competitively price its rentals and services. Commencing in 2000, due to economic downturns in their home markets, certain international competitors exported significant quantities of rental equipment to the markets the Company serves, particularly the U.S. This resulted in an oversupply of certain equipment and a consequential reduction in product and rental pricing in the markets receiving the excess equipment. If the Company is unable to consistently provide high-quality products and services at competitive prices, it may lose customers or operating margins may decline due to reduced selling prices.
- The Company's manufacturing businesses compete with companies that manufacture similar products both internationally and domestically. Certain international competitors export their products into the United States and sell them at lower prices due to lower labor costs and government subsidies for exports. Such practices may limit the prices the Company can charge for its products and services. Additionally, unfavorable foreign exchange rates can adversely impact the Company's ability to match the prices charged by international competitors. If the Company is unable to match the prices charged by international competitors, it may lose customers.

The Company's strategy to overcome this competition includes continuous process improvement and cost reduction programs, international customer focus and the diversification, streamlining and consolidation of operations.

INCREASES IN ENERGY PRICES COULD INCREASE THE COMPANY'S OPERATING COSTS AND REDUCE ITS PROFITABILITY.

Worldwide political and economic conditions, extreme weather conditions, and other factors, may result in an increase in the volatility of energy costs, both on a macro basis and for the Company specifically. In the first nine months of 2005 and 2004, energy costs have approximated 3.7% and 3.5% of the Company's revenue, respectively. To the extent that such costs cannot be passed to customers in the future, operating income and results of operations may be adversely affected.

INCREASES OR DECREASES IN PURCHASE PRICES OR AVAILABILITY OF STEEL OR OTHER MATERIALS AND COMMODITIES MAY AFFECT THE COMPANY'S PROFITABILITY.

The profitability of the Company's manufactured products are affected by changing purchase prices of steel and other materials and commodities. Beginning in 2004, the price paid for steel and certain other commodities increased significantly compared with prior years. If steel or other material costs associated with the Company's manufactured products increase and the costs cannot be passed on to the Company's customers, operating income would be adversely affected. Additionally, decreased availability of steel or other materials, such as carbon fiber used to manufacture filament-wound composite cylinders, could affect the Company's ability to produce manufactured products in a timely manner. If the Company cannot obtain the necessary raw materials for its manufactured products, then revenues, operating income and cash flows will be adversely affected.

THE COMPANY IS SUBJECT TO VARIOUS ENVIRONMENTAL LAWS AND THE SUCCESS OF EXISTING OR FUTURE ENVIRONMENTAL CLAIMS AGAINST IT COULD ADVERSELY IMPACT THE COMPANY'S RESULTS OF OPERATIONS AND CASH FLOWS.

The Company's operations are subject to various federal, state, local and foreign laws, regulations and ordinances relating to the protection of health, safety and the environment, including those governing discharges to air and water, handling and disposal practices for solid and hazardous wastes, the remediation of contaminated sites and the maintenance of a safe work place. These laws impose penalties, fines and other sanctions for non-compliance and liability for response costs, property damages and personal injury resulting from past and current spills, disposals or other releases of, or exposure to, hazardous materials. The Company could incur substantial costs as a result of non-compliance with or liability for remediation or other costs or damages under these laws. The Company may be subject to more stringent environmental laws in the future, and compliance with more stringent environmental requirements may require the Company to make material expenditures or subject it to liabilities that the Company currently does not anticipate.

The Company is currently 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 under the federal "Superfund" law. At certain sites, the Company is currently conducting environmental remediation, and it is probable that the Company will agree to make payments toward funding certain other remediation activities. It also is possible that

some of these matters will be decided unfavorably to the Company and that other sites requiring remediation will be identified. Each of these matters is subject to various uncertainties and 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 Company has evaluated its potential liability and the Consolidated Balance Sheets at September 30, 2005 and December 31, 2004 include an accrual of $2.5 million and $2.7 million, respectively, for environmental matters. The amounts charged against pre-tax earnings related to environmental matters totaled $0.8 million and $1.4 million for the nine months ended September 30, 2005 and 2004, respectively. The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may be greater than the estimates, given inherent uncertainties in evaluating environmental exposures.

RESTRICTIONS IMPOSED BY THE COMPANY'S CREDIT FACILITIES AND OUTSTANDING NOTES MAY LIMIT THE COMPANY'S ABILITY TO OBTAIN ADDITIONAL FINANCING OR TO PURSUE BUSINESS OPPORTUNITIES.

The Company's credit facilities and certain notes payable agreements contain a covenant requiring a maximum debt to capital ratio of 60%. In addition, certain notes payable agreements also contain a covenant requiring a minimum net worth of $475 million. These covenants limit the amount of debt the Company may incur, which could limit its ability to obtain additional financing or to pursue business opportunities. In addition, the Company's ability to comply with these ratios may be affected by events beyond its control. A breach of any of these covenants or the inability to comply with the required financial ratios could result in a default under these credit facilities. In the event of any default under these credit facilities, the lenders under those facilities could elect to declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be due and payable, which would cause an event of default under the notes. This could, in turn, trigger an event of default under the cross-default provisions of the Company's other outstanding indebtedness. At September 30, 2005, the Company was in compliance with these covenants with a debt to capital ratio of 38.9% and a net worth of $960.8 million. The Company had $355.8 million in outstanding indebtedness containing these covenants at September 30, 2005.

HIGHER THAN EXPECTED INSURANCE CLAIMS, FOR WHICH THE COMPANY RETAINS A PORTION OF THE RISK, COULD ADVERSELY IMPACT RESULTS OF OPERATIONS AND CASH FLOWS.

The Company retains a significant portion of the risk for property, workers' compensation, automobile, general and product liability losses. Reserves have been recorded which reflect the undiscounted estimated liabilities for ultimate losses including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. At September 30, 2005 and December 31, 2004, the Company had recorded liabilities of $114.2 million and $77.4 million, respectively, related to both asserted and unasserted insurance claims. These amounts also include losses for which a corresponding receivable from the insurance companies has been recorded. If actual claims are higher than those projected by management, an increase to the Company's insurance reserves may be required and would be recorded as a charge to income in the period the need for the change was determined. Conversely, if actual claims are lower than those projected by management, a decrease to the Company's insurance reserves may be required and would be recorded as a reduction to expense in the period the need for the change was determined.

THE SEASONALITY OF THE COMPANY'S BUSINESS MAY CAUSE ITS QUARTERLY RESULTS TO FLUCTUATE.

The Company has historically generated the majority of its cash flows in the third and fourth quarters (periods ending September 30 and December 31). This is a direct result of normally higher sales and income during the latter part of the year, as the Company's business tends to follow seasonal patterns. If the Company is unable to successfully manage the cash flow and other effects of seasonality on the business, its financial condition and results of operations may suffer.

HISTORICAL REVENUE PATTERNS IN MILLIONS	2005	2004	2003	2002	2001
First Quarter Ended March 31	$ 640.1	$ 556.3	$ 487.9	$ 458.6	$ 505.0
Second Quarter Ended June 30	696.1	617.6	536.4	510.3	510.1
Third Quarter Ended September 30	697.5	617.3	530.2	510.5	510.3
Fourth Quarter Ended December 31	--	710.9	564.0	497.3	499.7
Totals	$ --	$2,502.1	$2,118.5	$1,976.7	$2,025.2(a)

(a) Does not total due to rounding.

HISTORICAL CASH PROVIDED BY OPERATIONS IN MILLIONS	2005	2004	2003	2002	2001
First Quarter Ended March 31	$ 48.1	$ 32.4	$ 31.2	$ 9.0	$ 2.6
Second Quarter Ended June 30	86.3	64.6	59.2	71.4	65.1
Third Quarter Ended September 30	98.1	68.9	64.1	83.3	66.1
Fourth Quarter Ended December 31	--	104.6	108.4	90.1	106.9
Totals	$ --	$ 270.5	$ 262.8(a)	$ 253.8	$ 240.6(a)

(a) Does not total due to rounding.

THE COMPANY'S CASH FLOWS AND EARNINGS ARE SUBJECT TO CHANGES IN INTEREST RATES.

The Company's total debt as of September 30, 2005 was $611.4 million. Of this amount, approximately 16% had variable rates of interest and 84% had fixed rates of interest. The weighted average interest rate of total debt was approximately 6.2%. At current debt levels, a one-percentage increase/decrease in variable interest rates would increase/decrease interest expense by approximately $1.0 million per year. Should the Company require significant additional borrowings to finance growth-related acquisitions, they would be at the prevailing market interest rates which may be higher than the Company is currently paying under its commercial paper programs.

The future financial impact on the Company associated with the above risks cannot be estimated.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures as of September 30, 2005. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective. There have been no changes in internal control over financial reporting that could materially affect, or are likely to materially affect, internal control over financial reporting during the third quarter of 2005.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c). Purchases of equity securities by the issuer and affiliated purchasers.

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
January 1, 2005 - January 31, 2005	-	-	-	1,000,000
February 1, 2005 - February 28, 2005	-	-	-	1,000,000
March 1, 2005 - March 31, 2005	-	-	-	1,000,000
April 1, 2005 - April 30, 2005	-	-	-	1,000,000
May 1, 2005 - May 31, 2005	-	-	-	1,000,000
June 1, 2005 - June 30, 2005	-	-	-	1,000,000
July 1, 2005 - July 31, 2005	-	-	-	1,000,000
August 1, 2005 - August 31, 2005	133(a)	$53.02	-	1,000,000
September 1, 2005 - September 30, 2005	-	-	-	1,000,000
Total	133	$53.02	-	

(a) The 133 shares purchased were not part of the share repurchase program. They were shares which a retired employee sold to the Company in order to pay personal federal and state income taxes on shares issued to the employee upon retirement.

The Company's share repurchase program was extended by the Board of Directors in November 2004. This was announced to the public on November 16, 2004 as part of a Company-issued press release. The program authorizes the repurchase of up to 1,000,000 shares of the Company's common stock and expires January 31, 2006.

ITEM 5. OTHER INFORMATION

DIVIDEND INFORMATION

On September 27, 2005, the Board of Directors declared a quarterly cash dividend of $0.30 per share, payable November 15, 2005, to shareholders of record as of October 14, 2005.

10b5-1 Plan

The Chief Executive Officer (CEO) of the Company adopted in the Fourth Quarter of 2004, a personal trading plan, as part of a long-term strategy for asset diversification and liquidity, in accordance with the Securities and Exchange Commission's Rule 10b5-1. Under the plan, the CEO will exercise, under pre-arranged terms, up to 167,500 options in open market transactions. The 167,500 options represented approximately 38% of his total option holdings at the time the trading plan was initiated. The trading plan will expire in December 2005. As of November 3, 2005, 157,500 shares have been sold under the trading plan.

Rule 10b5-1 allows officers and directors, at a time when they are not in possession of material non-public information, to adopt written plans to sell shares on a regular basis under pre-arranged terms, regardless of any subsequent non-public information they may receive. Exercises of stock options by the CEO pursuant to the terms of the plan are disclosed publicly through Form 144 and Form 4 filings with the Securities and Exchange Commission.

ITEM 6. EXHIBITS

Listing of Exhibits filed with Form 10-Q:

Exhibit Number	Data Required	Location
2	Share Purchase Agreement between Sun HB Holdings, LLC, Boca Raton, Florida, United States of America and Harsco Corporation, Camp Hill, Pennsylvania/United States of America dated September 20, 2005 regarding the sale and purchase of the issued share capital of Hunnebeck Group GmbH, Ratingen, Germany	Exhibit
31(a)	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit
31(b)	Certification Pursuant to Rule 13a-14(a) and 15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit
32(a)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit
32(b)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit

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 November 3, 2005

/S/ Salvatore D. Fazzolari
Salvatore D. Fazzolari
Senior Vice President, Chief Financial Officer and Treasurer

DATE November 3, 2005

/S/ Stephen J. Schnoor
Stephen J. Schnoor
Vice President and Controller

EXHIBIT 2

SHARE PURCHASE AGREEMENT

between

Sun HB Holdings, LLC, Boca Raton, Florida, United States of America

and

Harsco Corporation, Camp Hill, Pennsylvania/United States of America

dated September 20, 2005

regarding the sale and purchase of the issued share capital of
Hunnebeck Group GmbH, Ratingen, Germany

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This Share Purchase Agreement (the "AGREEMENT") is entered into on this 20th day of September, 2005, by and between

(1) Sun HB Holdings, LLC, a limited liability company formed under the laws of the State of Delaware, U.S.A. (hereinafter referred to as "SELLER"), and

(2) Harsco Corporation, a corporation incorporated under the laws of the state of Delaware (hereinafter referred to as "PURCHASER").

RECITALS

1. Seller is the owner of 100% of the issued share capital of Hunnebeck Group GmbH, registered in the commercial register of the local court of Dusseldorf under HRB 48411 (hereinafter referred to as "HOLDCO"). Holdco has a registered share capital of EUR 25,000, divided into two shares, in the respective nominal amounts of EUR 24,000 and EUR 1,000, both of which are owned by Seller. The shares mentioned in the preceeding sentence are referred to herein as the "SOLD SHARES".

2. Holdco is the parent company of a group engaged in the rental, servicing and sale of formwork systems and scaffolding systems. Holdco, directly or indirectly, owns the interests in the subsidiaries set out in EXHIBIT R. Holdco and the subsidiaries set out in EXHIBIT R are collectively referred to herein as the "HUNNEBECK GROUP". All entities of the Hunnebeck Group are referred to herein collectively as the "COMPANIES" and individually as a "COMPANY".

3. Seller and all entities affiliated with Seller (at the relevant time) within the meaning of Section 15 of the German Stock Corporation Act (AKTG), other than any members of the Hunnebeck Group, are referred to herein as the "SELLER'S GROUP".

4. Seller wishes to divest itself of the Hunnebeck Group and Purchaser wishes to acquire the Hunnebeck Group. Therefore, Seller and Purchaser (hereinafter referred to as the "PARTIES") agree as follows:

ARTICLE 1
SALE AND PURCHASE OF THE SOLD SHARES

1.1 AGREEMENT TO SELL AND PURCHASE

Upon the terms and subject to the conditions set forth in this Agreement, Seller hereby sells to Purchaser, and Purchaser hereby purchases from Seller, all of the shares held by Seller in Holdco.

1.2 SHARE TRANSFER

At the Closing (as defined below in Article 4.1), Seller shall assign and transfer to Purchaser the Sold Shares in accordance with ARTICLE 4.5.

1.3 DIVIDEND RIGHTS

The Sold Shares shall be sold and transferred to Purchaser with all rights and obligations pertaining thereto.

ARTICLE 2
PURCHASE PRICE

2.1 PURCHASE PRICE

(a) The purchase price for the Sold Shares (the "PURCHASE PRICE") shall be equal to:

(i) EUR 140 million (in words: Euro one hundred and forty million);

(ii) plus an amount equal to the Cash (as defined below);

(iii) minus an amount equal to the Financial Debt (as defined below);

(iv) minus an amount equal to the Capital Lease Obligations (as defined below).

(b) For the purpose of this Agreement:

"CASH" means, as of the Closing Date, the aggregate amount (including any accrued interest thereon) of any cash (KASSENBESTAND) and cash equivalents of the Hunnebeck Group (excluding, for the avoidance of doubt, the aggregate amount of monies received by the Companies from account debtors and note debtors prior

to Closing Date merely as administrator of such accounts receivable and notes on the basis of the "Vendor Financed Business Collection Agreement" entered into between Hunnebeck GmbH on the one side and ThyssenKrupp AG and ThyssenKrupp Systems & Services GmbH on the other side as of 14 March 2002, as amended as of 24 March 2005, and not transferred before Closing Date to ThyssenKrupp AG and/or its affiliates), all as determined on a consolidated basis for the Hunnebeck Group as a whole in accordance with US GAAP (as defined below); cash equivalents shall include, without limitation, cheques, deposits with banks and other financial institutions and the Seller's Group, highly liquid investments with a maturity of three months or less from the Closing Date, money market funds; 40 % of the total amount of security and other deposits of the Hunnebeck Group as of Closing Date shall be considered Cash; for the avoidance of doubt, accounts receivable being accounted for on the intercompany clearing account (VERRECHNUNGSKONTO MIT SELLER'S GROUP) against the Seller's Group shall be treated as Cash and for the further avoidance of doubt, highly liquid claims of Companies against other Companies shall not constitute Cash.

"FINANCIAL DEBT" means, as of the Closing Date, the aggregate amount (including any accrued interest thereon) of all interest-bearing indebtedness of the Hunnebeck Group arising out of borrowings (DARLEHEN) from banks and other credit institutions and the Seller's Group; all obligations evidenced by a note, bond, debenture or similar instrument and any and all accrued interest on any of the foregoing obligations; it being understood, for the avoidance of doubt, that, notwithstanding any accounting principle, policy or practice to the contrary, Capital Lease Obligations and all payables resulting from supplies and services (VERBINDLICHKEITEN AUS LIEFERUNGEN UND LEISTUNGEN) shall be deemed not to be Financial Debt, and that unfunded, underfunded or contingent obligations such as, without limitation, company pension plans, letters of credit or guarantees shall not be or be deemed to be Financial Debt; and it being further understood and agreed that the amount of any element of Financial Debt with respect to which Seller provides a payoff letter from the lender as of the Closing Date shall be fixed and determined to be the amount shown on such payoff letter as due as of the Closing Date for all purposes under this Agreement, including, without limitation, any adjustment to the Purchase Price pursuant to this ARTICLE 2 or ARTICLE 3 of this Agreement; for the avoidance of doubt, payables being accounted for on the intercompany clearing account (VERRECHNUNGSKONTO MIT SELLER'S GROUP) vis-a-vis the Seller's Group shall be treated as Financial Debt and for the further avoidance of doubt, interest bearing indebtedness of Companies arising out of borrowings from other Companies shall not constitute Financial Debt.

"CAPITAL LEASE OBLIGATIONS" means, as of the Closing Date, the aggregate amount of all capital lease obligations of the Hunnebeck Group (excluding any

breakage or other similar costs unless actually incurred and becoming effective as a result of a change of control provision at Closing), all as determined on a consolidated basis for the Hunnebeck Group as a whole in accordance with US GAAP (as defined below).

2.2 PAYMENTS ON THE CLOSING DATE

(a) Not less than two (2) Business Days prior to the Closing Date, Seller shall deliver to Purchaser in writing Seller's good faith estimate of the Purchase Price, calculated in accordance with ARTICLE 2.1 (the "ESTIMATED PURCHASE PRICE"). The calculation of the Estimated Purchase Price shall be based upon, and the written good faith estimate shall show, Seller's estimates of the Cash (the "ESTIMATED CASH"), the Financial Debt (the "ESTIMATED FINANCIAL DEBT"), and the Capital Lease Obligations (the "ESTIMATED CAPITAL LEASE OBLIGATIONS"). The calculation of the Estimated Purchase Price shall occur as set forth in ARTICLE 2.1, except that the term "CASH" shall be replaced with the term "ESTIMATED CASH", the term "FINANCIAL DEBT" shall be replaced with the term "ESTIMATED FINANCIAL DEBT", and the term "CAPITAL LEASE OBLIGATIONS" shall be replaced with the term "ESTIMATED CAPITAL LEASE OBLIGATIONS". For the purposes of this Agreement, a "BUSINESS DAY" shall be any day other than a Saturday, Sunday or any other day on which banks in Frankfurt am Main, Germany, are generally closed.

(b) On the Closing Date, Purchaser shall pay to Seller the Estimated Purchase Price.

2.3 MODE OF PAYMENT; DEFAULT; SET-OFF

(a) Any payments to be made under this ARTICLE 2 or ARTICLE 3 of this Agreement shall be made in Euros by irrevocable wire transfer of immediately available funds to a bank account specified by the relevant Party to the other Party (provided that such specification has been made at least two (2) Business Days prior to the relevant due date). Any such payment shall be deemed to have been duly made only upon the irrevocable and unconditional crediting of the amount payable (without deduction of any costs or charges, other than those of Seller's bank) to the relevant bank account on, and effective as of, the relevant due date.

(b) Any failure by either Party to make any payment pursuant to this ARTICLE 2 or ARTICLE 3 of this Agreement when it is due shall result in such Party's immediate default (VERZUG), without any reminder by the other Party being required.

(c) No Party shall be entitled to exercise any right of set-off or retention right with respect to its payment obligations pursuant to this ARTICLE 2 or ARTICLE 3 of this Agreement.

ARTICLE 3
CLOSING CERTIFICATE; POST-CLOSING ADJUSTMENTS

3.1 PREPARATION OF DRAFT CLOSING CERTIFICATE

As promptly as practicable, but not later than 45 days after the Closing Date, Purchaser shall prepare and shall deliver to Seller a certificate (the "DRAFT CLOSING CERTIFICATE") setting forth the calculation of (i) the Cash, (ii) the Financial Debt, (iii) the Capital Lease Obligations, and (iv) the Purchase Price that would have been calculated using such amounts pursuant to ARTICLE 2.1(A).

3.2 ACCOUNTING PRINCIPLES

The Draft Closing Certificate shall be prepared, to the extent applicable according to the definitions in ARTICLE 2.1(B), in accordance with generally accepted accounting principles in the United States of America (as in force as of 30 September 2004), as applied on a basis consistent with the principles used in the preparation of financial statements of Holdco as of 30 September 2004 ("US GAAP"), (as audited by Grant Thornton GmbH, attached hereto in EXHIBIT 3.2, and, for the avoidance of doubt, being POST purchase price allocation with respect to the acquisition of the Hunnebeck Group by Seller's Group in 2003) ("2004 FINANCIAL Statements"). Any amount not denominated in Euros shall be converted to Euros at the exchange rate in effect one Business Day before the Closing Date using the rate quoted on the Reuters Screen Page at 11.30 a.m. Frankfurt/Main.

3.3 REVIEW OF DRAFT CLOSING CERTIFICATE

Seller and its representatives shall have 45 Business Days after delivery of the Draft Closing Certificate pursuant to ARTICLE 3.1 in which to review the Draft Closing Certificate. Purchaser will cooperate with and assist Seller and its representatives, and shall cause the relevant entities of the Hunnebeck Group to cooperate with and assist Seller and its representatives, in such review of the Draft Closing Certificate. Such cooperation and assistance shall include making available all relevant books and records of the Hunnebeck Group and any other relevant information relating to the Hunnebeck Group including, if applicable, the working papers of Purchaser's certified public accountants, providing reasonable access during regular business hours to the Hunnebeck

Group's premises, and allowing interviews with the Hunnebeck Group's directors, officers and employees, provided, however, that such cooperation and assistance will be provided only to the extent that such cooperation does not unreasonably disrupt the business of the Hunnebeck Group, and only to the extent beneficial for the performance of such review by Seller. If Seller believes that the calculation of any item or amount contained in the Draft Closing Certificate (as delivered to Seller pursuant to ARTICLE 3.1) is not correct, then Seller may, at or prior to the end of such 45 Business Day review period, deliver a notice to Purchaser disagreeing with the preparation and/or calculation and setting forth Seller's calculation of the relevant items or amounts. Any such notice of disagreement shall specify, in reasonable detail, (i) those items or amounts as to which Seller disagrees and, if and to the extent possible for Seller, (ii) the items or amounts which should replace the disagreeable items or amounts. If Seller does not deliver a timely notice to Purchaser in accordance with this ARTICLE 3.3, the Draft Closing Certificate shall be conclusive and binding on the Parties and shall not be subject to any appeal, unless such failure is due to Purchaser's lack of cooperation and/or assistance (as described above).

3.4 DISPUTE RESOLUTION

(a) If Seller has duly delivered a notice of disagreement in accordance with ARTICLE 3.3, then the Parties shall, during the 30 calendar day period following such delivery (or any other period of time mutually agreed upon in writing between the Parties), use reasonable commercial efforts to reach an agreement on the disputed items or amounts. If and to the extent that, during such period, the Parties are unable to reach such agreement, then either Party may refer the remaining differences to KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprufungsgesellschaft, Dusseldorf/Germany (the "ACCOUNTING FIRM"). If such firm refuses to act as the Accounting Firm and the Parties cannot mutually agree upon another firm to be appointed as the Accounting Firm within 10 Business Days, then the Accounting Firm, which must be qualified to perform audits pursuant to US GAAP, shall be appointed, upon request of either Party, by the Institute of Chartered Accountants (INSTITUT DER WIRTSCHAFTSPRUFER) in Dusseldorf (Germany).

(b) The Accounting Firm, acting as an expert (SCHIEDSGUTACHTER) and not as an arbitrator, shall, based on the standards set forth in ARTICLES 2 and 3.2, decide whether and to what extent the Draft Closing Certificate requires adjustment. The Accounting Firm, in making its determination, shall only take into account any remaining differences submitted to it and shall limit its determination to the scope of the dispute between the Parties.

(c) Purchaser and Seller shall cooperate with and assist, and shall cause their respective accountants to cooperate with and assist, and Purchaser shall cause the Companies to cooperate with and assist, the Accounting Firm in the conduct of its review. Such cooperation and assistance shall include, without limitation, the making available to the Accounting Firm of all relevant books and records of the Hunnebeck Group and any other information relating to the Hunnebeck Group (including accountants' workpapers). If and to the extent that the Accounting Firm cannot resolve the dispute on any item or amount on the merits because it has not been provided with the relevant documents or information, the Accounting Firm shall decide against the Party who has failed to provide such documents or information.

(d) The Parties shall instruct the Accounting Firm to deliver its written opinion (including reasons for the Accounting Firm's decision on each disputed item) to them no later than 45 Business Days (or within any other period of time mutually agreed upon in writing between the Parties) after the remaining differences have been referred to it. The decision of the Accounting Firm shall be conclusive and binding on the Parties (within the limits set forth in Section 319 of the German Civil Code (BGB)) and shall not be subject to any appeal. The fees and disbursements of the Accounting Firm shall be borne by Purchaser, on the one hand, and Seller, on the other hand, based upon the percentage which the portion of the contested amount not awarded to each Party bears to the amount actually contested by such Party. For example, if Seller claims that the Closing Date Financial Debt is EUR 1,000 greater than the amount determined by Purchaser, and Purchaser contests only EUR 500 of the amount claimed by Seller, and if the Accounting Firm ultimately resolves the dispute by awarding Seller EUR 300 of the EUR 500 contested, then the costs and expenses of the Accounting Firm will be allocated 60% (i.e., 300 / 500 x 100 %) to Purchaser and 40% (i.e., 200 / 500 x 100%) to Seller. In connection with its review, the Accounting Firm shall, pursuant to the terms of this ARTICLE 3.4(D), also determine the allocation of its fees and expenses between Purchaser and Seller, which determination shall be conclusive and binding upon the Parties.

3.5 FINAL AMOUNTS

(a) The Draft Closing Certificate, incorporating the resolution of matters in dispute (if any) pursuant to ARTICLE 3.4 above, or, in the alternative, the Draft Closing Certificate as not objected to by Seller, is referred to as the "FINAL CLOSING CERTIFICATE". The Final Closing Certificate shall have the legal effect of an arbitral award and shall be final, binding, and conclusive on the Parties.

(b) Subject to the other provisions of this ARTICLE 3.5:

(i) if the Cash reflected on the Final Closing Certificate (the "FINAL CASH") is greater than the Estimated Cash, then Purchaser shall be obligated to make a payment to Seller in an amount equal to such excess; and

(ii) if the Final Cash is less than the Estimated Cash, then Seller shall be obligated to make a payment to Purchaser in an amount equal to such shortfall.

(c) Subject to the other provisions of this ARTICLE 3.5:

(i) if the Financial Debt reflected on the Final Closing Certificate (the "FINAL FINANCIAL DEBT") is greater than the Estimated Financial Debt, then Seller shall be obligated to make a payment to Purchaser in an amount equal to such excess; and

(ii) if the Final Financial Debt is less than the Estimated Financial Debt, then Purchaser shall be obligated to make a payment to Seller in an amount equal to such shortfall.

(d) Subject to the other provisions of this ARTICLE 3.5:

(i) if the Capital Lease Obligations reflected on the Final Closing Certificate (the "FINAL CAPITAL LEASE OBLIGATIONS") is greater than the Estimated Capital Lease Obligations, then Seller shall be obligated to make a payment to Purchaser in an amount equal to such excess; and

(ii) if the Final Capital Lease Obligations is less than the Estimated Capital Lease Obligations, then Purchaser shall be obligated to make a payment to Seller in an amount equal to such shortfall.

(e) All payments, if any, made pursuant to ARTICLE 3.5(B) through (D) shall be deemed to be further adjustments to the Estimated Purchase Price, and the Estimated Purchase Price as so adjusted shall be the "FINAL PURCHASE PRICE".

(f) The difference, if any, between the Estimated Purchase Price and the Final Purchase Price, together with interest thereon from and after the Closing Date up to and including the date of payment at a rate of 6 % (six per cent) PER ANNUM, shall be paid by Purchaser to Seller (if the Final Purchase Price is greater than the Estimated Purchase Price) or by Seller to Purchaser (if the Estimated Purchase Price is greater than the Final Purchase Price) by wire transfer of immediately available funds within five (5) Business Days after the Final Purchase Price has been finally determined in accordance with this ARTICLE 3.

ARTICLE 4
CLOSING

4.1 PLACE AND TIME OF CLOSING

The consummation of the transactions contemplated by this Agreement, as set forth in ARTICLE 4.5 below (the "CLOSING"), shall take place at the offices of Jones Day in Frankfurt am Main at 10 a.m. on the third Business Day after the day on which the conditions set forth in ARTICLE 4.2 below are met, or at any other time or place as the Parties may mutually agree in writing. The date on which the Closing is completed is referred to herein as the "CLOSING DATE".

4.2 CONDITIONS TO CLOSING

(a) The obligations of Purchaser and Seller to consummate the Closing are subject to the satisfaction of all of the following conditions precedent:

(i) The Closing shall be permissible pursuant to Article 41 of the German Act against Restraints of Competition (GWB);

(ii) The Closing shall be permissible in Poland, Norway and Slovakia in accordance with applicable law;

(iii) No enforceable judgment, injunction, order or decree by any court or governmental authority in the European Union or any other applicable jurisdiction shall prohibit the consummation of the Closing;

(iv) No Material Adverse Effect (as defined below in ARTICLE 5) has arisen between the date hereof and the date on which all the other conditions under this ARTICLE 4.2(A) have been satisfied.

(b) The conditions to Closing set forth in Articles 4.2(a)(i), (ii) and (iii) may be waived only by both Parties jointly. The condition to Closing set forth in Article 4.2(a)(iv) may be waived only by Purchaser. Subject to any such waivers, all conditions to Closing shall be deemed to have been satisfied upon completion of the Closing.

4.3 MERGER CONTROL PROCEEDINGS; OTHER REGULATORY REQUIREMENTS

(a) Purchaser (and Seller, to the extent any filing cannot be made by Purchaser on behalf of Seller under applicable law) shall ensure that any filings necessary in

connection with any merger control clearance referred to in ARTICLE 4.2(A)(I) and (II) and any other filings with, or notifications to, any governmental authority required in connection with this Agreement will be made as soon as is practicable, in any event within three (3) Business Days after the date hereof. Any filings and notifications made by Purchaser shall require the prior written consent of Seller. Such consent shall not be unreasonably withheld.

(b) In order to obtain all requisite approvals for the transactions contemplated by this Agreement under merger control laws, Purchaser and Seller shall (i) reasonably cooperate in all respects with each other in the preparation of any filing or notification and in connection with any submission, investigation or inquiry, (ii) supply to any competent authority as promptly as practicable any additional information requested pursuant to any applicable laws and take all other procedural actions required in order to obtain any necessary clearance or to cause any applicable waiting periods to commence and expire, (iii) promptly provide each other with copies of any written communication (or written summaries of any non-written communication) in connection with any proceeding and (iv) contact any competent authority only after consultation with the other Party and give each other and their respective advisors the opportunity to participate in all meetings and conferences with any competent authority unless such participation would be not permitted by the competent authority or would impose a significant delay on the merger control proceedings.

(c) Purchaser shall offer, consent to, and comply with, any obligations or conditions (AUFLAGEN UND BEDINGUNGEN), commitments (ZUSAGEN) or other agreements required by any competent merger control authority as a condition to the clearance of the transactions contemplated hereby, unless such obligation or condition, commitment or other agreement would alter the character of the transaction contemplated hereby materially or would materially affect the business operations of Purchaser or the Hunnebeck Group, and as a result thereof, such consent or compliance by Purchaser would have to be considered as unreasonable (UNZUMUTBAR) to Purchaser.

(d) With respect to the conditions to Closing set forth in ARTICLE 4.2(A), if the consummation of the Closing is prohibited by any governmental authority or Court, the Parties shall use their reasonable commercial efforts to cooperate in contesting such decision in order to seek to effect the Closing as contemplated by this Agreement as timely as is reasonably practicable.

(e) The Parties shall not be entitled to request or obtain from each other any adjustment of the Purchase Price or other amendment to this Agreement as a result of any divestiture (in the case of Purchaser) or other action pursuant to this ARTICLE

4.3 or of any decision by a competent authority after the Closing Date prohibiting any transaction contemplated hereby, or any losses, damages, costs or expenses associated therewith.

4.4 SELLER'S DELIVERIES ON OR PRIOR TO THE CLOSING DATE

On, or prior to, the Closing Date, Seller shall deliver to Purchaser written evidence of the release of any pledge and other security interests granted on any shares of each Company as set forth in EXHIBIT 4.4 in relation with the financing agreement, dated 29 August 2003, among Holdco, several other Companies, and Madeleine L.L.C. (the "MADELEINE FINANCING").

4.5 ACTIONS ON THE CLOSING DATE

On the Closing Date, the Parties shall take, or cause to be taken, the following actions, which shall be taken simultaneously (ZUG UM ZUG):

(a) execution by Seller and Purchaser (or an entity to be designated by Purchaser not later than 3 Business Days before Closing Date) of a share transfer agreement regarding the Sold Shares, substantially in the form as attached hereto as EXHIBIT 4.5 (A);

(b) payment by Purchaser of the Estimated Purchase Price (minus an amount of EUR 5,000,000 which is to be paid into the Escrow Account pursuant to ARTICLE 4.5(C)) in accordance with ARTICLE 2.3;

(c) payment by Purchaser of EUR 5,000,000 into the Escrow Account in accordance with ARTICLE 8.5;

(d) execution by Seller and Purchaser of the Escrow Agreement in accordance with ARTICLE 8.5; and

(e) execution by Sun Capital Partners Management III, LLC and Holdco of an agreement providing for the termination of the management services agreement dated 29 August, 2003 releasing with immediate effect Sun Capital Partners Management III, LLC and any of its affiliates, members, partners, managers, officers, employees and agents on the one hand and Holdco on the other hand from any liabilities under said agreement and without any indemnity being owed by either party to the other party of said agreement.

If Seller should choose to provide Indemnification Insurance for the benefit of Purchaser in accordance with ARTICLE 8.10, Purchaser must pay the full Estimated Purchase Price on

Closing Date (i.e. without the deduction of EUR 5,000,000), and the actions described above in ARTICLE 4.5(C) AND (D) shall not be taken.

4.6 TERMINATION RIGHT

Each Party shall be entitled to terminate (ZURUCKTRETEN) this Agreement by giving written notice to the other Party, if Closing has not occurred on or before 31 December, 2005.

ARTICLE 5
REPRESENTATIONS OF SELLER

Seller hereby represents to Purchaser in the form of an independent undertaking (Section 311 of the German Civil Code) that, except as set forth in any of the exhibits referred to in this ARTICLE 5 (which together compose the "DISCLOSURE SCHEDULE") the statements set forth in this ARTICLE 5 are true and correct as of the date when all of the Closing Conditions pursuant to ARTICLE 4.2(A) have been met or waived except as otherwise provided for in this ARTICLE 5. The scope and content of each representation of Seller contained in this ARTICLE 5 as well as Seller's liability arising thereunder shall be exclusively defined by the provisions of this Agreement (in particular the limitations on Purchaser's rights and remedies set forth in ARTICLE 8 below), which shall be an integral part of the representations of Seller, and no representation of Seller shall be construed as a seller's guarantee (GARANTIE FUR DIE BESCHAFFENHEIT DER SACHE) within the meaning of Sections 443 and 444 of the German Civil Code.

For the purpose of this Agreement, "SELLER'S KNOWLEDGE" means the actual knowledge, as of the date hereof, of Dr. Frank Maassen (Chief Executive Officer of Holdco), Markus Nagel (Chief Financial Officer of Holdco), Martin Hemberger (Chief Executive Officer of Hunnebeck GmbH), Franz-Josef Teckentrup (Chief Financial Officer of Hunnebeck GmbH), Serge Madjour (Chief Executive Officer of Hunnebeck France S.A.S.), Claudine Nougier (Chief Financial Officer of Hunnebeck France S.A.S.), Andre Ameri (Chief Executive Officer of Hunnebeck Italia S.p.A.), Peter Erb (Chief Financial Officer of Hunnebeck Italia S.p.A.), as well as Dr. Mariusz Cwiklinski (Chief Executive Officer of Hunnebeck Polska Sp. z o.o.), and Bogdan Dabrowski (Chief Financial Officer of Hunnebeck Polska Sp. z o.o.).

"MATERIAL ADVERSE EFFECT" means an effect that is materially adverse to the financial condition or results of operations of the Hunnebeck Group taken as a whole, but shall exclude any prospects and shall also exclude any effect resulting or arising from: (i) any change in any law; (ii) any changes, events, facts or circumstances that existed, but only became known to Purchaser following the date hereof although Seller performed fully its disclosure obligations to Purchaser pursuant to this Agreement and applicable law, (iii) any changes, events, facts or circumstances where the original cause of such changes, events, facts or circumstances existed on the date

hereof, (iv) any changes, events, facts or circumstances where similar changes, events, facts or circumstances have arisen and which have been reflected and, as the case may be, reserved in the audited financial statements of the Hunnebeck Group prior to the date hereof and were either known by Purchaser or were not known to Purchaser although Seller performed fully its disclosure obligations to Purchaser pursuant to this Agreement and applicable law, (v) any change in interest rates or general economic conditions; (vi) any change that is generally applicable to the industries in which any of the Companies operates; (viii) the entry into this Agreement and/or the consummation of the transactions contemplated hereby; (ix) any action taken by Purchaser or any of its affiliates; (x) any omission to act or action taken with the express consent of the Purchaser (including, without limitation, those omissions to act or actions taken which are permitted by this Agreement); or (xi) any national or international political or social conditions, including the engagement by any country in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon any country or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of such country.

5.1 LEGAL ORGANIZATION OF SELLER AND THE HUNNEBECK GROUP

(a) Seller is a limited liability company duly organized and validly existing under the laws of Delaware.

(b) Each entity of the Hunnebeck Group referred to in EXHIBIT R is an entity of the type indicated in EXHIBIT R, duly organized and validly existing under the laws of its jurisdiction of organization, in good standing (insofar as such concept exists under the relevant jurisdiction), and has all organizational or other power to conduct its business as presently conducted, except as disclosed in EXHIBIT R.

(c) All entities of the Hunnebeck Group and their respective jurisdictions of organization are identified in EXHIBIT R. No Company holds any material interest in any company or other entity other than as set forth in EXHIBIT R or EXHIBIT 5.1(C).

(d) No entity of the Hunnebeck Group is a party to any agreement which would permit any third party (other than any entity of the Group) to control such Company or obligate it to transfer its profits to any such third party.

(e) EXHIBIT 5.1(E) contains a true and correct list of the articles of association or partnership agreements or similar constituent documents required in the relevant jurisdictions of each entity of the Hunnebeck Group whose shares are (directly or indirectly) transferred pursuant to this Agreement or in which any third party (other than any entity of the Hunnebeck Group) holds any share or interest. True

and complete copies of such documents have been delivered to Purchaser prior to the date of this Agreement.

(f) No bankruptcy or insolvency proceedings are pending with respect to any entity of the Hunnebeck Group; there is no requirement to initiate such proceedings and to Seller's Knowledge such proceedings are not threatened.

5.2 OWNERSHIP OF SHARES; SHAREHOLDINGS

(a) Holdco's total share capital (STAMMKAPITAL) is EUR 25,000.00, consisting of two shares, one of which with par value of EUR 1,000.00 and the other with par value of EUR 24,000.00. All of the Sold Shares and all of the shares in the other entities of the Hunnebeck Group (as set forth in EXHIBIT R) are directly or indirectly owned by Holdco (collectively the "SUBSIDIARY SHARES"), are duly authorized and validly issued, fully paid and non-assessable, and there are no other issued, reserved for issuance or outstanding equity interests (including silent participation (STILLE BETEILIGUNG)) in Holdco. None of the paid in capital of the Sold Shares and the Subsidiary Shares has, in full or in part, been paid back to the shareholders. There are no options, offers, warrants, conversion rights, subscriptions, or agreements or rights of any kind to subscribe for or to purchase, or commitments to issue (either formal or informal, firm or contingent) shares of capital stock or other equity interests in Holdco or in the Companies other than Holdco (whether debt, equity or a combination thereof) or obligating Holdco or such Companies to grant, extend or enter into any such agreement or commitment except for those provided under statutory law, under the organizational or other constituent document or those disclosed in EXHIBIT R. Seller is the sole and unrestricted owner of the Sold Shares, and the Subsidiary Shares are owned as set forth in EXHIBIT R. At Closing, good, valid and marketable title to the Subsidiary Shares which are purported in EXHIBIT R to be owned will be held by each of Holdco and/or Hunnebeck GmbH.

(b) At Closing, the Sold Shares and the Subsidiary Shares will be free and clear of any liens, encumbrances or other rights of third parties, and there are no pre-emptive rights, rights of first refusal, options or other rights of any third party to purchase or acquire any of the Sold Shares, in each case except for rights provided under statutory law or under the organizational or other constituent documents listed in EXHIBIT 5.1(E) (which will not become exercisable due to the change in control resulting from the transactions contemplated herein) and except as set forth in EXHIBIT 5.2(B).

5.3 AUTHORIZATION OF SELLER

(a) The execution and performance by Seller of this Agreement are within Seller's organizational powers, do not violate the limited liability company agreement of Seller and have been duly authorized by all necessary organizational action on the part of Seller.

(b) Assuming compliance with any applicable requirements under antitrust control laws or any other regulatory requirements, the execution and performance of this Agreement by Seller require no approval or consent by any governmental authority binding on Seller and do not violate any applicable law or decision by any court or governmental authority binding on Seller.

(c) As of the date hereof, there is no lawsuit, investigation or proceeding pending or, to Seller's Knowledge, threatened against Seller before any court, arbitrator or governmental authority which in any manner challenges or seeks to prevent, alter or materially delay the transactions contemplated by this Agreement.

5.4 FINANCIAL STATEMENTS

The 2004 Financial Statements have been prepared in accordance with US GAAP, on a basis consistent with those of prior years and present fairly, in all material respects, in accordance with such principles, a true, correct and fair view of the asset position (VERMOGENSLAGE), financial position (FINANZLAGE), earnings position (ERTRAGSLAGE) and stockholder's equity of Holdco as of 30 September 2004. The monthly management report of Holdco as of 31 July 2005 as attached hereto for mere identification purposes as EXHIBIT 5.4 which has been relied upon by Seller in the past along with management reports of prior months as a management tool in making management decisions with respect to the Hunnebeck Group, have been prepared on a basis consistent with the monthly management reports of the past twelve months and have not been modified or altered with respect to the transactions contemplated by this Agreement or the sales process which has preceded the entering into this Agreement.

5.5 TITLE TO ASSETS; ENCUMBRANCES; LIABILITY ARISING IN CONNECTION WITH THYSSENKRUPP NOTES

(a) The Companies have good and valid title to, or, in the case of leased or licensed property and assets, valid leasehold interests or licenses in, all property and assets (whether real, personal, tangible or intangible) reflected in the 2004 Financial Statements, except for properties and assets disposed of since 30 September 2004

or where the failure to have such good and valid title or valid leasehold interests or licenses would not have a Material Adverse Effect.

(b) The (fixed and current) assets owned by the Companies are not encumbered with any liens, pledges, mortgages, charges or other security interests or encumbrances in favor of any third party, except for (i) retention of title rights, liens, pledges or other security rights in favor of suppliers, mechanics, workmen, carriers and the like, (ii) security rights granted to banks and other financial institutions over cash and other assets deposited with such banks or financial institutions, (iii) encumbrances or rights of third parties created under applicable law, including pledges and other security rights in favor of tax authorities or other governmental entities, (iv) easements and similar rights in real property which do not materially impair any Company's ability to conduct its business as presently conducted and (v) the liens, pledges, other rights and encumbrances listed in EXHIBIT 5.5, all of which have arisen or been granted in the ordinary course of business and which do not, or will not, impair in any material respect any Company's ability to conduct its business as presently conducted.

(c) The Companies are not exposed, as of the date hereof or in the future, to any liability under the accounts receivable and notes sold to ThyssenKrupp AG and/or its affiliates except for improper management of the collection of monies received from the account and note debtors. In particular, the Companies are under no obligation, as of the date hereof or in the future, to buy back such accounts receivable and notes under any circumstances, including non-payment by the account or note debtors.

5.6 INTELLECTUAL PROPERTY RIGHTS

(a) EXHIBIT 5.6 contains a complete and accurate list of all intellectual property rights which are owned by and registered on behalf of any Company and are material for the Company to which such intellectual property right relates as presently conducted (the "INTELLECTUAL PROPERTY RIGHTS"), specifying as to each, as applicable: (i) the nature of such Intellectual Property Right, (ii) the owner of such Intellectual Property Right and (iii) the jurisdictions in which such Intellectual Property Right has been registered, or for which an application for issuance or registration has been filed, and (iv) the registration or application numbers.

(b) Except as set forth in EXHIBIT 5.6, the Companies have paid all registration fees to the extent necessary to validly maintain all registrations with any regulatory authorities with respect to the Intellectual Property Rights.

(c) Except as set forth in EXHIBIT 5.6, as of the date hereof, none of the Intellectual Property Rights is subject to any outstanding judgment, injunction, order or decree issued against any Company which materially restricts the use thereof by it and, to Seller's Knowledge, no third party has challenged any Intellectual Property Right in writing towards any Company.

(d) To Seller's Knowledge, (i) there are no third parties' rights infringing the Intellectual Property Rights, and (ii) no Intellectual Property Right is infringing any third parties' rights.

5.7 GOVERNMENTAL PERMITS; COMPLIANCE WITH LAWS

(a) Except as disclosed in EXHIBIT 5.7(A), the Companies have all governmental permits, licenses, authorizations and consents (other than those required by or relating to any Environmental Matters, which are exclusively dealt with in ARTICLE 5.16) in order to operate their businesses as presently conducted and are material for the conduct of their businesses, as presently conducted (the "GOVERNMENTAL PERMITS"). To Seller's Knowledge, no Governmental Permit has been cancelled or revoked by any competent authority and no Company has received any written notice by any such authority that it intends to cancel or revoke any Governmental Permit.

(b) The business of each of the Companies is conducted, in all material respects, in compliance with applicable laws and all Governmental Permits in each case as in effect, enforced and interpreted on the date hereof in, including, without limitation, any European directive and any laws in force in any of the member states of the European Union (other than those applicable laws and Governmental Permits relating to Intellectual Property Rights, product liability, Tax matters or Environmental Matters, to which exclusively Articles 5.6, 5.12, 5.15, and 5.16 shall apply) to the extent applicable in the relevant jurisdiction, as well as any court order or injunctions to the extent binding upon the relevant Company, all except as disclosed in EXHIBIT 5.7(B).

5.8 LITIGATION; DISPUTES

Except as disclosed in EXHIBIT 5.8, as of the date hereof, no lawsuit or other proceeding is pending against any Company before any state court, arbitrator or governmental authority involving an amount in excess of EUR 50,000.00 (excluding costs and fees) and, to Seller's Knowledge, no such lawsuit or proceeding has been threatened against any Company in writing. As of the date hereof, no Company is subject to any decision by

a court or governmental authority that materially limits its ability to operate its business in the ordinary course.

5.9 EMPLOYEE AND LABOR MATTERS

(a) EXHIBIT 5.9(A)(1) contains a true and correct list, as of the date hereof, of all material agreements with unions, worker's councils and similar employee organizations to which any of the Companies is bound. True and complete copies of such agreements have been made available to Purchaser prior to the date hereof. Except as disclosed in EXHIBIT 5.9 (A)(2), no Company made any commitment for job guarantees under collective bargaining agreements or shop agreements other than the job guarantee pursuant to Section 5 of the collective bargaining agreement entered into between Holdco and Hunnebeck GmbH on the one side and Industriegewerkschaft Metall on the other side as of 15 March 2004.

(b) Except as disclosed in EXHIBIT 5.9(B), as of the date hereof, no Company is experiencing or experienced during the last two years (i) any strike or lockout of its employees or (ii) any lawsuit or dispute with any union, workers' council or other body of employee representatives pending before any court, governmental authority or arbitrator (including any proceedings pending before any conciliation committee (EINIGUNGSSTELLENVERFAHREN)) and relating to labor relations or employment matters of a general nature (including lay-offs, restructurings or general working conditions).

(c) EXHIBIT 5.9(C) sets forth, as of the date hereof, a true and complete list of all managing directors of the Companies and of all employees of any Company whose annual base salary (excluding, for the avoidance of doubt, performance-related payments, bonuses and any benefits) exceeds EUR 100,000.00 (the "KEY EMPLOYEES"). Copies of all contracts between any Company and any Key Employee, as in effect on the date hereof, have been disclosed to Purchaser. As of the date hereof, none of the Key Employees has given written notice of termination of his or her employment or to Seller's Knowledge communicated the intention to do so.

(d) Except as disclosed in EXHIBIT 5.9(D) or required under applicable law, no Company has made any pension commitment to any of its current or former employees.

(e) Each of the Companies has complied in all material respects with all labor law obligations, has timely and in full amount paid all salaries and wages to each of the Companies' employees and directors, have complied with, in a material way,

all social security obligations and contribution payment obligations, as well as with insolvency protection requirements.

5.10 MATERIAL AGREEMENTS

(a) Except for (i) the agreements listed in EXHIBIT 5.10(A) (the "MATERIAL AGREEMENTS") and (ii) any agreements required to be disclosed pursuant to any other provision of this Agreement, no Company is a party to any of the following written agreements, provided that any primary contractual obligation (PRIMARE HAUPTLEISTUNGSPFLICHT) thereunder has not yet been fulfilled:

(1) agreements relating to the acquisition or sale of interests in other companies, businesses or real estate providing, in each case, for a consideration of EUR 250,000.00 or more;

(2) joint venture, partnership or shareholder agreements relating to the conduct of a material part of the business of the Hunnebeck Group;

(3) rental and lease agreements relating to real estate which, individually, provide for annual payments of EUR 250,000.00 or more;

(4) loan agreements (other than relating to any intercompany debt towards any Company or member of the Seller's Group), bonds, notes or any other instruments of debt issued by any Company and involving, individually, an indebtedness of the Company of EUR 250,000.00 or more;

(5) guarantees, indemnities and suretyships issued by any of the Companies for any debt of any third party (other than any other Company) for an amount of EUR 250,000.00 or more per item;

(6) any agreement (excluding customary territorial restrictions in supplier or reseller agreements) that materially limits the freedom of the Hunnebeck Group (taken as a whole) to compete in any line of business or with any third party;

(7) master agreements with the five major suppliers (based on the aggregate purchases in the first ten months of the financial year ending 30 September 2005);

(8) material agreements with Seller or any other member of the Seller's Group, other than in connection with commercial transactions made in the ordinary course of the Companies' businesses;

(9) agreements or commitments not made in the ordinary course of business which have, or would reasonably be expected to have, a Material Adverse Effect;

(10) agency or distribution agreements corresponding to a yearly turnover by any Company of more than EUR 250,000 (based on the financial year ending 30 September 2004); and

(11) agreements individually providing for annual payment obligations of more than EUR 250,000.

(b) To Seller's Knowledge, unless otherwise disclosed in EXHIBIT 5.10(B), (i) no written notice of termination has been given with respect to any Material Agreement nor has any third party to a Material Agreement stated its intention to do so and (ii) neither any Company nor any third party to any Material Agreement is in material default or material breach under any Material Agreement. Neither the execution nor the delivery nor the performance of this Agreement and the transactions contemplated hereby will conflict with, result in the breach of, constitute a material default under, or result in the termination, cancellation or acceleration (whether after giving of notice or the lapse of time, or both) of any material right or obligation of any of the Material Agreements, or cause a loss of any material benefit to which any Company is entitled under any and all Material Agreements.

5.11 INSURANCE COVERAGE

EXHIBIT 5.11 contains a true and complete list of all material insurance policies relating to the assets, business or operations of the Companies. To Seller's Knowledge, all such policies are in full force and effect and there are no material claims by any Company pending under any of such policies as to which coverage has been questioned, denied or disputed by the insurer.

5.12 PRODUCT LIABILITY

Except as disclosed in EXHIBIT 5.12, as of the date hereof, to Seller's Knowledge:

(a) no product liability claims relating to personal injury and exceeding EUR 100,000.00 in any individual case have been asserted against any Company in the last two years prior to the date hereof; and

(b) no Company has received any order from any governmental authority to recall any of the products manufactured and delivered by it.

5.13 FINDERS' FEES

Except as disclosed in EXHIBIT 5.13, no Company has any obligation or liability to pay any fees or commissions to any broker, finder or agent with respect to this Agreement and the consummation of the transactions contemplated hereby.

5.14 CONDUCT OF BUSINESS SINCE 30 SEPTEMBER 2004

Except as disclosed in EXHIBIT 5.14 and except for any transactions contemplated by or any facts or events disclosed in this Agreement, in the period between 30 September 2004 and the date hereof, to Seller's Knowledge, there has not been:

(a) any recapitalization or reorganization which materially changes the corporate structure of the Hunnebeck Group; any merger or similar business combination between any Company and any third party (other than another Company);

(b) any declaration or payment of dividends by any Company to any member of the Seller's Group;

(c) any divestiture by any Company of a shareholding or business with a value in excess of EUR 500,000.00 each;

(d) any borrowing made by any Company in excess of EUR 500,000.00 or any guarantee granted by any Company for any third party's indebtedness in excess of EUR 250,000.00, other than indebtedness incurred, or guarantees granted by any Company in the ordinary course of business and in amounts and on terms consistent with past practice;

(e) any investment by any Company in, or the making of any loan to, any other company or entity (other than any entity of the Hunnebeck Group) exceeding in each case EUR 500,000.00;

(f) any lay-off with respect to a significant part of the workforce of the Hunnebeck Group;

(g) any change in, or commitment to change, any compensation or benefit of any Key Employee pursuant to any severance or retirement plan or agreement made by any Company in connection with this Agreement or the transactions contemplated hereby;

(h) any change in any method of accounting or accounting practice or policy by any Company, except as required due to a concurrent change in generally accepted accounting principles;

(i) any transaction entered into by any Company outside the ordinary course of business which has had, or would reasonably be expected to have, a Material Adverse Effect; or

(j) any damage, destruction or other casualty loss (whether or not covered by insurance) adversely affecting the business or assets of any Company which has, or would reasonably be expected to have, a Material Adverse Effect.

5.15 TAXES

(a) As of the date hereof and except as otherwise disclosed in EXHIBIT 5.15,

(i) all Tax Returns required to be periodically filed with any Taxing Authority with respect to any Pre-Closing Tax Period by or on behalf of any of the Companies were filed when due; and

(ii) no Company is involved in any Tax audit or investigation relating to any Pre-Closing Tax Period; and

(iii) all due Taxes assessed as of the date hereof by a Taxing Authority or payable because of a self-assessment and relating to any Company for any Pre-Closing Tax Period have been paid or have been contested in good faith.

(b) The following terms have the following meanings:

(i) "PRE-CLOSING TAX PERIOD" means any Tax assessment period (e.g. VERANLAGUNGSZEITRAUM under German tax laws) or portion of it ending on or before the Closing Date.

(ii) "TAX" means any tax (STEUER) within the meaning of Article 3 of the German Tax Code (AO) or equivalent tax under the laws of any other jurisdiction and any social security contribution (including any withholding on amounts paid to or by any person), together with any interest, penalty or addition thereto.

(iii) "TAX RETURN" means any return, declaration, report, claim for refund, notice, form or information relating to any Tax, including any schedule or attachment thereto.

(iv) "TAXING AUTHORITY" means any competent governmental authority in charge of imposing any Tax.

5.16 ENVIRONMENTAL MATTERS

Except as disclosed in EXHIBIT 5.16 to Seller's Knowledge:

(a) no Company has received any written notice or order from any governmental authority, and no administrative or governmental action, suit, investigation or proceeding is pending and has been asserted in writing against any Company which alleges a material violation of any Environmental Law; and

(b) each Company has obtained all material permits required for its operations (as presently conducted) in accordance with all applicable Environmental Laws and is in compliance in all material respect with the terms of such permits and with all other applicable Environmental Laws.

The term "ENVIRONMENTAL LAW" means any law or regulation relating to or imposing liability, or standards of conduct, for the protection of the environment or the use, handling, generation, manufacturing, distribution, collection, transportation, storage, disposal, cleanup or release of Hazardous Materials, in each case as in effect on the date hereof and as enforced and interpreted by the competent authorities on the date hereof. "HAZARDOUS MATERIALS" means dangerous substances and preparations as defined in Article 2 paragraph (2) of the European Community Council Directive 67/548 EEC, as amended until the date hereof.

5.17 NO OTHER REPRESENTATIONS OR WARRANTIES

Subject only to those representations and indemnities expressly contained in this Agreement, Purchaser agrees to accept the Sold Shares and the Hunnebeck Group in the condition they are in on the Closing Date, based upon its own inspection, examination and determination with respect thereto (including the due diligence investigation

conducted by it), without reliance upon any express or implied representations or warranties of any nature of Seller or any employee, adviser, agent or other representative of Seller or any of its affiliates. Purchaser acknowledges that Seller makes no representations, warranties or guarantees and assumes no disclosure or similar obligations in connection with this Agreement and the transactions contemplated hereby, except as expressly set forth in this Agreement.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Seller as follows, in each case as of the date hereof and the Closing Date:

6.1 AUTHORIZATION OF PURCHASER

(a) Purchaser is a Delaware corporation duly incorporated, validly existing and in good standing under the laws of the state of Delaware and has all corporate powers required to carry on its business as presently conducted.

(b) The execution and performance by Purchaser of this Agreement are within Purchaser's corporate powers, do not violate the articles of association or by-laws of Purchaser and have been duly authorized by all necessary corporate action on the part of Purchaser.

(c) Assuming compliance with any applicable requirements under merger control laws and other regulatory laws as set forth in ARTICLE 4.2(A)(I) and (II), the execution and performance of this Agreement by Purchaser require no approval or consent by any governmental body, authority or official and do not violate any applicable law or decision by any court or governmental authority binding on Purchaser.

(d) As of the date hereof, there is no lawsuit, investigation or proceeding pending against, or to Purchaser's knowledge, threatened in writing against Purchaser before any court, arbitrator or governmental authority which in any manner challenges or seeks to prevent, alter or materially delay the transactions contemplated by this Agreement.

6.2 FINDERS' FEES

Purchaser does not have any obligation or liability to pay any fees or commissions to any broker, finder or agent with respect to any of the transactions contemplated by this Agreement for which Seller could become liable.

6.3 FINANCIAL CAPABILITY; SOLVENCY

(a) Purchaser has sufficient immediately available funds or binding and unconditional financing commitments to enable it to make all payments required to be made by it under this Agreement.

(b) Purchaser is not now insolvent, has not been insolvent during the past 24 months, and will not be rendered insolvent by any of the transactions contemplated hereby. As used in this ARTICLE 6.3, "insolvent" means that the sum of the debts and other probable liabilities of Purchaser exceeds the present fair saleable value of Purchaser's assets.

(c) Immediately after giving effect to the consummation of the transactions contemplated hereby: (i) Purchaser will be able to pay its liabilities as they become due in the usual course of its business; (ii) Purchaser will not have unreasonably small capital with which to conduct its present or proposed business; (iii) Purchaser will have assets (calculated at fair market value) that exceed its liabilities; and (iv) taking into account all pending and threatened litigation, final judgments against Purchaser in actions for money damages are not reasonably anticipated to be rendered at a time when, or in amounts such that, Purchaser will be unable to satisfy any such judgments promptly in accordance with their terms (taking into account the maximum probable amount of such judgments in any such actions and the earliest reasonable time at which such judgments might be rendered) as well as all other liabilities of Purchaser. The cash available to Purchaser, after taking into account all other anticipated uses of the cash, will be sufficient to pay all such liabilities and judgments promptly in accordance with their terms.

ARTICLE 7
COVENANTS

7.1 CONDUCT OF BUSINESS PRIOR TO CLOSING

From the date hereof to the Closing Date, except as disclosed in EXHIBIT 7.1 or contemplated by this Agreement:

(a) Seller shall procure that no Company undertakes:

(i) any transaction between any Company and any company of Seller's Group (other than any financial transactions as long as such financial transactions are reflected, or taken into account, in the post-closing adjustments of the Purchase Price); or

(ii) any recapitalization or reorganization (including the transfer of the German export business from Hunnebeck GmbH to Holdco) which materially changes the corporate structure of the Hunnebeck Group, or any merger or similar business combination between any Company and any third party (other than another Company); or

(iii) any declaration or payment of dividends by any Company to any member of the Seller's Group.

(b) Seller shall cause (to the extent permitted under applicable law) the Companies to conduct their businesses, in all material respects, in the ordinary course, consistent with past practice and not to take, or commit to take, any of the actions set forth in the following CLAUSES (I) - (IX) without Purchaser's prior written approval:

(i) any divestiture by any Company of a shareholding or business;

(ii) any borrowing by any Company in excess of EUR 500,000.00 individually or any guarantee granted by any Company for any third party's indebtedness in excess of EUR 250,000.00, other than (i) indebtedness incurred from, or guarantees granted to, any other Company or (ii) indebtedness incurred, or guarantees granted by any Company, in the ordinary course of business and in amounts and on terms consistent with past practice, and other than any additional incurrence or advance under any credit facility to which any Company is a party or under which it may borrow, in each case as of the date hereof;

(iii) any investment by any Company in, or the making of any loan to, any other company or entity (other than any entity of the Hunnebeck Group) exceeding in each case EUR 500,000.00;

(iv) any capital expenditure by any Company, by additions or improvements to property, plant or equipment, in excess of EUR 500,000.00 each, except as provided in any plan or budget disclosed to Purchaser prior to the date hereof;

(v) any lay-off with respect to a significant part of the workforce of the Hunnebeck Group;

(vi) any change in, or commitment to change, any compensation or benefit of any Key Employee pursuant to any severance or retirement plan or agreement made in connection with this Agreement or the transactions contemplated hereby;

(vii) any change in any method of accounting or accounting practice or policy by any Company, except as required due to a concurrent change in generally accepted accounting principles;

(viii) any transaction entered into by any Company outside the ordinary course of business which has had, or would reasonably be expected to have, a Material Adverse Effect; or

(ix) the entering into pooling agreements (UNTERNEHMENSVERTRAGE) within the meaning of Sect. 291 ss. of the German Stock Corporation Act.

(c) Seller shall procure that all Companies manage all working capital accounts consistent with the normal course of business and its past practices, including (but not limited to) (i) not accelerating collections of accounts receivables out of the normal course inconsistent with past practices, (ii) not delaying payments of payables and other obligations beyond the normal course inconsistent with past practices, and (iii) procuring inventory in reasonable amounts needed for the current business as conducted as of the date hereof.

7.2 CONFIDENTIALITY

For a period of three years after the Closing Date, Seller shall keep confidential and not disclose to any third party any business or trade secrets of the Hunnebeck Group, other than those which have become publicly known through no fault of the Seller's Group or which the Seller's Group is required to disclose in order to comply with any legal

requirements or stock exchange regulations. Such confidentiality obligation shall be satisfied if Seller or the relevant members of the Seller's Group exercise the same care with respect to such information as they would take to preserve the confidentiality of their own similar information (SORGFALT IN EIGENEN ANGELEGENHEITEN).

7.3 ACCESS TO INFORMATION AFTER CLOSING

After the Closing Date, Purchaser will promptly afford to Seller and its representatives access, upon reasonable advance notice, to accounting, financial and other records (and allow them to make copies thereof), as well as to other information, management, employees and auditors of the Hunnebeck Group to the extent necessary or useful to the Seller's Group in connection with any audit, investigation, dispute or litigation or any other reasonable business purpose of the Seller's Group. Purchaser shall keep, and procure that the entities of the Hunnebeck Group will keep, all books and records relating to any period prior to the Closing Date in accordance with and during the periods required under applicable law, but in any event for a period of not less than seven (7) years. Purchaser agrees to cause the Companies to give Seller reasonable notice prior to transferring, discarding or destroying any books or records of the Companies relating to any matters which may be relevant with respect to any indemnity obligation of Seller under this Agreement (in particular to any tax matter relating to any period prior to the Closing Date) and, if Seller so requests, to deliver such books or records to Seller.

7.4 FURTHER ASSURANCES; COOPERATION

Subject to the terms and conditions of this Agreement, the Parties will use reasonable commercial efforts to execute, or cause to be executed, all agreements and documents and to take, or cause to be taken, all other actions necessary under applicable laws and regulations to consummate the transactions contemplated by this Agreement; provided, however, that (notwithstanding any other provisions of this Agreement) Seller shall not have any liability arising from the failure to obtain any third party consents in connection with the transactions contemplated hereby or from any defections of suppliers, customers or employees after the date hereof.

7.5 D&O INSURANCE TAIL COVERAGE

Purchaser shall procure, at its expense, tail coverage for all the Hunnebeck Group's directors and officers under existing director & officer insurance policies (including those listed in EXHIBIT 7.5) covering at least a damage in the aggregate amount of EUR 7,000,000.00 (Euro seven million), for a period until the earlier of (i) the lapse of the applicable statute of limitations, and (ii) the sixth anniversary after the Closing Date.

ARTICLE 8
INDEMNIFICATION

8.1 INDEMNIFICATION BY SELLER AND PURCHASER

(a) Subject to the provisions contained in this ARTICLE 8, Seller shall indemnify and hold harmless Purchaser from the amount of any Losses (as defined below) asserted against, incurred or suffered by Purchaser or the Hunnebeck Group as a result of a breach of any representation, covenant or agreement of Seller contained in this Agreement, provided that Seller has not remedied the breach within a reasonable time after Seller has been notified of such breach pursuant to ARTICLE 8.7(A) below. Indemnification under this ARTICLE 8 shall be the sole and exclusive remedy for any breach of any representation, warranty, covenant or agreement of Seller or any other provision of this Agreement or otherwise, other than proven claims for intentional and knowing fraud. For the purpose of this Agreement, "LOSSES" shall mean all and only those liabilities, reasonable costs and expenses and other damages within the meaning of Sections 249 et seq. of the German Civil Code, excluding, however, any and all consequential or indirect damages (FOLGESCHADEN, MITTELBARE SCHADEN), lost profits (ENTGANGENER GEWINN), frustrated expenses (VERGEBLICHE AUFWENDUNGEN) within the meaning of Section 284 of the German Civil Code, internal administration and overhead costs, and specifically excluding any and all damages and other amounts computed as or with reference to any "multiple of profits" or "multiple of cash flow" or similar valuation methodology. Any Loss shall be computed net of (i) any present benefits (including avoided losses, tax benefits and savings as well as increases in the value of any asset owned by the Hunnebeck Group, provided that such benefit could have been realized in the same fiscal year as the Loss) related to the relevant matter and (ii) any amounts which are covered by insurance or would have been recoverable under any insurance policy as existing on the Closing Date if the insurance coverage had been continued without change (including reasonable increases in the ordinary course of business, consistent with past practice) but increased by any increase in insurance premium exclusively resulting from such recovery and paid for in a three year period after Closing or (iii) any amounts which have been otherwise recovered from any third party (it being understood that Purchaser shall not in bad faith refrain from pursuing claims against third parties).

(b) Subject to the provisions contained in this ARTICLE 8, Purchaser shall indemnify and hold harmless Seller from any Losses asserted against, incurred or suffered by Seller or any member or affiliate of the Seller's Group as a result of a breach of any representation, warranty, covenant or agreement of Purchaser contained in this Agreement. Without prejudice to any other indemnification obligations of Seller and Purchaser contained in this Agreement, Purchaser shall further indemnify and hold harmless Seller from any claims made by any member of the Hunnebeck Group after the Closing Date relating to Seller's shareholding or interest in, or any action taken as shareholder or partner of, any such member of the Hunnebeck Group prior to the Closing Date.

(c) No Party shall be liable under this Agreement for any Loss to the extent that such Loss is attributable to a failure by the other Party to mitigate the Loss (Section 254 of the German Civil Code).

8.2 LOSSES REFLECTED IN FINANCIAL STATEMENTS; INDEMNIFICATION BY THYSSENKRUPP

Seller shall not be liable to Purchaser for any Losses to the extent that:

(a) such Losses do not exceed the monetary amount reflected or accounted for as a write-off, value adjustment, liability or provision, including general adjustments (e.g. PAUSCHALWERTBERICHTIGUNGEN) or provisions made for the relevant risk category, in the 2004 Financial Statements; and

(b) Purchaser or any of the Companies have been indemnified from ThyssenKrupp Systems & Services GmbH or ThyssenKrupp France SA or ThyssenKrupp Serv Austria Ges.mbH (or any legal successor of such entities) under the Umbrella Agreement between the above-mentioned ThyssenKrupp entities and Sun HB GmbH dated 22 June 2003 (Deed-Roll No. 441/2003 of the notary public Dr. Peter Sauberlich with seat in Frankfurt am Main) (it being understood that Purchaser or any of the Companies must first pursue any claims under the Umbrella Agreement).

8.3 DISCLOSED OR KNOWN MATTERS

Seller shall not be liable for a breach of a representation of Seller if the underlying facts of the breach have been disclosed (in writing or made available electronically) to Purchaser or its representatives or advisers prior to the date hereof or made available otherwise (in writing or made available electronically) for the purpose of the due diligence investigation conducted by Purchaser. However, except for the documents specifically listed in EXHIBIT 8.3, the appendices and schedules to the Umbrella

Agreement between ThyssenKrupp Systems & Services GmbH, ThyssenKrupp France SA and ThyssenKrupp Serv Austria Ges.mbH on the one side and Sun HB GmbH on the other side dated 22 June 2003 (Deed-Roll No. 441/2003 of the notary public Dr. Peter Sauberlich with seat in Frankfurt am Main) shall not be deemed to have been disclosed or made available to Purchaser or its representatives or advisers). Without limiting the generality of the foregoing, Section 442 of the German Civil Code shall not apply.

8.4 THRESHOLDS AND AGGREGATE AMOUNTS OF SELLER'S AND PURCHASER'S LIABILITY

(a) Seller shall only be liable for any Losses arising from a breach of a representation, warranty, covenant or agreement of Seller or any other provision of this Agreement, and under all indemnities contained herein (other than Seller's obligation to deliver the Sold Shares against payment of the full Purchase Price), if and to the extent any Loss with respect to an individual matter exceeds an amount of EUR 50,000 (the "DE MINIMIS AMOUNT") and then only if and to the extent that all indemnifiable Losses above the De Minimis Amount exceed an aggregate amount of EUR 500,000 (the "DEDUCTIBLE AMOUNT") (in which case only the excess amount above the Deductible Amount shall be recoverable).

(b) Seller's liability arising out of or in connection with this Agreement, including for the breach of all representations, warranties, covenants and agreements or any other provisions of this Agreement, and under all indemnities contained herein, with the sole exception of the representations given by Seller to Purchaser according to ARTICLE 5.2 (Ownership of Shares; Shareholdings) and ARTICLE 5.15 (Taxes), shall be limited to the respective amount to be held in escrow in accordance with ARTICLE 8.5 (the "MAXIMUM AMOUNT"). Seller's liability arising out of the representations made in ARTICLE 5.2 shall be limited to an amount equal to 50% of the Purchase Price and Seller's liability arising out of the representations made in ARTICLE 5.15 shall be limited to an amount equal to 25% of the Purchase Price.

(c) The thresholds and caps which apply to Seller's liability according to ARTICLE 8.4 (A) AND (B) shall apply to Purchaser's liability as well.

8.5 ESCROW ACCOUNT

Subject to ARTICLE 8.10, Purchaser shall transfer at Closing an amount of EUR 5,000,000 out of the proceeds of the Estimated Purchase Price being paid from Purchaser to Seller into an escrow account (the "ESCROW ACCOUNT"). One year after the Closing Date, EUR 2,500,000 plus the entire interest accrued on the entire amount being held in the Escrow Account, and two years after the Closing Date the remaining EUR 2,500,000 plus

the interest accrued thereon shall be released from the Escrow Account and transferred to a bank account designated by Seller, except for (i) such amounts having being released from the Escrow Account to Purchaser due to claims made by Purchaser against Seller according to ARTICLE 8.7 and (ii) such amounts being subject to claims made by Purchaser against Seller according to ARTICLE 8.7 and not being resolved at the relevant time. Details of the Escrow Account are set forth in the escrow agreement attached as EXHIBIT 8.5 (the "ESCROW AGREEMENT") which will be, subject to ARTICLE 8.10, executed at Closing substantially in the form as attached. The Parties shall without undue delay after the date hereof inquire whether JP Morgan, at terms acceptable to both Parties, shall act as escrow agent. If that is not the case, then the Parties shall agree in good faith upon another escrow agent. If the Parties cannot agree upon another escrow agent, the acting notary shall serve as escrow agent. The fees of the escrow agent are borne by Purchaser.

8.6 LIMITATION PERIODS

All claims of Purchaser or Seller under any representation, warranty, covenant or agreement of Seller or other provision of this Agreement, and under all indemnities contained herein or otherwise, shall be time-barred (VERJAHREN) upon expiration of a period of 24 months after the Closing Date (the "LIMITATION PERIOD"), except for claims under the representations of Seller contained in ARTICLE 5.2 (Ownership of Shares; Shareholdings) and ARTICLE 5.15 (Taxes), which shall be time barred five years after the Closing Date. The Limitation Periods shall be tolled (GEHEMMT), if Purchaser delivers a notice pursuant to ARTICLE 8.7 (A) even if Purchaser or a Company then first proceed to pursue the claim that is subject of such notice against a third party.

8.7 INDEMNIFICATION PROCEDURES

(a) In the event of a breach of a representation, covenant or agreement of Seller contained in this Agreement for which Purchaser is eligible to be indemnified, Purchaser shall promptly notify Seller of any breach, describe its claim in reasonable detail and, to the extent then feasible, set forth the estimated amount of such claim (the "CLAIM DESCRIBED"). Upon delivery of such notice of Purchaser to Seller, the expiration, pursuant to ARTICLE 8.6, of the Claim Described shall be tolled (GEHEMMT).

(b) In the event that any action, claim, demand or proceeding under this Agreement is asserted or announced by any third party (including any governmental authority) against Purchaser or the Hunnebeck Group (the "CLAIM ADDRESSEE") (any such claim, a "THIRD PARTY CLAIM"), and in the event Purchaser intends to demand Seller to indemnify Purchaser for such Third Party Claim under this Agreement, Purchaser shall give, or cause to be given, by means of a written notice Seller the

opportunity to defend the Claim Addressee against the Third Party Claim. If Seller elects to defend the Claim Addressee against the Third Party Claim, Seller shall notify Purchaser and the Claim Addressee in writing of such decision in due course. Seller then shall have the right to defend the Claim Addressee (in consultation with Purchaser) by all appropriate actions and shall have, at any time during the proceedings, the sole power to direct and control such defense. In particular, Seller may (in consultation with Purchaser) participate in and direct all negotiations and correspondence with the third party, appoint and instruct counsel and request that the Third Party Claim be litigated or settled in accordance with Seller's instructions. No action by Seller or its representatives in connection with the defense shall be construed as an acknowledgement (whether express or implied) of Purchaser's claim under this Agreement or of any underlying facts related to such claim. All costs and expenses incurred by Seller in defending the Third Party Claim shall be borne by Seller.

(c) Purchaser agrees, and shall cause each Claim Addressee, (i) to fully cooperate with Seller in the defense of any Third Party Claim, (ii) to diligently conduct the defense (to the extent that Seller is not in control of the defense) in order to mitigate the Loss and keep the amount thereof as low as possible, (iii) not to acknowledge or settle the Third Party Claim without Seller's prior written consent, and (iv) to provide Seller's representatives access, upon reasonable advance notice and during normal business hours, to all relevant books and records, other information, premises and personnel of the Hunnebeck Group (it being understood that CLAUSES (II) - (IV) of this ARTICLE 8.7(C) shall apply, irrespective of whether or not Seller has elected to defend the Third Party Claim). All costs and expenses incurred by Purchaser in connection with the cooperation or defense in accordance with this ARTICLE 8.7(C) shall be borne by Purchaser, except for any Losses to be indemnified by Seller under this Agreement.

(d) The failure of any Claim Addressee to comply with any of its significant obligations under this ARTICLE 8.7 shall release, remise and forever discharge Seller from its indemnification obligations hereunder, except if (and to the extent that) the Claim Addressee proves that Seller is not materially prejudiced by such failure.

8.8 NO ADDITIONAL RIGHTS OR REMEDIES

(a) The Parties agree that the rights and remedies which Purchaser and Seller may have with respect to the breach of a representation, warranty, covenant or agreement or any other provision of this Agreement, and under all indemnities contained herein (other than Seller's obligation to deliver the Sold Shares against

payment of the full Purchase Price), are limited to the rights and remedies explicitly contained herein.

(b) Any and all rights and remedies of any legal nature which Purchaser or Seller may otherwise have (in addition to the claims for specific performance (PRIMARE ERFULLUNGSPFLICHTEN) and the indemnity claims explicitly set forth herein) against the other Party in connection with this Agreement or the transactions contemplated hereby shall be excluded and irrevocably waived. In particular, without limiting the generality of the foregoing, each Party hereby waives any claims under statutory representations and warranties (Sections 434 et seq. of the German Civil Code), statutory contractual or precontractual obligations (Articles 280 to 282, 311 of the German Civil Code) or frustration of contract (Section 313 of the German Civil Code) or tort (Sections 823 et seq. of the German Civil Code), and no Party shall have any right to rescind, cancel or otherwise terminate this Agreement or exercise any right or remedy which would have a similar effect, except for the termination rights set forth in ARTICLE 4.6.

(c) The provisions of this ARTICLE 8.8 shall not affect any rights and remedies of the Parties for fraud or wilful misconduct (VORSATZ) and to any claims of Seller arising from a breach of Purchaser's obligation to pay the Purchase Price in accordance with ARTICLE 2.

8.9 NO DOUBLE COUNTING

For the avoidance of doubt, matters which have been taken into account for the benefit of Purchaser in the calculation of the Purchase Price pursuant to Article 2.1 in connection with Article 3, shall in no case form the basis for a claim for indemnification under this ARTICLE 8.

8.10 INDEMNIFICATION INSURANCE

At Seller's option, Seller may, in the time between the date hereof and the Closing, purchase one or more policies of representations and warranties insurance for the benefit of Purchaser, including the Maximum Amount and for the duration of the Limitation Period, with a deductible equal to the Deductible Amount, where any and all out-of pocket expense incurred under the insurance policy pursuant to the Deductible Amount will be borne by the Purchaser ("INDEMNIFICATION INSURANCE"). All provisions of the Indemnification Insurance (including, without limitation, the sole and exclusive nature of the remedy, the threshold, carve-outs, off-sets, tax implications and the exclusion of consequential damages) shall be consistent in all respects with this ARTICLE 8. In the event that Indemnification Insurance is secured as contemplated by this ARTICLE 8.10, then

notwithstanding anything in this Agreement or elsewhere to the contrary, such Indemnification Insurance shall be the sole and exclusive remedy of the Purchaser for any and all claims arising under this Agreement or otherwise, including, without limitation, for any misrepresentation, or any breach of any representation, warranty, covenant or agreement or any other provision of this Agreement (other than proven claims for intentional and knowing fraud), and such Indemnification Insurance shall be in lieu of, and not in addition to, any and all indemnities of Seller hereunder. However, if the Indemnification Insurance does not cover Seller's liability arising out of representations made in ARTICLE 5.2 or ARTICLE 5.15, Seller shall remain liable as provided for in ARTICLE 5.2 and ARTICLE 5.15 in connection with ARTICLE 8.4 (B) and ARTICLE 8.6.

ARTICLE 9
MISCELLANEOUS

9.1 NOTICES

All notices, requests and other communications hereunder shall be made in writing in the English language and delivered by hand, by courier or by telefax (provided that the telecopy is promptly confirmed in writing) to the person at the address set forth below, or such other address as may be designated by the respective Party to the other Party in the same manner:

To Seller:

Marc J. Leder, Rodger R. Krouse and C. Deryl Couch
Sun HB Holdings, LLC
c/o Sun Capital Partners, Inc.
5200 Town Center Circle
Suite 470
Boca Raton, Florida 33486
U.S.A.

with a copy to:

Hengeler Mueller
Dr. Georg Seyfarth
Benrather Stra(beta)e 18 - 20
40213 Dusseldorf
Germany

To Purchaser:

HARSCO CORPORATION
Salvatore D. Fazzolari and Mark E. Kimmel
350 Poplar Church Road
P.O.Box 8888
Camp Hill, PA 17001-8888
U.S.A.

with a copy to:

Jones Day
Christopher M. Kelly
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114-1190
U.S.A.

9.2 PUBLIC DISCLOSURE, CONFIDENTIALITY

No Party shall make any press release or similar public announcement with respect to this Agreement, and each Party shall keep confidential and not disclose to any third party any confidential information regarding the other Party disclosed to it in connection with this Agreement or its implementation, except as expressly agreed upon with the other Party and except as may be required in order to comply with the requirements of any applicable laws or the rules and regulations of any stock exchange upon which any securities of the relevant Party or any of its parent companies are listed; provided, that Seller shall be entitled to communicate with its and its affiliates' investors relating to this Agreement and the transactions contemplated herein.

9.3 COSTS AND EXPENSES

(a) All transfer taxes (including real estate transfer taxes), stamp duties, fees (including notarial fees), registration duties or other charges in connection with any regulatory requirements (including merger control proceedings) and other charges and costs payable in connection with the execution of this Agreement and the implementation of the transactions contemplated hereby shall be borne by Purchaser.

(b) Each Party shall pay its own expenses, including the costs of its advisors, incurred in connection with this Agreement, and no such costs shall be borne by the Companies.

9.4 ENTIRE AGREEMENT; AMENDMENTS AND WAIVERS

(a) This Agreement (including all Exhibits hereto) contains the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings with respect thereto, except for the Confidentiality Agreement dated 10 May 2005 which will remain in full force and effect until the Closing Date or, if this Agreement is terminated pursuant to ARTICLE 4.6, beyond the date of such termination.

(b) Any provision of this Agreement (including this ARTICLE 9.4) may be amended or waived only if such amendment or waiver is (i) by written instrument executed by all Parties and explicitly refers to this Agreement or (ii) by notarized deed, if required by law.

9.5 ASSIGNMENTS; THIRD PARTY BENEFICIARIES

(a) No Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other Party, except as expressly set forth in this Agreement, and except for assignments, delegations or other transfers to an affiliate of the respective Party provided that the transferring Party shall remain jointly and severally liable with respect to any such right or obligation to the other Party.

(b) Neither this Agreement nor any provision contained in this Agreement is intended to confer any rights or remedies upon any person or entity other than the Parties.

9.6 GOVERNING LAW; JURISDICTION

(a) This Agreement shall be governed by, and construed in accordance with, the laws of Germany (excluding conflict of laws rules and CiSG).

(b) Any dispute arising out of or relating to this Agreement, or the validity thereof, shall be exclusively and finally settled under the Rules of Arbitration of the International Chamber of Commerce, as attached hereto as EXHIBIT 9.6, by three arbitrators appointed in accordance with said rules, at least one of whom shall be a lawyer admitted to the practice of German law before the courts in Germany. The

language of the arbitral proceedings shall be English and all submissions, briefs and documents shall be in English. The place of arbitration shall be Frankfurt am Main.

9.7 INTERPRETATION

(a) The headings of the Articles and of the clauses in this Agreement are for convenience purposes only and shall not affect the interpretation of any of the provisions hereof.

(b) Terms to which a German translation has been added shall be interpreted as having the meaning assigned to them by the German translation.

(c) The term "affiliated company" shall have the meaning assigned to it in Article 15 of the German Stock Corporation Act (AKTG).

(d) For the purpose of any disclosure thresholds or the like in any representations and warranties contained in this Agreement, any reference to Euros (EUR) shall include the equivalent in any foreign currency at the exchange rate officially determined in Frankfurt am Main on the date hereof.

(e) Words such as "hereof", "herein" or "hereunder" refer (unless otherwise required by the context) to this Agreement as a whole and not to a specific provision of this Agreement. The term "including" shall mean "including, without limitation".

(f) The Exhibits to this Agreement are an integral part of this Agreement and any reference to this Agreement includes this Agreement and the Exhibits as a whole. The disclosure of any matter in this Agreement (including any Exhibit thereto) shall be deemed to be a disclosure for all purposes of this Agreement. The fact that a matter has been disclosed in an Exhibit shall not be used to construe the extent of the required disclosure (including any standard of materiality) pursuant to the relevant representation or other provision of this Agreement.

9.8 DEFINITIONS

EXHIBIT 9.8 sets forth a list of the capitalised terms used in this Agreement, indicating the Pages where such terms are defined. Terms defined in the singular have a comparable meaning when used in the plural, and vice versa.

9.9 SEVERABILITY

Should any provision of this Agreement, or any provision incorporated into this Agreement in the future, be or become invalid or unenforceable, the validity or enforceability of the other provisions of this Agreement shall not be affected thereby. The invalid or unenforceable provision shall be deemed to be substituted by a suitable and equitable provision which, to the extent legally permissible, comes as close as possible to the intent and purpose of the invalid or unenforceable provision. The same shall apply: (i) if the Parties have, unintentionally, failed to address a certain matter in this Agreement (REGELUNGSLUCKE); in this case a suitable and equitable provision shall be deemed to have been agreed upon which comes as close as possible to what the Parties, in the light of the intent and purpose of this Agreement, would have agreed upon if they had considered the matter; or (ii) if any provision of this Agreement is invalid because of the scope of any time period or performance stipulated herein; in this case a legally permissible time period or performance shall be deemed to have been agreed which comes as close as possible to the stipulated time period or performance.

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EXHIBIT 31(a)

CERTIFICATIONS

I, Derek C. Hathaway, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2005

/s/ Derek C. Hathaway
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Derek C. Hathaway
Chief Executive Officer

EXHIBIT 31(b)

CERTIFICATIONS

I, Salvatore D. Fazzolari, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2005

/s/ Salvatore D. Fazzolari

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Salvatore D. Fazzolari
Chief Financial Officer

EXHIBIT 32(a)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Derek C. Hathaway, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Derek C. Hathaway

Derek C. Hathaway
Chief Executive Officer

November 3, 2005

A signed original of this written statement required by Section 906 has been provided to Harsco Corporation and will be retained by Harsco Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending September 30, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Salvatore D. Fazzolari, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Chief Financial Officer

November 3, 2005

A signed original of this written statement required by Section 906 has been provided to Harsco Corporation and will be retained by Harsco Corporation and furnished to the Securities and Exchange Commission or its staff upon request.