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

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR15(d)OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 1995 Commission file number 1-3970

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

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

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

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

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

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

NONE
(Title of class)

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

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

The aggregate market value of the Company's voting stock held by non-affiliates of the Company as of February 29, 1996 was $1,659,009,792.

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

Classes	Outstanding at February 29, 1996
Common stock, par value $1.25 per share	25,136,512
Preferred stock purchase rights	25,136,512

Documents Incorporated by Reference

Selected portions of the Notice of 1996 Meeting and Proxy Statement are Incorporated by Reference in Part III of this Report.

The Exhibit index (Item No. 14) is located on pages 74 to 83.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES

INFORMATION REQUIRED IN REPORT

PART I

Item 1. Business:

(a) Description of Business:

Harsco Corporation ("the Company") is a diversified industrial services and manufacturing company. The principal lines of business are: industrial mill services that are provided to steel producers in 28 countries; scaffolding services to the construction and industrial maintenance markets primarily in North America; railway maintenance equipment and services that are provided to U.S. railroads and other international customers; gas control and containment products for customers worldwide, and, several other lines of business including, but not limited to, grating, pipe fittings, process equipment and roofing granules. The Company's operations fall into three Operating Groups: Metal Reclamation and Mill Services; Infrastructure and Construction; and Process Industry Products. The Company has over 175 major facilities in 29 countries, including the United States. Harsco also holds a 40% ownership in United Defense, L.P., a $1.0 billion partnership with FMC Corporation, which principally manufactures ground combat vehicles for the U.S. and international governments.

In 1995, the Infrastructure, Construction and Transportation Group was renamed the Infrastructure and Construction Group due to the Company's announced exit from the school bus business. The Company ceased all bus operations in June 1995. Truck operations were ended in June 1994.

In 1994, the Company formed new Operating Groups. The new Groups were formed because: (1) the Company is no longer directly involved in the Defense business as a result of the formation of United Defense, L.P., effective January 1, 1994, to which the Company contributed its military tracked vehicle business and has an equity interest of 40% in the partnership, and the completion of the five-ton truck contract with the U.S. Government and related conversion to a school bus business in 1993; and (2) due to the acquisition of MultiServ International, N.V. which substantially increased the Company's presence in metal reclamation and mill services. This significant strategic refocusing of the Company necessitated the new Group structure. Except for Defense, because it is no longer a Group, the Company restated all the Operating Groups for the periods presented.

The operations of the Company in any one country, except the United States, do not account for more than 10% of sales. In 1995, no single customer or group under common control represented 10% or more of the Company's sales. There are no significant intergroup sales.

The Company's operations are conducted through 9 divisions, each of which has its own executive, supervisory and operating personnel. Each division has general responsibility for its own activities, including marketing. At the Company's headquarters, an executive management group, most of whom have been associated with the Company for many years, manages and provides leadership for business activities. This management group is responsible for establishing basic Company policy and strategic direction, especially in the areas of long-range planning, capital investment and finance, and, in addition, makes available to operating personnel technical assistance in a number of specialized fields.

(b) Financial Information about Industry Groups:

Financial information concerning Industry Groups is included in Note 16 to the consolidated financial statements under Item 8, "Financial Statements and Supplementary Data".

(c) Narrative Description of Business:

(1) A narrative description of the businesses by Operating Group is as follows:

Metal Reclamation and Mill Services

Under metal reclamation and mill services, the Company provides specialized services to steel producers and non-ferrous metallurgical industries worldwide. The services provided include metal reclamation, scrap handling, cleaning of slag pits, handling of raw material and molten slag, filling and grading of specified areas and the renting of various types of plant equipment. Highly specialized recovery and cleaning equipment, installed and operated on the property of steel producers, together with standard materials handling equipment, including drag lines, cranes, bulldozers, tractors, hauling equipment, lifting magnets and buckets, are employed to reclaim metal. The customer uses this metal in lieu of steel scrap and makes periodic payments to the Company based upon the amounts of metal reclaimed. The nonmetallic residual slag is graded into various sizes at on-site Company-owned processing facilities and sold commercially. Graded slag is used as an aggregate material in asphalt paving applications, railroad ballast and building blocks. The Company also provides in-plant transportation and other specialized services including slab management systems, scrap management, iron making services, general plant services, and recycling technology. Similar services are also provided to non-ferrous metallurgical industries.

This industry group includes the Eastern and Western Regions of the Heckett MultiServ Division which operates in 28 countries on four continents.

During 1995, the Company received two major long-term contracts for metal reclamation and mill services, one at IPSCO Steel in Montpelier, Iowa, valued at $100 million over the next 10 years, and the other valued at $50 million over a ten year period at Gallatin Steel in its new Ghent, Kentucky facility. Additionally, a ten year add-on contract valued at $50 million was signed with Italy's AST, one of the world's largest stainless steel mills, and a $100 million 15-year contract was signed with Mexico's Hylsa Flat products group. New contracts developing in the Middle East in Bahrain, Egypt and Saudi Arabia, as well as a copper slag handling contract in Spain, will help grow the business in the coming year.

For 1995, the percentage of consolidated net sales for metal reclamation and mill services was 40%.

Infrastructure and Construction

Major product classes in this Group are scaffolding, shoring and concrete forming equipment and services, railway maintenance equipment and services, and industrial grating products. This Group also provides roofing granules and slag abrasives and miscellaneous products.

The Group's scaffolding, shoring and concrete forming operations include steel and aluminum support systems that are leased or sold to customers through a North American network of some 40 branch offices. Also, the New Orleans-based Plant Services unit provides safe, cost-effective scaffolding and erection/dismantling services to refineries and the petrochemical sector. Major projects of the Company included the Seattle Kingdome Arena, the San Francisco City Hall, Houston Intercontinental Airport, and McGuire Air Force Base, as well as a concrete forming and shoring contract for the new Visitor's Center at South Dakota's celebrated Mt. Rushmore National Monument. In 1995, the Company signed a contract with TransAmerican Refining Corporation to supply scaffolding access equipment and services for the revamp and rebuild of the refinery's Goodhope, Louisiana, East and West plants. The contract is expected to generate an estimated $4 million in revenues over the next two years.

The Company's product class of railway maintenance equipment and services includes track machinery, which services private and government-owned railroads and urban transit systems. This machinery is classified in the categories of sleeper renewal, spike driving, Hy-Rail, rail grinding, tamping, ballast maintenance, track renewal, track geometry, utility vehicle and rail and overload line equipment. Increased capital investment in contract service equipment was ongoing to accommodate the higher demand for service work from North American railroads.

In 1995, the Company negotiated a multi-year agreement with the Santa Fe Railway that significantly alters how major carriers handle their maintenance needs. This change involves the Company supplying all the equipment and managing all the labor of the railroad's extensive long-term tie renewal program. The Company's leadership in track construction maintenance quality was confirmed when the South Carolina plant was awarded ISO 9001 quality certification. At December 31, 1995, the backlog of equipment orders was $33 million.

The Company manufactures a varied line of industrial grating products at numerous plants in North America. The Company produces riveted, pressure-locked and welded grating in steel and aluminum, used mainly in industrial flooring applications for power, paper, chemical, refining and processing applications. The Company also produces varied products for bridge and decking uses, as well as fiberglass grating used principally in the process industries. At December 31, 1995, the backlog was 37% ahead of the backlog at year-end 1994.

The Company's industrial grating and bridge-decking products continue to grow, as the need to rebuild the nation's aging infrastructure has become increasingly apparent. Major activities in 1995 included New York's Williamsburg Bridge, the Troy-Menands Bridge over the Hudson River and Florida's Million Dollar Bridge, as well as some decking at a USX plant in Alabama and a General Motors facility in Cleveland, Ohio.

Slag abrasives and roofing granules are products from utility coal slag and are processed at 15 locations in 12 states. Slag abrasives are used for industrial surface preparation and cleaning of bridges, ship hulls and various structures. Roofing granules, including color granules, are sold to roofing shingle manufacturers.

For 1995, percentages of consolidated net sales of certain product classes were as follows: scaffolding, shoring and concrete forming equipment, 8%; railway maintenance equipment, 7%; grating, 7%; roofing granules, slag abrasives and miscellaneous, 4%.

Process Industry Products

Major product classes in this Group are gas control and containment, pipe fittings and process equipment. Other classes include composite products, metal fabrication and wear products.

Gas containment products include propane tanks; cryogenic equipment such as bulk storage tanks, refrigerators, ozone-free refrigeration systems, dewars and freezers, and liquid cylinders; high pressure cylinders; and composite products; while gas control products include valves and regulators serving a variety of markets. At the California-based facility where the Company is the world's leading producer of composite cylinders, the NGVFUELTANKS continued to gain acceptance, particularly in the mass transit vehicle market.

The enhanced CO2 Liquidator, which stores carbon dioxide in liquid form and dispenses it as gas to provide carbonation for soft drinks, has gained momentum in the fast-food restaurant industry, as well as convenience stores. In 1995 the company signed an exclusive contract with Arby's, Inc. to supply liquid carbon dioxide systems for soft drinks at 350 Arby's restaurants.

Under the valves and regulators product line, an innovative propane cylinder valve for 20-pound cylinders on gas grills continues to gain in the market place. This propane valve is the barbecue grill standard for the entire industry, because of its improved safety and convenience. The new scuba regulator, the Minimus(R), which is 35% smaller than standard octopus units for handling ease and protection of sea life, has gained market acceptance.

During the year, the Company expanded its Malaysian cryogenic plant, which was opened in the early 1990's, to serve the fast growing Asia Pacific markets. Additional capacity was added to the Company's gas control and scuba diving product lines with a new plant near Niagara Falls, New York.

Harsco's diverse product class of process equipment includes these product lines: heat transfer equipment, mass transfer equipment, air-cooled heat exchangers, fractionation trays, process equipment, blenders, dryers, protective linings and wear products, including bar, plate and fabrication, and manganese products.

During the first quarter of 1995, the Company acquired Fabsco, an Oklahoma-based manufacturer of heat transfer equipment, which was folded into its existing air-cooled heat exchanger business. The Thermific Boiler, which entered the market several years ago, created additional demand with the introduction of the "lo-hi-lo boiler" which has generated considerable buyer interest.

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

For 1995, percentages of consolidated net sales of certain product classes were as follows: gas control and containment, 16%; process equipment, 8%; pipe fittings, 7%; and three others, including structural composites, specialty metal fabrications and wear products, 2%.

Unconsolidated Entities

The Company has a 40% interest in United Defense, L.P., which principally manufactures ground combat vehicles for the U.S. and international governments. The Company's other equity investments provide metal reclamation and mill services as described earlier.

For United Defense, L.P. operating performance, as expected, was down in 1995; however, the decline was much less than anticipated. Sales of the partnership fell 10 percent to $967.6 million. Through its 40 percent equity ownership, Harsco recorded $54.1 million in pre-tax income from its investment compared to $61.9 million in 1994. The partnership also continued to generate significant amounts of cash flow, with Harsco receiving $37.8 million in distributions in 1995.

The Bradley A3 remains United Defense's major product development effort. Through it, the joint venture is building capabilities to be the designer of electronic architecture, systems and software for the Army of the future. New contracts during the year included a $28 million Bradley C2V contract from the U.S. Tank-Automotive and Armaments Command; a $30 million Bradley FIST Engineering and Manufacturing Development contract from the U.S. Army; and a $77 million contract for Bradley Systems Technical Support for an unprecedented four years. This will allow United Defense to provide Bradley and Multiple Launch Rocket System customers with engineering, logistics, quality and field support services through 1999.

Work continued in 1995 to lead an industry team into the $1 billion five year demonstration/validation phase of the Crusader Advanced Field Artillery System (AFAS) development program, awarded last year. As the prime contractor for the development of the Crusader -- the U.S. Army's next generation of howitzer and resupply vehicles -- current work includes engineering and technology demonstrators.

International sales remained healthy. A joint venture company based in Saudi Arabia won a $213 million contract to provide contractor logistics and tactical and combat service support training to the Royal Saudi Land Forces through 1998. A $49 million contract was received from the Republic of Austria, calling for 54 M109A5 howitzers to be built to a unique configuration. Also an $85 million contract from Thailand to provide 82 M113 vehicles in six variations over a two year period and a $33 million order from Samsung Aerospace for 55 additional M9 ACEs under an ACE co-production program launched in 1991.

In new products, work continues on the M88 Improved Recovery Vehicle (IRV) for both the U.S. Army and the Kingdom of Kuwait. Funding has also been received for the Battle Command Vehicle, the Armored Medical Vehicle and the Bradley Fire Support Vehicle.

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

	1995	1994	1993
Metal Reclamation and Mill Services	40%	38%	19%
Gas Control and Containment	16	15	13
Tracked Vehicles	-	-	24

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

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

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

(1) (v) Harsco furnishes building products and materials and a wide variety of specialized equipment for commercial, industrial, public works and residential construction which are seasonal in nature. In 1995, construction related operations accounted for 11% of total sales.

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

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

Sales to U.S. Government agencies in 1995 and 1994 amounted to less than 1% of total sales. Sales to U.S. Government agencies in 1993 amounted to 21% of total sales. The decrease is due to the formation of United Defense L.P., effective January 1, 1994, to which the Company contributed its military tracked vehicle business, and the completion in 1993 of the five-ton truck contract with the U.S. Government.

(1) (viii) Backlog of orders stood at $157,129,000 and $160,703,000 as of December 31, 1995 and 1994, respectively. It is expected that approximately 10% of the total backlog at December 31, 1995, will not be filled within 1996. There is no significant seasonal aspect to the Company's backlog. The backlog at December 31, 1994 included $15,718,000 of orders for the bus business which ceased operations in June 1995.

(1) (ix) Under the terms and regulations applicable to government contracts, the Government has the right to terminate its contracts with United Defense L.P. (40% owned by Harsco) in accordance with procedures specified in the regulations and, under certain circumstances, has the right to renegotiate profits. The partnership pretax income amounted to 34% and 42% of total Harsco pretax income in 1995 and 1994, respectively.

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

(1) (xi) The expense for internal product improvement and product development activities was $4,876,000, $5,463,000 and $5,167,000 in 1995, 1994 and 1993, respectively. Customer-sponsored research and development expenditures were $978,000, $703,000 and $23,008,000, in 1995, 1994 and 1993, respectively. The decrease in customer-sponsored research and development expenditures from 1993 to 1994 is due to the formation of United Defense L.P., effective January 1, 1994, to which the Company contributed its military tracked vehicle business, and the completion of the five-ton truck contract with the U.S. Government.

(1) (xii) The Company has become subject, as have others, to more stringent air and water quality control legislation. In general, the Company has not experienced substantial difficulty in complying with these environmental regulations in the past and does not anticipate making any major capital expenditures for environmental control facilities in 1996 or 1997. While the Company expects that environmental regulations may expand, and its expenditures for air and water quality control will continue, it cannot predict the effect on its business of such expanded regulations. For additional information regarding environmental matters see Note 1 and Note 10 to the Consolidated Financial Statements included in Item 8, "Financial Statements and Supplementary Data".

(1) (xiii) As of December 31, 1995, the Company had approximately 13,200 employees.

(d) FINANCIAL INFORMATION ABOUT FOREIGN AND DOMESTIC OPERATIONS AND EXPORT SALES:

Financial information concerning foreign and domestic operations and export sales is included in Note 16 to the consolidated financial statements under Item 8, "Financial Statements and Supplementary Data".

Item 2. Properties:

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

Location	Floor Space (Sq. Ft.)	Principal Products
Infrastructure and Construction:		
Fairmont, Minnesota	312,000	Railroad Equipment
West Columbia, South Carolina	224,000	Railroad Equipment
Nottingham, England	33,000	Railroad Equipment
Long Island City, New York	48,000	Grating
Nashville, Tennessee	212,000	Grating
Nashville, Tennessee	83,000	Grating
Charlotte, North Carolina	23,000	Grating
Madera, California	42,000	Grating
Leeds, Alabama	45,000	Grating
Cheswick, Pennsylvania	54,000	Grating
Channelview, Texas	82,000	Grating
Queretaro, Qro, Mexico	63,000	Grating
Marion, Ohio	135,000	Construction Equipment
Moundsville, West Virginia	12,000	Roofing Granules/Abrasives
Drakesboro, Kentucky	19,000	Roofing Granules
Gary, Indiana	15,000	Roofing Granules/Abrasives

Item 2. Properties (continued):

Location	Floor Space (Sq. Ft.)	Principal Products
Process Industry Products:		
West Jefferson, Ohio	144,000	Pipe Fittings
Crowley, Louisiana	172,000	Pipe Fittings
Houston, Texas	26,000	Pipe Fittings
Chicago, Illinois	35,000	Pipe Fittings
Hamden, Connecticut	47,000	Pipe Fittings
Vanastra, Ontario, Canada	55,000	Pipe Fittings
East Stroudsburg, Pennsylvania	172,000	Process Equipment
Port of Catoosa, Oklahoma	131,000	Heat Exchangers
Tulsa, Oklahoma	41,000	Fractionation Trays
Tulsa, Oklahoma	13,000	Fractionation Trays
Sapulpa, Oklahoma	74,000	Heat Exchangers
Sapulpa, Oklahoma	52,000	Heat Exchangers
Tulsa, Oklahoma	80,000	Heat Exchangers
Birmingham, Alabama	133,000	Wear Products
Bilston, England	37,000	Fractionation Trays
Lockport, New York	104,000	Valve Manufacturing
Niagara Falls, New York	45,000	Valve Manufacturing
Jessup, Georgia	43,000	Propane Tanks
Bloomfield, Iowa	40,000	Propane Tanks
West Jordan, Utah	26,000	Propane Tanks
Pomona, California	75,000	Composite Pressure Vessels
Harrisburg, Pennsylvania	317,000	Cylinders
Theodore, Alabama	275,000	Cryogenic Storage Vessels
Husum, Germany	60,000	Cryogenic Storage Vessels
Shah Alam, Malaysia	20,000	Cryogenic Storage Vessels

Harsco also operates the following plants which are leased:

Location	Floor Space (Sq. Ft.)	Principal Products	Expiration Date of Lease
Infrastructure and Construction:			
Tulsa, Oklahoma	10,000	Grating	02/28/96
Brendale, Australia	110,000	Railroad Equipment	10/18/97
Process Industry Products:			
Baltimore, Maryland	15,000	Pipe Fittings	12/31/96
Lansing, Ohio	67,000	Pipe Fittings	01/31/97
Decatur, Georgia	19,000	Pipe Fittings	06/30/97
Port of Catoosa, Oklahoma	30,000	Heat Exchangers	02/28/96
Cleveland, Ohio	50,000	Brass Castings	09/30/98

Harsco operates from a number of other plants, branches, warehouses and offices in addition to the above. In particular, the Company has over 130 locations related to metal reclamation in twenty-eight countries, however since these facilities are on the property of the steel mill being serviced they are not listed. The Company considers all of its properties to be in satisfactory condition.

Item 3. Legal Proceedings:

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

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

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

PART II

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

Harsco common stock is traded on the New York, Pacific, Boston, and Philadelphia Stock Exchanges under the symbol HSC. At the end of 1995, there were 25,051,549 shares outstanding. In 1995, the stock traded in a range of 60 1/2-39 5/8 and closed at a year-end high of 58 1/8. For additional information regarding Harsco common stock market price, dividends declared, and numbers of shareholders see Part II, Item 6.

Item 6. Selected Financial Data:

FIVE-YEAR FINANCIAL DATA SUMMARY

(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

SUMMARY OF OPERATIONS	1995	1994	1993+	1992	1991
Net sales	$1,495,466	$1,357,715	$1,422,308	$1,624,939	$1,943,083
Equity of unconsolidated entities	57,031	64,120	2,415	3,626	3,838
Gain on sale of investments and other revenues	1,520	43,946	19,573	2,093	2,230
Costs and expenses excluding facilities discontinuance and reorganization costs	1,346,031	1,272,153	1,292,236	1,479,023	1,819,379
Facilities discontinuance and reorganization costs	22,809	17,143	2,419	445	1,664
Income before interest, taxes, minority interest, and cumulative effect of accounting changes	185,177	176,485	149,641	151,190	128,108
Interest expense	28,921	34,048	19,974	18,882	18,925
Income before cumulative effect of accounting changes	97,377	86,553	80,816*	91,516**	76,543
Net income	97,377	86,553	87,618	84,332	76,543
Return on net sales(1)	6.5%	6.4%	5.7%*	5.6%**	3.9%
Return on average equity(2)	15.9%	15.7%	17.3%	17.2%	16.9%
Return on average assets(3)	14.6%	13.5%	13.4%*	15.2%**	13.5%
FINANCIAL DATA					
Shareholders' equity	625,991	581,222	523,084	495,103	479,726
Cash dividends declared	37,599	35,715	34,946	34,598	32,319
Depreciation	95,033	90,179	69,558	57,064	57,664
Capital expenditures	113,895	90,928	83,395	42,720	53,846
Cash provided by operating activities	258,815	161,395	232,220	108,134	151,485
Cash provided (used) by investing activities	(97,331)	(73,150)	(397,666)	(24,518)	(58,184)
Cash provided (used) by financing activities	(128,068)	(103,040)	173,555	(152,652)	16,897
Working capital	145,254	254,338	182,756	316,918	284,699
Current ratio	1.4:1	1.9:1	1.4:1	2.1:1	1.8:1
Total assets	1,310,662	1,314,649	1,427,612	991,225	1,059,708
Long-term debt	179,926	340,246	364,869	119,841	120,451
Total debt	288,673	365,984	428,378	131,068	221,652
Percent of total debt to capital(4)	31.6%	38.6%	45.0%	20.9%	31.6%

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FIVE-YEAR FINANCIAL DATA SUMMARY (Continued from prior page)

(1) "Return on Net Sales" is calculated by dividing net income by net sales.

(2) "Return on Average Equity" is calculated by dividing net income by quarterly weighted average equity.

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

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

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FIVE-YEAR FINANCIAL DATA SUMMARY (Continued from prior page)

PER SHARE DATA	1995	1994	1993	1992	1991
Income before cumulative effect of accounting changes	3.86	3.45	3.23*	3.52**	2.91
Shareholders' equity	24.99	23.08	20.95	19.51	18.29
Cash dividends declared	1.49	1.42	1.40	1.34	1.23
Price/earnings ratio, high-low	16-10	13-11	13-10	12-9	10-8
Market price of common stock high - low, by quarter					
1st	45-39 5/8	46 3/8-40 5/8	45-36 7/8	39 1/2-27 3/4	27 3/4-22 3/4
2nd	52 7/8-42 7/8	44 5/8-39 3/4	44 1/2-35	38-33 5/8	30 3/8-25 1/4
3rd	59 3/8-52 1/2	43 1/4-38 1/2	44 5/8-37 1/2	37 5/8-28	29 5/8-26 3/4
4th	60 1/2-52 3/4	44 1/8-38 3/8	43 3/8-39 1/4	38 3/4-28 1/8	30 1/8-23 5/8
Dividends paid, by quarter					
1st	.3700	.3500	.3500	.3300	.3000
2nd	.3700	.3500	.3500	.3300	.3000
3rd	.3700	.3500	.3500	.3300	.3000
4th	.3700	.3500	.3500	.3300	.3000
OTHER INFORMATION					
Average number of shares outstanding ..	25,246,356	25,114,874	25,036,893	25,966,755	26,278,384
Number of shareholders of record	7,328	7,674	8,069	8,415	8,767
Number of employees	13,200	13,000	14,200	9,600	10,500
Backlog	$157,129	$160,703	$146,751***	$190,914***	$1,229,688

+ Includes MultiServ International, N.V. since date of acquisition.

* Excludes cumulative effect of change in method of accounting for income taxes, which increased net income by $6.8 million, ($.27 per share).

** Excludes cumulative effect of change in method of accounting for postretirement benefits other than pensions, which decreased net income by $7.2 million, ($.27 per share).

*** Excludes $397.9 million contributed to United Defense, L.P., a joint venture formed between Harsco and FMC Corporation for comparative purposes with 1994 and $548.1 million for comparative purposes with 1993.

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

FINANCIAL CONDITION

Net cash provided by operating activities reached a record $258.8 million in 1995 compared with $161.4 million in 1994. Accounts receivable decreased $73.7 million largely due to the claim settlement of $20.4 million which was recognized in December 1994, but collected in February 1995, and the $49 million related to the settlement of the Federal Excise Tax reimbursement on the completed five-ton truck contract that was received in September 1995. As previously reported, to the extent that any portion of the Federal Excise Tax was not recovered, additional losses on the contract would have to be recognized. By accepting the $49 million settlement, as payment for the $62.5 million receivable recorded during the performance of the contract, the Company recorded a pre-tax, non-cash charge of $13.5 million (after tax charge of $8.2 million). Partially offsetting these claim settlements were related income tax payments of $26.8 million. Cash provided by operating activities during 1995 also includes distributions of $38.4 million from unconsolidated entities.

Capital expenditures for 1995 were a record $113.9 million compared with $90.9 million in 1994, reflecting the Company's program to achieve business growth and to improve productivity and product quality. Capital spending in 1996 is anticipated to be another all-time record, currently budgeted at $120 million. The increase in capital spending reflects higher capital expenditures for the Metal Reclamation and Mill Services Group which spent $73 million, up 19% from 1994, as well as the Infrastructure and Construction Group which accounted for $27.2 million of capital spending, a 50% increase over 1994. The increase in the Infrastructure and Construction Group was principally for the railroad equipment and scaffolding businesses. The Process Industry Products Group accounted for $13.4 million of capital spending, which was 23% higher than 1994. Capital expenditures during the past three years averaged $96.1 million. Proceeds from the sale of property, plant and equipment in 1995 provided $11.5 million in cash.

Cash used by investing activities also included $3.4 million for the acquisition of Fabsco and $0.7 million for an aluminum cylinder shell producer business. Total consideration for Fabsco was $14.8 million with the assumption of debt and other liabilities.

Cash used by financing activities included a net decrease in long-term debt of $68.8 million, which included the purchase at market of $10.5 million of the Company's outstanding 8.75% 10-year notes due May 1996, a $14.0 million reduction of short-term debt, and $37.4 million of cash dividends paid on common stock.

The Company has maintained a policy of reacquiring its common stock in unsolicited open market or privately-negotiated transactions at prevailing market prices for several years. In January 1995, the Board of Directors authorized the purchase, over a one-year period, of up to 500,000 shares of the Company's common stock. The total number of shares purchased under this program in 1995 was 292,014 shares of common stock for about $16.6 million, at an average cost of $56.74 per share. Financing activities included $14.1 million in cash used to repurchase these shares, the remaining amount of approximately $2.5 million was payable at year-end. In January 1996, the Board of Directors authorized the purchase, over a one-year period, of up to 1,000,000 shares of the Company's common stock.

At December 31, 1995, there were 7,486,331 treasury shares. The cost of these shares is $209.4 million, at an average price of $27.97 per share. There were 25,051,549 shares of the common stock outstanding at December 31, 1995, compared with 25,182,250 shares at year-end 1994. There were 32,537,880 shares of the common stock issued at December 31, 1995, as compared with 32,343,553 shares at the end of 1994. The exercise of employee stock options in the amount of 194,327 additional shares accounted for the increase.

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

The Company continues to maintain a good financial position, with net working capital of $145.3 million, down from the $254.3 million at December 31, 1994, principally due to the increase in current maturities of debt related to 8.75% 10 year notes due May 1996, and the result of the settlement of the Federal Excise Tax reimbursement from the U.S. Government. Current assets amounted to $533.8 million, and current liabilities were $388.5 million, resulting in a current ratio of 1.4 to 1, below the 1.9 to 1 at year-end 1994. With total debt at $288.7 million and equity at $626.0 million at December 31, 1995, the total debt as a percent of capital was 31.6%, which is substantially lower than the 38.6% at December 31, 1994.

The stock price range during 1995 was 60 1/2 - 39 5/8. Harsco's book value per share at December 31, 1995, was $24.99, compared with $23.08 at year-end 1994. The Company's return on average equity for 1995 was 15.9%, compared with 15.7% for the year 1994. The return on average assets was 14.6%, compared with the 13.5% for the year 1994. The return on capital for 1995 was 12.2%, compared with 11.0% for the year 1994.

In June 1995, the Company amended its $300 million, October 1993 credit facility with a syndicate of nineteen banks. The amended and restated five-year unsecured facility consolidates two prior agreements and, as amended, extends maturity to June 2000, provides for less restrictive financial ratio covenants and reduced fees and interest rates. Borrowings under this agreement are available in U.S. dollars or Eurocurrencies and serves as back-up to the Company's commercial paper program. As of December 31, 1995, there were no borrowings outstanding under this syndicated credit facility.

The Company also has a commercial paper borrowing program under which it can issue up to $150 million of short-term notes in the U.S. commercial paper market. The Company limits the aggregate commercial paper and syndicated credit facility borrowings at any one time to a maximum of $300 million. At December 31, 1995, the Company had no outstanding commercial paper debt.

Harsco's outstanding long-term notes are rated A by Standard & Poor's and Baa1 by Moody's. Harsco's commercial paper is rated A-1 by Standard & Poor's, F-1 by Fitch Investors Service and P-2 by Moody's. The Company also has on file, with the Securities and Exchange Commission, a Form S-3 shelf registration for the possible issuance of up to an additional $200 million of new debt securities, preferred stock or common stock.

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

RESULTS OF OPERATIONS

1995 Compared with 1994

Revenues for 1995 were $1.55 billion, 6% above 1994. The increase was primarily due to higher sales for metal reclamation and mill services, gas control and containment equipment, scaffolding, shoring and forming equipment, grating, and to a lesser extent railroad equipment, as well as, roofing granules and abrasives. Additionally, higher revenues included sales from an acquisition made in the first quarter of 1995. These increases were partially offset by the impact of ceasing the school bus business in June 1995 and divesting non-core businesses in Europe during the second half of 1995 and 1994, as well as the expected decrease in income from the Company's equity investment in United Defense, L.P. On a comparative basis, revenues for 1994 included $36.2 million due to the negotiated settlement of three claims with the U.S. Government and a $5.9 million pre-tax gain on the sale of the remaining holdings of an investment in a marketable equity security.

Cost of sales increased, principally due to higher volume. Selling, general and administrative expenses decreased as a result of exiting the school bus business, which more than offset higher compensation costs, and professional fees associated with certain legal matters, as well as expenses associated with potential acquisitions.

Income before taxes and minority interest was up 10% from the comparable period last year due to improved performance for all three Operating Groups. The effective income tax rate for 1995 was 39.0%, versus 40.0% in 1994. The reduction in the income tax rate is primarily due to lower effective tax rates on international earnings.

Higher earnings in 1995 were due principally to improved results for metal reclamation and mill services, grating, gas control and containment equipment, scaffolding, shoring and forming equipment, structural composites, as well as roofing granules and abrasives. Income benefited in 1995 from the impact of a pre-tax $5.8 million ($.14 earnings per share) net foreign currency translation exchange gain arising from the decline in the U.S. dollar against certain European currencies which more than offset a pre-tax $3.4 million ($.08 earnings per share) foreign currency translation exchange loss due to the devaluation of the Mexican peso. Lower earnings were recorded for the Company's share of income in its equity investment in United Defense, L.P., as well as pipe fittings. Continued operating losses during the planned shutdown of the school bus operation were lower than operating losses incurred in 1994. The Company ceased all school bus operations in June 1995. In September 1995, the Company recorded a non-cash, pre-tax charge of $13.5 million ($.32 earnings per share) arising from the settlement of the Federal Excise Tax reimbursement claim with the U.S. Government. As a result of the settlement, the Company received cash of $49 million which was offset against a $62.5 million receivable recorded during the performance of the contract. Additionally, the Company recorded a pre-tax provision of $2.1 million ($.05 earnings per share) for the valuation of the remaining school bus operation plant and equipment, and $3 million in termination and other exit costs. Also, in 1995 a pre-tax $2.8 million ($.07 earnings per share) provision for facilities discontinuance and reorganization costs was recorded for the Metal Reclamation and Mill Services Group. On a comparative basis, favorably affecting 1994's results were $36.2 million ($.87 earnings per share) of pre-tax income resulting from the negotiated settlement of three claims with the U.S. Government and a pre-tax $5.9 million ($.14 earnings per share) gain on the sale of the remaining holdings of an investment in a marketable equity security. These favorable items in 1994 were partially offset by $17.1 million ($.41 earnings per share) of expense for facilities discontinuance and reorganization costs related principally to the Infrastructure and Construction and Metal Reclamation and Mill Services Groups. Also, in December 1994, results were unfavorably affected by a $6.0 million ($.14 earnings per share) foreign currency translation loss relating to the Company's operations in Mexico as a result of the maxi devaluation of the peso. Interest expense decreased as a result of the continued reduction of the Company's outstanding debt.

Net income in 1995 of $97.4 million ($3.86 per share), a record, was up 13% from 1994. Results for 1995 included a non-cash, after-tax charge of $8.2 million ($.32 per share) from the settlement of a claim with the U.S. Army. Excluding this item, 1995 income was $105.6 million ($4.18 per share). Net income in 1994 of $86.6 million ($3.45 per share) included gains from settlements of claims with the U.S. Army and the sale of an equity security aggregating $1.01 per share. Excluding these items, 1994 income was $61.4 million ($2.44 per share).

Sales of the Metal Reclamation and Mill Services Group, at $604.2 million, were well above 1994 due to improved business conditions, particularly in Europe, as well as North America. The favorable impact of the decline in the U.S. Dollar against certain European currencies, particularly the French franc, Belgian franc and German mark also contributed to increased revenues for the Group. Sales for the Infrastructure and Construction Group at $399.7 million, were slightly ahead of last year. Scaffolding equipment, grating, railroad equipment and roofing granules and abrasives sales all increased from 1994. School bus sales were down significantly as a result of exiting the operation. Sales for the Process Industry Products Group, at $491.6 million, were ahead of 1994. The improvement included increased sales for most product classes particularly gas control and containment, as well as sales from an acquisition made in process equipment during the first quarter of 1995.

Operating profit of $80.0 million for the Metal Reclamation and Mill Services Group, excluding the impact of expense items relating to facilities discontinuance and reorganization costs, was up 84% from 1994 principally due to improved operating performance, as well as business conditions, the favorable effects of cost reduction and reorganization efforts, and the favorable impact of the decline in the U.S. Dollar against certain European currencies as previously discussed. On a comparative basis, in 1995, results were unfavorably affected by a $3.4 million Mexican peso foreign currency translation exchange loss, whereas in December 1994, a $6.0 million foreign exchange translation loss was recorded due to the maxi devaluation of the Mexican peso. After including the impact of facilities discontinuance and reorganization costs, operating profit of $77.2 million for the Group was more than twice the amount recorded in the prior year. The Infrastructure and Construction Group posted an operating profit of $36.3 million, excluding the impact of expense items relating to facilities discontinuance and reorganization costs, which significantly exceeded 1994. All continuing product classes posted improved results, except railway maintenance equipment which benefited in 1994 from two large international sales. On a comparative basis, operating losses during the planned shutdown of the school bus operation were lower than operating losses incurred in 1994. After including the impact of facilities discontinuance and reorganization costs (which included the $13.5 million pre-tax charge for the Federal Excise Tax settlement and the $2.1 million pre-tax charge for the school bus operation as previously discussed) operating profit of $18.7

million was recorded for the Group as compared to a $1.0 million loss in 1994. Operating profit for the Process Industry Products Group, at $46.0 million, was up 10% from 1994 due principally to improved results for gas control and containment equipment and structural composites which more than offset lower earnings for pipe fittings.

In addition to the Group reporting noted above, the Company views itself as a diversified industrial services and manufacturing company. Total industrial services sales, which include Metal Reclamation and Mill Services Group and Infrastructure and Construction Group service businesses, were $745.3 million in 1995 and $648.5 million in 1994, or approximately 50% and 48% of net sales, respectively. The Company's Metal Reclamation and Mill Services Group provides industrial services principally to steel producers. Sales for this Group were $604.2 million in 1995 compared with $523.4 million in 1994. The Infrastructure and Construction Group includes both industrial services and manufacturing businesses. This Group includes scaffolding services, primarily rentals, to the construction and industrial maintenance markets and railway services to certain railroads, as well as manufactured products consisting of grating, roofing granules and abrasives and railway maintenance equipment. Sales for this Group were $399.7 million in 1995 with industrial services contributing $141.1 million and manufacturing $258.6 million. 1994 Group sales were $391.5 million with industrial services contributing $125.1 million and manufacturing $266.4 million. The total manufacturing sales for 1995 were $750.2 million or approximately 50% of net sales, which includes sales from the Infrastructure and Construction Group of $258.6 million and $491.6 million from the Process Industry Products Group. The total manufacturing sales for 1994 were $709.2 million or approximately 52% of net sales, which includes sales from the Infrastructure and Construction Group of $266.4 million and $442.8 million from the Process Industry Products Group.

The Metal Reclamation and Mill Services Group operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, was $80.0 million in 1995 compared with $43.5 million in 1994. The Infrastructure and Construction Group operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, was $36.3 million in 1995 compared with $11.3 million in 1994. As stated above, this Group provides both industrial services and manufactured products. The operating profit of the service business within this Group was $16.5 million in 1995 compared with $11.7 million in 1994. The operating profit of the manufacturing business within this Group was $19.8 million in 1995 compared with a small loss in 1994. The combined operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, for industrial services for 1995 was $96.5 million compared with $55.2 million in 1994, or approximately 59% and 57%, respectively, of total Group operating profit. The combined operating profit from manufacturing, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, for 1995 was $65.8 million compared with $41.6 million in 1994. The combined operating profit from manufacturing for 1995 and 1994 includes $46.0 million and $42.0 million, respectively, from the Process Industry Products Group. The combined manufacturing operating profit for 1995 and 1994 was 41% and 43%, respectively, of total Group operating profit, excluding facilities discontinuance and reorganization costs.

RESULTS OF OPERATIONS

1994 Compared with 1993

Revenues for 1994 were $1.47 billion, up slightly from 1993. The increase was due principally to higher sales for all three Operating Groups, which were well ahead of the prior year. Total revenues increased despite a substantial absence from sales of military vehicles in 1994.

Sales increased in 1994 for our three Operating Groups, due to acquisitions in 1993, principally MultiServ International, N.V., as of August 31, 1993, and higher sales from gas control and containment equipment, scaffolding, shoring and forming equipment, metal reclamation and mill services, process equipment, railway maintenance equipment, and pipe fittings. Revenues in 1994 include Harsco's $61.9 million share of the income from its equity investment in United Defense, L.P., as well as $36.2 million of revenues resulting from the negotiated settlement of three claims with the U.S. Government relating to government furnished equipment on various contracts, the resolution of certain outstanding contractual matters regarding the military truck contract and a small claim concerning the M9 Armored Combat Earthmover.

Cost of sales was lower, principally reflecting the substantial absence of military vehicles. Internally-funded research and development increased 6%, even with the absence of Defense which in past years was the principal source, due to the higher level of effort for railway maintenance equipment. Selling and administrative expenses increased as a result of the inclusion of acquired companies. Also contributing to the increase were higher sales commissions and compensation costs. On a comparative basis, administrative expenses in 1993 were reduced by the collection of $3.1 million of previously reserved bad debts related to divested operations.

Income before taxes, minority interest, and cumulative effect of accounting changes was up 8% from the comparable period last year, which included overall increased operating profits in 1994 for the three Operating Groups, reflecting growth for the Company's core businesses, as well as results of cost containment efforts which improved operating efficiencies. Income benefited significantly from $36.2 million of pre-tax income resulting from negotiated settlements with the U.S. Government concerning several completed contracts, which were partially offset by significantly higher interest expense, due to the debt incurred in conjunction with the acquisition and operations of MultiServ International, N.V. Also unfavorably affecting income was an $8.0 million pre-tax charge recorded for the impaired value of certain assets in conjunction with the Company's exit from the school bus business, a $4.7 million pre-tax provision recorded for the realizable value of the Company's investment in the five-ton truck business (including costs to complete certain contract close-out and related issues), and a $5.7 million pre-tax charge for the discontinuance and rationalization of administrative facilities at several international metal reclamation and mill services locations. Results in 1994 were unfavorably impacted by the school bus business, which incurred a loss of $16.0 million during the year from a lower than anticipated volume of production associated with the business, as compared to income recorded for military trucks last year, for which production was suspended in June 1993. Also, results were unfavorably affected by a $6.0 million foreign currency translation loss which was recorded for the Company's operations in Mexico, as a result of the maxi devaluation of the peso in December 1994, and profits from the sale of our remaining holdings of an investment in a marketable equity security were lower than the prior year principally due to fewer shares being sold in 1994. On a comparative basis, scaffolding, shoring and forming equipment recorded income in 1994 as compared with a loss in 1993. Additionally, higher earnings in 1994 were recorded for gas control and containment equipment, process equipment, roofing granules and abrasives, pipe fittings and railway maintenance equipment. Income from the Company's equity investment in United Defense, L.P., was slightly below amounts recorded in 1993 from military tracked vehicles. The effective income tax rate before minority interest for 1994 was 40% versus 41% in 1993.

Net income of $86.6 million ($3.45 per share) was slightly below 1993, which included an after-tax gain of $10.7 million ($.43 per share) on the partial sale of an investment in a marketable equity security and the favorable effect of an accounting change of $6.8 million ($.27 per share). Results for 1994 were favorably affected by higher earnings from operations for our three Groups overall, as well as the net favorable effect of the after-tax negotiated settlements of $21.7 million ($.87 per share) of claims with the U.S. Government and an after-tax gain of $3.5 million ($.14 per share) on the sale of the remaining shares of an investment in a marketable equity security. Excluding these items, 1994 income was $61.4 million ($2.44 per share).

Sales of the Metal Reclamation and Mill Services Group, at $523.4 million, were significantly greater than 1993, due to the acquisition of MultiServ International, N.V. The acquisition of MultiServ International, N.V. resulted in total international sales increasing substantially over amounts recorded in 1993. International sales of $494.4 million in 1994 were slightly more than twice the amount recorded in 1993 and increased to 36% of consolidated sales compared with only 17% in 1993. Sales for the Infrastructure and Construction Group, at $391.5 million, and for the Process Industry Products Group, at $442.8 million, were well ahead of 1993 due principally to greater demand for most product classes. Sales of scaffolding, shoring and forming equipment were up 30% in the Infrastructure and Construction Group, and process equipment and gas control and containment equipment posted increases of 25% and 17%, respectively in the Process Industry Products Group.

Operating profit, excluding the impact of the unusual expense items relating to the discontinuance and rationalization of administrative facilities at several international locations and the maxi devaluation of the Mexican peso, for the Metal Reclamation and Mill Services Group was $49.5 million, up 72% from 1993, principally due to the acquisition of MultiServ International, N.V. After including the impact of the unusual items of expense, operating profit was $37.8 million, up 31% from the comparable period. Performance was unfavorably affected in Mexico by the maxi devaluation of the peso and operating losses on a contract which was terminated in December of 1994, the ongoing rationalization of the European steel industry, as well as weak economic conditions experienced principally in the first six months of this year in certain countries in Europe, the adverse impact of foreign currency devaluations and hyperinflation in Brazil particularly during the first half of 1994, and the ongoing expensing of start-up costs for new contracts. During the latter half of 1994, performance improved due to the management reorganization completed in July and improving economic conditions in Brazil and certain European countries. The acquisition of MultiServ International, N.V. resulted in total international operating profit increasing substantially over the amount recorded in 1993. International operating profit in 1994 was up 81% from 1993 and increased to 28% of the total operating profit compared with only 8% in 1993. Although international profits increased substantially, profit margins came in slightly lower in 1994 than 1993 due principally to the maxi devaluation of the Mexican Peso and a full year's amortization of cost in excess of net assets acquired in conjunction with the acquisition of MultiServ International, N.V. The Infrastructure and Construction Group with an operating profit of $11.3 million, excluding the impact of unusual expense items relating to the completed military truck contract and the school bus business, was 37% below 1993. Although most product classes posted significantly improved results, they were more than offset by the $16.0 million in operating losses from the school bus business. After including the impact of the unusual items of expense relating to military trucks and school buses, results for this Group reflect a $1.4 million operating loss. Operating profit for the Process Industry Products Group, at $42.0 million, was up 27% over the prior year and reflected improved performance for all product classes. Gas control and containment equipment and process equipment posted record results.

In addition to the Group reporting noted above, the Company views itself as a diversified industrial services and manufacturing company. Total industrial services sales, which include Metal Reclamation and Mill Services Group and Infrastructure and Construction Group service businesses were $648.5 million in 1994 and $348.9 million in 1993, or approximately 48% and 25% of net sales, respectively. The Company's Metal Reclamation and Mill Services Group provides industrial services principally to steel producers. Sales for this Group were $523.4 million in 1994 compared with $268.1 million in 1993. The Infrastructure and Construction Group includes both industrial services and manufacturing businesses. This Group includes scaffolding services, primarily rentals, to the construction and industrial maintenance markets and railway services to certain railroads, as well as manufactured products consisting of grating, roofing granules and abrasives and railway maintenance equipment. Sales for this Group were $391.5 million in 1994 with industrial services contributing $125.1 million and manufacturing $266.4 million. 1993 Group sales were $306.3 million, with industrial services contributing $80.8 million and manufacturing $225.5 million. Total manufacturing sales for 1994 were $709.2 million or approximately 52% of net sales, which includes sales from the Infrastructure and Construction Group of $266.4 million and $442.8 million from the Process Industry Products Group. The total manufacturing sales for 1993 were $1.1 billion or approximately 75% of net sales, which includes sales from all Groups except Metal Reclamation and Mill Services and the industrial services sales included in Infrastructure and Construction.

The Metal Reclamation and Mill Services Group operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, was $43.5 million in 1994 compared with $28.8 million in 1993. The Infrastructure and Construction Group operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, was $11.3 million in 1994 compared with $17.9 million in 1993. As stated above, this Group provides both industrial services and manufactured products. The operating profit of the service business within this Group was $11.7 million in 1994 compared with $2.9 million in 1993. The manufacturing business within this Group incurred a small loss in 1994 compared with $15.0 million in operating profit in 1993. The combined operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, for industrial services for 1994 was $55.2 million compared with $31.7 million in 1993, or approximately 57% and 22%, respectively, of total Group operating profit. The combined operating profit from manufacturing, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, for 1994 was $41.6 million compared with $115.2 million in 1993. The combined operating profit from manufacturing for 1994 and 1993 was 43% and 78%, respectively, of total Group operating profit, excluding facilities discontinuance and reorganization costs.

RESULTS OF OPERATIONS

1993 Compared with 1992

Revenues for 1993 were $1.44 billion, down 11% from 1992 and sales for the year were $1.42 billion, down 12%. These decreases are due principally to lower sales of five-ton trucks in the Defense Group, reflecting reduced production levels in 1993 and completion of most contracts at midyear. Also contributing to the decline were lower sales of tracked vehicles in the Defense Group, gas control and containment equipment, and grating. The decline in sales also included the divestiture of a division and a product line in the first quarter of 1992. These declines were partially offset by sales arising from acquisitions in 1993, principally MultiServ International, N.V., as well as an acquisition made in June 1992. Higher sales were recorded for pipe fittings, process equipment and scaffolding equipment.

Cost of sales decreased at a rate greater than revenues, due principally to improvement in profit margins on sales of tracked vehicles in the Defense Group and the favorable impact of profit improvement measures, including the divestiture of an unprofitable division and a marginally profitable operation in the first quarter of 1992. Selling and administrative expenses increased, as a result of the inclusion of acquired companies which more than offset lower costs associated with sales in the Defense Group and the collection of previously reserved bad debts.

Income before taxes, minority interest, and cumulative effect of accounting changes was lower than last year. Unfavorably affecting profits were significantly lower results for wheeled vehicles in the Defense Group, which includes start-up costs associated with the recently acquired school bus business. Also, earnings were lower in 1993 for metal reclamation and mill services due to start-up costs at certain locations, particularly Mexico with six new contracts, and weaker economic conditions in Europe, which also contributed to lower earnings for gas control and containment equipment. On a comparative basis, income was unfavorably affected in 1993 by larger provisions for facilities discontinuances compared with a smaller net charge in 1992 which included profits related to the divestitures of the Company's unprofitable plastic pipe division and its marginally profitable hydraulic tool product line. Income benefited significantly from a $17.6 million pre-tax gain ($10.7 million after-tax, $.43 per share) on the sale of a substantial portion of a marketable equity security. Higher earnings in 1993 were recorded for tracked vehicles in the Defense Group, and to a lesser extent, for pipe fittings. Interest expense increased, due to the debt incurred in conjunction with the acquisition and operations of MultiServ International, N.V., which was partially offset by lower interest expense due to the payment of $82.5 million of other nonrelated debt during the last nine months of 1992.

Net income of $87.6 million ($3.50 per share), which included a $6.8 million non-cash reduction of deferred income taxes ($.27 per share) to reflect the adoption, effective January 1, 1993, of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," was up from last year, which included a $7.2 million non-cash, after-tax charge ($.27 per share) to reflect the adoption of Statement of Financial Accounting Standards No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." 1992 also included after-tax profit of $2.3 million ($.09 per share) from the divestiture of the Company's plastic pipe division and hydraulic tool product line. The effective income tax rate of 41% in 1993 was up from 35% in 1992. The increase relates to the higher effective tax rates associated with international earnings, losses sustained in certain foreign operations for which there was no tax benefit, as well as the nondeductibility of certain acquisition costs. Higher taxes were also due to the increase in the U.S. federal tax rate and higher state taxes, due to the change in the mix of U.S. and international income.

Sales of the Metal Reclamation and Mill Services Group, at $268.1 million, were significantly greater than 1992, due to the acquisition of MultiServ International, N.V. Sales for the Infrastructure, Construction and Transportation Group, at $306.3 million, and Process Industry Products Group, at $385.8 were slightly ahead of 1992. The increase for the Infrastructure, Construction and Transportation Group was due to higher volume in railway maintenance equipment, due to an acquisition made in June 1992, which more than offset reduced demand for grating. Defense Group sales at $462.1 million, were well below the level for 1992, reflecting the completion of most contracts for five-ton trucks at midyear and, to a lesser extent, lower sales for tracked vehicles.

Operating profit for the Metal Reclamation and Mill Services Group was below last year, despite significantly greater sales than 1992. Earnings for Metal Reclamation and Mill Services were unfavorably affected by weaker demand from economic conditions in Europe and start-up costs at several locations. The operating profit for the Infrastructure, Construction and Transportation Group in 1993 was lower than 1992 which included income from the liquidation of inventories associated with the railway maintenance equipment product class. Higher operating profit was recorded for the Process Industry Products Group due to improved earnings for most product lines. The Defense Group posted an operating profit of $67.0 million, significantly below 1992, due to completion of most contracts for five-ton trucks at midyear. Higher earnings were recorded for tracked vehicles, which reflected improvement in margins.

Research and Development

The Company spent $4.9 million on internal research and development programs in 1995. An additional $1.0 million was customer-sponsored, principally in the Process Industry Products Group. Internal funding for the Infrastructure and Construction Group amounted to $3.6 million, primarily for railway maintenance equipment. Expenditures in the Metal Reclamation and Mill Services and the Process Industry Products Groups were $0.6 million and $0.7 million, respectively. Total research and development spending, including both internal and customer-sponsored expenditures, was $5.9 million, down slightly from the $6.2 million in 1994.

Backlog

The year-end backlog for the Process Industry Products Group was $98.9 million, a 14% increase over December 31, 1994. The Infrastructure and Construction Group backlog at December 31, 1995 was $58.2 million, which approximated last year's backlog excluding the school bus business. Backlog for scaffolding, shoring and forming equipment and for roofing granules and slag abrasives are not included in the Infrastructure and Construction Group's total backlog, because they are generally not quantifiable. Contracts for the Metal Reclamation and Mill Services Group are also excluded from the total backlog. These contracts, having an estimated value of more than $2.3 billion at year-end, extending into year 2006, increased approximately 15% over December 31, 1994.

Outlook for 1996

The progress made in 1995, with upward trends in sales, income, cash flows and backlogs underpins our view that Harsco's core businesses will continue to grow in 1996.

Mill services will continue to expand with both new customers and broader product service offerings to existing customers. This revenue growth combined with continuing cost saving and productivity initiatives, along with efforts to divest non-core lower margin service units, should again yield improved results. We expect to offer more scaffolding services to the construction and industrial maintenance market and to continue the expansion of services in the railway maintenance market. The strategic refocusing of the Company, begun last year, will continue our emphasis on industrial services of these types, in contrast to our past primary focus on manufacturing. However, our manufacturing businesses also expect growth. Most notably, gas containment and process equipment expect to expand their offerings internationally. Capital expenditures should exceed 1995's record level and are currently budgeted at $120 million.

Achievement of this sales and income growth plan should significantly more than offset the anticipated decline in 1996 of our defense industry partnership income, which exceeded 1995's expectations.

Subject to possible major economic and foreign currency changes, we are optimistic that our operations will achieve our goals for increased return on capital, assets and equity. Cash flows from operating activities are expected to approximate 1995's, excluding the effects of government claims settlements, and to further improve our debt-to-capital ratio, while comfortably enabling us to invest appropriately for sustainable growth in our businesses as we continue to fulfill our other financial objectives.

Dividend Action

The Company paid four quarterly cash dividends of $.37 cents per share in 1995, for an annual rate of $1.48. At the November meeting, the Board of Directors increased the dividend three percent to an annual rate of $1.52 per share. The Board normally reviews the dividend periodically during the year and annually at its November meeting. Retained earnings in the amount of $713.8 million are free of restrictions for payment of dividends.

Harsco is proud of its history of paying dividends. The Company has paid dividends each year since 1939, and the February 1996 payment marked the 183rd consecutive dividend paid at the same or at an increased rate. During the eleven-year period ended December 31, 1995, dividends paid were increased eight times. In 1995, the dividend payout rate was 38.3%. Harsco is philosophically committed to maintaining or increasing the dividend at a sustainable level.

Enhancing Shareholder Value

A guiding principle of the Company is to enhance shareholder value for the long-term. Enhanced shareholder value will be obtained by developing and maintaining lead industry positions in the markets served through the delivery of products and services that provide the best value to the customer. To that end, Harsco is striving to exceed a Return on Capital (ROC) of 13% in 1996. Each Division's performance is also evaluated using the ROC measurement which is calculated by dividing net income excluding after-tax interest expense charges, by quarterly weighted average total debt and equity. In 1995, the Company's ROC was 12.2%. In addition to this key earnings related measurement, incentive programs for both Division and Corporate managements are based on sales growth, operating cash flow and earnings per share goals. Harsco has elevated two other Corporate goals, starting in 1996, to consistently achieve a Return on Equity (ROE) of 17% - 18% and a Return on Assets (ROA) of 15% - 16%. In 1995, the Company's ROE was 15.9% and ROA was 14.6%.

PART IV

Item 8. Financial Statements and Supplementary Data:

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Harsco Corporation:

We have audited the accompanying consolidated balance sheets of Harsco Corporation and Subsidiary Companies as of December 31, 1995 and 1994, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Harsco Corporation and Subsidiary Companies as of December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles.

As discussed in Note 11 to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993.

/s/ Coopers & Lybrand L.L.P.
Philadelphia, Pennsylvania
January 31, 1996

HARSCO CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands, except share amounts)

December 31	1995	1994
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 76,669	$ 43,550
Notes and accounts receivable, less allowance for uncollectible accounts ($8,256 and $7,285)	272,858	350,578
Inventories	123,285	121,199
Other current assets	60,954	21,432
TOTAL CURRENT ASSETS	533,766	536,759
Property, plant and equipment, net	459,809	434,968
Cost in excess of net assets of businesses acquired, less accumulated amortization ($34,464 and $25,912)	205,801	213,480
Investments	21,007	43,711
Investments in unconsolidated entities	45,604	32,312
Other assets	44,675	53,419
	$1,310,662	$1,314,649
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowings	$ 5,704	$ 14,236
Current maturities of long-term debt	103,043	11,502
Accounts payable	112,736	92,166
Accrued compensation	41,304	37,837
Income taxes	17,671	10,971
Dividends payable	9,520	9,317
Other current liabilities	98,534	106,392
TOTAL CURRENT LIABILITIES	388,512	282,421
Long-term debt	179,926	340,246
Deferred income taxes	36,061	29,217
Insurance liabilities	37,298	44,560
Other liabilities	42,874	36,983
	684,671	733,427
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, Series A junior participating cumulative preferred stock	-	-
Common stock, par value $1.25, issued 32,537,880 and 32,343,553 shares, respectively	40,672	40,429
Additional paid-in capital	101,183	94,070
Cumulative translation adjustments	(19,852)	(16,020)
Cumulative pension liability adjustments	(413)	(99)
Retained earnings	713,774	653,996
	835,364	772,376
Treasury stock, at cost (7,486,331 and 7,161,303 shares, respectively)	(209,373)	(191,154)
	625,991	581,222
	$1,310,662	$1,314,649

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share)

Year ended December 31	1995	1994	1993
REVENUES			
Net sales	$1,495,466	$1,357,715	$1,422,308
Equity in income of unconsolidated entities	57,031	64,120	2,415
Gain on sale of investments	-	5,966	17,555
Other revenues	1,520	37,980	2,018
TOTAL REVENUES	1,554,017	1,465,781	1,444,296
COSTS AND EXPENSES			
Cost of sales	1,147,467	1,060,695	1,107,187
Selling, general and administrative expenses	198,706	199,837	180,375
Research and development expenses	4,876	5,463	5,167
Facilities discontinuance and reorganization costs	22,809	17,143	2,419
Other	(5,018)	6,158	(493)
TOTAL COSTS AND EXPENSES	1,368,840	1,289,296	1,294,655
Income before interest, taxes, minority interest and cumulative effect of accounting change	185,177	176,485	149,641
Interest income	7,472	6,403	7,586
Interest expense	(28,921)	(34,048)	(19,974)
Income before taxes, minority interest and cumulative effect of accounting change	163,728	148,840	137,253
Provision for income taxes	63,854	59,536	56,335
Income before minority interest and cumulative effect of accounting change	99,874	89,304	80,918
Minority interest in net income	2,497	2,751	102
Income before cumulative effect of accounting change	97,377	86,553	80,816
Cumulative effect of accounting change	-	-	6,802
NET INCOME	$ 97,377	$ 86,553	$ 87,618
EARNINGS PER COMMON SHARE			
Income before cumulative effect of accounting change	$ 3.86	$ 3.45	$ 3.23
Cumulative effect of accounting change	-	-	0.27
NET INCOME PER COMMON SHARE	$ 3.86	$ 3.45	$ 3.50
AVERAGE SHARES OF COMMON STOCK OUTSTANDING	25,246	25,115	25,036

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

Year ended December 31	1995	1994	1993
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 97,377	$ 86,553	$ 87,618
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	95,033	90,179	69,558
Amortization	9,830	9,410	5,250
Cumulative effect of accounting change	-	-	(6,802)
Gain on sale of investments	-	(5,966)	(17,555)
Equity in income of unconsolidated entities	(57,031)	(64,120)	(2,415)
Dividends or distributions from unconsolidated entities	38,400	71,845	1,348
Deferred income taxes	(19,018)	273	6,507
Write-off of federal excise tax receivable	13,455	-	-
Other, net	(1,890)	7,902	689
Changes in assets and liabilities, net of acquisitions and dispositions of businesses and formation of a partnership:			
Notes and accounts receivable	73,732	(34,263)	66,562
Inventories	(1,583)	(7,302)	9,189
Accounts payable	4,955	14,191	10,371
Advances on long-term contracts	(1,623)	(9,636)	13,673
Other assets and liabilities	7,178	2,329	(11,773)
NET CASH PROVIDED BY OPERATING ACTIVITIES	258,815	161,395	232,220
CASH FLOWS FROM INVESTING ACTIVITIES			
Expenditures for property, plant and equipment	(113,895)	(90,928)	(83,395)
Purchase of businesses, net of cash acquired*	(4,145)	-	(337,062)
Proceeds from sale of businesses	3,821	2,444	-
Proceeds from sale of property, plant and equipment	11,491	8,222	3,302
Proceeds from sale of investment held available-for-sale	-	7,617	22,555
Investments held-to-maturity: Purchases	(3,067)	(15,750)	-
Maturities	5,475	24,740	-
Other investing activities	2,989	(9,495)	(3,066)
NET CASH (USED) BY INVESTING ACTIVITIES	(97,331)	(73,150)	(397,666)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings, net	(13,998)	(35,303)	28,339
Current maturities and long-term debt: Additions	27,076	123,445	224,248
Reductions	(95,884)	(164,662)	(8,222)
Cash dividends paid on common stock	(37,397)	(35,137)	(35,089)
Common stock issued-options	5,660	7,241	4,450
Common stock acquired for treasury	(14,130)	-	(36,322)
Other financing activities	605	1,376	(3,849)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(128,068)	(103,040)	173,555
Effect of exchange rate changes on cash	(297)	(395)	265
Net increase (decrease) in cash and cash equivalents	33,119	(15,190)	8,374
Cash and cash equivalents at beginning of year	43,550	58,740	50,366
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 76,669	$ 43,550	$ 58,740
*PURCHASE OF BUSINESSES, NET OF CASH ACQUIRED			
Working capital, other than cash	$ 5,139	$ -	$ 5,748
Property, plant and equipment	(8,263)	-	(202,241)
Cost in excess of net assets of companies acquired, net	-	-	(215,428)
Other noncurrent assets	(1,021)	-	(7,789)
Long-term debt	-	-	29,655
Noncurrent liabilities	-	-	52,993
NET CASH USED TO ACQUIRE BUSINESSES	$ (4,145)	$ -	$(337,062)

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock		Additional Paid-in	Cumulative Adjustments		Retained
(In thousands, except share amounts)	Issued	Treasury	Capital	Translation	Pension Liability	Earnings
BALANCES, JANUARY 1, 1993	$39,907	$(166,672)	$ 80,070	$ (8,055)	$(633)	$550,486
Net income						87,618
Cash dividends declared, $1.40 per share ..						(34,946)
Translation adjustments				(8,004)		
Pension liability adjustments, net of $311 deferred income taxes					526	
Acquired during the year, 901,557 shares ..		(34,975)				
Stock options exercised, 189,076 shares ...	236		5,546			
Acquisition of a company, 300,297 shares ..		11,143	818			
Other, 426 shares		17	2			
BALANCES, DECEMBER 31, 1993	40,143	(190,487)	86,436	(16,059)	(107)	603,158
Net income						86,553
Cash dividends declared, $1.42 per share ..						(35,715)
Translation adjustments				39		
Pension liability adjustments, net of $5 deferred income taxes					8	
Acquired during the year, 14,991 shares ...		(677)				
Stock options exercised, 229,054 shares ...	286		7,627			
Other, 386 shares		10	7			
BALANCES, DECEMBER 31, 1994	40,429	(191,154)	94,070	(16,020)	(99)	653,996
Net income						97,377
Cash dividends declared, $1.49 per share ..						(37,599)
Translation adjustments				(3,832)		
Pension liability adjustments, net of $200 deferred income taxes					(314)	
Acquired during the year, 325,861 shares ..		(18,245)				
Stock options exercised, 194,327 shares ...	243		7,092			
Other, 833 shares		26	21			
BALANCES, DECEMBER 31, 1995	$40,672	$(209,373)	$101,183	$(19,852)	$(413)	$713,774

See accompanying notes to consolidated financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the accounts of Harsco Corporation and its majority-owned subsidiaries ("Company"). Investments in United Defense, L.P., a 40% owned partnership, effective January 1, 1994, and other unconsolidated entities are accounted for on the equity method. The income of unconsolidated entities is on a pre-tax basis for United Defense, L.P. as it is a partnership, and net of taxes for all other unconsolidated entities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include highly liquid debt instruments purchased with a maturity of three months or less.

INVESTMENTS IN DEBT AND EQUITY SECURITIES

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" (SFAS 115). The cumulative effect resulting from the adoption of SFAS 115 in 1994 was immaterial. In accordance with SFAS 115, prior years' financial statements were not restated. Prior to the adoption of SFAS 115, the Company's investments in marketable equity securities were reported at the lower of cost or market, and marketable debt securities at amortized cost which approximated market.

Marketable debt securities are classified as held-to-maturity. Management determines the appropriate classification of debt securities at the time of purchase. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Interest on securities classified as held-to-maturity is included in interest income.

The Company also had an investment in a marketable equity security that was classified as available-for-sale at January 1, 1994. The realized gains were reflected in the Company's Consolidated Statements of Income.

INVENTORY VALUATION

Inventories are stated at the lower of cost or market, cost being determined using the last-in, first-out (LIFO), first-in, first-out (FIFO) and average cost methods.

PROPERTY, PLANT AND EQUIPMENT

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COST IN EXCESS OF NET ASSETS OF BUSINESSES ACQUIRED
Cost in excess of net assets of businesses acquired is amortized on a straight-line basis over periods not to exceed 30 years. The Company's policy is to record an impairment loss against the net unamortized cost in excess of net assets of businesses acquired in the period when it is determined that the carrying amount of the asset may not be recoverable. An evaluation is made at each balance sheet date (quarterly) and it is based on such factors as the occurrence of a significant event, a significant change in the environment in which the business operates or if the expected future net cash flows (undiscounted and without interest) would become less than the carrying amount of the asset.

LONG-TERM DEFENSE CONTRACTS
Defense contracts were accounted for under the percentage of completion (units-of-delivery) method, whereby sales and estimated average cost of the units to be produced under a contract were recognized as deliveries were made or accepted. Changes in estimates for sales, costs, and profits were recognized in the period in which they were determinable using the cumulative catch-up method of accounting. Claims were considered in the estimated contract performance at such time as realization was probable. Any anticipated losses on contracts were charged to operations as soon as they were determinable. Inventory costs included factory overhead, general and administrative expenses, initial tooling and other related costs. Internal research and development costs were charged to expense or allocated to production contracts, as applicable, when incurred. Under certain arrangements in which a customer shared in product development costs, the Company's portion of such costs was expensed as incurred. Effective January 1, 1994, substantially all defense contracts were transferred to United Defense, L.P.

INCOME TAXES
All U.S. federal and state income taxes and non-U.S. taxes are provided currently on the undistributed earnings of international subsidiaries and unconsolidated affiliated entities, giving recognition to current tax rates and applicable foreign tax credits.

ENVIRONMENTAL COMPLIANCE AND REMEDIATION
Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable, and the cost can be reasonably estimated. The timing of these accruals generally coincides with the earlier of completion of a feasibility study or the Company's commitment to a plan of action based on the then known facts.

CASUALTY AND PROPERTY INSURANCE

The Company is insured for workers' compensation, automobile, general, and product liability losses through a risk retention program. The Company accrues for the estimated losses occurring from both asserted and unasserted claims. The estimate of the liability for unasserted claims arising from unreported incidents is based on an analysis of historical claims data. The Company has a wholly-owned captive insurance company for the payment of its claims under this risk retention program. Annual contributions are made by the Company to the captive insurance company to provide funding for its retained risk. Additionally, the Company self-insures its workers' compensation exposures in the states of Ohio and Pennsylvania. The Company accrues for their losses in the same fashion as described above; however, funding is made from operating earnings. Also, the Company generally insures its property on an all-risk basis through conventional insurers with a minor deductible applicable to each loss.

FOREIGN CURRENCY TRANSLATION

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

FINANCIAL INSTRUMENTS AND HEDGING

During 1994, the Company adopted Statement of Financial Accounting Standards No. 119, "Disclosure about Derivative Financial Instruments and Fair Value of Financial Instruments" (SFAS 119).

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company enters into forward exchange contracts to hedge transactions with its non-U.S. subsidiaries, for firm commitments to purchase equipment and for export sales denominated in foreign currencies. These contracts generally are for 90 to 180 days or less. For those contracts that hedge an identifiable transaction, gains or losses are deferred and accounted for as part of the underlying transactions. The cash flows from forward exchange contracts accounted for as hedges of identifiable transactions are classified consistent with the cash flows from the transaction being hedged.

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

NEW FINANCIAL ACCOUNTING STANDARDS NOT YET ADOPTED
In March 1995, the Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" which is effective for years beginning after December 15, 1995. This statement establishes criteria for recognizing, measuring and disclosing impairments of long-lived assets, identifiable intangibles and goodwill. The Company will adopt SFAS 121 in the first quarter of 1996, but does not expect that the adoption will have a material effect on its financial position or results of operations.

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation" which is effective for years beginning after December 15, 1995. This statement allows entities to choose between a new fair value based method of accounting for employee stock options or similar equity instruments and the current method of accounting prescribed by Accounting Principles Board Opinion No. 25. Entities electing to remain with the accounting in Opinion No. 25 must make pro forma disclosures of net income and earnings per share as if the fair value method of accounting had been applied. The Company expects to continue accounting for employee stock options and similar equity instruments in accordance with Opinion No. 25. The pro forma effect for 1995 has not yet been determined.

2. ACQUISITIONS AND FORMATION OF DEFENSE BUSINESS PARTNERSHIP

ACQUISITIONS

On February 6, 1995, the Company acquired substantially all of the assets of Fabsco, Inc. for a total consideration of $14.8 million consisting of cash of $3.4 million and the assumption of debt and liabilities of $11.4 million. The acquisition was accounted for by the purchase method of accounting. Fabsco, a privately held manufacturer of heat exchange products, had annual sales of approximately $22 million for 1994. Pro forma results are not presented for the periods prior to the acquisition because the effect would not be material.

On August 31, 1993, the Company acquired MultiServ International, N.V. ("MultiServ"). The acquisition of MultiServ was accounted for by the purchase method of accounting, and operating results of this acquisition are included in the Company's Consolidated Financial Statements since the date of acquisition. The total consideration paid by the Company was approximately $384,000,000 and consisted of: (i) approximately $333,000,000 in cash, (ii) approximately $12,000,000 in Company Common Stock from treasury, and (iii) the assumption of certain project financing indebtedness of MultiServ in the amount of approximately $39,000,000. Approximately $8,000,000 in closing and acquisition costs were also incurred. The funds used by the Company to complete the acquisition consisted of approximately $83,000,000 from cash balances of the Company, and approximately $250,000,000 borrowed from a financial institution.

FORMATION OF DEFENSE BUSINESS PARTNERSHIP

On January 28, 1994, FMC Corporation ("FMC") and the Company announced completion of a series of agreements ("Agreements"), first announced in December 1992, to combine certain assets and liabilities of FMC's Defense Systems Group ("DSG") and the Company's BMY-Combat Systems Division ("BMY-CS"). The effective date of the combination was January 1, 1994. The combined company, United Defense, L.P., operates as a limited partnership ("Partnership"). FMC as the Managing General Partner has a 60 percent equity interest, and Harsco Defense Holding, Inc., a wholly owned subsidiary of the Company, as the Limited Partner has a 40 percent equity interest. The Company contributed to the Partnership net assets of $29,600,000, which included $5,200,000 in cash. The net assets were contributed on the historical basis of accounting and no gain was recognized on the transaction.

The Partnership has an Advisory Committee comprised of ten individuals, six appointed by FMC and four appointed by the Company which considers and discusses Partnership issues. FMC as the managing general partner exercises management control over the Partnership subject to the Company's right to consent to certain actions delineated in the Partnership Agreement. Additionally, the Partnership Agreement contains certain exit rights for both Partners any time more than 25 months after the formation of the Partnership including the right of the Company to sell its interest to the Partnership (payable by a promissory note from the Partnership) based upon a calculation of 95% of appraised value, and the right of FMC or the Partnership to buy the Company's interest (payable in cash) based upon a calculation of 110% of appraised value. Appraised value is substantially the fully distributed public equity trading value of the Partnership as determined by three investment banking firms in accordance with certain contractual stipulations, multiplied by the Company's percentage interest in the Partnership. The Partnership Agreement provides for certain special capital account allocations and cash distributions, but otherwise allocates and distributes income in proportion to the partners' percentage ownership. Under the Participation Agreement between FMC and the Company, each Partner generally is financially accountable to the Partnership for environmental conditions occurring prior to formation of the Partnership at facilities or properties previously operated or used in their respective businesses, to the extent that costs incurred are not recovered from third parties or not covered by environmental accruals contributed by the parties at formation. The Company retained the rights and any liabilities associated with certain pending major claims between the Company and the U.S. Government, and the Company and the Government of Iran. See Note 10, "Commitments and Contingencies" for additional disclosure on these claims.

3. INVESTMENTS

The following is a summary of held-to-maturity debt securities at December 31, 1995 and 1994:

(In thousands)	1995			
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Corporate debt securities	$28,753	$ 219	$58	$28,914
Government debt securities non-U.S.	17,250	161	39	17,372
	$46,003	$ 380	$97	$46,286

(In thousands)	1994			
	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Corporate debt securities	$31,685	$ -	$ 1,089	$30,596
Government debt securities non-U.S.	17,555	-	682	16,873
	$49,240	$ -	$ 1,771	$47,469

The amortized cost and fair market value of fixed income debt securities at December 31, 1995 and 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities, because the borrowers may have the right to call or prepay obligations.

(In thousands)	1995		1994	
	AMORTIZED COST	FAIR VALUE	AMORTIZED COST	FAIR VALUE
Held to Maturity				
Due in one year or less	$24,996	$24,954	$ 5,529	$ 5,438
Due after one year through five years	21,007	$21,332	$43,711	$42,031
	$46,003	$46,286	$49,240	$47,469

Investments held to maturity due in one year or less are included in Other current assets on the Consolidated Balance Sheets.

During the first quarter of 1994, the Company sold its remaining shares of an investment in a marketable equity security that was held available-for-sale. The Company sold the majority of its holdings in this investment in 1993. These sales have been included as Revenues under Gain on Sale of Investments in the Consolidated Statements of Income.

4. INVENTORIES

Inventories are summarized as follows:

(In thousands)	1995	1994
Finished goods	$ 25,996	$ 25,641
Work in process	24,640	28,625
Raw materials and purchased parts	54,151	53,338
Stores and supplies	18,498	13,595
	$123,285	$121,199
Valued at lower of cost or market:		
LIFO basis	$ 89,239	$ 86,722
FIFO basis	23,860	16,938
Average cost basis	10,186	17,539
	$123,285	$121,199

Inventories valued on the LIFO basis at December 31, 1995 and 1994 were approximately $37,905,000 and $36,564,000, respectively, less than the amounts of such inventories valued at current costs.

As a result of reducing certain inventory quantities valued on the LIFO basis, profits from liquidation of inventories were recorded, which increased net income by $494,000, $276,000 and $246,000 in 1995, 1994 and 1993, respectively.

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net, consists of:

(In thousands)	1995	1994
Land and improvements	$ 25,351	$ 24,955
Buildings and improvements	121,651	110,190
Machinery and equipment	896,139	820,868
Uncompleted construction	37,126	28,917
	1,080,267	984,930
Less allowance for depreciation	620,458	549,962
	$ 459,809	$434,968

The estimated useful lives of different types of assets are:

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

6. INVESTMENTS IN UNCONSOLIDATED ENTITIES

The Company has a 40% interest in United Defense, L.P. which principally manufactures ground combat vehicles for the U.S. and international governments (see Note 2). The Company's other investments are in the Metal Reclamation and Mill Services Group. Summary information is not shown for 1993 as it is immaterial to the Consolidated Financial Statements. The following table presents summarized financial information on a combined 100% basis of the companies accounted for by the equity method:

(In thousands)	1995	1994
Current assets	$378,430	$321,596
Noncurrent assets	202,701	187,896
Current liabilities	364,385	315,983
Noncurrent liabilities ..	52,801	56,485
Net sales	1,003,562	1,129,528
Costs and expenses	892,733	983,955
Net income	110,250	134,441

The Company's share of income of all unconsolidated entities for 1995 and 1994 was $57,031,000, and $64,120,000, respectively.

7. DEBT AND CREDIT AGREEMENTS

In June 1995, the Company amended its $300 million, October 1993 credit facility with a syndicate of nineteen banks. The amended and restated five-year unsecured facility consolidates two prior agreements and, as amended, extends maturity to June 2000, provides for less restrictive financial ratio covenants and reduces fees and interest rates. Borrowings under this agreement are available in U.S. dollars or Eurocurrencies and it serves as back-up to the Company's commercial paper program. Interest rates are either a negotiated rate, a rate based upon the U.S. federal funds interbank market, prime rate, or a rate based upon the London Interbank Offered Rate (LIBOR). The Company pays a facility fee based upon the full amount of the facility that varies based upon its Moody's and Standard & Poor's credit ratings. The agreement currently provides for a facility fee of .10% per annum. At December 31, 1995 and 1994, there were no borrowings outstanding under these facilities.

The Company also has a commercial paper borrowing program under which it can issue up to $150 million of short-term notes in the U.S. commercial paper market. The commercial paper program is supported by the credit facility. The Company limits the aggregate commercial paper and credit facility borrowings at any one time to a maximum of $300 million. Interest rates are based upon market conditions, but are generally lower than comparable borrowings under the committed bank credit facility. At December 31, 1995, the Company had no commercial paper outstanding. At December 31, 1994, $24.1 million of commercial paper was outstanding. Commercial paper is classified as long-term debt, because the Company has the ability and intent to refinance it on a long-term basis through existing long-term credit facilities.

Short-term debt, including overdraft facilities, amounted to $5,704,000 and $14,236,000 at December 31, 1995 and 1994, respectively. The weighted average interest rate for short-term borrowings at December 31, 1995 and 1994 was 7.3% and 7.6%, respectively.

7. DEBT AND CREDIT AGREEMENTS (CONTINUED)

Long-term debt consists of the following:

(In thousands)	1995	1994
8.75% Notes due May 15, 1996	$89,500	$100,000
6.0% Notes due September 15, 2003	150,000	150,000
Commercial Paper Borrowings supported by bank credit facility with interest up to 6.2% ..	-	24,139
Industrial Development Bonds, payable in varying amounts to 2005 with interest up to 7.0%	11,400	10,750
Project financing and other, payable in varying amounts to 2004 with interest up to 17.5%	32,069	66,859
	282,969	351,748
Less current maturities	103,043	11,502
	$179,926	$340,246

The five-year facility and certain notes payable agreements contain covenants restricting, among other things, the amount of issuance of new debt as defined. At December 31, 1995, the Company was in compliance with these covenants.

The maturities of long-term debt for the four years following December 31, 1996, are:

(In thousands)

1997	$10,660	1999	$1,475
1998	$ 5,766	2000	$ 626

Cash payments for interest on all debt, net of capitalized interest, were $28,798,000, $33,544,000 and $15,165,000 in 1995, 1994 and 1993, respectively.

The Company has on file with the Securities and Exchange Commission, a Form S-3 shelf registration for the possible issuance of up to an additional $200,000,000 of new debt securities, preferred stock or common stock.

8. LEASES

The Company leases certain property and equipment under noncancelable operating leases. Rental expense under all operating leases was $12.2 million, $10.9 million and $10.7 million in 1995, 1994 and 1993, respectively.

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

(In thousands)	1996	1997	1998	1999	2000	After 2000
Minimum Lease Payments	$10,008	$7,517	$4,853	$3,397	$2,976	$17,173

9. EMPLOYEE BENEFIT PLANS

PENSION BENEFITS

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

The actuarially computed net pension expense includes the following components:

(In thousands)	1995	1994	1993
Defined benefit plans:			
Service cost	$ 9,232	$10,604	$12,077
Interest cost	13,958	14,160	15,468
Actual return on plan assets	(35,944)	(7,885)	(33,984)
Net amortization and deferral	14,921	(12,909)	8,547
Net pension expense	2,167	3,970	2,108
Multi-employer and defined contribution plans	8,140	7,250	5,110
Total pension expense	$10,307	$11,220	$7,218

The Company participates in multi-employer plans, providing defined benefits for certain unionized employees, the cost of which totaled $3,610,000, $3,285,000 and $2,474,000, for 1995, 1994 and 1993, respectively.

9. EMPLOYEE BENEFIT PLANS (CONTINUED)

The financial status of the pension plans and amounts recognized in the Company's Consolidated Balance Sheets at December 31, 1995 and 1994 are:

(In thousands)	Assets Exceed Accumulated Benefits 1995	Assets Exceed Accumulated Benefits 1994	Accumulated Benefits Exceed Assets 1995	Accumulated Benefits Exceed Assets 1994
Actuarial present value of benefit obligations:				
Vested	$139,766	$130,826	$15,359	$12,751
Non-vested	9,853	6,696	664	823
Accumulated benefit obligation	149,619	137,522	16,023	13,574
Effect of increase in compensation	32,605	33,438	2,907	1,204
Projected benefit obligation	182,224	170,960	18,930	14,778
Plan assets at fair value	254,447	234,489	10,172	9,628
Plan assets in excess of (less than) projected benefit obligations	72,223	63,529	(8,758)	(5,150)
Unrecognized prior service costs	10,534	12,512	2,186	1,202
Unrecognized net loss (gain)	(33,581)	(25,868)	1,142	589
Unrecognized net asset	(23,709)	(24,926)	117	(192)
Minimum liability adjustment	-	-	(2,299)	(1,106)
Prepaid pension asset (liability)	$ 25,467	$ 25,247	$(7,612)	$(4,657)

9. EMPLOYEE BENEFIT PLANS (CONTINUED)

Plan assets include equity and fixed-income securities. At December 31, 1995 and 1994, 366,320 Harsco common shares with a fair market value of $21,292,000 and $14,973,000, respectively, are included in plan assets. Dividends paid on Harsco Common Stock amounted to $542,000 and $512,000 in 1995 and in 1994, respectively.

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

	1995	1994	1993
Weighted average assumed discount rates	7.5%	7.9%	7.4%
Weighted average expected long-term rates of return on plan assets	9.0%	8.6%	9.0%
Rates of compensation increase	4.8%	5.3%	5.3%

The changes in the assumed discount and compensation rates had the effect of increasing the projected benefit obligation by $4,579,000 in 1995. In 1994, the change in the assumed discount rate had the effect of decreasing the projected benefit obligation by $13,641,000. In 1993, the changes in the assumed discount and compensation rates had the effect of decreasing the projected benefit obligation by $31,956,000.

9. EMPLOYEE BENEFIT PLANS (CONTINUED)

POSTRETIREMENT BENEFITS

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

The postretirement benefit expense (health care and life insurance) for 1995, 1994 and 1993 included the following components:

(In thousands)	Health Care	Life Insurance	Total
1995			
SERVICE COST	$ 29	$ 44	$ 73
INTEREST COST	266	254	520
AMORTIZATION (GAIN)	(339)	(37)	(376)
TOTAL POSTRETIREMENT BENEFIT (INCOME) COSTS	$(44)	$261	$217
1994			
Service cost	$ 46	$ 52	$ 98
Interest cost	292	244	536
Amortization (gain)	(154)	(29)	(183)
Total postretirement benefit costs	$184	$267	$451
1993			
Service cost	$235	$ 73	$308
Interest cost	532	324	856
Amortization (gain)	(319)	-	(319)
Total postretirement benefit costs	$448	$397	$845

The 1995 and 1994 postretirement benefit liability recorded in the Consolidated Balance Sheets included the following components:

(In thousands)	1995			1994		
	Health Care	Life Insurance	Total	Health Care	Life Insurance	Total
Current retiree	$2,947	$2,452	$5,399	$3,398	$2,765	$6,163
Future retirees	271	942	1,213	329	769	1,098
Total	3,218	3,394	6,612	3,727	3,534	7,261
Unrecognized gain	1,100	1,219	2,319	998	945	1,943
Accumulated postretirement benefit liability	$4,318	$4,613	$8,931	$4,725	$4,479	$9,204

9. EMPLOYEE BENEFIT PLANS (CONTINUED)

The actuarial assumptions used for the plans are:

(Dollars In thousands)	1995	1994	1993
Assumed discount rate	7.0%	7.5%	7.0%
Health care cost trend rate	9.5%	12.4%	13.0%
Decreasing to ultimate rate	5.5%	6.0%	6.0%
Effect of one percent increase in health care cost trend rate:			
On cost components	$ 3	$ 25	$110
On accumulated benefit obligation	$324	$364	$937

It is anticipated that the health care cost trend rate will decrease from 9.1% in 1996 to 5.5% in year 2005.

SAVINGS PLAN

The Company has a defined contribution savings plan designed to comply with the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA") and Section 401(k) of the Internal Revenue Code. The plan covers substantially all U.S. employees with the exception of any such employees represented by a collective bargaining agreement, unless the agreement expressly provides otherwise. Employee contributions are generally determined as a percentage of covered employee's compensation. The expense for contributions to the plan by the Company were $3,627,000, $2,825,000 and $4,213,000 for 1995, 1994 and 1993, respectively.

EXECUTIVE INCENTIVE COMPENSATION PLAN

At the Company's 1995 Annual Meeting, the Shareholders approved the 1995 Executive Incentive Compensation Plan which replaced the Annual and Long-Term Incentive Plans and the 1986 Stock Option Plan. The new Plan became effective January 1, 1995. Under the Plan, the Management Development and Compensation Committee awards 60% of the value of any earned performance to be paid to participants in the form of cash and 40% in the form of restricted shares of the Company's common stock. Awards are made in February of the succeeding year. The Company accrues amounts based on performance reflecting the value of cash and common stock which is anticipated to be earned for the current year. Compensation expense relating to these awards was $5.2 million in 1995. Compensation expense under the old plan was $3.7 million and $4.5 million for 1994 and 1993, respectively. A total of 2,000,000 shares of the Company's common stock are reserved and available for issuance to participants for annual incentive and stock option awards. As of December 31, 1995, no restricted shares had been granted under this Plan.

POSTEMPLOYMENT BENEFITS

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 112, "Employers' Accounting for Postemployment Benefits" (SFAS 112) for both U.S. and non-U.S. plans, the effect of which was immaterial. This statement requires companies to accrue postemployment benefits if the obligation is attributable to employees' services already rendered, employees' rights to those benefits accumulate or vest, payment of the benefits is probable and the amount of the benefits can be reasonably estimated.

10. COMMITMENTS AND CONTINGENCIES

FEDERAL EXCISE TAX AND OTHER MATTERS RELATED TO THE FIVE-TON TRUCK CONTRACT

In the third quarter of 1995, the Company, the United States Army, and the United States Department of Justice concluded a settlement of Harsco's previously reported claims against the Army relating to Federal Excise Tax arising under a completed 1986 contract for the sale of five-ton trucks to the Army. On September 27, 1995, the Army paid Harsco $49 million in accordance with the settlement terms. Harsco released the Army from any further liability for those claims, and the Department of Justice released Harsco from a threatened action for damages and civil penalties based on an investigation conducted by the Department's Commercial Litigation Branch that had been pending for several years. During the performance of the five-ton truck contract, the Company recorded an account receivable of $62.5 million for its claims against the Army relating to Federal Excise Tax. As a result of accepting the $49 million in settlement, Harsco recorded a non-recurring, pre-tax, non-cash charge of $13.5 million (after-tax charge of $8.2 million, $.32 per share), in the third quarter. The $13.5 million pre-tax charge is included in the Consolidated Statements of Income under Facilities discontinuance and reorganization costs.

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

The settlement does not resolve the potential for a claim from the Internal Revenue Service that, contrary to the Company's position, certain cargo truck models have gross vehicle weights in excess of the 33,000 pound threshold under the Federal Excise Tax law, and therefore are taxable. As previously reported, the Internal Revenue Service is reviewing Harsco's position and has tentatively concluded that those cargo truck models appear to be taxable. If the Internal Revenue Service asserts that tax is due on these vehicles, the total claim could be $42 million plus interest and penalty, if any. The Company plans to vigorously contest any such tax deficiency. Although there is risk of an adverse outcome, the Company believes that these trucks are not taxable. The settlement agreement preserves the Company's right to seek reimbursement of after-imposed tax from the Army in the event that the cargo trucks are determined to be taxable, but the agreement limits the reimbursement to a maximum of $21 million. Additionally, in an earlier contract modification, the Army accepted responsibility for $3.6 million of the potential tax, bringing its total potential responsibility up to $24.6 million.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Under the settlement, the Army agreed that if the cargo trucks are determined to be taxable, the 1993 decision of the Armed Services Board of Contract Appeals (which ruled that the Company is entitled to a price adjustment to the contract for reimbursement of FET paid on vehicles that were to be delivered after October 1, 1988) will apply to the question of Harsco's right to reimbursement from the Army for after-imposed taxes on the cargo trucks. In Harsco's view, application of the 1993 decision will favorably resolve the principal issues regarding any such future claim by Harsco. Therefore, the Company believes that even if the cargo trucks are held to be taxable, the Army would be obligated to reimburse the Company for a majority of the tax, (but not interest or penalty, if any), resulting in a net maximum liability for Harsco of approximately $18 million plus interest and penalty, if any. The Company believes it is unlikely that resolution of this matter will have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

In August 1994, the Company and the Government signed a modification to the five-ton truck contract resolving all outstanding contractual matters concerning that agreement with certain limited exceptions including FET related matters. The contract modification included resolution of the Company's claims described in earlier Company filings for contract changes, inadequate technical data package, and delays and disruptions. The modification provided for an increase of $12.5 million in the contract price. This price increase yielded net revenue to the Company of approximately $12 million after related excise tax and other associated costs. The Company recognized such amount as Other revenues in the Consolidated Statements of Income in the third quarter of 1994.

M9 ARMORED COMBAT EARTHMOVER CLAIM

The Company and its legal counsel are of the opinion that the U.S. Government did not exercise option three under the M9 Armored Combat Earthmover (ACE) contract in a timely manner, with the result that the unit prices for options three, four and five are subject to renegotiation. Claims reflecting the Company's position have been filed with respect to all options purported to be exercised, totaling in excess of $60 million plus interest. No recognition has been given in the accompanying financial statements for any recovery on these claims. In July 1995, the Armed Services Board of Contract Appeals denied the motions for summary judgment which had been filed by both the Company and the Government. The Company intends to continue to pursue its claim before the Armed Services Board of Contract Appeals.

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

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

GOVERNMENT-FURNISHED EQUIPMENT OVERCHARGE CLAIM

The Company filed a claim in the Armed Service Board of Contract Appeals asserting that the United States Government has overcharged Harsco in the sale of government-furnished equipment on various contracts, all of which have been completed. In December 1994, the Government and the Company agreed to a settlement of the Company's claim on those contracts and several other disputed contracts not included in the litigation. Under the terms of the settlement, the Government agreed to pay the Company approximately $20,400,000. This amount was included in Other revenues in the Consolidated Statements of Income. Each party released the other from all liability relating to the completed contracts, including the Government's previous claim from the Company of approximately $2,200,000. Payment was received in the first quarter of 1995.

OTHER LITIGATION

On March 13, 1992, the U.S. Government filed a counterclaim against the Company in a civil suit alleging violations of the False Claims Act and breach of a contract to supply M109A2 Self-Propelled Howitzers. The counterclaim was filed in the United States Claims Court in response to the Company's claim of approximately $5 million against the Government for costs incurred on this contract relating to the same issue. In October 1995, Government counsel informed the Company's counsel that at trial it would claim breach of contract damages of $4.8 million plus damages and civil penalties under the False Claims Act totaling $6.8 million. This is a reduction from the previously asserted Government claim of $7.3 million in damages, trebled plus False Claims Act penalties. The Company and its counsel believe it is unlikely that resolution of these claims will have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

Iran's Ministry of Defense initiated arbitration procedures against the Company in 1991 under the rules of the International Chamber of Commerce for damages allegedly resulting from breach of various contracts executed by the Company and the Ministry of Defense between 1970 and 1978. The contracts were terminated in 1978 and 1979 during the period of civil unrest in Iran that preceded the Iranian revolution. Iran asserted a claim under one contract for repayment of a $7.5 million advance payment it made to the Company, plus interest at 12% through June 27, 1991 in the amount of $25.3 million. Iran also asserted a claim for damages under other contracts for $76.3 million. The Company has asserted various defenses and also has filed counterclaims against Iran for damages in excess of $7.5 million which it sustained as a result of Iran's breach of contract, plus interest. The arbitration hearing was held in January 1996. At the hearing, Iran reduced the $76.3 million portion of its claim to approximately $34.4 million. The arbitration panel took the case under advisement and management expects that it will issue a decision in 1996. The Company's management and its counsel believe it is unlikely that resolution of these claims will have a material adverse effect on the Company's financial position or results of operations.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

In 1992, the United States Government through its Defense Contract Audit Agency commenced an audit of certain contracts for sale of tracked vehicles by the Company to foreign governments, which were financed by the United States Government through the Defense Security Assistance Agency. The Company cooperated with the audit and responded to a number of issues raised by the audit. In September 1994, the Company received a subpoena issued by the Department of Defense Inspector General seeking various documents relating to sale contracts between the Company and foreign governments which were funded by the Defense Security Assistance Agency. The Company is continuing to cooperate and is responding to the subpoena. Based on discussions with the agent in charge and the Government auditors, it appears that the investigation focuses on whether the Company improperly certified requests for and received progress payments in advance of the schedule permitted by the Defense Security Assistance Agency regulations and Company certifications. The Company's management and its counsel believe it is unlikely that this issue will have a material adverse effect on the Company's financial position or results of operations.

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

On August 29, 1994, the Company filed a legal action in the United States District Court for the Southern District of New York against certain former shareholders of MultiServ International, N.V. seeking recovery of damages arising from misrepresentations which the Company claims were made to it in connection with its purchase of the MultiServ International, N.V. stock on August 31, 1993. The Complaint seeks damages in an amount to be determined. On April 4, 1995, the court dismissed various elements of the Company's claims and allowed the Company to amend its complaint with respect to other elements. At the Company's request, the Court dismissed the remaining claims which then allowed the Company to file an appeal in the United States Court of Appeals for the Second Circuit. The Company has settled its claims with certain defendants, but continues to pursue its appeal with respect to claims against the other defendants.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 December 31, 1995 and 1994, include an accrual of $5.3 million and $6.2 million respectively for environmental matters. The amounts charged to earnings on a pre-tax basis related to environmental matters totaled $1.2 million, $1.2 million and $3.2 million for 1995, 1994 and 1993, 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 vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse effect on its financial position or results of operations.

OTHER

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

11. INCOME TAXES

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). The adoption of SFAS 109 changed the Company's method of accounting for income taxes from the deferred method under Accounting Principles Board Opinion No. 11 to an asset and liability approach. Deferred income taxes are recognized for all temporary differences between the tax and financial reporting bases of the Company's assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The cumulative effect of this change in accounting principle increased net income in the first quarter of 1993 by $6,802,000, or $.27 per share.

Income before taxes, minority interest, and cumulative effect of accounting changes in the Consolidated Statements of Income consist of:

(In thousands)	1995	1994	1993
Income before income taxes:			
United States	$105,296	$129,225	$126,521
International	58,432	19,615	10,732
	$163,728	$148,840	$137,253
Provision for income taxes:			
Currently payable:			
Federal	$ 46,837	$ 37,193	$ 38,053
State	9,303	6,697	7,395
International	25,368	12,271	8,882
	81,508	56,161	54,330
Deferred federal and state	(18,941)	3,503	4,195
Deferred international	1,287	(128)	(2,190)
	$ 63,854	$ 59,536	$ 56,335

Cash payments for income taxes were $75,478,000, $49,151,000 and $55,431,000, for 1995, 1994 and 1993, respectively.

11. INCOME TAXES (CONTINUED)

The following is a reconciliation of the normal expected statutory U.S. federal income tax rate to the effective rate as a percentage of income before provision for income taxes, minority interest, and cumulative effect of accounting changes as reported in the Consolidated Statements of Income:

	1995	1994	1993
U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	2.8	3.2	3.9
Export sales corporation benefit	(.5)	(1.1)	(1.0)
International losses for which no tax benefit was recorded	1.9	2.4	2.1
Difference in effective tax rates on international earnings and remittances ...	(1.3)	(1.4)	(.5)
Nondeductible acquisition costs	1.7	2.0	1.0
Other, net	(.6)	(.1)	.5
Effective income tax rate	39.0%	40.0%	41.0%

The tax effects of the primary temporary differences giving rise to the Company's deferred tax assets and liabilities for the years ended December 31, 1995 and 1994 are:

(In thousands)	1995		1994	
Deferred income taxes	ASSET	LIABILITY	Asset	Liability
Depreciation	$ -	$37,625	$ -	$38,301
Expense accruals	30,890	-	35,027	-
Inventories	3,175	-	5,710	-
Provision for receivables	1,960	-	-	30,863
Postretirement benefits	3,444	-	3,564	-
Deferred revenue	-	4,206	-	1,330
Unrelieved foreign tax losses	14,800	-	20,767	-
Pensions	-	7,735	-	7,461
Investment in United Defense, L.P.	-	325	3,783	-
Other	-	5,174	-	2,152
Subtotal	54,269	55,065	68,851	80,107
Valuation allowance	(9,403)	-	(16,986)	-
Total deferred income taxes	$44,866	$55,065	$51,865	$80,107

At December 31, 1995 and 1994, Other current assets included deferred income tax benefits of $18.4 million and $2.1 million, respectively.

11. INCOME TAXES (CONTINUED)

At December 31, 1995, certain of the Company's non-U.S. subsidiaries had total available net operating loss carryforwards (NOLs) of approximately $39,000,000 of which approximately $15,700,000 will expire by 1999, $500,000 will expire by 2000 and the balance may be carried forward indefinitely. Included in the total are $19,378,000 of preacquisition NOLs relating to the MultiServ acquisition.

During 1995 and 1994, $8,522,000 and $13,500,000, respectively, of the MultiServ preacquisition NOLs were utilized by the Company resulting in tax benefits of $2,892,000 and $3,774,000, respectively, which were allocated to reduce goodwill related to the acquisition.

The valuation allowance of $9,403,000 and $16,986,000 relates principally to cumulative unrelieved foreign tax losses which are uncertain as to realizability at December 31, 1995 and 1994, respectively. To the extent that the preacquisition NOLs, are utilized in the future and the associated valuation allowance reduced, the tax benefit thereof will be allocated to reduce goodwill related to the acquisition.

The decrease in the valuation allowance for 1995 and 1994 results primarily from the utilization of foreign tax loss carryforwards and the release of valuation allowances in certain international jurisdictions based on the Company's reevaluation of the realizability of future benefits resulting from tax planning strategies. The release of valuation allowances in those international jurisdictions was allocated to reduce goodwill related to the acquisition by $4,707,000 and $3,367,000 in 1995 and 1994, respectively.

The change in the valuation allowances relates to a decrease from the utilization of preacquisition and postacquisition NOLs, net of increases applicable to the creation of NOLs.

12. CAPITAL STOCK

The authorized capital stock consists of 70,000,000 shares of common stock and 4,000,000 shares of preferred stock, both having a par value of $1.25 per share. The preferred stock is issuable in series with terms as fixed by the Board of Directors. No preferred stock has been issued other than the preferred stock rights for a Series A Junior Participating Cumulative Preferred Stock distributed by the Company in September 1987 for each outstanding share of common stock. The rights may be exercised, under certain conditions, to purchase 1/100th share of a new Series A Junior Participating Cumulative Preferred Stock at a purchase price of $200. This new preferred stock has a par value of $1.25 per share and a liquidation price of $150 per share with 400,000 shares authorized and none issued. The rights are not exercisable or transferable apart from the common stock, until ten days after a public announcement that a person or group has acquired 20% or more, or intends to commence a tender offer for 25% or more of the Company's common stock. The rights, which expire on September 28, 1997, do not have voting power, and may be redeemed by the Company at a price of $.05 per right at any time until the 10th business day following public announcement that a person or group has accumulated 20% or more of the Company's outstanding shares.

In January 1992, the Board of Directors authorized the purchase, over a two-year period, of up to 4,000,000 shares of its common stock in unsolicited open market or privately negotiated transactions at prevailing market prices. Through December 31, 1993, 2,064,555 shares of common stock had been purchased under this plan at an aggregate cost of $73,862,000. In 1994, there were no stock purchases under a one year authorization of the Board of Directors. In January 1995, the Board of Directors authorized the purchase, over a one year period, of up to 500,000 shares of its common stock. Through December 31, 1995, 292,014 shares of common stock had been purchased under this plan at an aggregate cost of $16,568,000. In January 1996, the Board of Directors authorized the purchase, over a one year period, of up to 1,000,000 shares of its common stock.

Common Stock Summary

Balances	Shares Issued	Treasury Shares	Shares Outstanding
December 31, 1992 ..	31,925,423	6,545,864	25,379,559
December 31, 1993 ..	32,114,499	7,146,698	24,967,801
December 31, 1994 ..	32,343,553	7,161,303	25,182,250
DECEMBER 31, 1995 ..	32,537,880	7,486,331	25,051,549

13. STOCK OPTIONS

The Company has granted stock options to officers and directors for the purchase of its common stock under two shareholder approved plans, one of which expired in 1985. In April 1993, shareholders approved an increase in the number of shares that may be issued under the plan from 1,500,000 to 2,500,000. At December 31, 1995 and 1994, 853,138 and 1,016,284 shares, respectively, were available for granting of incentive stock options, nonqualified stock options or stock appreciation rights. Options are granted at fair market value at date of grant and become exercisable commencing one year later.

In addition, at the 1995 Annual Meeting, the shareholders approved the 1995 Executive Incentive Compensation Plan and the 1995 Non-Employee Director's Stock Plan. The 1995 Executive Incentive Compensation Plan authorizes the issuance of up to 2,000,000 shares of the Company's common stock for use in paying annual incentive compensation awards in the form of restricted stock and stock options. The 1995 Non-Employee Director's Stock Plan authorizes the issuance of up to 150,000 shares of the Company's common stock for stock option awards. The award of shares and options under the 1995 Executive Incentive Compensation Plan commenced in 1996; while the awards of options under the Non-Employee Director's Stock Plan commenced in May 1995. Upon approval of these two plans in 1995, the Company terminated the use of the 1986 plan for granting of stock option awards.

At December 31, 1995, options to purchase 642,459 shares were exercisable. Changes during 1995 and 1994 in options outstanding were:

	Shares Under Option	Option Price Range per Share		
Outstanding, January 1, 1994	714,418	$15.75	to	$41.56
Granted	232,480	42.00	to	43.25
Exercised	(229,054)	15.75	to	41.56
Terminated and expired	(44,204)	41.56	to	43.25
Outstanding, December 31, 1994	673,640	23.44	to	43.25
Granted	181,000	43.375	to	47.625
Exercised	(194,327)	23.44	to	43.25
Terminated and expired	(17,854)	27.56	to	43.375
OUTSTANDING, DECEMBER 31, 1995	642,459	$23.44	TO	$47.625

During 1995 and 1994, the Company had non-cash transactions related to stock option exercises of $1,674,000 and $677,000, respectively, whereby old shares are exchanged for new shares.

14. FINANCIAL INSTRUMENTS

OFF-BALANCE SHEET RISK

As collateral for performance and advances on long-term contracts and to ceding insurers, the Company is contingently liable under standby letters of credit and bonds in the amount of $49.2 million and $64.7 million at December 31, 1995 and 1994, respectively. These standby letters of credit and bonds are generally in force from one to three years for which the Company pays fees to various banks and insurance companies that generally range from .20 to 1 percent per annum of their face value. If the Company were required to obtain replacement standby letters of credit and bonds as of December 31, 1995 for those currently outstanding, it is the Company's opinion that the replacement costs for such standby letters of credit and bonds would not significantly vary from the present fee structure.

At December 31, 1995 and 1994, the Company had $7.8 million and $40.6 million, respectively, of forward foreign currency exchange contracts outstanding. These contracts are part of a worldwide program to minimize foreign currency exchange operating income and balance sheet exposure. The unsecured contracts generally mature within 12 months and are principally with major financial institutions. The Company is exposed to credit loss in the event of non-performance by the other parties to the contracts. The Company evaluates the creditworthiness of the counterparties' financial condition and does not expect default by the counterparties.

FOREIGN EXCHANGE RISK MANAGEMENT

Harsco is an international company with operations in 29 countries. The Company has translation and transaction foreign currency exposures at these operations. Harsco's primary foreign currency exposures are in France, Belgium, United Kingdom, Brazil and Mexico.

Forward foreign currency exchange contracts are generally used to hedge commitments, such as foreign currency debt, the purchase of equipment, and foreign currency cash flows for certain export sales transactions. The Company has entered into forward exchange contracts that have been used to exchange the proceeds from U.S. commercial paper borrowings into foreign currencies, and simultaneously enters into a forward exchange contract to exchange such foreign currencies back into U.S. dollars at the maturity date of the U.S. commercial paper borrowings. These forward exchange contracts allow the Company to finance certain international operations at effective interest rates that are generally lower than in that country. These forward exchange contracts do not qualify as hedges for financial reporting purposes; therefore, any related gain or loss is recognized in income on a current basis. At December 31, 1994, $37.8 million of forward exchange contracts, related to the commercial paper borrowings, were outstanding. There were no contracts of this type outstanding at December 31, 1995.

14. FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarizes by currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars as of December 31, 1995. The "sell" amounts represent the U.S. dollar equivalent of commitments to sell foreign currencies, and the "buy" amounts represent the U.S. dollar equivalent of commitments to purchase foreign currencies.

(IN THOUSANDS)	TYPE	$ U.S. EQUIVALENT	MATURITY	RECOGNIZED GAIN (LOSS)	UNREALIZED GAIN (LOSS)
FORWARD EXCHANGE CONTRACTS:					
AUSTRALIAN DOLLARS	SELL	$3,916	VARIOUS IN 1996	-	$ 12
GERMAN MARKS	BUY	2,606	VARIOUS TO 1998	-	468
ITALIAN LIRE	BUY	1,253	VARIOUS IN 1996	-	147
BRITISH POUNDS	BUY	71	1-15-96	-	(2)
		$7,846		-	$625

At December 31, 1995, the Company had forward exchange contracts in Italian lire and German marks which were used to hedge product cost transactions and contracts in British pounds and Australian dollars to hedge certain sales and payments between the Company and its Australian subsidiaries, respectively. Since these contracts hedge identified foreign currency firm commitments, the net gain of $625,000 was deferred. The counterparties of these agreements are major financial institutions; therefore, management believes the risk of incurring losses related to these contracts is remote.

The table below summarizes by major currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars as of December 31, 1994.

(IN THOUSANDS)	TYPE	$ U.S. EQUIVALENT	MATURITY	RECOGNIZED GAIN (LOSS)	UNREALIZED GAIN (LOSS)
FORWARD EXCHANGE CONTRACTS:					
Belgian francs	Sell	$19,120	1-12-95	$ 290)	-
French francs	Sell	11,740	1-12-95	(187)	-
French francs	Buy	6,980	1-12-95	132	-
German marks	Buy	2,606	Various to 1998	-	$244
Finnish markka	Buy	158	9-1-95	-	4
		$40,604		$(345)	$248

14. FINANCIAL INSTRUMENTS (CONTINUED)

At December 31, 1994, the Company had forward exchange contracts for Belgian and French francs to exchange those currencies to U.S. dollars at the time of maturity of the commercial paper debt. Also, the Company had a forward exchange contract for U.S. dollars to settle the French francs forward exchange contract. These forward contracts do not qualify as hedges for financial reporting purposes. At December 31, 1994, the Company had recorded gains of $132,000 and losses of $477,000 on these contracts. The Company also had forward exchange contracts in Finnish markka and German marks which were used to hedge a product cost transaction. Since these contracts hedge an identified foreign currency firm commitment the gain of $248,000 was deferred. The counterparties of these agreements are major financial institutions; therefore, management believes the risk of incurring losses related to these contracts is remote.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investments and accounts receivable. The Company places its cash and cash equivalents and investments ($46 million at December 31, 1995 and $49.2 million at December 31, 1994) with high quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. Concentrations of credit risk with respect to accounts receivable are limited, due to the large number of customers in the Company's customer base and their dispersion across many different industries and geographies. The Company generally does not require collateral or other security to support customer receivables.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following notes summarize the major methods and assumptions used in estimating the fair values of financial instruments:

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

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

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

14. FINANCIAL INSTRUMENTS (CONTINUED)

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

The carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 1995 and 1994 are:

(In thousands)	1995		1994	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
Cash and cash equivalents	$76,669	$76,669	$43,550	$43,550
Investments-Marketable debt securities	46,003	46,286	49,240	47,469
Long-term debt	282,969	282,943	351,748	329,580
Foreign currency exchange contracts	7,846	7,349	40,604	41,558

15. FACILITIES DISCONTINUANCE AND REORGANIZATION COSTS

In 1995, the Company recorded a net charge of $22.8 million on the Consolidated Statements of Income. This was primarily due to a third quarter non-cash charge of $13.5 million relating to the settlement of the Federal Excise Tax reimbursement on the completed five-ton truck contract. This charge resulted from off-setting the $49 million payment received against the $62.5 million receivable recorded during the performance of the contract. The Company recognized for the school bus business a $2.1 million provision for asset impairment relating to the remaining fixed assets and $3 million in termination and other exit costs. The Company ceased all bus operations in June 1995. Additionally, the Company recorded net charges of $2.8 million in 1995 related to the discontinuance of certain international facilities for the Metal Reclamation and Mill Services Group. These charges were for the discontinuance of certain product lines.

In 1994, the Company recorded a net charge of $17.1 million on the Consolidated Statements of Income primarily for the asset impairment of the school bus business assets, costs associated with the military truck contract close-out and the discontinuance and rationalization of administrative facilities at several international metal reclamation and mill services locations. In November 1994, the Board of Directors authorized the Company to exit from the school bus business. In the fourth quarter of 1994, the Company recognized an asset impairment charge of $8 million for the write-down of the bus business assets to their estimated net realizable value. During the second and third quarters of 1994, the Company recognized a total charge of $5.7 million relating to the discontinuance and rationalization of administrative facilities in the Metal Reclamation and Mill Services Group. This charge was principally composed of termination and lease costs. The Company also recognized a $4.7 million charge in the third quarter for costs associated with closing-out the military truck contract.

16. INFORMATION BY INDUSTRY GROUP AND GEOGRAPHIC AREA

The Company is a diversified industrial services and manufacturing company. The principal lines of business are: industrial mills services that are provided to steel producers in 28 countries; scaffolding services to the construction and industrial maintenance markets primarily in North America; railway maintenance equipment and services that are provided to U.S. railroads and other international customers; gas control and containment products for customers worldwide, and, several other lines of business including, but not limited to, grating, roofing granules, pipe fittings and process equipment. The Company's operations fall into three Operating Groups: Metal Reclamation and Mill Services; Infrastructure and Construction; and Process Industry Products. The Company has over 175 major facilities in 29 countries, including the United States. Harsco also holds a 40% ownership in United Defense, L.P., a $1.0 billion joint venture with FMC Corporation, which principally manufactures ground combat vehicles for the U.S. and international governments.

In 1995, the Infrastructure, Construction and Transportation Group was renamed the Infrastructure and Construction Group due to the Company's announced exit from the school bus business. The Company ceased all bus operations in June 1995. Truck operations were ended in June 1994. In 1994, the Company formed new Operating Groups. The new Groups were formed because: (1) the Company is no longer directly involved in the Defense business as a result of the formation of United Defense, L.P., effective January 1, 1994, in which the Company contributed its military tracked vehicle business and has an equity interest of 40%, and the completion of the five-ton contract with the U.S. Government and related conversion to a school bus business in 1993; and (2) due to the acquisition of MultiServ International, N.V. which substantially increased the Company's presence in metal reclamation and mill services. This significant strategic refocusing of the Company necessitated the new Group structure. Except for Defense, because it is no longer a Group, the Company restated all the operating groups for the periods presented.

The operations of the Company in any one country, except the United States, do not account for more than 10% of sales. In 1995, no single customer or group under common control represented 10% or more of the Company's sales.

Identifiable assets are those assets used in each Operating Group. Corporate assets primarily include cash, investments, prepaid pension costs and U.S. deferred taxes. There are no significant intergroup sales.

Financial information by Industry Group and Geographic Area for the years 1995, 1994 and 1993 is presented below:

16. INFORMATION BY INDUSTRY GROUP AND GEOGRAPHIC AREA (CONTINUED)

INDUSTRY GROUP	NET SALES TO UNAFFILIATED CUSTOMERS			OPERATING PROFIT		
(In millions)	1995	1994	1993	1995	1994	1993
Metal Reclamation and Mill Services(a)	$ 604.2	$ 523.4	$ 268.1	$ 80.0	$43.5	$28.8
Infrastructure and Construction	399.7	391.5	306.3	36.3	11.3	17.9
Process Industry Products	491.6	442.8	385.8	46.0	42.0	33.2
	1,495.5	1,357.7	960.2	162.3	96.8	79.9
Defense(b)	-	-	462.1	-	-	67.0
Facilities discontinuance and reorganization costs(c)				(20.7)	(17.4)	(1.5)
Industry group totals	$1,495.5	$1,357.7	$1,422.3	141.6	79.4	145.4
Equity in income of unconsolidated entities(d)				57.0	64.1	2.4
Gain on sale of investments				-	6.0	17.6
Claim settlements				-	36.2	-
Interest expense				(28.9)	(34.0)	(20.0)
General corporate expenses				(6.0)	(2.9)	(8.1)
Income before taxes, minority interest and cumulative effect of accounting change				$163.7	$148.8	$137.3

	IDENTIFIABLE ASSETS			DEPRECIATION AND AMORTIZATION			CAPITAL EXPENDITURES		
(In millions)	1995	1994	1993	1995	1994	1993	1995	1994	1993
Metal Reclamation and Mill Services	$ 687.8	$ 658.9	$ 638.2	$ 73.7	$70.5	$34.6	$ 73.0	$ 61.6	$51.7
Infrastructure and Construction	228.7	278.7	190.9	20.4	19.2	18.2	27.2	18.1	10.8
Process Industry Products	211.9	186.4	170.7	9.5	8.7	8.6	13.4	10.9	10.8
	1,128.4	1,124.0	999.8	103.6	98.4	61.4	113.6	90.6	73.3
Defense	-	-	265.0	-	-	11.3	-	-	9.2
	1,128.4	1,124.0	1,264.8	103.6	98.4	72.7	113.6	90.6	82.5
Corporate	136.7	158.3	156.9	1.3	1.2	2.1	.3	.3	.9
Investments in unconsolidated entities	45.6	32.3	5.9						
Total	$1,310.7	$1,314.6	$1,427.6	$104.9	$99.6	$74.8	$113.9	$ 90.9	$83.4

GEOGRAPHIC AREA	NET SALES			OPERATING PROFIT			IDENTIFIABLE ASSETS		
(In millions)	1995	1994	1993	1995	1994	1993	1995	1994	1993
United States	$ 916.9	$863.3	$1,181.0	$ 81.7	$57.1	$133.1	$ 462.8	$ 543.9	$ 655.8
Europe	365.8	308.9	140.9	27.3	4.9	7.7	438.9	392.9	376.6
All Other	212.8	185.5	100.4	32.6	17.4	4.6	226.7	187.2	232.4
Total	$1,495.5	$1,357.7	$1,422.3	$141.6	$79.4	$145.4	$1,128.4	$1,124.0	$1,264.8

16. INFORMATION BY INDUSTRY GROUP AND GEOGRAPHIC AREA (CONTINUED)

	EXPORT SALES			FOREIGN MILITARY SALES THROUGH U.S. GOVERNMENT AGENCIES		
(In millions)	1995	1994	1993	1995	1994	1993
Asia	$21.6	$22.3	$242.3	$ -	$0.1	$ 88.7
Africa	.5	2.0	56.3	-	-	49.0
North America (Excluding USA)	49.9	60.1	32.4	-	-	0.2
All Others	18.7	10.7	12.5	-	-	-
Total	$90.7	$95.1	$343.5	$ -	$0.1	$137.9
Sales to U.S. Government agencies, principally by the Defense Group in 1993	$ 0.5	$ 1.1	$303.3			

(a) Group operating profits for 1995 includes a $3.4 million foreign currency translation loss incurred in the first quarter, and 1994 includes a $6 million foreign currency translation loss due to the maxi devaluation of Mexican peso incurred in December.

(b) Effective January 1, 1994, Defense is no longer designated as a separate Group. This is due to the formation of the joint venture, United Defense, L.P., in which Harsco has a 40% ownership, and the suspension of the five-ton truck production at midyear in 1993. Truck activity in 1994 is reflected under the Infrastructure and Construction Group.

(c) The year ended December 31, 1995, under the Infrastructure and Construction Group, includes $13.5 million relating to the settlement of the Federal Excise Tax reimbursement on the completed five-ton truck contract, and for the school bus business a $2.1 million asset impairment provision for the remaining fixed assets and $3 million in termination and other exit costs. The year also includes $2.8 million relating to the discontinuance of certain international facilities related to the Metal Reclamation and Mill Services Group. The year ended December 31, 1994, includes $5.7 million for discontinuance and rationalization of administrative facilities and termination costs related to Metal Reclamation and Mill Services Group, and, under the Infrastructure and Construction Group, a provision of $4.7 million relating to the net realizable value of the investment in the five-ton truck business and future anticipated costs associated with contract close-out and related issues and a provision for asset impairment of the school bus business of $8 million.

(d) Includes equity in income of United Defense, L.P. of $54.1 million and $61.9 million for the years ended December 31, 1995 and 1994, respectively.

Supplementary Data:

TWO-YEAR SUMMARY OF QUARTERLY RESULTS (unaudited)

(In millions, except per share)

1995				
QUARTERLY	FIRST	SECOND	THIRD	FOURTH
NET SALES	$356.9	$377.3	$374.1	$387.2
GROSS PROFIT ++	77.5	83.6	71.9	87.3
INCOME BEFORE INTEREST, TAXES AND MINORITY INTEREST	49.5	46.1	36.6	53.0
NET INCOME	25.5	24.5	18.4	29.0
NET INCOME PER COMMON SHARE	1.01	.97	.73	1.15

1994				
Quarterly	First	Second	Third	Fourth
Net Sales	$318.7	$338.1	$348.1	$352.8
Gross Profit ++	64.7	67.9	68.4	73.4
Income before interest, taxes and minority interest	41.0	39.6	47.5	48.4
Net Income	18.6	17.5	22.3	28.2
Net Income per Common Share	.74	.70	.89	1.12

Notes:

++ Gross Profit is defined as Net Sales less Cost of Sales, Provision for Facilities Discontinuance and Reorganization Costs and Research and Development Expenses.

- The first quarter of 1994 includes the after-tax gain of $3.5 million ($.14 per share) on the sale of the remaining shares of a marketable equity security. The first quarter also includes a claim settlement of $2.1 million after-tax ($.08 per share).

- The second quarter of 1994 includes an after-tax charge of $2.5 million ($.10 per share) for termination costs and other matters.

- The third quarter of 1995 includes $8.2 million after-tax charge ($.32 per share) for the settlement of the Federal Excise Tax reimbursement on the completed five-ton truck contract and a $1.3 million after-tax charge ($.05 per share) for asset impairment relating to the remaining fixed assets of the school bus business. The third quarter of 1994 includes after-tax charges of $2.7 million ($.11 per share) and $2.0 million ($.08 per share) relating to the estimated net realizable value of the investment in the five-ton truck business and costs associated with contract close-out and related issues, and for the discontinuance and rationalization of administrative facilities and termination costs related to Metal Reclamation and Mill Services Group, respectively. The third quarter also includes a claim settlement of $6.8 million after-tax ($.27 per share).

- The fourth quarters of 1995 and 1994 reflect after tax LIFO income of $1.0 million and $0.6 million, respectively, representing final determination of price changes and liquidations of inventories which occurred during the year.

- The fourth quarter of 1994 includes after-tax charges of $4.8 million ($.19 per share) for the impairment of certain assets in conjunction with exiting the school bus business and a $3.6 million ($.14 per share) maxi devaluation of the Mexican peso. The fourth quarter also includes a claim settlement of $12.2 million after-tax ($.49 per share).

- The fourth quarter of 1994 reflects a reduction in income taxes of $4.0 million resulting from final determination of income taxes to be provided for the year.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant:

(a) Identification of Directors:

Information regarding the identification of directors and positions held is incorporated by reference to the 1996 Proxy Statement.

(b) Identification of Executive Officers:

Set forth below, as of March 15, 1996, are the executive officers (this excludes certain corporate officers who are not deemed "executive officers" within the meaning of applicable Securities and Exchange Commission regulations) of the Company and certain information with respect to each of them. The executive officers were elected to their respective offices on April 25, 1995, or at various times during the year as noted. All terms expire on April 30, 1996. There are no family relationships between any of the officers.

Name	Age	Principal Occupation or Employment
Corporate Officers:		
D. C. Hathaway	51	Chairman, President and Chief Executive Officer effective April 1, 1995, was President and Chief Executive Officer from January 1, 1994 to April 1, 1994. Director since 1991. From May 1, 1991 to December 31, 1993, served as President and Chief Operating Officer. From 1986 to 1991 served as Senior Vice President-Operations of the Corporation. Served as Group Vice President from 1984 to 1986 and as President of the Dartmouth Division of the Corporation from 1979 until October 1984.
W. D. Etzweiler	60	Senior Vice President and Chief Operating Officer of the Corporation effective January 25, 1994. From 1992 to January 24, 1994, served as Senior Vice President - Operations of the Corporation. Served as President of the Corporation's Patterson-Kelley Division from 1982 to 1991, Vice President Sales and Marketing of the Patterson-Kelley Division from 1979 to 1982, Vice President of Marketing for the Patterson-Kelley Division from 1971 to 1979, and various manager positions with the Patterson-Kelley Division from 1966 to 1971.

Name	Age	Principal Occupation or Employment
L. A. Campanaro	47	Senior Vice President and Chief Financial Officer of the Corporation effective December 1, 1992 and served as Vice President and Controller from April 1, 1992 to November 30, 1992. Served as Vice President of the BMY-Wheeled Vehicles Division from February 1, 1992 to March 31, 1992, and previously served as Vice President and Controller of the BMY-Wheeled Vehicles Division from 1988 to 1992, Vice President Cryogenics of the Plant City Steel Division from 1987 to 1988, Senior Vice President Taylor-Wharton Division from 1985 to 1987, Vice President and Controller of Taylor-Wharton from 1982 to 1985, and Director of Auditing of the Corporation from 1980 to 1982.
P. C. Coppock	45	Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of the Corporation effective January 1, 1994. Served as Vice President, General Counsel and Secretary of the Corporation from May 1, 1991 to December 31, 1993. From 1989 to 1991 served as Secretary and Corporate Counsel and as Assistant Secretary and Corporate Counsel from 1986 to 1989. Served in various Corporate Attorney positions for the Corporation since 1981.
S. D. Fazzolari	43	Vice President and Controller of the Corporation effective January 25, 1994. Served as Controller of the Corporation from January 26, 1993 to January 24, 1994. Previously served as Director of Auditing from 1985 to January 25, 1993, and served in various auditing positions from 1980 to 1985.

Item 11. Executive Compensation:

Information regarding compensation of executive officers and directors is incorporated by reference to the Sections entitled "Executive Compensation and Other Information", and "Directors' Compensation" of the 1996 Proxy Statement.

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

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section entitled "Share Ownership of Management" of the 1996 Proxy Statement.

Item 13. Certain Relationships and Related Transactions:

Information regarding certain relationships and related transactions is incorporated by reference to the section entitled "Employment Agreements with Officers of the Company" of the 1996 Proxy Statement.

PART IV

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

(a) 1. The following financial statement schedule should be read in conjunction with the consolidated financial statements (see Item 8. Financial Statements):

Report of Independent Accountants on Schedule II

Schedule II - Valuation and Qualifying Accounts for the years 1995, 1994 and 1993

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

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of
Harsco Corporation

Our report on the consolidated financial statements of Harsco Corporation and Subsidiary Companies (the "Company"), which includes an explanatory paragraph regarding a change in the Company's method of accounting for income taxes is included on page 28 of this Form 10-K. In connection with our audits of such consolidated financial statements, we have also audited the related consolidated financial statement schedule listed in the index (Item 14(a) 1.) on page 74 of this Form 10-K.

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

/s/Coopers & Lybrand L.L.P.
Philadelphia, Pennsylvania
January 31, 1996

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

COLUMN A	COLUMN B	COLUMN C	COLUMN D		COLUMN E
		Additions	Deductions		
Description	Balance at Beginning of Period	Charged to Cost and Expenses	Due to Currency Translation Adjustments	Other(1)	Balance at End of Period
For the year 1995:					
Deducted from Receivables:					
Uncollectible accounts	$ 7,285	$ 2,966	$ 54	$ (2,049)	$ 8,256
Deducted from Inventories:					
Inventory valuations	$16,106	$ 1,689	$ 32	$(14,231)	$ 3,596
For the year 1994:					
Deducted from Receivables:					
Uncollectible accounts	$13,479	$ 3,436	$(93)	$ (9,537)	$ 7,285
Deducted from Inventories:					
Inventory valuations	$ 9,213	$11,228	$ 54	$ (4,389)	$16,106
For the year 1993:					
Deducted from Receivables:					
Uncollectible accounts	$10,244	$ 2,761	$ 7	$ 467	$13,479
Deducted from Inventories:					
Inventory valuations	$ 8,708	$ 6,682	$(61)	$ (6,116)	$ 9,213

(1) Amounts charged to valuation account during the year. During 1995, the reduction in inventory reserves is due principally to the write off of inventory related to the school bus business. During 1994, $2,372,000 in inventory reserves were transferred to United Defense, L.P. in connection with the formation of the partnership.

(a) 2. Condensed financial information of the registrant is omitted since there are no substantial amounts of "restricted net assets" applicable to the Company's consolidated subsidiaries.

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

The financial statements of a 50% or less owned unconsolidated company are submitted inasmuch as the registrant's equity in the income before income taxes of such company does exceed 20% of the total consolidated income before income taxes:

	Exhibit
(b) 1. Financial Statements of United Defense, L.P.:	
Report of Independent Auditors	13
Balance Sheets at December 31, 1995 and 1994	13
Statements of Income for the years ended December 31, 1995 and 1994	13
Statements of Partners' Capital for the years ended December 31, 1995 and 1994	13
Statements of Cash Flows for the years ended December 31, 1995 and 1994	13
Notes to Financial Statements	13

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

Exhibit Number	Data Required	Location in 10-K
2(a)	Joint Venture with FMC Corporation Combining Harsco's BMY-Combat Systems Division with FMC Defense Systems Group -Participation Agreement Dated as of January 1, 1994 -Partnership Agreement Dated as of January 1, 1994 -Registration Rights Agreement Dated as of January 1, 1994	Incorporated by reference to Form 8-K dated February 14, 1994
3(a)	Articles of Incorporation as amended April 24, 1990	Exhibit volume, 1990 10-K
	Certificate of Designation filed September 29, 1987	Exhibit volume, 1987 10-K
3(b)	By-laws as amended April 25, 1990	Exhibit volume, 1990 10-K
4(a)	Harsco Corporation Rights Agreement dated as of September 29, 1987 with Chase Manhattan Bank, N.A.	Incorporated by reference to Form 8-A, Exhibit 1, dated October 2, 1987
4(b)	Registration of Preferred Stock Purchase Rights	Incorporated by reference to Form 8-A dated October 2, 1987
4(c)	Current Report on dividend distribution of Preferred Stock Purchase Rights	Incorporated by reference to Form 8-K dated October 13, 1987
4(d)	Debt Securities Registered under Rule 415 (8 3/4% Notes)	Incorporated by reference to Form S-3, File No. 33-21526 dated May 23, 1988
4(e)	8 3/4% 1991 Notes due May 15, 1996 described in Prospectus Supplement dated May 7, 1991 to Form S-3 Registration under Rule 415 dated May 23, 1988	Incorporated by reference to the Prospectus Supplement dated May 7, 1991 to Form S-3, Registration No. 33-21526 dated May 23, 1988

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

Exhibit Number	Data Required	Location in 10-K
4(f)	Debt Securities Registered under Rule 415 6% Notes)	Incorporated by reference to Form S-3, Registration No. 33-42389 dated August 23, 1991
4(g)	6% 1993 Notes due September 15, 2003 described in Prospectus Supplement dated September 8, 1993 to Form S-3 Registration under Rule 415 dated August 23, 1991	Incorporated by reference to the Prospectus Supplement dated September 8, 1993 to Form S-3, Registration No. 33-42389 dated August 23, 1991
4(h)	Debt and Equity Securities Registered	Incorporated by reference to Form S-3,Registration No. 33-56885 dated December 15, 1994, effective date January 12, 1995
	Material Contracts - Credit facility	
10(a)	Amendment Agreement dated June 20, 1995 to the $150 million Credit Agreement (364-Day Competitive Advance and Revolving Credit Facility) dated as of August 1993, and to the $150 million Credit Agreement (5-year Advance and Revolving Credit Facility) dated as of August 1993, among Harsco Corporation, the lenders named therein and Chemical Bank.	Exhibit 10(a) to 10Q for the period ending June 30, 1995
10(b)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between J.P. Morgan Securities, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(c)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between Lehman Brothers, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(d)	Issuing and Paying Agency Agreement, Dated October 12, 1994, Between Morgan Guaranty Trust Company of New York and Harsco Corporation	Exhibit volume, 1994 10-K

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

Exhibit Number	Data Required	Location in 10-K
	Material Contracts - Underwriting	
10(e)	Underwriting Agreement for Debt Securities dated October 22, 1987	Exhibit volume, 1987 10-K
	Material Contracts - Management Contracts and Compensatory Plans	
10(f)	Harsco Corporation Incentive Pla as amended March 18, 1992	Exhibit volume, 1992 10-K
10(g)	Harsco Corporation Supplemental Retirement Benefit Program as amended September 25, 1995	Exhibit volume, 1995 10-K
10(h)	Trust Agreement between Harsco Corporation and Dauphin Deposit Bank and Trust Company dated July 1, 1987 relating to the Supplemental Retirement Benefit Plan	Exhibit volume, 1987 10-K
10(i)	Harsco Corporation Supplemental Executive Retirement Plan as amended	Exhibit volume, 1991 10-K
10(j)	Trust Agreement between Harsco Corporation and Dauphin Deposit Bank and Trust Company dated November 22, 1988 relating to the Supplemental Executive Retirement Plan	Exhibit volume, 1988 10-K
10(k)	1986 Stock Option Plan as amended	Exhibit volume, 1990 10-K
10(l)	1995 Executive Incentive Compensation Plan	Proxy Statement dated March 22, 1995 on Exhibit B pages B-1 through B-6
10(m)	Authorization, Terms and Conditions of the Annual Incentive Awards, as amended and Restated, under the 1995 Executive Incentive Compensation Plan	Exhibit volume, 1995 10-K

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

Exhibit Number	Data Required	Location in 10-K
	Employment Agreements -	
10(n)	D. C. Hathaway	Exhibit volume, 1989 10-K
"		Uniform agreement, the same as shown for J. J. Burdge
"	L. A. Campanaro	" "
"	P. C. Coppock	" "
"	W. D. Etzweiler	" "
"	B. W. Taussig	" "
	Retirement Agreements -	
10(o)	Special Supplemental Retirement Benefit Agreement and Amendment for J. J. Burdge	Exhibit volume, 1988 10-K
10(p)	Special Supplemental Retirement Benefit Agreement for D. C. Hathaway	Exhibit Volume, 1988 10-K
"	Retirement and Consulting	Exhibit Volume, 1993 10-K
"	Agreement for M. W. Gambill	
"	Special Supplemental Retirement	Exhibit volume, 1993 10-K
"	Benefit Agreement for B. W. Taussig	
"	Agreement with Barrett W. Taussig dated August 22, 1995	Exhibit 10(a) to 10-Q for period ending September 30, 1995
	Director Indemnity Agreements -	
10(q)	J. J. Burdge	Exhibit volume, 1989 10-K Uniform agreement, same as shown for J. J. Burdge
"	F. E. Masland, III	" "
"	R. F. Nation	"
"	D. C. Smith, Jr.	" "
"	A. J. Sordoni, III	" "
"	R. C. Wilburn	" "
"	R. L. Kirk	" "
"	N. H. Prater	" "
"	D. C. Hathaway	" "
"	J. I. Scheiner	" "
"	R. C. Smith	" "
"	J. E. Marley	" "

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

Exhibit Number	Data Required	Location in 10-K
10(r)	Harsco Corporation Directors Retirement Plan	Exhibit volume, 1990 10-K
10(s)	Harsco Corporation Deferred Compensation Plan for Non-Employee Directors	Exhibit volume, 1994 10-K
10(t)	Harsco Corporation 1995 Non-Employee Directors' Stock Plan	Proxy Statement dated March 22, 1996 on Exhibit B pages B-1 through B-6
10(u)	Settlement Agreement dated September 19, 1995, among the Company, the United States Army and the United States Department of Justice	Exhibit (b) to 10-Q for period ending September 30, 1995
11	Computation of Fully Diluted Net Income per Common Share	Exhibit volume, 1995 10-K
12	Computation of Ratios of Earnings to Fixed Charges	Exhibit volume, 1995 10-K
13	Financial Statements of United Defense, L.P.	Exhibit volume, 1995 10-K
21	Subsidiaries of the Registrant	Exhibit volume, 1995 10-K
23(a)	Consent of Independent Accountants	Exhibit volume, 1995 10-K
23(b)	Consent of Independent Auditors	Exhibit volume, 1995 10-K
27	Financial Data Schedule	Exhibit volume, 1995 10-K

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

Exhibit Number	Data Required	Location in 10-K
99	Additional exhibits	
	- Undertakings of Harsco relating to registration statement on Form S-16 year (Reg. No. 2-58121)	Incorporated by reference to Exhibit 28, Form 10-K for the ended December 31, 1982
	- Undertakings of HarscoI relating to registration statement on Form S-8 year (Reg. No. 2-57876)	Incorporated by reference to Exhibit 28, Form 10-K for the ended December 31, 1982
	- Undertakings of Harsco relating to registration statement on Form S-8 (Reg. No. 33-14064)	Incorporated by reference to Form S-8, Registration No. 33-14064, dated May 6, 1987
	- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 2-97504)	Incorporated by reference to Form S-3, Registration No. 2-97504 dated May 29, 1985
	- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 33-21526)	Incorporated by reference to Form S-3, Registration No. 33-21526 dated May 23, 1988
	- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 33-42389)	Incorporated by reference to Form S-3, Registration No. 33-42389, dated August 23, 1991
	- Undertakings of Harsco with respect to indemnification of directors, officers or persons controlling Harsco incorporated by reference into registration statements on Form S-8, Registration File Numbers 2-57876, 33-5300, 33-14064 and 33-24854	Exhibit volume, 1990 10-K

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

Exhibit Number	Data Required	Location in 10-K
	-Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 33-56885)	Incorporated by reference to Form S-3, Registration No. 33-56885, dated December 15, 1994, effective January 12, 1995.

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

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

(b) Reports on Form 8-K:

A Report on Form 8-K dated September 27, 1995 was filed October 3, 1995 dealing with the settlement of the Federal Excise Tax Reimbursement Claim with the United States Army and Department of Justice.

SIGNATURES

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

HARSCO CORPORATION

Date March 20, 1996 By /S/ Leonard A. Campanaro

Leonard A. Campanaro
Senior Vice President and
Chief Financial Officer

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

SIGNATURE	CAPACITY	DATE
/S/ Derek C. Hathaway (Derek C. Hathaway)	Chairman, President & Chief Executive Officer	3/20/96
/S/ Leonard A. Campanaro (Leonard A. Campanaro)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	3/20/96
/S/ Salvatore D. Fazzolari (Salvatore D. Fazzolari)	Vice President and Controller (Principal Accounting Officer)	3/20/96
/S/ Jeffrey J. Burdge (Jeffrey J. Burdge)	Director	3/21/96
/S/ Robert L. Kirk (Robert L. Kirk)	Director	3/21/96
/S/ James E. Marley (James E. Marley)	Director	3/21/96
/S/ Robert F. Nation (Robert F. Nation)	Director	3/21/96
/S/ Nilon H. Prater (Nilon H. Prater)	Director	3/21/96
/S/ James I. Scheiner (James I. Scheiner)	Director	3/21/96
(Roy C. Smith)	Director	
/S/ Andrew J. Sordoni III (Andrew J. Sordoni III)	Director	3/21/96
/S/ Dr. Robert C. Wilburn (Dr. Robert C. Wilburn)	Director	3/21/96

HARSCO CORPORATION FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

Item 14(a) 3. Exhibits

Exhibit Number		Document Pages
10(g)	Harsco Corporation Supplemental Retirement Benefit Program as amended September 25, 1995	1 - 11
10(m)	Authorization, Terms and Conditions of the Annual Incentive Awards, as amended and Restated, under the 1995 Executive Incentive Compensation plan	1 - 15 and 1 - 4
11	Computation of Fully Diluted Net Income per Common Share	1
12	Computation of Ratios of Earnings to Fixed Charges	1
13	The Audited Financial Statements of United Defense L.P.	1 - 12
21	Subsidiaries of the Registrant	1 - 3
23(a)	Consent of Independent Accountants	1
23(b)	Consent of Independent Auditors	1
27	Financial Data Schedule	1

EXHIBIT 10(g)

RESTATED SEPTEMBER, 1995
HARSCO CORPORATION
SUPPLEMENTAL RETIREMENT BENEFIT PLAN

ARTICLE I

ESTABLISHMENT OF PLAN

1.1 Purpose. The Harsco Corporation Supplemental Retirement Plan ("Plan") was established by Harsco Corporation ("Corporation") to provide supplemental retirement benefits to designated corporate and division officers and to compensate them for government-imposed reductions in benefits from and/or contributions to the tax-qualified plans in which they participate.

1.2 Tax/ERISA. The Corporation intends that the Plan shall at all times be maintained on an unfunded basis for federal income tax purposes under the Internal Revenue Code of 1986, as amended ("Code"), and administered as a "top-hat" plan exempt from the substantive requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

1.3 Effective Date. This Plan, as amended and restated herein, shall apply to participating employees whose retirement or other termination date occurs on or after January 2, 1995. Benefits for Participants who retired or whose participation terminated prior to January 2, 1995, will be determined by the Plan provisions in effect upon such Participant's retirement or termination.

ARTICLE II

DEFINITIONS

2.1 Accrued Benefit. The Supplemental Pension Benefit and the Supplemental Savings Benefit earned by a Participant under this Plan in accordance with the provisions of Article IV.

2.2 Ancillary Agreement. An instrument by which special arrangements for specific Participants are incorporated into this Plan.

2.3 Beneficiary. Any person designated by a Participant to receive benefits which may be due, or become due, under this Plan. If a Participant made no such designation, or if the designated person predeceases the Participant, the Beneficiary shall be the Participant's estate.

2.4 Board. The Board of Directors of the Corporation.

2.5 Change In Control. The first to occur of any one of the events described below:

(a) Stock Acquisition. Any "person" (as such term is used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 ["the 1934 Act"], other than the Company or a corporation, a majority of whose outstanding stock entitled to vote is owned, directly or indirectly, by the Company, who is or becomes, other than by purchase from the Company or such a corporation, the "beneficial owner" (as such term is defined in Rule 13(d)-3 under the 1934 Act), directly or indirectly, of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding voting securities. Such a Change in Control shall be deemed to have occurred on the first to occur of the date securities are first purchased by a tender or exchange offer, or the date on which the Company first learns of acquisition of 20 percent of such securities, or the later of the effective date of an agreement for the merger, consolidation or other reorganization of the Company or Company shareholder approval thereof, as the case may be.

(b) Change in Board. During any period of two consecutive years, individuals who at the beginning of such period were members of the Board of Directors ceases for any reason to constitute at least a majority of the Board of Directors, unless the election or nomination for election by the Company's shareholders of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period. Such a Change in Control shall be deemed to have occurred on the date upon which the requisite majority of directors fails to be elected by the shareholders of the Company.

(c) Other Events. Any other event or series of events which, notwithstanding any other provision of this definition, is determined by a majority of the outside members of the Board of Directors of the Company to constitute a Change in Control of the Company for purposes of this Supplemental Plan. Such a Change in Control shall be deemed to have occurred on the date of such determination or on such other date as such majority of outside members of the Board shall specify.

2.6 Committee. The Management Development and Compensation Committee of the Board or such other committee as may be designated by the Board.

2.7 Compensation. Total base salary plus 100% of nondiscretionary incentive compensation, all calculated on a paid basis and payable according to the provisions of a regular written plan covering officers as approved by the Board or a Committee thereof.

2.8 Credited Service. Service with Harsco and with any predecessor company acquired by or merged into Harsco if such service with the predecessor company is granted by the Board of Directors or a Committee thereof. In computing Credited Service hereunder, the Corporation shall act in accordance with (a) rules applicable to the Related Harsco Plan or (b) if different, rules established by the Board of Directors or a Committee thereof.

2.9 Early Retirement Date. The first date of the month following the Participant's attainment of 55 years of age and 15 years of Credited Service.

2.10 Final Average Compensation. A Participant's average annual Compensation for the 60 highest consecutive out of the last 120 months prior to the date of retirement or termination of employment for any reason prior to Normal Retirement Date. If, due to absence because of disability or temporary layoff, a Participant's Compensation during any 12 month period in any of said 120 months falls below 75% of what it would have been had it not been for such absence, such period or periods shall be excluded and contiguous periods of months shall be used in determining the 60 highest consecutive months.

2.11 Normal Retirement Date. The first day of the month following the Participant's 65th birthday.

2.12 Participant. An officer or other employee of the Corporation who has been approved for participation in the Plan pursuant to Article III.

2.13 Pension Committee. The Committee appointed by the Board of Directors or a Committee thereof to administer qualified and nonqualified pension plans.

2.14 Related Harsco Plan. The relevant tax-qualified plan, the benefit under which is offset against an amount determined under this Plan to comprise all or part of the Participant's Accrued Benefit. In most cases, the Related Harsco Plan shall be, with respect to the Supplemental Pension Benefit, the Harsco Employees Pension Plan and, with respect to the Supplemental Savings Benefit, the Harsco Corporation Savings Plan.

2.15 Social Security Covered Compensation. As defined by Social Security Integration Table I - (see attached Exhibit A). This table is subject to change as Social Security covered compensation maximums are changed.

2.16 Supplemental Pension Formula. 0.8% of Final Average Compensation, plus 1.6% of Final Average Compensation in excess of Social Security Covered Compensation, multiplied by Credited Service to a maximum of 33 years and divided by 12.

ARTICLE III

ELIGIBILITY AND VESTING

3.1 Eligibility to Participate in the Plan. All officers of the Corporation, and division officers elected by the Board of Directors shall be eligible to participate in this Plan

3.2 Vesting. A Participant's right to an Accrued Benefit under this Plan shall vest and become nonforfeitable only if, and to the extent that, the Participant is vested in the Related Harsco Plan. Notwithstanding any provision to the contrary, all Participants shall become fully vested in their Accrued Benefit following or in connection with a Change in Control.

ARTICLE IV

SUPPLEMENTAL BENEFITS

4.1 Supplemental Pension Benefit. The Supplemental Pension Benefit shall be the greater of the monthly amounts calculated under (a) or (b) as set forth below:

(a) The Supplemental Pension Formula offset by the monthly retirement benefit payable to the Participant from the Related Harsco Plan, both calculated on a 10-year certain and continuous basis; and

(b) The difference between (i) the monthly pension benefit which the Participant would have been entitled to under the Related Harsco Plan, calculated without regard to the limitation on benefits imposed by Code section 415, the ceiling on covered compensation imposed by Code section 401(a)(17) and any similar limitation or restriction imposed by the Code or ERISA, and (ii) the monthly pension benefit actually payable to the Participant under the Related Harsco Plan.

4.2 Supplemental Savings Benefit. The Supplemental Savings Plan Benefit shall be determined as follows: If the amount of a Participant's contributions to the Harsco Corporation Savings Plan is limited as a result of the Code or ERISA such that the Participant is unable to contribute the maximum amount of Matched After-Tax Contributions and/or Matched Tax Saver Contributions permitted by the Savings Plan, then the Participant shall be entitled to receive the difference between (a) and (b) as set forth below:

(a) The amount of Corporation's matching contributions to the Saving Plan that would have been made for the account of such Participant, but for the Code or ERISA limitations, and

(b) The amount of Corporation's matching contributions actually made to the Savings Plan for the account of such Participant.

The amount payable pursuant to the provisions of this paragraph shall include adjustments for changes in the market value of the Corporation stock that would have been purchased by the Corporation's matching contributions that would have been made to the Savings Plan for the account of a Participant, but for the ERISA limitations including dividends that would have been payable on such stock.

ARTICLE V

SUPPLEMENTAL PENSION BENEFIT DISTRIBUTION

5.1 Form of Payment. The Supplemental Pension Benefit shall be paid in a form selected by the Participant within 60 days after the Participant's Early, Normal or Postponed Retirement Date or termination of employment with a vested Accrued Benefit. The normal form of payment for the Supplemental Pension Benefit shall be determined on a 10-year certain and continuous basis; however, a Participant may select an optional form of payment, provided such optional form is (a) the same as that selected by the Participant under the Related Harsco Plan and (b) not a lump sum.

5.2 Early Retirement Benefit. Subject to the form of payment restrictions in Section 5.1, a Participant who retires after his Early Retirement Date and prior to his Normal Retirement Date shall be entitled to a Supplemental Pension Benefit which shall be adjusted actuarially in accordance with Tables B and C attached hereto.

5.3 Postponed Retirement. The Supplemental Pension Benefit payable to a Participant who continues employment after his Normal Retirement Date will be calculated as of his Normal Retirement Date and will be paid upon his actual retirement. If the Participant dies after his Normal Retirement Date, but prior to actual retirement, his Supplemental Pension Benefit shall be payable to his Beneficiary in the form of a life only annuity actuarially adjusted for the age of the Beneficiary.

5.4 Disability Benefit. In case of permanent disability, the Supplemental Pension Benefit will be determined using the eligibility requirements for disability retirement benefits under the Related Harsco Plan.

5.5 Death Benefit. Except as provided under Section 5.3, if a Participant dies on or after qualifying for benefits under the Related Harsco Plan but before actual retirement, there shall be payable to the Beneficiary of such Participant a monthly benefit equal to the Supplemental Pension Benefit actuarially adjusted to provide a life annuity payable for the life of the Beneficiary.

5.6 Small Amounts. If the present value of the Supplemental Pension Benefit is less than $25,000, such value may be paid to the Participant or Beneficiary in a lump sum at the discretion of the CEO.

5.7 Change in Control. Notwithstanding the foregoing, if a Participant terminates employment following or in connection with a Change in Control, the Participant's Supplemental Pension Benefit shall be payable to him in a lump sum.

ARTICLE VI

SUPPLEMENTAL SAVINGS BENEFIT DISTRIBUTIONS

6.1 Termination of Employment. If a Participant terminates employment with the Corporation, the Supplemental Savings Benefit shall be payable to him in a lump sum within 60 days following his termination of employment.

6.2 Payment of Benefits to Beneficiary. If the Participants dies while an employee of the Corporation or prior to receiving payment under Section 6.1, his Supplemental Savings Benefit, shall be payable to his Beneficiary within 60 days of his death.

ARTICLE VII

ADMINISTRATION

7.1 Administration of the Plan. The Plan shall be administered by the Committee, referred to herein as the Administrator. Members of the Committee, if otherwise eligible, shall be eligible to participate in the Plan, but no such member shall be entitled to make decisions solely with respect to his participation. The Administrator shall be vested with full authority to make, administer and interpret such rules and regulations as it deems necessary to administer the Plan. Any determination, decision or action of the Administrator in connection with the construction, interpretation, administration or application of the Plan shall be final, conclusive and binding upon all Participants and any and all person claiming under or through any Participant. The Administrator shall have the authority to:

(i) Employ agents to perform services on behalf of the Administrator and to authorize the payment of reasonable compensation for the performance of such services.

(ii) Delegate to the Pension Committee the authority to perform administrative duties otherwise reserved to the Administrator herein.

7.2 Cost of Administering the Plan. The Corporation shall bear the costs of administration of the Plan.

ARTICLE VIII

AMENDMENT AND TERMINATION

8.1 Amendment. The Corporation, acting through the Board or a Committee thereof, may at any time amend this Plan, in whole or in part, by an instrument in writing, executed by the Board or a Committee thereof; provided, however, that no amendment shall be made which would have the effect of decreasing any Participant's Accrued Benefit determined just prior to the amendment.

8.2 Termination. The Corporation, acting through its Board or a Committee thereof, may at any time terminate this Plan by an instrument in writing executed by the Board or its designee; provided, however,

(a) no such termination shall be made which would have the effect of decreasing any Participant's Accrued Benefit determined just prior to the amendment.

(b) the Corporation, by action of its Board or a Committee thereof, may elect to accelerate all distributions at the time it elects to terminate the Plan.

ARTICLE IX

MISCELLANEOUS

9.1 No Right of Employment. Nothing in the Plan shall be deemed to grant a Participant any rights other than those specifically outlined in the Plan. Nothing in the Plan shall be deemed to create any right of, or contract for, employment between a Participant and the Corporation.

9.2 Withholding. The Corporation may deduct, with respect to any payments due or benefits accrued under this Plan, any taxes required to be withheld by Federal, state or local governments.

9.3 Non-Assignability of Benefits. Neither the Participant nor any Beneficiary shall have the power to transfer, assign, anticipate, modify or otherwise encumber in advance any of the payments that may become due hereunder; nor shall any such payments be subject to attachment, garnishment or execution, or be transferable by operation of law in event of bankruptcy, insolvency or otherwise.

9.4 No Funding. Any provision for payments hereunder shall be by means of bookkeeping entries on the books of the Corporation and shall not create in the Participant or his Beneficiary any right to, or claim against any specific assets of the Corporation, nor result in the creation of any trust or escrow account for the Participant or Beneficiary. A Participant or Beneficiary entitled to any payment of benefits hereunder shall be a general creditor of the Corporation.

9.5 Forfeiture on Termination For Cause. Notwithstanding any provision to the contrary (including the acceleration of vesting and payment provisions relating to Change in Control), if any Participant is terminated for cause, all benefits hereunder shall be forfeited and the Corporation shall have no further obligation to the Participant (or his Beneficiary) hereunder. For purposes of this Plan, "cause" means (i) an act or acts of personal dishonesty taken by the Participant and intended to result in substantial personal enrichment of the Participant at the expense of the Company, (ii) repeated violations by the Participant of the Participant's obligations under the Participant's employment agreement where applicable which are demonstrably willful and deliberate on the Participant's part and which are not remedied in a reasonable period of time after receipt of written notice from the Company or (iii) the conviction of the Participant of a felony.

9.6 Gender and Number. As used herein the masculine pronoun shall include the feminine and neuter genders, the singular shall include the plural, and the plural the singular, unless the context clearly indicates a different meaning.

9.7 Controlling Law. This Plan and the respective rights and obligations of the Corporation and the Participants and Beneficiaries, except to the extent otherwise provided by Federal law, shall be construed under the law of the Commonwealth of Pennsylvania.

/s/ P. C. Coppock	/s/ D. C. Hathaway
P. C. Coppock, Sr. Vice President, Chief Administrative Officer, General Counsel and Secretary	D. C. Hathaway, Chairman, President and Chief Executive Officer

SOCIAL SECURITY TABLE I

Covered Compensation
For Retirement or Breaks In Service During 1995

(A Different Table will Apply Subsequent to December 31, 1995 as Minor Adjustments Are Made Annually to the Covered Compensation Amounts.)

Year of Birth	Year of Social Security Retirement Age	Covered Compensation
1925	1990	$18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,528
1932	1997	29,148
1933	1998	30,756
1934	1999	32,364
1935	2000	33,972
1936	2001	35,532
1937	2002	37,092
1938	2004	40,152
1939	2005	41,676
1940	2006	43,200
1941	2007	44,688
1942	2008	46,128
1943	2009	47,508
1944	2010	48,852
1945	2011	50,160
1946	2012	51,432
1947	2013	52,680
1948	2014	53,772
1949	2015	54,780
1950	2016	55,680
1951	2017	56,508
1952	2018	57,240
1953	2019	57,900
1954	2020	58,524
1955	2022	59,568
1956	2023	60,024
1957	2024	60,408
1958	2025	60,684
1959	2026	60,912
1960	2027	61,080
1961	2028	61,176
1962	2029 and later	61,200

TABLE B

HARSCO EMPLOYEES PENSION PLAN
EARLY RETIREMENT FACTORS (PERCENT OF ACCRUED PENSION PAYABLE AT AGE SPECIFIED)
EFFECTIVE FOR RETIREMENTS ON OR AFTER JANUARY 2, 1995
FOR EMPLOYEES WITH LESS THAN 30 YEARS OF SERVICE

AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO		AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO		AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO	
YEARS	MONTHS	AGE 65	%	YEARS	MONTHS	AGE 65	%	YEARS	MONTHS	AGE 65	%
65	0	0	100	61	6	42	87.4	58	0	84	74.8
64	11	1	99.7	61	5	43	87.1	57	11	85	74.5
64	10	2	99.4	61	4	44	86.8	57	10	86	74.2
64	9	3	99.1	61	3	45	86.5	57	9	87	73.9
64	8	4	98.8	61	2	46	86.2	57	8	88	73.6
64	7	5	98.5	61	1	47	85.9	57	7	89	73.3
64	6	6	98.2	61	0	48	85.6	57	6	90	73
64	5	7	97.9	60	11	49	85.3	57	5	91	72.7
64	4	8	97.6	60	10	50	85	57	4	92	72.4
64	3	9	97.3	60	9	51	84.7	57	3	93	72.1
64	2	10	97	60	8	52	84.4	57	2	94	71.8
64	1	11	96.7	60	7	53	84.1	57	1	95	71.5
64	0	12	96.4	60	6	54	83.8	57	0	96	71.2
63	11	13	96.1	60	5	55	83.5	56	11	97	70.9
63	10	14	95.8	60	4	56	83.2	56	10	98	70.6
63	9	15	95.5	60	3	57	82.9	56	9	99	70.3
63	8	16	95.2	60	2	58	82.6	56	8	100	70
63	7	17	94.9	60	1	59	82.3	56	7	101	69.7
63	6	18	94.6	60	0	60	82	56	6	102	69.4
63	5	19	94.3	59	11	61	81.7	56	5	103	69.1
63	4	20	94	59	10	62	81.4	56	4	104	68.8
63	3	21	93.7	59	9	63	81.1	56	3	105	68.5
63	2	22	93.4	59	8	64	80.8	56	2	106	68.2
63	1	23	93.1	59	7	65	80.5	56	1	107	67.9
63	0	24	92.8	59	6	66	80.2	56	0	108	67.6
62	11	25	92.5	59	5	67	79.9	55	11	109	67.3
62	10	26	92.2	59	4	68	79.6	55	10	110	67
62	9	27	91.9	59	3	69	79.3	55	9	111	66.7
62	8	28	91.6	59	2	70	79	55	8	112	66.4
62	7	29	91.3	59	1	71	78.7	55	7	113	66.1
62	6	30	91	59	0	72	78.4	55	6	114	65.8
62	5	31	90.7	58	11	73	78.1	55	5	115	65.5
62	4	32	90.4	58	10	74	77.8	55	4	116	65.2
62	3	33	90.1	58	9	75	77.5	55	3	117	64.9
62	2	34	89.8	58	8	76	77.2	55	2	118	64.6
62	1	35	89.5	58	7	77	76.9	55	1	119	64.3
62	0	36	89.2	58	6	78	76.6	55	0	120	64
61	11	37	88.9	58	5	79	76.3				
61	10	38	88.6	58	4	80	76				
61	9	39	88.3	58	3	81	75.7				
61	8	40	88	58	2	82	75.4				
61	7	41	87.7	58	1	83	75.1				

TABLE C

HARSCO EMPLOYEES PENSION PLAN
EARLY RETIREMENT FACTORS (PERCENT OF ACCRUED PENSION PAYABLE AT AGE SPECIFIED)
EFFECTIVE FOR RETIREMENTS ON OR AFTER JANUARY 2, 1995
FOR EMPLOYEES WITH 30 OR MORE YEARS OF SERVICE

AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO		AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO		AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO	
YEARS	MONTHS	AGE 62	%	YEARS	MONTHS	AGE 62	%	YEARS	MONTHS	AGE 62	%
65	0	0	100	61	6	6	98.2	58	0	48	85.6
64	11	0	100	61	5	7	97.9	57	11	49	85.3
64	10	0	100	61	4	8	97.6	57	10	50	85
64	9	0	100	61	3	9	97.3	57	9	51	84.7
64	8	0	100	61	2	10	97	57	8	52	84.4
64	7	0	100	61	1	11	96.7	57	7	53	84.1
64	6	0	100	61	0	12	96.4	57	6	54	83.8
64	5	0	100	60	11	13	96.1	57	5	55	83.5
64	4	0	100	60	10	14	95.8	57	4	56	83.2
64	3	0	100	60	9	15	95.5	57	3	57	82.9
64	2	0	100	60	8	16	95.2	57	2	58	82.6
64	1	0	100	60	7	17	94.9	57	1	59	82.3
64	0	0	100	60	6	18	94.6	57	0	60	82
63	11	0	100	60	5	19	94.3	56	11	61	81.7
63	10	0	100	60	4	20	94	56	10	62	81.4
63	9	0	100	60	3	21	93.7	56	9	63	81.1
63	8	0	100	60	2	22	93.4	56	8	64	80.8
63	7	0	100	60	1	23	93.1	56	7	65	80.5
63	6	0	100	60	0	24	92.8	56	6	66	80.2
63	5	0	100	59	11	25	92.5	56	5	67	79.9
63	4	0	100	59	10	26	92.2	56	4	68	79.6
63	3	0	100	59	9	27	91.9	56	3	69	79.3
63	2	0	100	59	8	28	91.6	56	2	70	79
63	1	0	100	59	7	29	91.3	56	1	71	78.7
63	0	0	100	59	6	30	91	56	0	72	78.4
62	11	0	100	59	5	31	90.7	55	11	73	78.1
62	10	0	100	59	4	32	90.4	55	10	74	77.8
62	9	0	100	59	3	33	90.1	55	9	75	77.5
62	8	0	100	59	2	34	89.8	55	8	76	77.2
62	7	0	100	59	1	35	89.5	55	7	77	76.9
62	6	0	100	59	0	36	89.2	55	6	78	76.6
62	5	0	100	58	11	37	88.9	55	5	79	76.3
62	4	0	100	58	10	38	88.6	55	4	80	76
62	3	0	100	58	9	39	88.3	55	3	81	75.7
62	2	0	100	58	8	40	88	55	2	82	75.4
62	1	0	100	58	7	41	87.7	55	1	83	75.1
62	0	0	100	58	6	42	87.4	55	0	84	74.8
61	11	1	99.7	58	5	43	87.1				
61	10	2	99.4	58	4	44	86.8				
61	9	3	99.1	58	3	45	86.5				
61	8	4	98.8	58	2	46	86.2				
61	7	5	98.5	58	1	47	85.9				

EXHIBIT 10(m)

HARSCO CORPORATION

1995 EXECUTIVE INCENTIVE COMPENSATION PLAN

AUTHORIZATION, TERMS, AND CONDITIONS OF ANNUAL INCENTIVE AWARDS (AS AMENDED AND RESTATED FEBRUARY 22, 1996)

1. Purposes of Annual Incentive Awards

The grant of Annual Incentive Awards ("Awards") under the 1995 Executive Incentive Compensation Plan is intended to further the profitable growth of Harsco Corporation (the "Company") by offering a short-term incentive opportunity, in addition to base salary, to officers and key corporate and divisional employees of the Company and its subsidiaries who are largely responsible for such growth, to the benefit of the Company's stockholders. In addition, by settling Awards in part by awarding Restricted Stock, the Award is intended to provide a long-term incentive for such persons to expend their efforts for the creation of stockholder value, and promote a closer identity of interests between such persons and the Company's stockholders. Such Awards are expected to encourage recipients to improve their performance and remain with the Company and its subsidiaries, and that the possibility of such awards will encourage other qualified persons to seek and accept employment with the Company and its subsidiaries.

2. Overview

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

3. Definitions

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

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

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

3.3 Cause means (i) the willful and continued failure by the Participant to perform substantially his or her duties with the Company or a subsidiary (other than such failure resulting from the Participant's incapacity due to physical or mental illness), or (ii) the willful engaging by the Participant in illegal conduct, or (iii) the willful engaging by the Participant in conduct in violation of any provision of the Code of Conduct or other published policies of the Company, or (iv) the willful engaging by the Participant in any act of serious dishonesty which adversely affects, or in the reasonable estimation of the Committee, could in the future adversely affect, the value, reliability or performance of the Participant to the Company. For purposes of this definition, no act, or failure to act, on the part of the Participant shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that his or her action or omission was in, or not opposed to, the best interests of the Company.

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

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

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

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

3.8 Performance Objective means the business criteria and minimum, targeted, and maximum Performance Levels with respect to such business criteria required to be achieved during a Performance Year as conditions to the settlement of an Award, and other related terms, as set forth in Section 4.2.

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

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

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

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

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

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

4. Awards, Award Potentials, and Performance Objectives

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

4.1 Award Potential; Maximum and Target Award Potentials. The Award Potential for each Award shall range from zero to a maximum amount equal to the Participant's Base Salary multiplied by his or her Salary Level multiplied by 0.06, such maximum amount being designated the Maximum Award Potential. Within this range, the Award Potential equal to 67% of the Maximum Award Potential shall be designated as the Target Award Potential.

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

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

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

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

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

4.3 Guidelines for Establishing Performance Levels. In establishing Performance Levels, the Minimum Performance Level will represent less than desired performance, the Target Performance Level will represent superior, professional performance under existing circumstances rather than ordinary performance, and the Maximum Performance Level will represent distinguished performance expected to be achieved only rarely, e.g., something on the order of two out of ten times. Although the Target Award Potential represents 67% of the Maximum Award Potential, there is no requirement that Target Performance Levels bear any particular mathematical relationship to Maximum Performance Levels or Minimum Performance Levels.

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

5. Settlement of Awards in Cash and Restricted Stock

5.1 Determination of Earned Award Potential and Limitation Thereof. As promptly as practicable following the end of each Performance Year, the Committee shall determine whether and the extent to which Performance Objectives and other material terms and conditions relating to each Participant's Award for such Performance Year have been achieved and satisfied, and shall determine the Award Potential, if any, deemed to be earned with respect to each such Award (the "Earned Award Potential"). In the event that a Participant's Earned Award Potential exceeds $800,000, the Earned Award Potential for such Participant's Award shall be reduced to that amount.

5.2 Payment of Cash and Grant of Restricted Stock. At the time the Committee determines a Participant's Earned Award Potential under

Section 5.1, each Participant shall become entitled, subject to Sections 5.3 and 5.4, to receive a payment in cash equal to 60% of his or her Earned Award Potential and a grant of a number of shares of Restricted Stock, on the terms set forth in Section 6, equal to 40% of his or her Earned Award Potential divided by the Fair Market Value of Common Stock on the date of the Committee's determination under Section 5.1. Such cash payment shall be made as promptly as practicable after the determination by the Committee of the Participant's Earned Award Potential. The Committee may, in its discretion and upon the consent of the Participant, provide the Participant a deferred right to receive Common Stock of the Company in lieu of an immediate grant of Restricted Stock. The Committee may also, in its sole discretion, award payment of all or a portion of the Restricted Stock component of the Earned Award Potential in cash rather than Restricted Stock.

5.3 Committee Discretion. The Committee may, at any time prior to the payment of cash and grant of Restricted Stock under Section 5.2, adjust or modify Performance Objectives, Award Potentials, or other Award terms (1) in recognition of unusual or nonrecurring events affecting the Company or any Eligible Unit, or the financial statements or results thereof, or in response to changes in applicable laws (including tax, disclosure, and other laws), regulations, accounting principles, or other circumstances deemed relevant by the Committee, (2) in view of the Committee's assessment of the business strategy of the Company and Eligible Units thereof, performance of comparable organizations, economic and business conditions, personal performance of the Participant, and other circumstances deemed relevant by the Committee, or (3) with respect to any Participant whose position or duties with the Company or any subsidiary has changed; provided, however, that no such adjustment or modification may be made with respect to an Award granted to a "covered employee" within the meaning of Code Section 162(m) and regulations thereunder if and to the extent that such adjustment or modification would increase the amount of compensation payable to such covered employee upon achievement of the existing Performance Objectives. Examples of considerations which might influence the Committee in exercising its discretion hereunder include:

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

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

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

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

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

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

Any settlement under this Section 5.4 relating to a Participant's Termination by reason of death or full and permanent disability (as determined by the Committee) shall be made in the form of a payment in cash equal to 100% of the Participant's Earned Award Potential (as adjusted under this Section 5.4). Any other settlement under this Section 5.4 shall be made in the form of a payment in cash equal to 60% of the Participant's Earned Award Potential (as adjusted under this Section 5.4) and a grant of a number of shares of Restricted Stock, on the terms set forth in Section 6, equal to 40% the Participant's Earned Award Potential (as adjusted under this Section 5.4) divided by the Fair Market Value of Common Stock on the date of the Committee's determination under Section 5.1.

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

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

6. Terms of Restricted Stock

6.1 Restrictions Generally; Restricted Period. Restricted Stock granted pursuant to Section 5.2 shall be subject to the restrictions on transferability under Section 6.2 until the expiration of the period specified under this Section 6.1 (the "Restricted Period"), and shall be subject to the risk of forfeiture under Section 6.3 from the date of grant of such Restricted Stock until the expiration of the Restricted Period or the earlier lapse of such risk of forfeiture as specified under Section 6.3. The Restricted Period for one-half of the Restricted Stock granted to a Participant in respect of any Award relating to the 1995 or 1996 Performance Years shall expire on the first anniversary of the date of grant, and the Restricted Period for all other Restricted Stock granted hereunder shall expire on the third anniversary of the date of grant; provided, however, that the Restricted Period for any Restricted Stock granted hereunder shall expire earlier in accordance with Section 6.4 hereof or upon a Change in Control of the Company (as specified in Section 8 of the 1995 Plan). The consideration for the grant of Restricted Stock in settlement of an Award shall be the services performed by the Participant during the year to which such Award relates.

6.2 Nontransferability. During the applicable Restricted Period, (i) such Restricted Stock and all rights relating thereto shall not be transferable or assignable by the Participant, other than by will or the laws of descent and distribution; (ii) any right relating to such Restricted Stock may be exercised, during the lifetime of the Participant, only by the Participant or the Participant's guardian or legal representative; and (iii) such Restricted Stock shall not be pledged, hypothecated, margined, optioned, or otherwise encumbered in any way or subject to execution, attachment, or similar process. Any transfer, encumbrance, or other transaction relating to such Restricted Stock in violation of the restrictions set forth in this Section 6.2 shall be null and void, and shall not be recognized or recorded by the Company or its agents.

6.3 Forfeiture. During the applicable Restricted Period, such Restricted Stock shall be forfeited automatically in the event of the Participant's Termination, or in the event of the Participant's failure to abide by any of the material terms or conditions to which the Participant may be subject under this Authorization or any agreement relating to the Restricted Stock between the Company and the Participant; provided, however, that no such forfeiture shall occur solely because of the Participant's Termination due to Normal Retirement, death, full and permanent disability (as determined by the Committee), or involuntary Termination other than an involuntary Termination for Cause.

6.4 Expiration of Restricted Period Upon Termination. The expiration of the Restricted Period with respect to such Restricted Stock shall be accelerated upon Participant's Termination due to death or full and permanent disability (as determined by the Committee) so that, in such case, the Restricted Period shall expire upon the Participant's Termination. In the event of any other Termination not resulting in forfeiture of the Restricted Stock, the expiration of the Restricted Period with respect to such Restricted Stock shall be unaffected; provided, however, that the Committee may instead determine, in such case, to accelerate the expiration of the Restricted Period to the date of such Participant's Termination or any other date between the date of such Termination and the scheduled expiration date of the Restricted Period.

6.5 Dividends and Distributions. The Participant shall be entitled to receive dividends and distributions payable with respect to Restricted Stock to the extent that he or she is the record owner of such Restricted Stock on any record date for such a dividend or distribution during the Restricted Period applicable to such Restricted Stock, subject to the following terms and conditions:

(a) In the event of a cash dividend or distribution or a non-cash dividend or distribution in the form of property other than Common Stock payable on Restricted Stock, the Company shall either (i) retain the amount of such cash dividend or such other property and, in lieu of delivery thereof, shall grant to the Participant additional shares of Restricted Stock having a Fair Market Value at the record date of the dividend or distribution equal to the amount of cash and fair market value (as determined by the Committee) of such property paid as a dividend or distribution on each share of Common Stock multiplied by the number of shares of Restricted Stock as to which the Restricted Period had not expired at the record date thereof or (ii) arrange for the automatic reinvestment of such dividend or distribution in additional shares, which shall be deemed additional Restricted Stock, through any dividend reinvestment plan or program then available to stockholders of the Company. Such additional Restricted Stock will be subject to the same Restricted Period and to such other terms and conditions as applied to the Restricted Stock with respect to which such dividend or distribution was paid was forfeited prior to the payment date for such dividend or distribution.

(b) In the event of a dividend or distribution in the form of Common Stock, the Common Stock issued or delivered as such dividend or distribution will be deemed to be additional Restricted Stock and will be subject to the same Restricted Period and to such other terms and conditions as applied to the Restricted Stock with respect to which such dividend or distribution was paid. No such additional Restricted Stock will be granted if the Restricted Stock with respect to which such dividend or distribution was paid was forfeited prior to the payment date for such dividend or distribution.

6.6 Form of Restricted Stock.

(a) Restricted Stock delivered under the Plan shall be evidenced by either of the following as determined by the Committee in its sole discretion:

(1) issuance of one or more certificates in the name of the Participant, bearing an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Stock, and shall remain in the physical custody of the Secretary of the Company or his or her designee until such time as the restrictions on such Restricted Stock have expired. In addition, the Secretary may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(2) entries in books and records of account maintained by the Company's transfer agent or such other agent as may from time to time be designated by the Company or the then current agent. Such agent may hold the shares directly or through a nominee it may select.

(b) Restricted Stock shall be subject to such stop-transfer orders and other restrictions as the Secretary shall deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of any national securities exchange or automated quotation system on which Common Stock is then listed or quoted, and to implement the restrictions under this Authorization.

6.7 Restricted Stock Agreement; Stock Powers. The Company and each Participant to whom Restricted Stock is granted hereunder shall enter into a Restricted Stock agreement in the form attached hereto as Attachment A or such other form as the Committee may from time to time approve, to set forth the terms and conditions relating to such Restricted Stock. The terms and conditions of this Authorization shall be deemed to constitute a part of such agreement. In addition, each such Participant shall, if requested by the Company, execute one or more stock powers, in such form as may be specified by the Secretary, authorizing the transfer of the Restricted Stock to the Company, in order to give effect to the forfeiture provisions of Section 6.3.

6.8. Other Stockholder Rights. Subject to the terms and provisions of the Delaware General Corporation Law, the Participant shall have all of the rights of an owner of Common Stock granted as Restricted Stock hereunder (including but not limited to voting rights) except as provided in this Authorization and any agreement between the Company and the Participant with respect to such Restricted Stock.

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

6.10 Adjustments. In the event that the outstanding shares of Common Stock increased or decreased, or changed into or exchanged for a different number or kind of shares or other securities of the Company or of another corporation, by reason of a reclassification, reorganization, merger, consolidation, share exchange, or other business combination in which the Company or a subsidiary of the Company is the surviving parent corporation, stock split-up, or combination of shares, (i) any securities received in addition to or in substitution for previously granted Restricted Stock as to which the applicable Restricted Period has not yet expired shall be deemed to be Restricted Stock subject the same Restricted Period and to such other terms and conditions as applied to such previously acquired Restricted Stock, and (ii) the Committee shall make such other adjustments in the number and kind of securities subject to outstanding grants of Restricted Stock as to which the applicable Restricted Period has not yet expired as it may determine to be necessary or desirable in order to prevent dilution or enlargement of the rights of each Participant.

7. Tax Withholding

7.1 Not later than the expiration of the Restricted Period applicable to Restricted Stock, or simultaneously with the Participant's filing with the Internal Revenue Service of an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, to be subject to tax upon the grant of Restricted Stock, the Participant shall make such provision, or furnish to the Company and its subsidiaries such authorization, as the Committee determines to be necessary or desirable so that the Company and its subsidiaries may satisfy their obligations under applicable tax laws to withhold for income or other taxes due with respect of such Restricted Stock.

7.2 If such tax withholding obligation will arise upon the expiration of the applicable Restricted Period, the Committee may require that, or permit the Participant to elect to have, the Company withhold from such Restricted Stock, or permit the Participant to elect to surrender to the Company from shares of Common Stock already owned by the Participant (except for shares acquired from the Company by exercise of an option less than six months before the date on which the tax withholding obligation arose), whole shares of Common Stock which shall be sufficient in value to satisfy all or a portion of such tax withholding obligations.

7.3 If a Participant who receives a settlement of an Award under Section 5.4 in the form of Restricted Stock or has a Termination which does not result in forfeiture of previously granted Restricted Stock under Section 6.3 but with respect to which the Restricted Period continues after such Termination under Section 6.4, will be subject to federal income taxation as a result of such settlement or Temination at the time thereof (or, in the case of a Participant subject to Section 16 of the Exchange Act, six months after settlement) rather than upon expiration of the Restricted Period (without regard to any filing with the Internal Revenue Service of an election under Section 83(b) of the Internal Revenue Code of 1986, as amended), then the Company may withhold from the Restricted Stock or permit the Participant to elect to surrender to the Company from shares of Common Stock already owned by the Participant (except for shares acquired from the Company by exercise of an option less than six months before the date on which the tax withholding obligation arose), at the date the Participant becomes subject to federal income taxation with respect to such Restricted Stock, whole shares of Common Stock which shall be sufficient in value to satisfy all or a portion of applicable tax withholding obligations and any additional federal and state income taxes relating to such Restricted Stock (calculated at the Participant's highest marginal rate of taxation).

7.4 Shares withheld or surrendered under this Section 7 shall be valued at their Fair Market Value on the date as of which the Participant became subject to federal income taxation with respect to the Restricted Stock. The Committee may, in its discretion, impose restrictions on any share withholding and surrender under this Section 7, including restrictions on Participants subject to Section 16 of the Exchange Act, in order to ensure that the grant of a right to elect such share withholding and provide the opportunity to such Participants to avail themselves of an exemption for the actual withholding or surrender of shares from short-swing profits liability under the Exchange Act.

8. Administration

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

Exhibit 1995-I

ANNUAL INCENTIVE AWARDS AUTHORIZED
FOR 1995

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

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

Exhibit 1995-

PERFORMANCE OBJECTIVES FOR 1995
ANNUAL INCENTIVE AWARDS

[NAME OF ELIGIBLE UNIT:]

		Performance Level		
Weight	Business Criteria	Minimum	Target	Maximum

Notes

ATTACHMENT A

HARSCO CORPORATION
1995 EXECUTIVE INCENTIVE COMPENSATION PLAN

RESTRICTED STOCK AGREEMENT

Agreement dated as of February 15, 1996, between HARSCO CORPORATION (the "Company") and the undersigned individual ("Participant").

The Company and Participant hereby agree as follows:

1. Grant of Restricted Stock; Consideration

The Management Development and Compensation Committee of the Company's Board of Directors will be considering from time to time the possible grant, under and pursuant to the Company's 1995 Executive Incentive Compensation Plan (the "1995 Plan"), to Participant of shares of the Company's Common Stock, par value $1.25 per share in settlement of Earned Award Potential (the "Awarded Restricted Stock"). Such Awarded Restricted Stock, if any, shall be specified from time to time in notices issued by the Company and delivered to Participant. This Restricted Stock Agreement (the "Agreement") sets forth terms and conditions applicable to any Awarded Restricted Stock and any additional shares acquired by Participant as a result of dividend reinvestment under Section 5 hereof ("Reinvestment Restricted Stock" and, together with the Awarded Restricted Stock, "Restricted Stock"). Participant shall be required to pay no consideration for the grant of Awarded Restricted Stock hereunder except for his prior services performed during the applicable Performance Year in connection with such Award, his performance of services to the Company prior to the expiration of restrictions on the Restricted Stock, and his agreement to abide by the terms set forth in the 1995 Plan, the Authorization, Terms and Conditions of Annual Incentive Awards (the "Authorization"), and this Restricted Stock Agreement (the "Agreement").

2. Incorporation of 1995 Plan and Authorization by Reference

Restricted Stock will be subject to the terms of 1995 Plan, the Authorization, and this Agreement. All of the terms, conditions and other provisions of the 1995 Plan and Authorization, copies of which are attached hereto, are hereby incorporated by reference into this Agreement. Capitalized terms used in this Agreement but not defined herein shall have the same meanings as in the 1995 Plan and the Authorization. If there is any conflict between the provisions of this Agreement and the provisions of the 1995 Plan and the Authorization, the provisions of the 1995 Plan and the Authorization shall govern. Participant hereby acknowledges receipt of the attached copies of the 1995 Plan and Authorization and agrees to be bound by all the terms and provisions thereof (as presently in effect or hereafter amended), and by all decisions and determinations of the Committee thereunder.

3. Form of Stock

Any Restricted Stock will be held by Chemical Mellon Shareholder Services (which also serves as the Company's transfer agent), as agent and nominee for Participant and other participants (the "Agent"). Agent shall maintain appropriate books and records of account reflecting Participant's rights in the shares. Agent may hold such shares directly or through a nominee it may select. The Company or Agent may, from time to time, designate a substitute Agent. Agent shall not permit shares of Restricted Stock or interests therein to be transferred to Participant at any time the restrictions set forth in Section 6 of the Authorization remain in effect as to such shares, but will cause shares to be transferred to Participant (in such manner as may then be approved by the Secretary of the Company) as promptly as practicable following notification by the Company of the lapse of such restrictions. Upon receipt of written notice by the Company that the Participant has forfeited his or her Restricted Stock, the Agent will transfer those shares of Restricted Stock specified in such notice to the Company.

4. Restrictions and Related Terms

The Restricted Stock (including both Awarded Restricted Stock and Reinvestment Stock) shall be subject to the terms and provisions, including the restrictions on transferability and the risk of forfeiture, set forth in Section 6 of the Authorization.

5. Dividend Reinvestment

Participant agrees that all dividends paid upon Restricted Stock will be automatically reinvested through a dividend reinvestment plan administered by the transfer agent or such other agent as may be designated by the Company or the Agent, and the shares obtained through such reinvestment will be Reinvestment Restricted Stock, subject to the same restrictions against transfer and to the same forfeiture provisions as the Restricted Stock with respect to which the dividend was paid.

6. Stock Power

Participant agrees to execute and deliver to the Company one or more stock powers, in the form attached hereto or such other form as may be specified by the Secretary of the Company, authorizing the transfer of Restricted Stock to the Company, upon request of the Company at any time if the Company deems such stock power necessary or convenient.

7. Tax Withholding

The Company and any subsidiary may withhold from the Restricted Stock (by deduction from Participant's Restricted Stock share account balance) or from any payment to be made to Participant any amount that federal, state, local, or foreign tax law requires to be withheld with respect to the grant of Restricted Stock, the lapse of restrictions on the Restricted Stock, or the expiration of the Restricted Period. The

Participant may elect prior to the date he or she becomes subject to taxation, to have the Company withhold from the Restricted Stock, or surrender previously acquired shares of Common Stock to the Company, in payment of such tax withholding obligations. If Restricted Stock is withheld or shares surrendered, the number of shares withheld or surrendered shall be that number of whole shares up to but not exceeding that number which has a Fair Market Value, at the date the Participant becomes subject to taxation, nearest to but not exceeding the amount of taxes that are to be paid through such withholding or surrender, to the extent permitted under Section 7 of the 1995 Plan.

8. Miscellaneous

Nothing contained in this Agreement shall be construed to obligate the Company to award or grant any Restricted Stock to the Participant. This Agreement shall be binding upon the heirs, executors, administrators, and successors of the parties. This Agreement constitutes the entire agreement between the parties with respect to the Restricted Stock, and supersedes any prior agreements or documents with respect to the Restricted Stock. No amendment, alteration, suspension, discontinuation, or termination of this Agreement which may impose any additional obligation upon the Company or materially impair the rights of Participant with respect to the Restricted Stock shall be valid unless in each instance such amendment, alteration, suspension, discontinuance, or termination is expressed in a written instrument duly executed in the name and on behalf of the party bound thereby.

HARSCO CORPORATION

BY:

Paul C. Coppock
Senior Vice President,
Chief Administrative Officer,
General Counsel & Secretary

PARTICIPANT:

Signature

Print Name

THIS AN EXHIBIT

STOCK POWER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto Harsco Corporation _________________ shares of Common Stock, $1.25 par value per share, of Harsco Corporation, Inc., a Delaware corporation (the "Company"), registered in the name of the undersigned on the books and records of the Company, and does hereby irrevocably constitute and appoint Paul C. Coppock, Barry M. Sullivan, Brian H. Tucker, and _____________________________, and each of them, attorneys, to transfer the Common Stock on the books of the Company, with full power of substitution in the premises.

Signed

Print Name

Date

EXHIBIT 11

Exhibit 11

HARSCO CORPORATION

COMPUTATION OF FULLY DILUTED NET INCOME PER COMMON SHARE

(dollars in thousands except per share)

	YEARS ENDED				
	1995	1994	1993	1992	1991
Net income	$ 97,377	$ 86,553	$ 87,618	$ 84,332	$ 76,543
Average shares of common stock outstanding used to compute primary earnings per common share	25,246,356	25,114,874	25,036,893	25,966,755	26,278,384
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	192,802	105,388	149,408	198,220	118,208
Shares used to compute dilutive effect of stock options	25,439,158	25,220,262	25,186,301	26,164,975	26,396,592
Fully diluted net income per common share	$ 3.83	$ 3.43	$ 3.48	$ 3.22	$ 2.90
Net income per common share	$ 3.86	$ 3.45	$ 3.50	$ 3.25	$ 2.91

EXHIBIT 12

HARSCO CORPORATION

Exhibit 12

Computation of Ratios of Earnings to Fixed Charges

(In Thousands of Dollars)

	YEARS ENDED DECEMBER 31				
	1991	1992	1993	1994	1995
Consolidated Earnings:					
Pre-tax income from continuing operations (1)	$ 119,647	$ 140,576	$ 137,151	$ 146,089	$ 161,231
Add fixed charges computed below	23,544	22,425	23,879	37,982	33,121
Net adjustments for equity companies	(439)	(454)	(363)	(134)	(4,320)
Net adjustments for capitalized interest	(469)	(134)	(172)	(274)	-
Consolidated Earnings Available for Fixed Charges	$ 142,283	$ 162,413	$ 160,495	$ 183,663	$ 190,032
Consolidated Fixed Charges:					
Interest expense per financial statements (2)	$ 18,925	$ 18,882	$ 19,974	$ 34,048	$ 28,921
Interest expense capitalized	574	355	332	338	134
Portion of rentals (1/3) representing an interest factor	4,045	3,188	3,573	3,596	4,066
Interest expense for equity companies whose debt is guaranteed (3)	-	-	-	-	-
Consolidated Fixed Charges	$ 23,544	$ 22,425	$ 23,879	$ 37,982	$ 33,121
Consolidated Ratio of Earnings to Fixed Charges	6.04	7.24	6.72	4.84	5.74

(1) 1992 excludes the cumulative effect of change in accounting method for postretirement benefits other than pensions.

(2) Includes amortization of debt discount and expense.

(3) No fixed charges were associated with debt of less than fifty percent owned companies guaranteed by Harsco during the five year period 1991 through 1995.

EXHIBIT 13

[ERNST & YOUNG LLP Letterhead]

Report of Independent Auditors

Partners
United Defense, L.P.

We have audited the accompanying balance sheets of United Defense, L.P. as of December 31, 1995 and 1994 and the related statements of income, partners' capital and cash flows for the years then ended. These financial statements are the responsibility of the partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Defense, L.P. at December 31, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Washington D.C.
January 16, 1996

UNITED DEFENSE, L.P.
BALANCE SHEETS

December 31, 1995 and 1994

(In thousands)

	1995	1994
ASSETS:		
Current assets:		
Cash and marketable securities	$ 896	$ 32,000
Short term investment with FMC Corporation	30,350	----
Trade receivables	98,929	81,251
Inventories (Note 3)	232,285	182,965
Other current assets	9,165	9,600
Total current assets	371,625	305,816
Investments in affiliated companies	7,662	8,412
Property, plant and equipment (Note 4)	475,891	478,853
Less -- accumulated depreciation	360,087	356,805
Net property, plant and equipment	115,804	122,048
Patents and deferred charges (Note 5)	39,132	11,686
Prepaid pension cost (Note 6)	35,381	31,935
Total assets	$569,604	$479,897
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities:		
Accounts payable, trade and other	$98,385	$75,058
Advanced payments	194,276	165,417
Accrued and other liabilities	62,698	58,660
Due to FMC Corporation for current services	5,011	2,513
Total current liabilities	360,370	301,648
Accrued pension cost (Note 6)	17,765	12,346
Accrued postretirement benefit cost (Note 7)	35,036	42,207
Total liabilities	413,171	356,201
Commitments and contingencies (Notes 9, 11 and 12)		
Partners' capital		
FMC Corporation	122,989	104,359
Harsco Corporation	33,444	19,337
Total partners' capital	156,433	123,696
Total liabilities and partners' capital	$569,604	$479,897

See Accompanying Notes to Financial Statements

UNITED DEFENSE, L.P.
STATEMENTS OF INCOME

Years ended December 31, 1995 and 1994

(In thousands)

	1995	1994
Revenue:		
Sales and other revenue	$988,946	$1,088,730
Costs and expenses:		
Cost of sales	746,701	809,813
Selling, general and administrative expenses	122,675	131,822
Research and development	12,422	16,311
	881,798	957,946
Income from operations	107,148	130,784
Other income (expense)		
Interest	2,744	2,569
Miscellaneous, net	(798)	52
Income before income taxes	109,094	133,405
Provision for income taxes (Note 2)	1,429	3,878
Net income	$107,665	$ 129,527

See Accompanying Notes to Financial Statements

UNITED DEFENSE, L.P.
STATEMENTS OF PARTNERS' CAPITAL

Years ended December 31, 1995 and 1994

(In thousands)

	FMC	Harsco	Total
Initial partnership contributions as of January 1, 1994	$124,740	$ 29,600	$154,340
Distributions	(90,117)	(70,054)	(160,171)
1994 net income	69,736	59,791	129,527
Balance, December 31, 1994	104,359	19,337	123,696
Distributions	(37,117)	(37,811)	(74,928)
1995 net income	55,747	51,918	107,665
Balance, December 31, 1995	$122,989	$ 33,444	$156,433

See Accompanying Notes to Financial Statements

UNITED DEFENSE, L.P.
STATEMENTS OF CASH FLOWS

Years ended December 31, 1995 and 1994

(In thousands)

	1995	1994
OPERATING ACTIVITIES		
Net Income	$107,665	$ 129,527
Adjustments for non-cash components of net income:		
Depreciation	26,728	28,993
Other	(3,543)	78
Changes in assets and liabilities:		
Trade receivables	(17,678)	7,401
Inventories	(49,320)	(2,609)
Other current assets	780	(964)
Prepaid pension cost	(3,446)	(5,898)
Restructuring costs	(23,498)	(7,044)
Accounts payable, trade and other	23,327	(2,290)
Advanced payments	28,859	(8,613)
Accrued and other liabilities	4,038	21,912
Due to FMC Corporation for current services	2,498	2,513
Accrued pension cost	5,419	6,072
Accrued other postretirement benefit costs	(7,171)	(3,069)
Cash provided by operating activities	94,658	166,009
INVESTING ACTIVITIES		
Capital spending	(24,124)	(18,259)
Disposal of property, plant and equipment	3,640	1,138
Short term investment with FMC Corporation	(30,350)	----
Cash used in investing activities	(50,834)	(17,121)
FINANCING ACTIVITIES		
Cash contributions from partners	---	41,670
Partner distributions	(74,928)	(160,171)
Cash used in financing activities	(74,928)	(118,501)
Increase/(Decrease) in cash and marketable securities	(31,104)	30,387
Cash and marketable securities, beginning of year	32,000	1,613
Cash and marketable securities, end of year	$ 896	$ 32,000

See Accompanying Notes to Financial Statements

UNITED DEFENSE, L.P.
NOTES TO FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

NOTE 1 FORMATION OF UNITED DEFENSE, L.P.

On January 28, 1994, FMC Corporation ("FMC") and Harsco Corporation ("Harsco") announced completion of a series of agreements, to combine certain assets and liabilities of FMC's Defense Systems Group ("DSG") and Harsco's BMY Combat Systems Division ("BMY"). The effective date of the combination was January 1, 1994. The combined company, United Defense, L. P. ("the partnership"), will operate as a limited partnership. FMC is the Managing General Partner with a 60 percent equity interest and Harsco Defense Holding is a Limited Partner holding a 40 percent equity interest.

The partnership designs, develops and manufactures various tracked armored combat vehicles and a wide spectrum of weapons delivery systems for the armed forces of the United States and nations around the world.

NOTE 2 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

United Defense, L.P. is a limited partnership comprised of the former Defense Systems Group of FMC and the BMY Combat Systems Division of Harsco. The partnership's only subsidiaries are a Foreign Sales Corporation (FSC) and UDLP International, Inc.

Significant Accounting Policies

USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, in particular, estimates of contract cost and revenues used in the earnings recognition process. Actual results could differ from those estimates.

REVENUE RECOGNITION FOR CONTRACTS-IN-PROGRESS Sales are recognized on most production contracts as deliveries are made or accepted. Sales under cost reimbursement contracts for research, engineering, prototypes, repair and maintenance and certain other contracts are recorded as costs are incurred and include estimated fees in the proportion that costs incurred to date bear to total estimated costs. Changes in estimates for sales and profits are recognized in the period in which they are determinable using the cumulative catch-up method. Claims are considered in the estimated contract performance at such time as realization is probable. Any anticipated losses on contracts are charged to operations as soon as they are determinable.

INVENTORIES Inventories are stated at the lower of cost or market value. Cost is determined on the last-in, first-out (LIFO) basis, except for inventories relating to long-term contracts. Inventoried costs relating to long-term contracts not valued on the LIFO basis are stated at the actual production cost incurred to date, reduced by amounts recognized as cost of sales. The costs attributed to units delivered under contracts are based on gross margins expected to be realized over the life of the related contract. Gross margins are based on the estimated revenue less the estimated cost of all units expected to be produced over the life of the related contract.

Inventory costs include manufacturing overhead. Costs normally associated with general and administrative functions, independent research and bid and proposal are expensed as incurred.

BMY had followed the accounting practice of capitalizing general and administrative expense in inventory. To conform with the partnership's accounting policy and the agreement between FMC and Harsco, $7.4 million of such expenses, which were included in the inventory contributed by Harsco, were charged against income during 1994.

INVESTMENTS IN AFFILIATED COMPANIES Investments in affiliated companies, primarily foreign joint ventures, are carried primarily at cost, with income recognized as dividends are received. Investments in majority-owned foreign joint ventures are not consolidated since there is uncertainty regarding the partnership's ability to control these ventures and to repatriate earnings. Dividends received were $21.4 million and $12.4 million during 1995 and 1994, respectively, and are included in sales and other revenue.

PROPERTY, PLANT AND EQUIPMENT Property, plant and equipment is recorded at cost. Depreciation is provided principally on the sum-of-the-years digits and straight line methods over estimated useful lives of the assets (land improvements - 20 years, buildings - 20 to 35 years, and machinery and equipment - 3 to 12 years). Gains and losses realized upon sale or retirement of assets are included in income.

Maintenance and repairs are expensed as incurred. Expenditures that extend the useful life of property, plant and equipment or increase its productivity are capitalized and depreciated.

ADVANCED PAYMENTS RECEIVED FROM CUSTOMERS Amounts advanced by customers as deposits on orders not yet billed and progress payments on contracts-in-progress are recorded as current liabilities.

FINANCIAL INSTRUMENTS The fair values of financial instruments approximated their carrying values at December 31, 1995 and 1994. Fair values have been determined through information obtained from market sources and management estimates.

ENVIRONMENTAL Under the Participation Agreement between FMC and Harsco each partner generally is financially accountable to the partnership for environmental conditions occurring prior to formation of the partnership at facilities or properties previously operated or used in their respective businesses, to the extent that costs incurred are not recovered from third parties or not covered by environmental accruals contributed by the parties at formation. At December 31, 1995 and 1994, $4.9 million and $7.0 million, respectively, of the FMC contributed accruals and $1.7 million and $2.5 million, respectively, of the Harsco contributed accruals are unused.

INCOME TAXES As a limited partnership, income or loss passes to the partners and is taxable at that level, except for taxes payable on the income of the partnership's FSC. The FSC paid income taxes amounting to $3.5 million and $3.6 million during 1995 and 1994, respectively.

CASH FLOWS Marketable securities consists of investments with initial maturities of three months or less.

IMPACT OF NEW ACCOUNTING PRONOUNCEMENT Effective January 1, 1994 the partnership adopted the provisions of FAS 112, "Employer's Accounting for Postemployment Benefits". This statement requires accrual of liabilities for postemployment benefits provided to former or inactive employees, their beneficiaries, and covered dependents after employment, but before retirement, if those liabilities can be reasonably estimated. Adoption of FAS 112 resulted in a charge to the partnership's 1994 earnings amounting to $826,000.

ACCOUNTING STANDARDS NOT ADOPTED FAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of" was issued by the Financial Accounting Standards Board in March 1995. This standard, which establishes criteria for recognizing, measuring and disclosing impairments of long-lived assets, is effective for fiscal years beginning after December 15, 1995. The partnership plans to adopt the new standard on January 1, 1996, but does not expect that the adoption will have a significant impact on its financial position or results of operations.

RECLASSIFICATIONS Certain 1994 amounts have been reclassified in the accompanying financial statements to conform with the current year's presentation.

NOTE 3 INVENTORIES

The current replacement cost of LIFO inventories exceeded their recorded values by approximately $25.4 million and $19.5 million at December 31,1995 and 1994, respectively. Inventories on long-term contracts carried at actual production cost total approximately $25.0 million and $9.6 million at December 31, 1995 and 1994, respectively.

NOTE 4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is as follows:

	1995	1994
Buildings	$ 53,272	$ 58,342
Machinery and Equipment	395,468	398,573
Land and Improvements	16,798	16,526
Construction in Progress	10,353	5,412
	475,891	478,853
Less: Accumulated Depreciation	360,087	356,805
	$115,804	$122,048

NOTE 5 ADVANCE AGREEMENT

In October 1994 the partnership entered into an Advance Agreement with the U.S. Government Department of Defense. Under the terms of the Agreement, the partnership is permitted to defer certain costs associated with consolidation and restructuring of its ground systems businesses that are incurred from January 1, 1994 through March 31, 1996. Costs deferred will then be allocated ratably to contracts with the Department of Defense for 36 months beginning January 1, 1996. As of December 31, 1995 and 1994 consolidation and restructuring costs deferred amount to $30.5 million and $7.0 million, respectively, and are included in patents and deferred charges in the accompanying balance sheet.

NOTE 6 RETIREMENT PLANS

Substantially all of the partnership's domestic employees are covered by retirement plans. Plans covering salaried employees provide pension benefits based on years of service and compensation. Plans covering hourly employees generally provide benefits of stated amounts for each year of service.

The partnership's funding policy is to make contributions based on the projected unit credit method and to limit contributions to amounts that are currently deductible for tax purposes.

The following table summarizes the assumptions used and the components of the net pension cost for the years ended December 31, 1995 and 1994:

Assumptions:	1995	1994
Weighted average discount rate	8.00%	8.00%
Rates of increase in future compensation levels	5.00%	5.00%
Weighted average expected long-term asset return	9.62%	9.60%
Components:		
Service cost	$ 8,744	$ 9,976
Interest cost on projected benefit obligation	18,008	16,967
Actual return on plan assets - investment gains	(76,878)	(6,106)
Net amortization and deferral	55,886	(16,238)
Net pension cost	$ 5,760	$ 4,599

As part of the partnership's downsizing and consolidation program an incentive benefit package, which lowered the early retirement penalty, was offered to salaried and non-union hourly employees who were at least 55 years of age with 10 or more years of service. In addition to the voluntary program, early retirement penalties were also adjusted for certain salaried and hourly employees affected by the downsizing and consolidation.

Pension expense includes a $3.7 million and $3.8 million charge related to special termination benefits (early retirement incentive) and a $1.0 million and $0.9 million curtailment charge included in net amortization and deferral relating to the elimination of employees for 1995 and 1994, respectively.

The funded status of the plans and accrued pension cost recognized in the partnership's financial statements as of December 31, 1995 and 1994 are as follows:

Actuarial present value of benefits for service rendered to date:	1995	1994
Accumulated benefit obligation based on salaries to date, including vested benefits of $197,675 for 1995 and $182,001 for 1994	$(211,139)	$(192,341)
Additional benefits based on estimated future salary levels	(32,366)	(42,965)
Projected benefit obligation	(243,505)	(235,306)
Plan assets at fair market value (1)	336,072	274,139
Plan assets in excess of projected benefit obligation	92,567	38,833
Unrecognized net transition asset	(9,065)	(10,798)
Unrecognized prior service cost	10,311	12,089
Unrecognized net gain	(76,197)	(20,535)
Net prepaid pension cost	$ 17,616	$ 19,589

(1) Primarily equities, bonds and fixed income securities.

NOTE 7 POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Substantially all of the partnership's employees are covered by postretirement health care and life insurance benefit programs. Employees generally become eligible for the retiree benefit plans when they meet minimum retirement age and service requirements. The cost of providing most of these benefits is shared with retirees. The partnership has reserved the right to change or eliminate these benefit plans.

During 1995, the partnership's medical contributions for certain hourly employees were capped. This change, effective January 1, 1995, reduced the benefit obligation by $9.9 million, amortizable over the remaining years of service to full eligibility. Postretirement expense in 1995 includes a $0.9 million gain.

Postretirement expense in 1995 includes a $2.8 million curtailment gain as a result of the partnership's downsizing and consolidation program.

The partnership funds a trust for retiree health and life benefits for employees previously covered under the FMC benefit plans. During 1995, the partnership began funding for benefits previously covered under the Harsco plan. At December 31, 1994 the projected benefit obligation for the partnership's employees included in this latter postretirement plan category amounted to $3.4 million.

Actuarial assumptions used to determine costs and the benefit obligation include a discount rate of 8 percent and weighted average expected return on long-term assets of 9 percent. The assumed rate of future increases in per capita cost of health care benefits was 10 percent in 1995 and 1994, decreasing gradually to 6 percent by the year 2001 and after. Increasing the health care cost trend rates by one percentage point would increase the accumulated benefit obligation by approximately $3.5 million and would increase annual service and interest costs by $0.3 million.

The following table summarizes the components of net postretirement benefit cost for the years ended December 31, 1995 and 1994:

	1995	1994
Service cost	$ 1,412	$ 1,372
Interest cost on accumulated postretirement benefit obligation	3,935	4,576
Actual return on plan assets - investment (gains) losses	(4,468)	364
Net amortization and deferral	(1,685)	(2,203)
Net periodic postretirement benefit cost	$ (806)	$ 4,109

The funded status of the plans and accrued postretirement benefit cost recognized in the partnership's financial statements as of December 31, 1995 and 1994 are as follows:

Accumulated post retirement obligation:	1995	1994
Retirees	$(33,135)	$(44,054)
Fully eligible active participants	(5,244)	(6,209)
Other active participants	(14,433)	(15,793)
Accumulated postretirement benefit obligation	(52,812)	(66,056)
Plan assets at fair market value (1)	32,164	24,491
Accumulated postretirement benefit obligation in excess of plan assets	(20,648)	(41,565)
Unrecognized net gains	(14,388)	(642)
Accrued postretirement benefit cost	$(35,036)	$(42,207)

(1) Primarily equities and fixed income securities.

NOTE 8 EMPLOYEES' THRIFT AND STOCK PURCHASE PLAN

Substantially all of the partnership's employees are eligible to participate in the partnership's defined contribution savings plans designed to comply with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 401(k) of the Internal Revenue Code. Charges against income for matching contributions to the plans were $6.6 and $6.2 million in 1995 and 1994, respectively.

NOTE 9 COMMITMENTS AND CONTINGENT LIABILITIES

The partnership leases office space, plants and facilities, and various types of manufacturing, data processing and transportation equipment. Rent expense for 1995 and 1994 was $12.8 million and $10.8 million, respectively. Minimum future rentals under noncancellable leases, excluding a related party lease (Note 12) are estimated to be payable $2.4 million in 1996, $2.1 million in 1997, $1.6 million in 1998, $.5 million in 1999, $.4 million in 2000 and $1.1 million thereafter. The real estate leases generally provide for payment of property taxes, insurance and repairs by the partnership.

The partnership is subject to claims and suits arising in the ordinary course of its operations. In the opinion of management, the ultimate resolution of any current pending legal proceedings will not have a material effect on the partnership's financial position or results of operations.

At December 31, 1995, the partnership has outstanding letters of credit in the amount of $130.2 million as collateral for performance on long-term contracts.

NOTE 10 PARTNERS' CAPITAL

Under the agreements of formation of the partnership, FMC and Harsco were required to contribute net assets with a historical net book value of $154.3 million.

The agreement provides for allocation of profits and losses and distribution of available cash generally on the basis of the partner's equity ownership interests, after giving effect to a limited partner preferred distribution and certain other items as agreed to by the partners. Under the terms of the partnership agreement the partnership is required to make quarterly tax distributions to each partner equal to the product of (i) such partner's share of the adjusted taxable income of the partnership times (ii) 40 percent. In addition, the partnership is required to make certain other distributions to the partners. Such required distributions are also made with reference to the partnership's adjusted taxable income.

Beginning on February 1, 1996 FMC has the option to purchase or cause the partnership to purchase Harsco's interest in the partnership for 110 percent of the appraised value of Harsco's interest in the partnership subject to adjustment, as provided for in the partnership agreement. Concurrently, beginning February 1, 1996, Harsco has the option to require the partnership to purchase its interest in the partnership for 95 percent of the appraised value of its partnership interest similarly subject to adjustment as provided for in the partnership agreement.

NOTE 11   SIGNIFICANT CUSTOMER AND EXPORT SALES

Sales to various agencies of the U.S. Government aggregated $719.1 million and $614.9 million during 1995 and 1994, respectively. At December 31, 1995 and 1994 trade accounts receivable from the U.S. Government totaled $77.4 million and $63.7 million, respectively. Export sales, including sales to foreign governments transacted through the U.S. Government, were $216.3 million and $280.6 million during 1995 and 1994, respectively.

NOTE 12   RELATED PARTY TRANSACTIONS

The partnership has contracted with FMC for various administrative and support services. These services include computer services, systems and programming, data communications, employee relocation support, payroll processing, insurance and general management support. During the years ended December 31, 1995 and 1994, the partnership paid $39.8 million and $42.4 million, respectively, to FMC for their support.

The partnership leases office and manufacturing facilities in San Jose, California from FMC. Under the lease agreement monthly rent payments are comprised of fixed base rent plus depreciation on the facilities. Fixed base rent is $2.0 million per year and the lease expires December 31, 2003. During 1995 and 1994 the partnership incurred rent amounting to $3.9 million and $4.2 million, respectively, under this lease.

Sales of inventory to FMC during 1995 and 1994 amounted to $1.5 million and $2.8 million, respectively. Management believes that such transactions were consummated on terms substantially similar to those that would arise in transactions with third parties.

During 1995, the partnership entered into an agreement with FMC and Harsco whereby the partnership's excess cash balances up to $40.0 million are invested with FMC. Interest on these funds is earned based on the average monthly cost of FMC's U.S. dollar revolver-related short term borrowings for such month. In addition, the partnership may offer short term loans, not to exceed 90 days, to the partners if funds are not immediately needed for working capital. Interest on short term borrowings is equal to LIBOR without premium. Interest on all loans to FMC totaled $1.1 million in 1995.

At December 31, 1995 and 1994 amounts due FMC totaled $5.0 million and $2.5 million, respectively. Amounts due from FMC at December 31, 1995 and 1994 totaled $0.5 million and $0.3 million, respectively. Amounts due from Harsco at December 31, 1995 and 1994 totaled $0.3 million and $0.2 million, respectively. Related party receivables and payables are included in Other Current Assets and Due to FMC for current services, respectively, in the accompanying financial statements.

EXHIBIT 21

HARSCO CORPORATION

EXHIBIT 21

Subsidiaries of the Registrant:

Name	Country of Incorporation	Ownership Percentage
Heckett MultiServ SAIC	Argentina	100%
MetServ Holdings Pty. Limited	Australia	55%
MetServ (Australasia) Pty. Ltd.	Australia	70%
MetServ Victoria Pty. Ltd.	Australia	70%
MetServ Pty. Ltd.	Australia	55%
Harsco (Australia) Pty. Limited	Australia	100%
Fairmont Tamper (Australia) Pty. Limited	Australia	100%
Taylor-Wharton (Australia) Pty. Limited	Australia	100%
Alu Serv Middle East W.L.L.	Bahrain	75%
Heckett MultiServ S.A.	Belgium	100%
Heckett MultiServ Russia S.A.	Belgium	100%
Loyquip Holdings S.A.	Belgium	100%
Societe D'Etudes et D'Administration des Enterprises S.A.	Belgium	100%
Somafer Benelux Interim S.A.	Belgium	100%
Fortuna Insurance Limited	Bermuda	100%
Harsco (Bermuda) Limited	Bermuda	100%
Sociedade Brasileria de Recuperacao de Metals (Sobremetal) Ltda	Brazil	100%
Comercio de Rejeitos Industriais Ltda	Brazil	100%
Harsco Canada Limited	Canada	100%
Heckett Technology Services Canada, Inc.	Canada	100%
Heckett MultiServ S.A.	Chile	100%
MultiServ Wuhan Co. Ltd.	China	100%
MultiServ Jiangxi Co. Ltd.	China	100%
MultiServ s.r.o.	Czech Republic	100%
Heckett MultiServ Holding S.A.	France	100%
Floyequip S.A.	France	100%
PyroServ	France	100%
Societe Francais D'Interim S.A.	France	100%
Heckett MultiServ Sud S.A.	France	100%
Carbofer International GmbH	Germany	100%
Heckett MultiServ GmbH	Germany	100%
Harsco GmbH	Germany	100%
Axil International Ltd.	Ireland	100%
IMS Servizi Spa	Italy	100%
MultiServ SRL	Italy	100%
ILSERV SRL	Italy	65%
Luxequip Holdings S.A.	Luxembourg	100%
Heckett MultiServ S.A.	Luxembourg	100%
Societe Luxembourgoiese D'Interim S.A.	Luxembourg	100%

Name	Country of Incorporation	Ownership Percentage
Taylor-Wharton Asia (M) SDN. BHD.	Malaysia	70%
Irving, S.A. de C.V.	Mexico	100%
Heckett Mexicana, S.A. de C.V.	Mexico	100%
Andamios Patentados, S.A. de C.V.	Mexico	100%
Servicios Industriales Siderurgicos, S.A. de C.V.	Mexico	100%
Electroforjados Nacionales, S.A. de C.V.	Mexico	100%
Heckett MultiServ International N.V.	Netherlands	100%
Heckett MultiServ Finance B.V.	Netherlands	100%
Heckett MultiServ China B.V.	Netherlands	100%
Heckett MultiServ Far East B.V.	Netherlands	100%
Harsco Europa B.V.	Netherlands	100%
Heckett MultiServ (Holland) B.V.	Netherlands	100%
Heckett MultiServ AS	Norway	100%
Heckett Saudi Arabia Limited	Saudi Arabia	55%
MultiServ Slovensko SPOL s r.o.	Slovakia Republic	100%
FerroServ (Pty.) Limited	South Africa	100%
FerroServ Operations (Pty.) Ltd.	South Africa	100%
Heckett MultiServ (South Africa) (Pty.) Ltd.	South Africa	51%
MultiServ Lycrete S.A.	Spain	95%
Serviequipo S.A.	Spain	95%
MultiServ Intermetal S.A.	Spain	100%
MultiServ Iberica S.A.	Spain	100%
Heckett MultiServ Reclamet S.A.	Spain	100%
Gestion Materias Ferricas, S.A.	Spain	85%
Heckett MultiServ AB	Sweden	100%
Heckett MultiServ plc	U.K.	100%
Heckett MultiServ Ltd.	U.K.	100%
MultiServ Overseas Ltd.	U.K.	100%
Quipco Ltd.	U.K.	100%
Harsco (U.K.) Ltd.	U.K.	100%
The Permanent Way Equipment Company Limited	U.K.	100%
Harsco Ltd.	U.K.	100%
Tamper Corp. (U.K.) Limited	U.K.	100%
Heckett International Services Limited	U.K.	100%
Heckett Limited	U.K.	100%
Heckett MultiServ Inc.	U.S.A.	100%
Heckett MultiServ U.S. Corp.	U.S.A.	100%
Heckett MultiServ Operations Ltd.	U.S.A.	100%
Heckett MultiServ General Corp.	U.S.A.	100%
Heckett MultiServ Intermetal Inc.	U.S.A.	100%
Heckett Technology Services Inc.	U.S.A.	100%
Harsco Investment Corporation	U.S.A.	100%
Harsco Defense Holding, Inc.	U.S.A.	100%

Name	Country of Incorporation	Ownership Percentage
Harsco Foreign Sales Corporation	U.S. Virgin Islands	100%
Heckett MultiServ MV + MS	Venezuela	100%
Heckett Yugoslavia Ltd.	Yugoslavia	100%

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

Name	Country of Incorporation/ Organization	Ownership Percentage
Ferro Scrap Nigam Ltd.	India	40%
P.T. Purna Baja Heckett	Indonesia	40%
IKG-Salcon SDN. BHD.	Malaysia	50%
Nutter-Niro Ingenieria S.A. de C.V.	Mexico	49%
United Defense, L.P.	U.S.A.	40%

EXHIBIT 23(a)

EXHIBIT 23(a)

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the following Registration Statements of Harsco Corporation and Subsidiary Companies (the "Company") of our reports, which include an explanatory paragraph regarding a change in the Company's method of accounting for income taxes, dated January 31, 1996, on our audits, of the consolidated financial statements and consolidated financial statement schedule of the Company as of December 31, 1995 and 1994 and for each of the three years in the period ended December 31, 1995, which reports are included in this Annual Report on Form 10-K, respectively:

- - Post Effective Amendment No. 6 to Form S-8 Registration Statement (Registration No. 2-57876), effective May 21, 1982.

- - Post Effective Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-5300), dated March 26, 1987.

- - Form S-8 Registration Statement (Registration No. 33-14064), dated May 6, 1987.

- - Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-24854), dated October 31, 1988.

- - Form S-3 1994 Registration Statement (Registration No. 33-56885) dated December 15, 1994.

COOPERS & LYBRAND L.L.P.

Philadelphia, Pennsylvania
March 25, 1996

EXHIBIT 23(b)

EXHIBIT 23(b)

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of Harsco Corporation and in the related Prospectuses of our report dated January 16, 1996 with respect to the financial statements of United Defense, L.P. included in this Annual Report (Form 10-K) for the year ended December 31, 1995:

Post Effective Amendment No. 6 to Form S-8 Registration Statement (Registration No. 2-57876), effective May 21, 1982.

Post Effective Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-5300), dated March 26, 1987.

Form S-8 Registration Statement (Registration No. 33-14064), dated May 6, 1987.

Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-24854), dated October 31, 1988.

Form S-3 Registration Statement (Registration No. 33-56885) dated December 15, 1994.

ERNST & YOUNG LLP

Washington, D.C.
March 21, 1996

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