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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2007

OR

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

For the transition period from _____ to _____

Commission File Number 1-3970

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

Delaware

23-1483991

(State of incorporation)

(I.R.S. Employer Identification No.)

350 Poplar Church Road, Camp Hill, Pennsylvania

17011

(Address of principal executive offices)

(Zip Code)

Registrant's Telephone Number

(717) 763-7064

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer Accelerated filer Non-accelerated filer

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

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

Class	Outstanding at July 31, 2007
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Common stock, par value \$1.25 per share	84,181,622

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HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006 (A)	2007	2006 (A)
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REVENUES FROM CONTINUING OPERATIONS:				
Service sales	\$ 810,429	\$ 636,393	\$ 1,533,244	\$ 1,209,024
Product sales	135,720	129,629	252,931	239,063
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TOTAL REVENUES	946,149	766,022	1,786,175	1,448,087
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COSTS AND EXPENSES FROM CONTINUING OPERATIONS:				
Cost of services sold	585,677	457,133	1,124,215	879,957
Cost of products sold	97,580	95,066	184,659	174,601
Selling, general and administrative expenses	127,313	115,053	255,068	227,303

Research and development expenses	734	694	1,727	1,251
Other (income) expenses	(1,003)	1,658	(1,916)	3,507
TOTAL COSTS AND EXPENSES	810,301	669,604	1,563,753	1,286,619
OPERATING INCOME FROM CONTINUING OPERATIONS	135,848	96,418	222,422	161,468
Equity in income of unconsolidated entities, net	285	102	413	163
Interest income	1,173	888	2,212	1,749
Interest expense	(20,540)	(14,618)	(39,116)	(28,709)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	116,766	82,790	185,931	134,671
Income tax expense	(37,388)	(27,542)	(58,989)	(44,527)
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	79,378	55,248	126,942	90,144
Minority interest in net income	(2,335)	(2,089)	(4,459)	(4,360)
INCOME FROM CONTINUING OPERATIONS	77,043	53,159	122,483	85,784
DISCONTINUED OPERATIONS:				
Income from operations of discontinued business	8,959	969	14,378	3,286
Disposal costs of discontinued business	(580)	--	(2,878)	--
Income tax expense	(2,353)	(254)	(3,260)	(944)
INCOME FROM DISCONTINUED OPERATIONS	6,026	715	8,240	2,342
NET INCOME	\$ 83,069	\$ 53,873(b)	\$ 130,723	\$ 88,126
Average shares of common stock outstanding	84,145	83,922	84,097	83,784
Basic earnings per common share:				
Continuing operations	\$ 0.92	\$ 0.63	\$ 1.46	\$ 1.02
Discontinued operations	0.07	0.01	0.10	0.03
BASIC EARNINGS PER COMMON SHARE	\$ 0.99	\$ 0.64	\$ 1.55(b)	\$ 1.05
Diluted average shares of common stock outstanding	84,702	84,444	84,641	84,338
Diluted earnings per common share:				
Continuing operations	\$ 0.91	\$ 0.63	\$ 1.45	\$ 1.02
Discontinued operations	0.07	0.01	0.10	0.03
DILUTED EARNINGS PER COMMON SHARE	\$ 0.98	\$ 0.64	\$ 1.54(b)	\$ 1.04(b)
CASH DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.1775	\$ 0.1625	\$ 0.3550	\$ 0.3250

(a) Reclassified for comparative purposes.

(b) Does not total due to rounding.

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(IN THOUSANDS)	JUNE 30 2007	DECEMBER 31 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 95,927	\$ 101,260
Accounts receivable, net	812,557	753,168
Inventories	240,749	285,229
Other current assets	76,925	88,398
Assets held-for-sale	290,291	3,567
TOTAL CURRENT ASSETS	1,516,449	1,231,622
Property, plant and equipment, net	1,391,033	1,322,467
Goodwill, net	697,560	612,480
Intangible assets, net	190,102	88,164
Other assets	97,762	71,690
TOTAL ASSETS	\$ 3,892,906	\$ 3,326,423
LIABILITIES		
CURRENT LIABILITIES:		
Short-term borrowings	\$ 412,327	\$ 185,074
Current maturities of long-term debt	3,797	13,130
Accounts payable	288,847	287,006
Accrued compensation	85,376	95,028
Income taxes payable	45,700	61,967
Dividends payable	16,084	15,983
Insurance liabilities	43,051	40,810
Other current liabilities	243,740	211,777
Liabilities associated with assets held-for-sale	57,618	--
TOTAL CURRENT LIABILITIES	1,196,540	910,775
Long-term debt	903,690	864,817
Deferred income taxes	153,725	103,592
Insurance liabilities	64,156	62,542
Retirement plan liabilities	176,356	189,457
Other liabilities	101,053	48,876
TOTAL LIABILITIES	2,595,520	2,180,059
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock	138,316	85,614
Additional paid-in capital	119,558	166,494
Accumulated other comprehensive loss	(124,441)	(169,334)
Retained earnings	1,767,122	1,666,761
Treasury stock	(603,169)	(603,171)
TOTAL STOCKHOLDERS' EQUITY	1,297,386	1,146,364
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,892,906	\$ 3,326,423

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 130,723	\$ 88,126
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	132,787	119,388
Amortization	12,959	3,757
Equity in income of unconsolidated entities, net	(414)	(163)
Dividends or distributions from unconsolidated entities	176	--
Other, net	(821)	5,722
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:		
Accounts receivable	(93,118)	(15,358)
Inventories	(54,224)	(13,950)
Accounts payable	11,215	(9,572)
Accrued interest payable	15,057	13,098
Accrued compensation	(8,323)	(7,296)
Other assets and liabilities	50,579	556
NET CASH PROVIDED BY OPERATING ACTIVITIES	196,596	184,308
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(201,202)	(166,807)
Net use of cash associated with the purchases of businesses	(227,323)	(935)
Proceeds from sale of assets	10,773	5,889
Other investing activities	(1,845)	118
NET CASH USED BY INVESTING ACTIVITIES	(419,597)	(161,735)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings, net	220,926	(41,511)
Current maturities and long-term debt:		
Additions	466,480	206,181
Reductions	(446,171)	(206,722)
Cash dividends paid on common stock	(29,837)	(27,204)
Common stock issued-options	3,899	10,614
Other financing activities	(3,448)	(3,469)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	211,849	(62,111)
Effect of exchange rate changes on cash	5,819	6,879
Net decrease in cash and cash equivalents	(5,333)	(32,659)
Cash and cash equivalents at beginning of period	101,260	120,929
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 95,927	\$ 88,270

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30	
	2007	2006
Net income	\$ 83,069	\$ 53,873
Other comprehensive income (loss):		
Foreign currency translation adjustments	28,129	30,531
Net gains (losses) on cash flow hedging instruments, net of deferred income taxes of \$5 and (\$17) in 2007 and 2006, respectively	(10)	31
Pension liability adjustments, net of deferred income taxes of \$242 and \$2,597 in 2007 and 2006, respectively	(549)	(6,292)
Marketable securities, unrealized gain, net of deferred income taxes of \$1 and \$0 in 2007 and 2006, respectively	(2)	--
Reclassification adjustment for gain on cash flow hedging instruments included in net income, net of deferred income taxes of \$1 and \$0 in 2007 and 2006, respectively	(1)	--
Other comprehensive income	27,567	24,270
TOTAL COMPREHENSIVE INCOME	\$ 110,636	\$ 78,143

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30	
	2007	2006
Net income	\$ 130,723	\$ 88,126
Other comprehensive income (loss):		
Foreign currency translation adjustments	35,438	41,355
Net gains (losses) on cash flow hedging instruments, net of deferred income taxes of \$5 and (\$11) in 2007 and 2006, respectively	(10)	21
Pension liability adjustments, net of deferred income taxes of \$(4,148) and \$3,265 in 2007 and 2006, respectively	9,474	(8,559)
Marketable securities, unrealized gain, net of deferred income taxes of \$1 and (\$1) in 2007 and 2006, respectively	(2)	1
Reclassification adjustment for (gain) loss on cash flow hedging instruments included in net income, net of deferred income taxes of \$3 and (\$1) in 2007 and 2006, respectively	(6)	1
Other comprehensive income	44,894	32,819
TOTAL COMPREHENSIVE INCOME	\$ 175,617	\$ 120,945

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A. OPINION OF MANAGEMENT

Financial information furnished herein, which is unaudited, in the opinion of management reflects all adjustments (all of which are of a normal recurring nature) that are necessary to present a fair statement of the interim period. The year-end condensed balance sheet information contained in this Form 10-Q was derived from 2006 audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America for a year-end report. The unaudited interim information contained herein should also be read in conjunction with the Company's 2006 Form 10-K filing.

B. RECLASSIFICATIONS

Certain reclassifications have been made to prior years' amounts to conform with current year classifications. These reclassifications relate principally to the Gas Technologies Segment that is currently classified as Discontinued Operations in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144") as discussed in Note G, "Acquisitions and Dispositions." Additionally, all historical share and per share data have been restated to reflect the two-for-one stock split that was effective at the close of business on March 26, 2007. As a result of these reclassifications, certain 2006 amounts presented for comparative purposes will not individually agree with previously filed Forms 10-K or 10-Q.

C. REVIEW OF OPERATIONS BY SEGMENT

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30, 2007		THREE MONTHS ENDED JUNE 30, 2006	
	SALES	OPERATING INCOME (LOSS)	SALES	OPERATING INCOME (LOSS)
Access Services Segment	\$ 360,921	\$ 49,305	\$ 269,660	\$ 36,652
Mill Services Segment	380,824	36,670	344,295	38,529
Segment Totals	741,745	85,975	613,955	75,181
Minerals & Rail Technologies, Services and Products ("all other") Category (a)	204,404	50,539	152,067	22,001
General Corporate	--	(666)	--	(764)
Consolidated Totals	\$ 946,149	\$ 135,848	\$ 766,022	\$ 96,418

(a) In March 2007, after the completion of the Excell Minerals acquisition, the "all other" Category was renamed Minerals & Rail Technologies, Services and Products, to reflect the Company's strengthening strategic presence in the minerals technologies and railway services sectors.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

(IN THOUSANDS)	SIX MONTHS ENDED JUNE 30, 2007		SIX MONTHS ENDED JUNE 30, 2006	
	SALES	OPERATING INCOME (LOSS)	SALES	OPERATING INCOME (LOSS)
Access Services Segment	\$ 677,130	\$ 84,346	\$ 495,454	\$ 53,435
Mill Services Segment	741,594	68,978	670,530	72,109
Segment Totals	1,418,724	153,324	1,165,984	125,544
Minerals & Rail Technologies, Services and Products ("all other") Category (a)	367,451	69,918	282,103	37,439
General Corporate	--	(820)	--	(1,515)
Consolidated Totals	\$ 1,786,175	\$ 222,422	\$ 1,448,087	\$ 161,468

(a) In March 2007, after the completion of the Excell Minerals acquisition, the "all other" Category was renamed Minerals & Rail Technologies, Services and Products, to reflect the Company's strengthening strategic presence in the minerals technologies and railway services sectors.

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

(IN THOUSANDS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
Segment Operating Income	\$ 85,975	\$ 75,181	\$ 153,324	\$ 125,544
Minerals & Rail Technologies, Services and Products ("all other") Category	50,539	22,001	69,918	37,439
General Corporate	(666)	(764)	(820)	(1,515)
Operating income from continuing operations	135,848	96,418	222,422	161,468
Equity in income of unconsolidated entities, net	285	102	413	163
Interest income	1,173	888	2,212	1,749
Interest expense	(20,540)	(14,618)	(39,116)	(28,709)
Income from continuing operations before income taxes and minority interest	\$ 116,766	\$ 82,790	\$ 185,931	\$ 134,671

D. ACCOUNTS RECEIVABLE AND INVENTORIES

At June 30, 2007 and December 31, 2006, accounts receivable of \$812.6 million and \$753.2 million, respectively, were net of an allowance for doubtful accounts of \$27.4 million and \$25.4 million, respectively. Gross accounts receivable included trade accounts receivable of \$801.2 million and \$737.1 million at June 30, 2007 and December 31, 2006, respectively. Other receivables included insurance claim receivables of \$18.3 million and \$18.9 million at June 30, 2007 and December 31, 2006, respectively. The provision for doubtful accounts was \$1.9 million and \$2.1 million for the three months ended June 30, 2007 and 2006, respectively. For six months ended June 30, 2007 and 2006, the provision for doubtful accounts was \$4.7 million and \$4.4 million, respectively.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

Inventories consist of the following:

(IN THOUSANDS)	INVENTORIES	
	JUNE 30 2007	DECEMBER 31 2006
Finished goods	\$ 113,225	\$ 117,072
Work-in-process	16,209	31,489
Raw materials and purchased parts	66,282	96,750
Stores and supplies	45,033	39,918
Total Inventories	\$ 240,749	\$ 285,229

Inventories decreased \$44.5 million from December 31, 2006 due to the following factors:

- o Decreased finished goods, work-in-process and raw materials inventories due to the reclassification of the Gas Technologies Segment to Discontinued Operations in the first quarter of 2007. All related assets and liabilities are classified as held-for-sale.

This was partially offset by:

- o Increased finished goods and raw materials inventories in the Minerals & Rail Technologies, Services and Products Category due to the Excell Minerals acquisition, higher material costs and increased inventories to meet expected customer demand.
- o Increased finished goods in the Access Services Segment in order to meet expected customer demand.

E. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

(IN THOUSANDS)	JUNE 30 2007	DECEMBER 31 2006
Land and improvements	\$ 45,859	\$ 41,255
Buildings and improvements	166,649	192,575
Machinery and equipment	2,773,141	2,699,131
Uncompleted construction	69,118	52,640
Gross property, plant and equipment	3,054,767	2,985,601
Less accumulated depreciation	(1,663,734)	(1,663,134)
Net property, plant and equipment	\$ 1,391,033	\$ 1,322,467

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

F. GOODWILL AND OTHER INTANGIBLE ASSETS

The following table reflects the changes in carrying amounts of goodwill by segment for the six months ended June 30, 2007:

GOODWILL BY SEGMENT

(IN THOUSANDS)	ACCESS SERVICES SEGMENT	MILL SERVICES SEGMENT	MINERALS & RAIL TECHNOLOGIES, SERVICES AND PRODUCTS ("ALL OTHER") CATEGORY	GAS TECHNOLOGIES SEGMENT	CONSOLIDATED TOTALS
Balance as of December 31, 2006, net of accumulated amortization	\$ 241,937	\$ 325,492	\$ 8,137	\$ 36,914	\$ 612,480
Goodwill acquired during the year	--	4,595	107,480	--	112,075
Changes to Goodwill (a)	(386)	--	--	--	(386)
Foreign currency translation	4,736	4,156	1,413	6	10,311
Goodwill transferred to assets held-for-sale	--	--	--	(36,920)	(36,920)
BALANCE AS OF JUNE 30, 2007, NET OF ACCUMULATED AMORTIZATION	\$ 246,287	\$ 334,243	\$ 117,030	\$ --	\$ 697,560

(a) Relate principally to opening balance sheet adjustments.

Goodwill is net of accumulated amortization of \$101.5 million and \$109.3 million at June 30, 2007 and December 31, 2006, respectively. The reduction in accumulated amortization from December 31, 2006 is due to the transfer of the Gas Technologies Segment's balance to assets held-for-sale.

The following table reflects intangible assets by major category:

INTANGIBLE ASSETS

(IN THOUSANDS)	JUNE 30, 2007		DECEMBER 31, 2006	
	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION	GROSS CARRYING AMOUNT	ACCUMULATED AMORTIZATION
Customer Relationships	\$ 148,682	\$ 15,348	\$ 87,426	\$ 7,084
Non-compete agreements	3,347	2,815	5,648	4,708
Patents	6,760	4,083	4,700	3,940
Other (a)	62,344	7,680	9,800	3,678
Total	\$ 221,133	\$ 29,926	\$ 107,574	\$ 19,410

(a) Principally technical know-how and contractual revenue.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

Intangible assets are included in the Intangible Assets, Net and Other Current Assets line items in the Condensed Consolidated Balance Sheets.

During the first six months of 2007, the Company acquired the following intangible assets (by major class) which are subject to amortization. These intangible assets relate principally to the Excell Minerals and the Performix Technologies Ltd. acquisitions more fully discussed in Note G, "Acquisitions and Dispositions."

ACQUIRED INTANGIBLE ASSETS

(IN THOUSANDS)	GROSS CARRYING AMOUNT	RESIDUAL VALUE	WEIGHTED-AVERAGE AMORTIZATION PERIOD
Customer relationships	\$ 60,240	None	5 years
Patents	2,010	None	10 years
Other (a)	50,390	None	9 years
Total	\$ 112,640		

(a) Principally technical know-how and contractual revenue.

There were no research and development assets acquired and written off in the first six months of 2007 or 2006.

Amortization expense for intangible assets was \$7.3 million and \$12.3 million for the second quarter and first six months of 2007, respectively. This compares with \$1.7 million and \$3.3 million for the second quarter and first six months of 2006, respectively. The following table shows the estimated amortization expense for the next five fiscal years based on current intangible assets:

(IN THOUSANDS)	2007	2008	2009	2010	2011
Estimated amortization expense (a)	\$ 25,800	\$ 25,500	\$ 24,400	\$ 24,100	\$ 22,900

(a) These estimated amortization expense amounts do not reflect the potential effect of future foreign currency exchange rate fluctuations.

G. ACQUISITIONS AND DISPOSITIONS

ACQUISITIONS

In April 2007, the Company acquired Performix Technologies, Ltd. ("Performix"), an Ohio-based company that is one of the United States' leading producers of specialty additives used by steelmakers in the ladle refining of molten steel. Performix operates from two plants in the U.S. and serves most of the major steelmakers in the upper Midwest and Canada. Performix recorded 2006 sales of approximately \$29 million and employs approximately 60 people. Performix has been included in the Mill Services Segment.

In February 2007, the Company acquired Excell Materials, Inc. ("Excell"), a Pittsburgh-based multinational company, for approximately \$210 million, which included the assumption of debt but excluded direct acquisition costs. Excell specializes in the reclamation and recycling of high-value content from principally steelmaking slag. Excell is also involved in the development of mineral-based products for commercial applications. Excell recorded 2006 sales in excess of \$100 million and maintains operations at nine locations in the United States, Canada, Brazil, South Africa and Germany. Goodwill recognized in this transaction (based on foreign exchange rates at the transaction date) was \$107.5 million, none of which is expected to be deductible for U.S. income tax purposes. Because this acquisition occurred in the first quarter of 2007, the purchase price allocation and goodwill balance have not been finalized as of June 30, 2007. Excell has been included in the Minerals & Rail Technologies, Services and Products ("all other") Category and has been renamed Excell Minerals to emphasize its long-term growth strategy.

In November 2006, the Company acquired the Santiago, Chile-based company Moldajes y Andamios TH S.A. ("MyATH"), a supplier of rental formwork, scaffolding and related services to the construction, infrastructure and building maintenance sectors. MyATH employs approximately 100 people and its annual revenues are approximately \$8 million. MyATH has been included in the Hunnebeck Division of the Access Services Segment.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

In November 2006, the Company acquired the conveyor services and trading arm of Technic Gum, a Belgium-based provider of conveyor belt maintenance services for the steel and cement-producing industries. Technic Gum Services recorded revenues of approximately \$8 million in 2005 and employs approximately 50 people. Technic Gum Services has been included in the Mill Services Segment.

In July 2006, the Company acquired the assets of U.K.-based Cape PLC's Cleton industrial maintenance services ("Cleton") subsidiaries in the Netherlands, Belgium and Germany for (euro)8 million (approximately \$10 million). Cleton posted 2005 revenues in excess of \$50 million and employs close to 400 people. Cleton specializes in providing scaffolding and related insulation services for the maintenance of large-scale industrial plants, and serves some of the largest oil refinery, petrochemical and process plant sites in the Benelux countries. Cleton has been included in the SGB Division of the Access Services Segment.

DISPOSITIONS - ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Consistent with the Company's strategic focus to grow and allocate financial resources to its industrial services businesses, in January 2007, the Company's Board of Directors approved the divestiture of its Gas Technologies Segment, which consists of manufacturing businesses. This Segment recorded revenues and operating income of \$397.7 million and \$14.2 million, respectively, for 2006. The Company expects the divestiture to occur in the second half of 2007. Results of operations of the Segment have been included in Discontinued Operations of the income statement effective with the first quarter 2007 report. The Segment's assets and liabilities are classified as held-for-sale in the June 30, 2007 balance sheet.

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

(IN THOUSANDS)	JUNE 30 (a) 2007	DECEMBER 31 2006
ASSETS		
Accounts receivable, net	\$ 66,940	\$ --
Inventories	108,341	--
Other current assets	2,690	--
Property, plant and equipment, net	71,162	3,567
Goodwill, net	36,920	--
Other assets	4,238	--
TOTAL ASSETS "HELD-FOR-SALE"	\$ 290,291	\$ 3,567
LIABILITIES		
Current maturities of long-term debt	\$ 1,626	\$ --
Accounts payable	30,874	--
Accrued compensation	4,960	--
Income taxes payable	799	--
Other current liabilities	15,108	--
Long-term debt	1,826	--
Retirement plan liabilities	2,073	--
Other liabilities	352	--
TOTAL LIABILITIES ASSOCIATED WITH ASSETS "HELD-FOR-SALE"	\$ 57,618	\$ --

(a) June 30, 2007 amounts are predominantly assets and liabilities associated with the Gas Technologies Segment.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

Subsequent to the reclassification of the Gas Technologies Segment's results to Discontinued Operations, the Company's results from continuing operations for 2006 are as follows:

(IN MILLIONS, EXCEPT PER SHARE AMOUNTS)	THREE MONTHS ENDED			
	MARCH 31 2006	JUNE 30 2006	SEPTEMBER 30 2006	DECEMBER 31 2006
Revenues from continuing operations	\$ 682.1	\$ 766.0	\$ 773.3	\$ 804.2
Income from continuing operations	32.6	53.2	54.2	46.4
Diluted Earnings per share from continuing operations	0.39	0.63	0.64	0.55

H. INCOME TAXES

The Company adopted the provisions of FASB Interpretation ("FIN") No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"), effective January 1, 2007. As a result of the adoption, the Company recognized a cumulative effect reduction to the January 1, 2007 retained earnings balance of \$0.5 million. As of the adoption date, the Company had gross tax-affected unrecognized income tax benefits of \$46.0 million, of which \$17.8 million, if recognized, would affect the Company's effective income tax rate. Of this amount, \$0.8 million was classified as current and \$45.2 million was classified as non-current on the Company's balance sheet. While the Company believes it has adequately provided for all tax positions, amounts asserted by taxing authorities could be different than the accrued position.

The Company recognizes accrued interest and penalty expense related to unrecognized income tax benefits within its global operations in income tax expense. In conjunction with the adoption of FIN 48, the total amount of accrued interest and penalties resulting from such unrecognized tax benefits was \$4.4 million.

The Company files its income tax returns as prescribed by the tax laws of the jurisdictions in which it operates. With few exceptions, the Company is no longer subject to U.S. and foreign examinations by tax authorities for years through 1999.

During the first quarter of 2007, the U.S. Internal Revenue Service commenced its audit of the Company's U.S. income tax returns for 2004 and 2005. The Company anticipates that this audit will be completed by early 2008.

The Company is involved in a royalty dispute with the Canada Revenue Agency ("CRA"). The Company has initiated settlement discussions with the CRA and they are progressing. It is reasonably possible that these settlement discussions will lead to a resolution of this matter by December 31, 2007 and that the resolution will be favorable to the Company resulting in a significant decrease to the unrecognized tax benefit. It is still too premature to discuss the details of any potential settlement including the quantification of any settlement amounts. This matter is more fully discussed in Note I, "Commitments and Contingencies," to the Consolidated Financial Statements.

I. COMMITMENTS AND CONTINGENCIES

ENVIRONMENTAL

The Company is involved in a number of environmental remediation investigations and clean-ups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Consolidated Balance Sheets at June 30, 2007 and December 31, 2006 include accruals of \$4.2 million and \$3.8 million, respectively, for environmental matters. The amounts charged against pre-tax income related to environmental matters totaled \$1.3 million and \$0.5 million for the first six months of 2007 and 2006, 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. The

Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse effect on its financial position, results of operations or cash flows.

ROYALTY EXPENSE DISPUTE

The Company is involved in a royalty expense dispute with the Canada Revenue Agency ("CRA"). The CRA is proposing to disallow certain royalty expense deductions claimed by the Company's Canadian subsidiary on its 1994-1998 tax returns. As of June 30, 2007, the maximum assessment from the CRA for the period 1994-1998 is approximately \$11.7 million, including tax and interest. The Company has initiated settlement discussions with the CRA and they are progressing. It is reasonably possible that these settlement discussions will lead to a resolution of this matter by December 31, 2007 and that the resolution will be favorable to the Company resulting in a significant decrease to the unrecognized tax benefit. It is still too premature to discuss the details of any potential settlement including the quantification of any settlement amounts.

The Ontario Ministry of Finance ("Ontario") is also proposing to disallow these same royalty expense deductions for the period 1994-1998. As of June 30, 2007, the maximum assessment from Ontario is approximately \$3.6 million, including tax and interest. The Company has filed an administrative appeal of this assessment and will vigorously contest these disallowances. We anticipate that Ontario will approach the settlement and resolution of this matter in a manner consistent with the results obtained in the CRA dispute.

The Company believes that any amount of potential liability regarding this matter has been fully reserved as of June 30, 2007 and, therefore will not have a material adverse impact on the Company's future results of operations or financial condition. In accordance with Canadian tax law, the Company made a payment to the CRA in the fourth quarter of 2005 of \$5.0 million. Additionally, the Company made a payment to the Ontario Ministry of Finance in the first quarter of 2006 for the entire disputed amount. These payments were made for tax compliance purposes and to reduce potential interest expense on the disputed amount. These payments in no way reflect the Company's acknowledgement as to the validity of the assessed amounts.

DERAILMENT

One of the Company's production rail grinders derailed near Baxter, California on November 9, 2006, resulting in two crew member fatalities and the near total loss of the rail grinder. Government and private investigations into the cause of the derailment are ongoing. The initial clean-up and salvage efforts are completed, although work on environmental remediation is ongoing. Estimated environmental remediation expenses have been recognized in the financial statements as of June 30, 2007. All remaining Company rail grinders have been inspected by the Federal Railroad Administration ("FRA") and each grinder is fully operational. The Company has also conducted its own inspections to ensure that its grinders are safe and in compliance with contractual commitments. The Company believes that the insurance proceeds from the loss of the rail grinder will offset the majority of incurred expenses and contingent liabilities, which have been recognized as of June 30, 2007. Therefore, the Company does not believe that the derailment will have a material adverse effect on its financial position, results of operations or cash flows.

OTHER

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

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

The majority of the asbestos complaints pending against the Company have been filed in New York. Almost all of the New York complaints contain a standard claim for damages of \$20 million or \$25 million against the approximately 90 defendants, regardless of the individual plaintiff's alleged medical condition, and without specifically identifying any Company product as the source of plaintiff's asbestos exposure.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

As of June 30, 2007, there are 26,362 pending asbestos personal injury claims filed against the Company. Of these cases, 25,897 were pending in the New York Supreme Court (a trial court) for New York County in New York State. The other claims, totaling 465, are filed in various counties in a number of state courts, and in certain Federal District Courts (including New York), and those complaints generally assert lesser amounts of damages than the New York State court cases or do not state any amount claimed.

As of June 30, 2007, the Company has obtained dismissal by stipulation, or summary judgment prior to trial, in 17,304 cases.

In view of the persistence of asbestos litigation nationwide, which has not yet been sufficiently addressed either politically or legally, the Company expects to continue to receive additional claims. However, there have been developments during the past several years, both by certain state legislatures and by certain state courts, which could favorably affect the Company's ability to defend these asbestos claims in those jurisdictions. These developments include procedural changes, docketing changes, proof of damage requirements and other changes that require plaintiffs to follow specific procedures in bringing their claims and to show proof of damages before they can proceed with their claim. An example is the action taken by the New York Supreme Court, which is responsible for managing all asbestos cases pending within New York County in the State of New York. This Court issued an order in December 2002 that created a Deferred or Inactive Docket for all pending and future asbestos claims filed by plaintiffs who cannot demonstrate that they have a malignant condition or discernable physical impairment, and an Active or In Extremis Docket for plaintiffs who are able to show such medical condition. As a result of this order, the majority of the asbestos cases filed against the Company in New York County have been moved to the Inactive Docket until such time as the plaintiff can show that they have incurred a physical impairment. As of June 30, 2007, the Company has been listed as a defendant in 298 Active or In Extremis asbestos cases in New York County. The Court's Order has been challenged by plaintiffs.

The Company's insurance carrier has paid all legal and settlement costs and expenses relating to the asbestos litigation to date. The Company has liability insurance coverage available under various primary and excess policies that the Company believes will be available, if necessary, to substantially cover any liability that might ultimately be incurred on these claims.

The Company intends to continue its practice of vigorously defending these cases as they are listed for trial. It is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation. Despite this uncertainty, and although results of operations and cash flows for a given period could be adversely affected by asbestos-related lawsuits, claims and proceedings, management believes that the ultimate outcome of these cases will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

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

Insurance liabilities are recorded in accordance with SFAS 5, "Accounting for Contingencies." Insurance reserves have been estimated based primarily upon actuarial calculations and reflect the undiscounted estimated liabilities for ultimate losses including claims incurred but not reported. Inherent in these estimates are assumptions which are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. If actual claims differ from those projected by management, changes (either increases or decreases) to insurance reserves may be required and would be recorded through income in the period the change was determined. When a recognized liability is covered by third-party insurance, the Company records an insurance claim receivable to reflect the covered liability. See Note 1, "Summary of Significant Accounting Policies," of the Company's Form 10-K for the year ended December 31, 2006 for additional information on Accrued Insurance and Loss Reserves.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

J. RECONCILIATION OF BASIC AND DILUTED SHARES

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
Income from continuing operations	\$ 77,043	\$ 53,159	\$ 122,483	\$ 85,784
Average shares of common stock outstanding used to compute basic earnings per common share	84,145	83,922	84,097	83,784
Dilutive effect of stock-based compensation	557	522	544	554
Shares used to compute dilutive effect of stock-based compensation	84,702	84,444	84,641	84,338
Basic earnings per common share from continuing operations	\$ 0.92	\$ 0.63	\$ 1.46	\$ 1.02
Diluted earnings per common share from continuing operations	\$ 0.91	\$ 0.63	\$ 1.45	\$ 1.02

All outstanding stock options and restricted stock units were included in the computation of diluted earnings per share at June 30, 2007 and 2006.

K. EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION EXPENSE (INCOME) (IN THOUSANDS)	THREE MONTHS ENDED JUNE 30			
	U.S. PLANS		INTERNATIONAL PLANS	
	2007	2006	2007	2006
Service cost	\$ 783	\$ 922	\$ 2,105	\$ 2,248
Interest cost	3,868	3,730	12,414	10,755
Expected return on plan assets	(5,641)	(4,985)	(15,183)	(12,909)
Recognized prior service costs	212	185	229	308
Recognized losses	315	737	3,834	3,218
Amortization of transition liability (asset)	--	(91)	7	9
Curtailement/settlement loss	544	78	--	248
Defined benefit pension expense	\$ 81	\$ 576	\$ 3,406	\$ 3,877

DEFINED BENEFIT PENSION EXPENSE (INCOME) (IN THOUSANDS)	SIX MONTHS ENDED JUNE 30			
	U.S. PLANS		INTERNATIONAL PLANS	
	2007	2006	2007	2006
Service cost	\$ 1,526	\$ 1,843	\$ 4,191	\$ 4,393
Interest cost	7,733	7,460	24,563	21,018
Expected return on plan assets	(11,135)	(9,971)	(30,106)	(25,227)
Recognized prior service costs	424	371	460	603
Recognized losses	698	1,474	7,598	6,284
Amortization of transition liability (asset)	--	(181)	13	18
Curtailement/settlement loss	2,091	78	--	236
Defined benefit pension expense	\$ 1,337	\$ 1,074	\$ 6,719	\$ 7,325

Defined benefit pension expense in the second quarter and six months ended June 30, 2007 was \$1.0 million and \$0.3 million, respectively, lower than the comparable 2006 periods. The decreases relate primarily to higher plan asset bases

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

in 2007 resulting from cash contributions and significant returns on plan assets in 2006. The decreases were partially offset by curtailment losses in the U.S. in the Gas Technologies Segment in the first quarter of 2007 as a result of the decision to sell the business, and in the railway track maintenance services and equipment business in the second quarter of 2007.

Defined benefit pension expense in the second quarter and six months ended June 30, 2007 includes \$0.3 million and \$2.2 million, respectively, for the Gas Technologies Segment which has been reclassified to Discontinued Operations. Of the \$2.2 million in expense for the six months ended June 30, 2007, \$1.5 million relates to the one-time curtailment loss in the first quarter of 2007. Defined benefit expense in the second quarter and six months ended June 30, 2006 includes \$0.5 million and \$0.9 million, respectively, for the Gas Technologies Segment.

In the quarter ended June 30, 2007, the Company contributed \$0.3 million and \$6.3 million to the U.S. and international defined benefit pension plans, respectively. In the six months ended June 30, 2007, the Company contributed \$0.9 million and \$12.0 million to the U.S. and international defined benefit pension plans, respectively. The Company currently anticipates contributing an additional \$1.5 million and \$11.2 million for the U.S. and international plans, respectively, during the remainder of 2007.

Contributions to multiemployer pension plans during the second quarter and six months ended June 30, 2007 were \$7.5 million and \$11.7 million, respectively. Contributions for defined contribution plans during the second quarter and six months ended June 30, 2007 were \$3.7 million and \$9.3 million, respectively.

POSTRETIREMENT BENEFITS EXPENSE (INCOME) (IN THOUSANDS)	THREE MONTHS ENDED JUNE 30	
	2007	2006
Service cost	\$ 1	\$ 2
Interest cost	45	46
Recognized prior service costs	1	--
Recognized gains	(32)	(9)
Postretirement benefits expense	\$ 15	\$ 39

POSTRETIREMENT BENEFITS EXPENSE (INCOME) (IN THOUSANDS)	SIX MONTHS ENDED JUNE 30	
	2007	2006
Service cost	\$ 2	\$ 3
Interest cost	90	93
Recognized prior service costs	1	1
Recognized gains	(63)	(19)
Postretirement benefits expense	\$ 30	\$ 78

In the quarter ended June 30, 2007, the Company contributed \$63 thousand to the postretirement plans. For the six months ended June 30, 2007, the Company contributed \$139 thousand to the postretirement plans and anticipates contributing approximately \$166 thousand during the remainder of 2007.

L. NEW FINANCIAL ACCOUNTING STANDARDS ISSUED

FASB Interpretation ("FIN") 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109" ("FIN 48")

In July 2006, the FASB issued FIN 48, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes." It prescribes a recognition threshold and measurement attribute for financial statement recognition and disclosure of tax positions taken or expected to be taken on a tax return. The provisions of FIN 48 are required to be applied to all tax positions upon initial adoption with any cumulative effect adjustment to be recognized as an adjustment to retained earnings. FIN 48 is effective for fiscal periods beginning after December 15, 2006 (January 1, 2007 for the Company). The Company implemented FIN 48 effective January 1, 2007 and recognized a cumulative effect reduction to 2007 beginning retained earnings of \$0.5 million.

SFAS No. 157, "Fair Value Measurements" ("SFAS 157")

In September 2006, the FASB issued SFAS 157 to provide a single definition of fair value, establish a framework for measuring fair value in U.S. generally accepted accounting principles ("GAAP"), and expand the disclosure requirements regarding fair value measurements. SFAS 157 is applicable in the application of other accounting pronouncements that require or permit fair value measurements, but does not require new fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007 (January 1, 2008 for the Company), with limited retrospective application required. The Company is currently evaluating the requirements of SFAS 157 and has not yet determined the impact on the consolidated financial statements.

SFAS No. 159, "The Fair Value Option for Financial Assets and Financial
Liabilities" ("SFAS 159")

In February 2007, the FASB issued SFAS 159, which permits all entities to choose to measure eligible items at fair value at specified election dates. Unrealized gains and losses on items for which the fair value option has been elected will be reported in earnings at each subsequent reporting date. The fair value option may be applied financial instrument by financial instrument (with limited exceptions), is generally irrevocable, and must be applied to the entire financial instrument. SFAS 159 is effective for fiscal years that begin after November 15, 2007 (January 1, 2008 for the Company). The Company is currently evaluating the requirements of SFAS 159, and has not yet determined the impact on the consolidated financial statements.

M. DERIVATIVE INSTRUMENTS

The Company may periodically use derivative instruments to hedge cash flows associated with selling price exposure to certain commodities, as well as cash flows related to foreign currency fluctuations. The Company's commodity derivative activities are subject to the management, direction and control of the Company's Risk Management Committee ("the Committee"). The Committee approves the use of all commodity derivative instruments. During the first quarter of 2007, the Company executed fixed-price swap agreements to hedge cash flows associated with the selling price exposure to certain commodities. The unsecured contracts outstanding at June 30, 2007 mature monthly through November 2007 and are with major financial institutions. The Company may be exposed to credit loss in the event of non-performance by the other parties to the contracts. The Company evaluates the credit worthiness of the counterparties and does not expect default by them. Company policy prohibits the use of derivatives for speculative purposes.

As of June 30, 2007, outstanding commodity swap agreements had a notional value of \$20.3 million. Based on the requirements of SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), these contracts did not qualify as cash flow hedges as of June 30, 2007. As such, they were marked-to-market with the resulting changes in fair value recorded in cost of sales. Although earnings volatility may occur between fiscal quarters if the derivatives do not qualify as cash flow hedges under SFAS 133, the economic substance of the derivatives provides more predictable cash flows by reducing the Company's exposure to the commodity price fluctuations.

See Note 13, "Financial Instruments," of the Company's Form 10-K for the year ended December 31, 2006 for additional information on derivative instruments and hedging activities.

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

OF OPERATIONS

The following discussion should be read in conjunction with the accompanying unaudited financial statements as well as the Company's annual Form 10-K for the year ended December 31, 2006, which included additional information about the Company's critical accounting policies, contractual obligations, practices and transactions that support the financial results, and provided a more comprehensive summary of the Company's outlook, trends and strategies for 2007 and beyond.

FORWARD-LOOKING STATEMENTS

The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking

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

Factors which could cause results to differ include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, certain commodity prices and costs, interest rates and capital costs; (3) changes in the performance of stock and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, taxes and import tariff standards; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities or other calamities; (7) the seasonal nature of our business; (8) the successful integration of the Company's strategic acquisitions; and (9) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential factors, can be found in Part II, Item 1A, "Risk Factors," of this Form 10-Q. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements.

EXECUTIVE OVERVIEW

The Company's record performance in the second quarter and first six months of 2007 reflected the continued execution of the Company's strategy of growth through increased international diversity and a focused, industrial services-based portfolio, augmented by selective strategic acquisitions. The second quarter results were led by the Minerals & Rail Technologies, Services and Products ("all other") Category and the Access Services Segment.

The Company's second quarter 2007 revenues from continuing operations were a record \$946.1 million. This is an increase of \$180.1 million or 24% over the second quarter of 2006. Income from continuing operations was a record \$77.0 million compared with \$53.2 million in 2006, an increase of 45%. Diluted earnings per share from continuing operations were a record \$0.91, a 44% increase over 2006.

Revenues for the first six months of 2007 were a record \$1.8 billion. This is an increase of \$338.1 million or 23% over the first six months of 2006. Income from continuing operations was a record \$122.5 million, compared with \$85.8 million in the first six months of 2006, a 43% increase. Diluted earnings per share from continuing operations were a record \$1.45, a 42% increase from the first six months of 2006.

Both the second quarter and first six months of 2007 results benefited from improved performance in the Access Services Segment and the February 1, 2007 acquisition of Excell Minerals. The improved performance in the Access Services Segment was due to continued strength in the Company's worldwide non-residential and infrastructure construction and industrial services markets, and positive returns from the Company's increased investment in highly engineered formwork rental systems. Excell Minerals had a significant contribution to earnings in the second quarter due to strong customer demand and favorable pricing resulting from positive market conditions.

Overall global markets remain strong and the Company has a number of expansion opportunities to pursue its prudent acquisition strategy of seeking further accretive bolt-on acquisitions, as well as organic investments in its industrial services platforms. The Company also expects continued strength in its operations for the remainder of 2007, particularly from the Access Services Segment, as well as certain businesses in the Minerals & Rail Technologies, Services and Products ("all other") Category. In addition, the Company expects gradual year-over-year improvement during the remainder of 2007 from the Mill Services Segment as global steel production levels normalize offsetting expected production decreases in North America, and new contracts are signed and work begins.

During the second quarter of 2007, the Company had record net cash provided by operating activities of \$154.9 million, a 35% increase from the \$114.5 million achieved in the second quarter of 2006. For the first six months of 2007, the Company had net cash provided by operating activities of \$196.6 million, compared with \$184.3 million for the first six months of 2006, a 7% increase. The Company expects to achieve record cash from operations for the full year 2007, exceeding 2006's record of \$409 million. The Company's cash flows are further discussed in the Liquidity and Capital Resources section.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

During the first half of 2007, the Company's value-based management system continued to deliver results by creating increased economic value. Significant improvement in Economic Value Added ("EVA(R)") was achieved in the first half of 2007 and the Company's return on invested capital improved 180 basis points from the comparable 2006 period. The Company's value-based management system is more fully described in the 2006 Annual Report.

During the first quarter of 2007, the Company's Board of Directors approved the divestiture of the Gas Technologies manufacturing business, which is expected to occur in the second half of 2007. Also, effective in the first quarter of 2007, there was a two-for-one stock split for which one additional share of common stock was issued to stockholders as of March 26, 2007.

SEGMENT OVERVIEW

The Access Services Segment's revenues in the second quarter of 2007 were \$360.9 million compared with \$269.7 million in the second quarter of 2006, a 34% increase. Operating income increased by 35% to \$49.3 million, from \$36.7 million in the second quarter of 2006. Operating margins for the Segment improved by 10 basis points to 13.7% from 13.6% in the second quarter of 2006. In comparison with the first six months of 2006, this Segment achieved period-over-period revenue growth of \$181.7 million or 37%, and operating income growth of \$30.9 million or 58%. Operating margins for the first six months of 2007 improved by 170 basis points to 12.5% from 10.8% for the first six months of 2006. The record performance in revenues, operating income and operating margins for the second quarter and first six months of 2007 was due principally to continued strength in the Company's worldwide non-residential and infrastructure construction and industrial services markets, particularly in Europe and North America. This Segment accounted for 38% and 38% of the Company's revenues and 36% and 38% of the operating income for the second quarter and first six months of 2007, respectively.

Revenues for the second quarter of 2007 for the Mill Services Segment were \$380.8 million compared with \$344.3 million in the second quarter of 2006, an 11% increase. Operating income decreased by 5% to \$36.7 million, from \$38.5 million in the second quarter of 2006, and operating margins decreased by 160 basis points to 9.6% from 11.2%. In comparison with the first six months of 2006, this Segment's revenue increased by 11% to \$741.6 million. Operating income in the first six months of 2007 decreased by 4% to \$69.0 million from \$72.1 million in the first six months of 2006, and operating margins decreased 150 basis points to 9.3% from 10.8%. Performance was negatively impacted by higher operating and maintenance costs, lower steel production in certain regions, particularly North America, and unplanned maintenance outages at a number of mill sites. This Segment accounted for 40% and 41% of the Company's revenues and 27% and 31% of the operating income for the second quarter and first six months of 2007, respectively.

The Minerals & Rail Technologies, Services and Products ("all other") Category's revenues in the second quarter of 2007 were \$204.4 million compared with \$152.1 million in the second quarter of 2006, a 34% increase. Operating income increased by 130% to \$50.5 million, from \$22.0 million in the second quarter of 2006. For the second quarter of 2007, operating margins increased 1,020 basis points to 24.7% from 14.5% in the second quarter of 2006. For the first six months of 2007, operating margins increased 570 basis points to 19.0% from 13.3% in the first six months of 2006. The February 1, 2007 acquisition of Excell Minerals, which performed well due to strong customer demand and favorable pricing resulting from strong market conditions, contributed to this Category's improved performance in the second quarter and first six months of 2007. Three of the other five businesses contributed higher revenues, and four of the five businesses contributed higher operating income in the second quarter and first six months of 2007 compared with the second quarter and first six months of 2006. Additionally, this Category benefited from a \$3.2 million pre-tax gain on the sale of an asset in the second quarter of 2007. This Category accounted for 22% and 21% of the Company's revenues and 37% and 31% of the operating income for the second quarter and first six months of 2007, respectively.

In comparison to the second quarter of 2006, the impact of foreign currency translation for the Company increased second quarter 2007 sales and pre-tax income by \$35.2 million and \$4.1 million respectively. For the first six months of 2007, the impact of foreign currency translation increased sales by \$71.7 million and pre-tax income by \$6.0 million compared with the same period in 2006.

OUTLOOK OVERVIEW

The Company's operations span several industries and products as discussed in Part I, Item 1, "Business," of the Company's Form 10-K for the year ended December 31, 2006. On a macro basis, the Company is affected by non-residential and infrastructure construction and industrial maintenance and capital improvement activities; worldwide steel mill production and capacity utilization; industrial production volume; and the general business trend towards the outsourcing of services. The overall outlook for 2007 continues to be positive for these business drivers.

Both international and domestic Access Services activity remains strong. Operating performance in 2007 for this Segment has benefited, and is expected to continue to benefit, from increased non-residential and infrastructure

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

construction spending and industrial services activity in the Company's major markets; selective strategic investments or acquisitions in new markets and expansion of current product lines; further market penetration from new products; product cross-selling opportunities among the markets served by the three Access Services divisions; and enterprise business optimization opportunities including new technology applications, consolidated procurement, logistics and continuous process improvement initiatives. Further global expansion and market share gains are also expected from this Segment.

Overall, the outlook for the Mill Services Segment for the remainder of the year remains positive. To maintain pricing levels, a more disciplined and consolidated steel industry has been adjusting production levels to bring inventories in-line with current demand. On an overall basis, the Company expects global steel production to increase modestly in 2007, which would generally have a favorable effect on this Segment's revenues. In addition, new contract signings and start-ups are expected to have a positive impact on results in the second half of 2007. The Company continues to engage in enterprise business optimization initiatives designed to improve operating results and margins. However, the Company may experience higher operating costs, such as maintenance and energy that could have a negative impact on operating margins, to the extent these costs cannot be passed to customers.

The outlook for the Minerals & Rail Technologies, Services and Products ("all other") Category remains positive. Second half performance is again expected to continue to be led by Excell Minerals and the railway track maintenance services and equipment business. Excell Minerals is expected to continue to be accretive to earnings in the second half of 2007, as full integration into the Company occurs. While Excell Minerals is not expected to operate at the full capacity levels that it did in the second quarter, and metal prices are not expected to remain at the high levels seen in that quarter, the business is expected to be a positive contributor to third quarter and second half 2007 growth for this Category. Likewise, the railway track maintenance services and equipment business should continue to see improved year-over-year operating performance in 2007's remaining quarters, as well as longer term. New contract bidding activity for the business remains high (including the signing of a significant order from China in the second quarter of 2007), which also adds confidence to the longer-term outlook. The remaining businesses within this group are also expected to continue to operate at their current high levels of operating effectiveness.

The stable or improved market conditions for most of the Company's services and products and the significant investments made recently for acquisitions and growth-related capital expenditures provide the base for achieving the Company's stated 2007 growth objectives in diluted earnings per share from continuing operations and net cash provided by operating activities. The record performance for revenue and operating income achieved in the first six months of 2007 provides a solid foundation towards achieving the full-year objectives.

REVENUES BY REGION

(DOLLARS IN MILLIONS)	TOTAL REVENUES THREE MONTHS ENDED JUNE 30		PERCENTAGE GROWTH FROM 2006 TO 2007		
	2007	2006	VOLUME	CURRENCY	TOTAL
Europe	\$ 474.3	\$ 392.7	13.4%	7.4%	20.8%
North America	338.6	266.7	26.8	0.2	27.0
Latin America	52.3	41.3	18.7	7.8	26.5
Middle East and Africa	51.2	38.6	34.7	(2.2)	32.5
Asia/Pacific	29.7	26.7	(0.4)	11.7	11.3
Total	\$ 946.1	\$ 766.0	18.9%	4.6%	23.5%

REVENUES BY REGION

(DOLLARS IN MILLIONS)	TOTAL REVENUES SIX MONTHS ENDED JUNE 30		PERCENTAGE GROWTH FROM 2006 TO 2007		
	2007	2006	VOLUME	CURRENCY	TOTAL
Europe	\$ 917.8	\$ 735.6	15.8%	9.0%	24.8%
North America	615.6	500.2	23.1	0.0	23.1
Latin America	97.8	81.5	15.7	4.3	20.0
Middle East and Africa	92.6	79.5	20.2	(3.7)	16.5
Asia/Pacific	62.4	51.3	11.9	9.7	21.6
Total	\$ 1,786.2	\$ 1,448.1	18.4%	4.9%	23.3%

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

2007 HIGHLIGHTS

The following significant items affected the Company overall during the second quarter and first six months of 2007, in comparison with the second quarter and first six months of 2006:

COMPANY WIDE:

- o Continued strong worldwide economic activity, as well as the strong earnings performance of the Excell Minerals acquisition, benefited the Company in the second quarter and first six months of 2007. This included increased access equipment services, especially in North America and Europe; increased global demand for railway track maintenance services and equipment; and increased demand for air-cooled heat exchangers and industrial grating products.
- o Consistent with its overall strategic focus on global industrial services businesses, the Company announced in January 2007 its intention to divest the Gas Technologies manufacturing business group.
- o During the first six months of 2007, international sales and operating income were 68% and 66%, respectively, of total sales and operating income. This compares with the first six months of 2006 levels of 68% of sales and 75% of operating income. The Excell Minerals acquisition, based principally in the U.S., and the performance of the U.S. Access Services business have increased the percentage of domestic operating income in 2007.

ACCESS SERVICES SEGMENT:

(DOLLARS IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
Revenues	\$ 360.9	\$ 269.7	\$ 677.1	\$ 495.5
Operating income	49.3	36.7	84.3	53.4
Operating margin percent	13.7%	13.6%	12.5%	10.8%

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2006	\$ 269.7	\$ 495.5
Net increased volume and new business	53.9	107.3
Acquisitions	23.3	43.9
Impact of foreign currency translation	14.1	30.4
Other	(0.1)	--
Revenues - 2007	\$ 360.9	\$ 677.1

ACCESS SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME:

- o In the second quarter and first six months of 2007, the international access services business, and Eastern Europe in particular, continued to improve due to increased non-residential and infrastructure construction spending. The Company has also benefited from its recent rental equipment capital investments made in these markets. Equipment rentals, particularly in the construction sector, are the highest margin revenue source in this Segment.
- o The North American non-residential construction and industrial services markets continued strong in the second quarter and first six months of 2007. This had a positive effect on volume which caused overall margins and operating income in North America to improve.
- o The 2006 MyATH (Chile) and Cleton (Northern Europe) acquisitions were accretive to earnings in the second quarter and first six months of 2007.
- o The impact of foreign currency translation in the second quarter and first six months of 2007 increased operating income for this Segment by \$1.8 million and \$2.7 million, respectively, compared with the second quarter and first six months of 2006.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

MILL SERVICES SEGMENT:

(DOLLARS IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
Revenues	\$ 380.8	\$ 344.3	\$ 741.6	\$ 670.5
Operating income	36.7	38.5	69.0	72.1
Operating margin percent	9.6%	11.2%	9.3%	10.8%

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON REVENUES

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2006	\$ 344.3	\$ 670.5
Impact of foreign currency translation	19.5	38.7
Increased volume and new business	8.0	21.6
Acquisitions	9.0	10.8
Revenues - 2007	\$ 380.8	\$ 741.6

MILL SERVICES SEGMENT - SIGNIFICANT IMPACTS ON OPERATING INCOME:

- o Despite overall increased volume, operating income for the second quarter and first six months of 2007 was negatively impacted by increased operating and maintenance expenses, unplanned outages at a number of mills, and lower steel production in certain regions, particularly in North America.
- o Foreign currency translation in the second quarter and first six months of 2007 increased operating income for this Segment by \$2.3 million and \$4.0 million, respectively, compared with the second quarter and first six months of 2006.

MINERALS & RAIL TECHNOLOGIES, SERVICES AND PRODUCTS ("ALL OTHER") CATEGORY:

(DOLLARS IN MILLIONS)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
Revenues	\$ 204.4	\$ 152.1	\$ 367.5	\$ 282.1
Operating income	50.5	22.0	69.9	37.4
Operating margin percent	24.7%	14.5%	19.0%	13.3%

MINERALS & RAIL TECHNOLOGIES, SERVICES AND PRODUCTS ("ALL OTHER") CATEGORY -

SIGNIFICANT IMPACTS ON REVENUES

(IN MILLIONS)	THREE MONTHS ENDED JUNE 30	SIX MONTHS ENDED JUNE 30
Revenues - 2006	\$ 152.1	\$ 282.1
Acquisitions	40.0	61.6
Industrial grating products	6.9	11.9
Air-cooled heat exchangers	6.2	11.0
Railway track maintenance services and equipment	(0.1)	2.9
Impact of foreign currency translation	1.6	2.6
Roofing granules and abrasives	(2.4)	(5.5)
Boiler and process equipment	(0.7)	(0.3)
Other	0.8	1.2
Revenues - 2007	\$ 204.4	\$ 367.5

MINERALS & RAIL TECHNOLOGIES, SERVICES AND PRODUCTS ("ALL OTHER") CATEGORY -
SIGNIFICANT IMPACTS ON OPERATING INCOME:

- o The Excell Minerals acquisition was accretive to the Category's performance in the second quarter and first six months of 2007. During the second quarter of 2007, Excell Minerals had record volumes due to strong customer demand for the division's high-value materials as well as favorable market pricing. Additionally, during the entire quarter, Excell's major processing locations operated at maximum capacity.
- o This Category benefited from a \$3.2 million pre-tax gain on the sale of an asset in the second quarter of 2007.
- o Operating income of the air-cooled heat exchangers business continued to benefit from increased volume resulting from a strong natural gas market during the second quarter and first six months of 2007.
- o Increased second quarter and first six months 2007 operating income for the industrial grating products business was due principally to strong demand, partially offset by higher material costs.
- o The railway track maintenance services and equipment business delivered increased income in the second quarter and first six months of 2007 compared with the second quarter and first six months of 2006, due to increased volume and reduced operating expenses for contract services, partially offset by lower equipment sales volume.
- o Despite lower volume for the roofing granules and abrasives business in the second quarter and first six months of 2007, operating income increased due to price increases necessitated by higher costs.
- o Operating income for the boiler and process equipment business was slightly lower in the second quarter and first six months of 2007 compared with the comparable periods for 2006, due to decreased equipment sales and increased commodity costs.
- o Foreign currency translation in the second quarter and first six months of 2007 increased operating income for this Category by \$0.5 million and \$0.7 million, respectively, compared with the second quarter and first six months of 2006.

OUTLOOK, TRENDS AND STRATEGIES

Looking to the remainder of 2007 and beyond, the following significant items, trends and strategies are expected to affect the Company:

COMPANY WIDE:

- o The Company will continue its disciplined focus on expanding the industrial services businesses, with a particular emphasis on growing the Access Services and Mill Services Segments, especially in emerging economies, and other specialized services. Growth is expected to be achieved through the provision of additional services to existing customers, new contracts in both developed and emerging markets, and strategic acquisitions, such as the February 2007 acquisition of Excell Minerals. Additionally, new higher-margin service and sales opportunities in railway track maintenance services and equipment will be pursued globally.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

- o In January 2007, the Company announced its intention to divest the Gas Technologies manufacturing business. This decision is consistent with the Company's overall strategic focus on industrial services businesses. The divestiture is expected to be completed in the second half of 2007.
- o The Company will continue to invest in selective strategic acquisitions and growth capital investments; however, management will continue to be very selective in allocating capital, choosing projects with the highest Economic Value Added ("EVA(R)") potential.
- o A strong focus on corporate-wide expansion into emerging economies is expected in the coming years. More specifically, within the next three to five years, a focused strategy of the Company is to approximately double its presence in the Latin American, Asia-Pacific, Middle East and Africa, and Eastern European markets to approximately 30% of total revenues.
- o The Company will continue to implement enterprise business optimization initiatives across the Company to further enhance margins for most businesses, especially the Mill Services Segment. These initiatives include improved supply-chain and logistics management and added emphasis on global procurement. The Company will continue to use its increased size and leverage due to recent acquisitions to reduce procurement costs and focus on additional opportunities for cost reductions via procurement in low-cost countries.
- o The Company expects strong cash flow from operating activities in 2007, exceeding the record of \$409 million achieved in 2006. This, combined with the expected cash from the Gas Technologies Segment divestiture, as well as other asset sales, will support both the Company's growth initiatives and help reduce debt.
- o The continued growth of the Chinese steel industry, as well as other Asian emerging economies, could impact the Company in several ways. Increased steel mill production in China, and in other Asian countries, may provide additional service opportunities for the Mill Services Segment. However, increased Asian steel exports could result in lower steel production in other parts of the world, affecting the Company's customer base. Additionally, continued increased Chinese economic activity may result in increased commodity costs in the future, which may adversely affect the Company's manufacturing businesses. The potential impact of these risks is currently unknown.
- o Volatility in energy and commodity costs (e.g., fuel, natural gas, steel, etc.) and worldwide demand for these commodities could have an adverse effect on the Company's operating costs and ability to obtain the necessary raw materials. Cost increases could result in reduced operating income for certain products, to the extent that such costs cannot be passed on to customers. The effect of continued Middle East armed hostilities on the cost of fuel and commodities is currently unknown, but it could have a significant effect.
- o The armed hostilities in the Middle East could also have a significant effect on the Company's operations in the region. The potential impact of this risk is currently unknown. This exposure is further discussed in Part II, Item 1A, "Risk Factors."
- o Foreign currency translation had an overall favorable effect on the Company's sales, operating income and Stockholders' Equity during the first half of 2007. If the U.S. dollar strengthens, particularly in relationship to the euro or British pound sterling, the impact on the Company would generally be negative in terms of reduced sales, income and Stockholders' Equity.
- o Total pension expense (defined benefit, defined contribution and multi-employer) for 2007 is expected to be higher than the 2006 level due to increased volume which affects defined contribution and multi-employer pension expense. On a comparative basis, total pension expense in the first half of 2007 was \$4.9 million higher than the first half of 2006 due principally to increased defined contribution and multi-employer pension expense resulting from increased volume in the Access Services Segment and \$1.5 million as a result of a one-time curtailment loss in the first quarter of 2007 related to the Gas Technologies Segment.
- o Defined benefit pension expense decreased \$0.3 million in the first half of 2007 compared to the first half of 2006 due primarily to higher plan asset bases in 2007 resulting from cash contributions and significant returns on plan assets in 2006. The decreases were partially offset by plan curtailment losses in the U.S. in the Gas Technologies Segment and in the railway track maintenance services and equipment business. Defined benefit pension expense is expected to decline for the full year 2007 compared with 2006 due to the significant level of cash contributions, including voluntary cash contributions to the defined benefit pension plans (approximately \$10.6 million during 2006 and \$16.9 million during 2005, mostly to the U.K. plan), which will have a positive effect on current and future years' pension expense, as well as the higher-than-expected plan asset returns in 2006. The Company's pension task force continues to evaluate alternative strategies to further mitigate overall pension expense, including the on-going evaluation of investment fund managers' performance; the balancing of plan assets and liabilities; the risk assessment of all multi-employer pension plans; the possible merger of certain plans; the consideration of incremental cash contributions to certain plans; and other changes that should mitigate future volatility and expense.
- o Changes in worldwide interest rates, particularly in the U.S. and Europe, could have a significant effect on the Company's overall interest expense, as approximately 58% of the Company's borrowings are at variable interest rates as of June 30, 2007 (in comparison to approximately 48% at December 31, 2006). The Company manages the mix of fixed-rate and floating-rate debt to preserve adequate funding flexibility, as well as control the effect of interest-rate changes on consolidated interest expense.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

ACCESS SERVICES SEGMENT:

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- o Both the international and domestic Access Services businesses have experienced buoyant markets that are expected to continue throughout 2007. Specifically, international and North American non-residential and infrastructure construction activity continues at historically high volume levels. Additionally, recent product-line additions continue to benefit growth in North America.

MILL SERVICES SEGMENT:

-
- o To maintain pricing levels, a more disciplined and consolidated steel industry has been adjusting production levels to bring inventories in-line with current demand. On an overall basis, the Company expects global steel production to increase modestly in 2007, which would generally have a favorable effect on this Segment's revenues.
 - o Further consolidation in the global steel industry is possible. Should additional transactions occur involving some of the steel industry's larger companies that are customers of the Company, it would result in an increase in concentration of revenues and credit risk for the Company. If a large customer were to experience financial difficulty, or file for bankruptcy protection, it could adversely impact the Company's income, cash flows and asset valuations. As part of its credit risk management practices, the Company closely monitors the credit standing and accounts receivable position of its customer base. Further consolidation may also increase pricing pressure on the Company and the competitive risk of services contracts which are due for renewal. Conversely, such consolidation may provide additional service opportunities for the Company as the Company believes it is well-positioned competitively.
 - o The Company will continue to place significant emphasis on improving operating margins of this Segment. Margin improvements are most likely to be achieved through internal enterprise business optimization efforts such as global procurement initiatives; process improvement programs; technology enhancements; maintenance best practices programs; and reorganization actions.

MINERALS & RAIL TECHNOLOGIES, SERVICES AND PRODUCTS ("ALL OTHER") CATEGORY:

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- o The Company will focus on expanding globally Excell Minerals' value-added services of extracting high-value metallic content from slag and responsibly handling and recycling residual materials.
 - o Market pricing volatility for some of the high-value materials involved in Excell Minerals services could affect the operating results for this business either favorably or unfavorably.
 - o International demand for the railway track maintenance services and equipment business's products and services is expected to be strong in the long term. A large equipment order recently signed with China is an example of the underlying strength of the international markets. Due to long-lead times, this order is expected to generate revenues beginning in 2008 and beyond. In addition, increased volume of higher-margin contract services and enterprise business optimization initiatives are expected to improve margins on a long-term basis.
 - o Worldwide supply and demand for steel could have an adverse impact on raw material costs and the ability to obtain the necessary raw materials for several businesses in this Category. The Company has implemented certain strategies and plans to help ensure continued product supply to our customers and mitigate the potentially negative impact that rising steel prices could have on operating income.
 - o The abrasives business and, to a lesser extent, roofing granules are expected to continue to perform well long-term, although operating margins could be impacted by volatile energy prices that affect both production and transportation costs. This business has pursued the use of more energy-efficient equipment to help mitigate future energy-related increases.
 - o Due to a strong natural gas market and additional North American opportunities, demand for air-cooled heat exchangers is expected to remain strong for 2007.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

RESULTS OF OPERATIONS

(DOLLARS ARE IN MILLIONS, EXCEPT PER SHARE AND PERCENTAGES)	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2007	2006	2007	2006
Revenues from continuing operations	\$ 946.1	\$ 766.0	\$ 1,786.2	\$ 1,448.1
Cost of services and products sold	683.3	552.2	1,308.9	1,054.6
Selling, general and administrative expenses	127.3	115.1	255.1	227.3
Other (income) expenses	(1.0)	1.7	(1.9)	3.5
Operating income from continuing operations	135.8	96.4	222.4	161.5
Interest expense	20.5	14.6	39.1	28.7
Income tax expense from continuing operations	37.4	27.5	59.0	44.5
Income from continuing operations	77.0	53.2	122.5	85.8
Income from discontinued operations	6.0	0.7	8.2	2.3
Net income	83.1	53.9	130.7	88.1
Diluted earnings per common share from continuing operations	0.91	0.63	1.45	1.02
Diluted earnings per common share	0.98	0.64	1.54	1.04
Effective income tax rate for continuing operations	32.0%	33.3%	31.7%	33.1%
Consolidated effective income tax rate	31.8%	33.2%	31.5%	33.0%

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

COMPARATIVE ANALYSIS OF CONSOLIDATED RESULTS

REVENUES

Revenues for the second quarter of 2007 increased \$180.1 million or 24% from the second quarter of 2006. Revenues for the first six months of 2007 increased \$338.1 million or 23% from the first six months of 2006. These increases were attributable to the following significant items:

CHANGES IN REVENUES - 2007 VS. 2006	SECOND QUARTER	SIX MONTHS
(IN MILLIONS)		
Effect of business acquisitions in the Minerals & Rail Technologies, Services and Products ("all other") Category (\$40.0 million and \$61.6 million, for the second quarter and six months, respectively), the Access Services Segment (\$23.3 million and \$43.9 million, for the second quarter and six months, respectively) and the Mill Services Segment (\$9.0 million and \$10.8 million, for the second quarter and six months, respectively)	\$ 72.3	\$ 116.3
Net increased revenues (excluding acquisitions) in the Access Services Segment due principally to the continued strength of both the North American and international businesses (particularly in Europe)	53.9	107.3
Effect of foreign currency translation	35.2	71.7
Net increased volume, new contracts and sales price changes in the Mill Services Segment (excluding acquisitions)	8.0	21.6
Increased revenues in the industrial grating products business due to continued strong demand	6.9	11.9
Increased revenues of the air-cooled heat exchangers business due to a continued strong natural gas market	6.2	11.0
Increased revenues in the railway track maintenance services and equipment business due to increased contract services and repair parts sales, partially offset by decreased rail equipment sales	--	2.9
Decreased revenues in the railway track maintenance services and equipment business due to decreased rail equipment sales, mostly offset by increased contract services and repair parts sales	(0.1)	--
Other (minor changes across the various units not already mentioned)	(2.3)	(4.6)
Total Change in Revenues - 2007 vs. 2006	\$ 180.1	\$ 338.1

COST OF SERVICES AND PRODUCTS SOLD

Cost of services and products sold for the second quarter of 2007 increased \$131.1 million, or 24%, from the second quarter of 2006, consistent with the 24% increase in revenues. Cost of services and products sold for the first six months of 2007 increased \$254.3 million, or 24%, from the first six months of 2006, slightly higher than the 23% increase in revenues. These increases were attributable to the following significant items:

CHANGES IN COST OF SERVICES AND PRODUCTS SOLD - 2007 VS. 2006	SECOND QUARTER	SIX MONTHS
(IN MILLIONS)		
Increased costs due to increased revenues (exclusive of the effect of foreign currency translation and business acquisitions and including the impact of increased costs included in selling prices)	\$ 44.3	\$ 93.8
Effect of business acquisitions	43.1	78.9
Effect of foreign currency translation	26.6	54.0
Other (product/service mix and increased equipment maintenance costs, partially offset by enterprise business optimization initiatives and volume-related efficiencies)	17.1	27.6
Total Change in Cost of Services and Products Sold - 2007 vs. 2006	\$ 131.1	\$ 254.3

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative ("SG&A") expenses for the second quarter of 2007 increased \$12.3 million or 11% from the second quarter of 2006, a lower rate than the 24% increase in revenues. SG&A expenses for the first six months of 2007 increased \$27.8 million or 12% from the first six months of 2006, a lower rate than the 23% increase in revenues. The increases in SG&A expenses were attributable to the following significant items with the principal driver being the continued expansion of the business:

CHANGES IN SELLING, GENERAL AND ADMINISTRATIVE EXPENSES - 2007 VS. 2006 (IN MILLIONS)	SECOND QUARTER	SIX MONTHS
Effect of business acquisitions	\$ 6.4	\$ 10.1
Effect of foreign currency translation	4.3	9.6
Increased compensation expense due to salary increases, increased headcount and employee incentive plan costs due to improved performance, as well as higher commissions due to increased volume	3.0	7.6
Other	(1.4)	0.5
Total Change in Selling, General and Administrative Expenses - 2007 vs. 2006	\$ 12.3	\$ 27.8

OTHER (INCOME) EXPENSES

This income statement classification includes impaired asset write-downs associated with exit activities, employee termination benefit costs and other costs to exit activities, offset by net gains on the disposal of non-core assets. Net Other income was \$1.0 million in the second quarter of 2007, compared with expense of \$1.7 million in the comparable 2006 period. Net Other income was \$1.9 million in the first six months of 2007, compared with expense of \$3.5 million in the first six months of 2006. These variances were attributable to the following significant items:

CHANGES IN OTHER (INCOME) EXPENSES - 2007 VS. 2006 (IN MILLIONS)	SECOND QUARTER	SIX MONTHS
Increase in net gains on the disposal of non-core assets	\$ (1.6)	\$ (3.1)
Decrease in other exit costs due principally to a loss on a sublease in the first quarter of 2006 and certain contract termination costs in the second quarter of 2006	(0.7)	(1.6)
Decrease in employee termination benefit costs	(0.7)	(1.0)
Increase in asset impairment costs	0.3	0.3
Total Change in Other (Income) Expenses - 2007 vs. 2006	\$ (2.7)	\$ (5.4)

INTEREST EXPENSE

Interest expense for the second quarter of 2007 increased \$5.9 million or 41% from the second quarter of 2006. For the first six months of 2007, interest expense increased \$10.4 million or 36% from the first six months of 2006. These increases were principally due to increased borrowings to finance business acquisitions and higher interest rates on variable-rate borrowings. Additionally, there was approximately \$0.6 million and \$1.4 million of increased interest expense due to the effect of foreign currency translation in the second quarter and first six months of 2007, respectively.

INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

The increase from comparable 2006 periods in income tax expense from continuing operations for the second quarter and first six months of 2007 of \$9.8 million or 36% and \$14.5 million or 32%, respectively, was primarily due to increased earnings from continuing operations, partially offset by a decrease in the effective income tax rate from continuing operations. The effective income tax rates of 32.0% and 31.7% for the second quarter and first six months of 2007, respectively, compared with 33.3% and 33.1% for the second quarter and first six months of 2006, respectively. The decrease in the effective income tax rate for the second quarter and first six months of 2007 was primarily due to book-to-tax-return adjustments in certain foreign jurisdictions, settlement of audits in certain state jurisdictions and the recognition of previously unrecognized tax benefits in certain foreign jurisdictions. Book-to-tax-return adjustments represent changes to prior estimates upon the filing of tax returns.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

INCOME FROM CONTINUING OPERATIONS

Income from continuing operations increased \$23.9 million or 45% in the second quarter of 2007 compared with the second quarter of 2006. Income from continuing operations increased \$36.7 million or 43% in the first six months of 2007 compared with the first six months of 2006. These increases resulted from strong demand for most of the Company's services and products and the net effect of business acquisitions and divestitures.

INCOME FROM DISCONTINUED OPERATIONS

Income from discontinued operations increased \$5.3 million or 743% in the second quarter of 2007 compared with the second quarter of 2006. Income from discontinued operations increased \$5.9 million or 252% in the first six months of 2007 compared with the first six months of 2006. This was primarily due to increased income from the operations of the Gas Technologies Segment (\$7.7 million and \$10.8 million in the second quarter and first six months of 2007, respectively), partially offset by transaction costs related to the anticipated sale of this Segment (\$0.6 million and \$2.9 million in the second quarter and first six months of 2007, respectively).

NET INCOME AND EARNINGS PER SHARE

Net income of \$83.1 million and diluted earnings per share of \$0.98 in the second quarter of 2007 exceeded the second quarter of 2006 by \$29.2 million and \$0.34, respectively. Net income of \$130.7 million and diluted earnings per share of \$1.54 in the first six months of 2007 exceeded the first six months of 2006 by \$42.6 million and \$0.50, respectively. These increases are primarily due to increased income from continuing operations for the reasons described above.

LIQUIDITY AND CAPITAL RESOURCES

OVERVIEW

During the first six months of 2007, the Company generated \$196.6 million in operating cash, 6.7% higher than the \$184.3 million in the first six months of 2006. This significant source of cash in the first six months of 2007, combined with cash on-hand, enabled the Company to invest \$201.2 million in capital expenditures (almost 50% of which were for revenue growth projects), in addition to paying \$29.8 million in stockholder dividends.

During the first half of 2007, the Company's value-based management system continued to deliver results by creating increased economic value. Significant improvement in Economic Value Added ("EVA(R)") was achieved in the first half of 2007 and the Company's return on invested capital improved 180 basis points from the comparable 2006 period. The Company's value-based management system is more fully described in the 2006 Annual Report.

The Company's net cash borrowings increased \$241.2 million in the first six months of 2007, but decreased \$23.9 million in the second quarter of 2007. The increase for the first six months of 2007 is primarily due to business acquisitions, principally the first quarter Excell Minerals acquisition. Balance sheet debt, which is affected by foreign currency translation, increased \$256.8 million from December 31, 2006. In the second quarter of 2007, the debt to total capital ratio decreased from 52.6% at March 31, 2007 to 50.4% at June 30, 2007 due principally to a \$99.9 million increase in Stockholders' Equity. Debt to total capital was 48.1% at December 31, 2006.

The Company's strategy remains to redeploy discretionary cash for growth and international diversification in the Access Services Segment; in long-term, high-return and high-renewal-rate services contracts for the Mill Services Segment, principally in emerging economies; for growth and international diversification in the Minerals & Rail Technologies, Services and Products ("all other") Category; and for selective bolt-on acquisitions in the industrial services businesses. The Company also foresees continuing its long and consistent history of paying dividends to stockholders and paying down debt.

The Company is also focused on improved working capital management. Specifically, accounts receivable in the Access Services and Mill Services Segments and inventory levels in the manufacturing businesses will continue to be scrutinized and challenged to improve the Company's use of funds.

SOURCES AND USES OF CASH

The Company's principal sources of liquidity are cash from operations and short-term borrowings under its various credit agreements, augmented periodically by cash proceeds from asset sales. The sale of the Gas Technologies Segment, currently held-for-sale, is expected to provide a significant source of cash in the second half of 2007.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

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

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

In addition to cash requirements previously disclosed in the Company's 2006 10-K, the Company has a current liability for uncertain tax benefits of \$0.9 million. An additional \$46.5 million is classified as a long-term liability for uncertain tax benefits. See Note H, "Income Taxes," for additional information on uncertain tax benefits.

RESOURCES AVAILABLE FOR CASH REQUIREMENTS - The Company has various credit facilities and commercial paper programs available for use throughout the world. The following table illustrates the amounts outstanding under credit facilities and commercial paper programs and available credit at June 30, 2007.

SUMMARY OF CREDIT FACILITIES AND
COMMERCIAL PAPER PROGRAMS

AS OF JUNE 30, 2007

(IN MILLIONS)	FACILITY LIMIT	OUTSTANDING BALANCE	AVAILABLE CREDIT
U.S. commercial paper program	\$ 550.0	\$ 383.7	\$ 166.3
Euro commercial paper program	268.8	208.9	59.9
Revolving credit facility (a)	450.0	--	450.0
Supplemental credit facilities (a)	325.0	--	325.0
Bilateral credit facility (b)	50.0	--	50.0
TOTALS AT JUNE 30, 2007	\$ 1,643.8	\$ 592.6	\$ 1,051.2 (C)

(a) U.S.-based program

(b) International-based program

(c) Although the Company has significant available credit, it is the Company's policy to limit aggregate commercial paper and credit facility borrowings at any one time to a maximum of \$825 million.

During the second quarter of 2007, the Company entered into a short-term bank loan with the Royal Bank of Scotland Finance (Ireland) for \$125 million. The proceeds from this loan were used to pay down borrowings under the U.S. commercial paper program. This credit agreement terminates upon repayment, but no later than December 31, 2007.

For more information on the Company's credit facilities and long-term notes, see Note 6, "Debt and Credit Agreements," to the Company's Form 10-K for the year ended December 31, 2006.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

CREDIT RATINGS AND OUTLOOK - The following table summarizes the Company's debt ratings at June 30, 2007:

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

The Company's euro-based commercial paper program has not been rated since the euro market does not require it. In January 2007, Fitch reaffirmed its A- and F2 ratings for the Company's long-term notes and U.S. commercial paper, respectively, and its stable outlook. In March 2007, S&P reaffirmed its A- and A-2 ratings for the Company's long-term notes and U.S. commercial paper, respectively, and its stable outlook. In May 2007, Moody's reaffirmed its A3 and P-2 ratings for the Company's long-term notes and U.S. commercial paper, respectively, and its stable outlook. A downgrade to the Company's credit ratings would probably increase borrowing costs to the Company, while an improvement in the Company's credit ratings would probably decrease borrowing costs to the Company.

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

(DOLLARS ARE IN MILLIONS)	JUNE 30 2007	DECEMBER 31 2006	INCREASE (DECREASE)
CURRENT ASSETS			
Cash and cash equivalents	\$ 95.9	\$ 101.2	\$ (5.3)
Accounts receivable, net	812.6	753.2	59.4
Inventories	240.7	285.2	(44.5)
Other current assets	76.9	88.4	(11.5)
Assets held-for-sale	290.3	3.6	286.7
Total current assets	1,516.4	1,231.6	284.8
CURRENT LIABILITIES			
Notes payable and current maturities	416.1	198.2	217.9
Accounts payable	288.8	287.0	1.8
Accrued compensation	85.4	95.0	(9.6)
Income taxes payable	45.7	62.0	(16.3)
Other current liabilities	302.9	268.6	34.3
Liabilities associated with assets held-for-sale	57.6	--	57.6
Total current liabilities	1,196.5	910.8	285.7
WORKING CAPITAL	\$ 319.9	\$ 320.8	\$ (0.9)
CURRENT RATIO	1.3:1	1.4:1	

Working capital remained flat for the six months ending 2007 due principally to the following factors:

- o Notes payable and current maturities increased \$217.9 million primarily due to an increase in short-term debt resulting from the Excell Minerals acquisition.
- o Assets held-for-sale increased \$286.7 million and liabilities associated with assets held-for-sale increased \$57.6 million due to the reclassification of the Gas Technologies Segment to Discontinued Operations in the first quarter of 2007. All related assets and liabilities are classified as held-for-sale as of June 30, 2007.
- o Accounts receivable increased \$59.4 million due to higher sales and timing of collections in the international Access Services business as well as the Mill Services business. Additionally, accounts receivable increased due to the acquisition of Excell Minerals. Partially offsetting these increases was the reclassification of the Gas Technologies Segment to Discontinued Operations in the first quarter of 2007.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

- o Inventories decreased \$44.5 million due principally to the reclassification of the Gas Technologies Segment to Discontinued Operations in the first quarter of 2007. Partially offsetting this decrease was increased finished goods and raw materials inventories in the Minerals & Rail Technologies, Services and Products Category due to the Excell Minerals acquisition, higher material costs and increased inventories to meet expected customer demand. Also offsetting the decrease was increased finished goods in the international Access Services business to support increased demand.

CERTAINTY OF CASH FLOWS - The certainty of the Company's future cash flows is underpinned by the long-term nature of the Company's mill services contracts. At December 31, 2006, the Company's mill services contracts had estimated future revenues of \$4.4 billion. As of June 30, 2007, the Company's continuing operations had an order backlog of \$459.7 million for its Minerals & Rail Technologies, Services and Products businesses. This compares with \$236.5 million at December 31, 2006 and \$241.3 million at June 30, 2006. The increase from December 31, 2006 and June 30, 2006 is due principally to increased demand for certain products within the railway track maintenance services and equipment business, including a significant order from China received in the second quarter of 2007, as well as increased demand for heat exchangers and industrial grating. The railway track maintenance services and equipment business backlog includes a significant portion that will not be realized until 2008 and later due to the long leadtime necessary to build certain equipment, and the long-term nature of certain service contracts. Order backlog for scaffolding, shoring and forming services; for roofing granules and slag abrasives; and the reclamation and recycling of high-value content from steelmaking slag is excluded from the above amounts. These amounts are generally not relevant or quantifiable due to the short order lead times for certain services, the nature and timing of the products and services provided and equipment rentals with the ultimate length of the rental period often unknown.

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

CASH FLOW SUMMARY

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

SUMMARIZED CASH FLOW INFORMATION

(IN MILLIONS)	SIX MONTHS ENDED JUNE 30	
	2007	2006
Net cash provided by (used in):		
Operating activities	\$ 196.6	\$ 184.3
Investing activities	(419.6)	(161.7)
Financing activities	211.8	(62.1)
Effect of exchange rate changes on cash	5.8	6.9
Net change in cash and cash equivalents	\$ (5.3)(a)	\$ (32.7)(a)

(a) Does not total due to rounding

CASH FROM OPERATING ACTIVITIES - Net cash provided by operating activities in the first six months of 2007 was \$196.6 million, an increase of \$12.3 million (6.7%) from the first six months of 2006. The increased cash from operations was a result of the following factors:

- o Higher net income in the first six months of 2007 compared with the first six months of 2006.
- o Increased source of cash due principally to the timing of cash disbursements in the Mill Services Segment, international Access Services business and, to a lesser extent, the railway track maintenance services and equipment business. Partially offsetting these increases was a decrease in the Gas Technologies Segment.
- o Increase in accrued taxes due principally to the timing of estimated payments.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

- o Increase in other assets and liabilities primarily due to the timing of payments for insurance, settlement of an insurance liability in 2006 not repeated in 2007 and advances on contracts at the railway track maintenance services and equipment business.
- o Partially offsetting the above cash sources was the timing of sales and accounts receivable collections, primarily in the Mill Services business and, to a lesser extent, in the railway track maintenance services and equipment business (due to the \$20 million cash collection of a large sale in the first quarter of 2006 that was not repeated in the first quarter of 2007), as well as the international Access Services business.
- o Also offsetting the above cash sources were increased inventory purchases required to meet current demand principally in the Gas Technologies Segment, the international Access Services business and, to a lesser extent, the railway track maintenance services and equipment business.

CASH USED IN INVESTING ACTIVITIES - In the first six months of 2007, cash used in investing activities consisted of a \$227.3 million use of cash, principally related to the purchase of Excell Minerals in February 2007. Also, capital investments for the first six months of 2007 were \$201.2 million. This was an increase of \$34.4 million (20.6%) over the first six months of 2006. Almost 50% of the investments were for projects intended to grow future revenues with the remainder of the expenditures made generally to maintain the business. Investments were made predominantly in the industrial services businesses, with 55% in the Access Services Segment and 39% in the Mill Services Segment. Throughout the remainder of 2007 and into 2008, the Company plans to continue to invest in value creation projects including bolt-on acquisitions, principally in the industrial services businesses.

CASH USED IN FINANCING ACTIVITIES - The following table summarizes the Company's debt and capital positions at June 30, 2007 and December 31, 2006.

(DOLLARS ARE IN MILLIONS)	JUNE 30 2007	DECEMBER 31 2006
Notes Payable and Current Maturities	\$ 416.1	\$ 198.2
Long-term Debt	903.7	864.8
Total Debt	1,319.8	1,063.0
Total Equity	1,297.4	1,146.4
Total Capital	\$ 2,617.2	\$ 2,209.4
Total Debt to Total Capital	50.4%	48.1%

The Company's debt as a percent of total capital as of June 30, 2007 increased from December 31, 2006. Overall debt increased due to the Excell Minerals acquisition, and to a lesser extent, to foreign currency translation resulting from the weakening of the U.S. dollar in comparison with the euro and the British pound sterling. Additionally, total equity increased due principally to the net income generated during the first six months of 2007.

DEBT COVENANTS

The Company's credit facilities and certain notes payable agreements contain covenants requiring a minimum net worth of \$475 million and a maximum debt to capital ratio of 60%. Based on balances at June 30, 2007, the Company could increase borrowings by approximately \$624.6 million and still be within its debt covenants. Alternatively, keeping all other factors constant, the Company's equity could decrease by approximately \$418.4 million and the Company would still be in compliance with its covenants. The Company's 7.25% British pound sterling-denominated notes due October 27, 2010 also include a covenant that permits the note holders to redeem their notes, at par, in the event of a change in control of the Company. The Company expects to remain compliant with these debt covenants one year from now.

CASH AND VALUE-BASED MANAGEMENT

The Company plans to continue with its strategy of selective investing for strategic purposes for the foreseeable future. The goal of this strategy is to improve the Company's Economic Value Added ("EVA(R)") under the program that commenced January 1, 2002. Under this program, the Company evaluates strategic investments based upon the investment's economic profit. EVA equals after-tax operating profits less a charge for the use of the capital employed to create those profits (only the service cost portion of pension expense is included for EVA purposes). Therefore, value is created when a project or initiative produces a return above the cost of capital. Consistent with the first six months of 2007 results, meaningful improvement in EVA was achieved compared with the first six months of 2006.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART I - FINANCIAL INFORMATION

The Company is committed to continue paying dividends to stockholders. The Company has increased the dividend rate for thirteen consecutive years, and in May 2007, the Company paid its 228th consecutive quarterly cash dividend. In June 2007, the Company declared its 229th consecutive quarterly cash dividend. The Company also plans to use discretionary cash flows to pay down debt. Additionally, the Company has authorization to repurchase up to two million of its shares through January 31, 2008.

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

NEW FINANCIAL ACCOUNTING STANDARDS ISSUED

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Part II, Item 1A, "Risk Factors," for quantitative and qualitative disclosures about market risk.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of disclosure controls and procedures as of June 30, 2007. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective. There have been no significant changes in internal controls over financial reporting that could materially affect, or are likely to materially affect, internal control over financial reporting during the second quarter of 2007.

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

MARKET RISK.

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

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

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

- o The Company's Access Services business may be adversely impacted by slowdowns in non-residential or infrastructure construction and annual industrial and building maintenance cycles;
- o The Company's Mill Services business may be adversely impacted by slowdowns in steel mill production; excess capacity, consolidation or bankruptcy of steel producers; or a reversal or slowing of current outsourcing trends in the steel industry;
- o The railway track maintenance services and equipment business may be adversely impacted by developments in the railroad industry that lead to lower capital spending or reduced maintenance spending;
- o The industrial abrasives and roofing granules business may be adversely impacted by reduced home resales or economic conditions that slow the rate of residential roof replacement, or by slowdowns in the industrial and infrastructure refurbishment industries;
- o The industrial grating business may be adversely impacted by slowdowns in non-residential construction, infrastructure build and industrial production;
- o The air-cooled heat exchangers business is affected by cyclical conditions in the natural gas industry. A high demand for natural gas is currently creating increased demand for the Company's air-cooled heat exchangers. However, a slowdown in natural gas production could adversely affect this business;
- o The Excell Minerals business may be adversely impacted by the selling price of materials which are market-based and varies based upon the current fair value of its components. Therefore, the revenue amounts recorded from the sale of such recycled materials vary based upon the fair value of the commodity components being sold; and
- o The Company's Gas Technologies business, now classified in Discontinued Operations, may be adversely impacted by reduced industrial production, and lower demand for industrial gases, slowdowns in demand for medical cylinders, valves, or lower demand for natural gas vehicles.

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

In addition to the economic issues that directly affect the Company's businesses, changes in the performance of equity and bond markets, particularly in the United Kingdom and the United States, impact actuarial assumptions used in determining annual pension expense, pension liabilities and the valuation of the assets in the Company's defined benefit pension plans. An upward trend in capital markets would likely result in a decrease in future unfunded obligations and pension expense. This could also result in an increase to Stockholders' Equity and a decrease in the Company's statutory funding requirements. If the financial markets deteriorate, it would most likely have a negative impact on

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

the Company's pension expense and the accounting for pension assets and liabilities. This could result in a decrease to Stockholders' Equity and an increase in the Company's statutory funding requirements.

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

In addition to the Company's defined benefit pension plans, the Company also participates in numerous multi-employer pension plans throughout the world. Within the U.S., the Pension Protection Act of 2006 (the "Act") may require additional funding for multiemployer plans that could cause the Company to be subject to higher cash contributions in the future. The effect, if any, of the Act is not determinable until further guidance becomes available. The Company continues to assess any full and partial withdrawal liability implications associated with these plans.

The Company's pension committee continues to evaluate alternative strategies to further reduce overall pension expense including the on-going evaluation of investment fund managers' performance; the balancing of plan assets and liabilities; the risk assessment of all multi-employer pension plans; the possible merger of certain plans; the consideration of incremental cash contributions to certain plans; and other changes that are likely to reduce future pension expense volatility and minimize risk.

Changes in the related pension benefit costs may occur in the future due to changes in the actuarial assumptions and due to changes in returns on plan assets resulting from financial market conditions. Using the expense calculated for calendar year 2007, and the asset and liability balances as of December 31, 2006, and holding all other assumptions constant, a one-half percent increase or decrease in the discount rate and the expected long-term rate of return on plan assets would increase or decrease annual pre-tax defined benefit pension expense as follows:

	APPROXIMATE CHANGES IN PRE-TAX DEFINED BENEFIT ----- PENSION EXPENSE -----	
	U.S. PLANS -----	U.K. PLAN -----
Discount rate -----		
One-half percent increase	Decrease of \$0.7 million	Decrease of \$4.3 million
One-half percent decrease	Increase of \$2.0 million	Increase of \$4.1 million
Expected long-term rate of return on plan assets -----		
One-half percent increase	Decrease of \$1.3 million	Decrease of \$3.7 million
One-half percent decrease	Increase of \$1.3 million	Increase of \$3.7 million

Should circumstances change that affect these estimates, changes (either increases or decreases) to the net pension obligations may be required and would be recorded in accordance with the provisions of SFAS 87 and SFAS 158. See Note 8, "Employee Benefit Plans" included in the Company's 2006 Form 10-K for more information on the impact of SFAS 158. Additionally, certain events could result in the pension obligation changing at a time other than the annual measurement date. This would occur when the benefit plan is amended or when plan curtailments occur under the provisions of SFAS 88.

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

The Company operates in over 45 countries, including the United States. The Company's global footprint exposes it to a variety of risks that may adversely impact results of operations, cash flows or financial position. These include the following:

- o periodic economic downturns in the countries in which the Company does business;
- o fluctuations in currency exchange rates;
- o customs matters and changes in trade policy or tariff regulations;

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

- o imposition of or increases in currency exchange controls and hard currency shortages;
- o changes in regulatory requirements in the countries in which the Company does business;
- o higher tax rates in certain jurisdictions and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and "double taxation";
- o longer payment cycles and difficulty in collecting accounts receivable;
- o complications in complying with a variety of international laws and regulations;
- o political, economic and social instability, civil unrest and armed hostilities in the countries in which the Company does business;
- o inflation rates in the countries in which the Company does business;
- o laws in various international jurisdictions that limit the right and ability of subsidiaries to pay dividends and remit earnings to affiliated companies unless specified conditions are met; and,
- o uncertainties arising from local business practices, cultural considerations and international political and trade tensions.

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

The Company has operations in several countries in the Middle East, including Bahrain, Egypt, Saudi Arabia, United Arab Emirates and Qatar, which are geographically close to Iraq, Iran, Israel, Lebanon and other countries with a continued high risk of armed hostilities. During the first six months of 2007, 2006 and 2005, these countries contributed approximately \$20.8 million, \$17.9 million and \$15.3 million, respectively, to the Company's operating income. Additionally, the Company has operations in and sales to countries that have encountered outbreaks of communicable diseases (e.g., Acquired Immune Deficiency Syndrome (AIDS), avian influenza and others). Should these outbreaks worsen or spread to other countries, the Company may be negatively impacted through reduced sales to and within those countries and other countries impacted by such diseases.

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

Fluctuations in foreign exchange rates between the U.S. dollar and the approximately 40 other currencies in which the Company conducts business may adversely impact the Company's operating income and income from continuing operations in any given fiscal period. For the six months ended June 30, 2007 and 2006, approximately 68% of the Company's sales from continuing operations and approximately 66% and 75%, respectively, of the Company's operating income from continuing operations were derived from operations outside the United States. More specifically, during the six months ended June 30, 2007 and 2006, approximately 21% and 23%, respectively, of the Company's revenues from continuing operations were derived from operations in the U.K. Additionally, approximately 26% and 24% of the Company's revenues from continuing operations were derived from operations with the euro as their functional currency during the six months ended June 30, 2007 and 2006, respectively. Given the structure of the Company's revenues and expenses, an increase in the value of the U.S. dollar relative to the foreign currencies in which the Company earns its revenues generally has a negative impact on operating income, whereas a decrease in the value of the U.S. dollar tends to have the opposite effect. The Company's principal foreign currency exposures are to the British pound sterling and the euro.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

Compared with the corresponding period in 2006, the average values of major currencies changed as follows in relation to the U.S. dollar during the six months ended June 30, 2007, impacting the Company's sales and income:

FOREIGN CURRENCY	SIX MONTHS ENDED JUNE 30
British pound sterling	Strengthened by 9%
Euro	Strengthened by 7%
South African rand	Weakened by 12%
Brazilian real	Strengthened by 7%
Australian dollar	Strengthened by 8%

Compared with exchange rates at December 31, 2006, the values of major currencies changed as follows as of June 30, 2007:

o British pound sterling	Strengthened by 2%
o Euro	Strengthened by 2%
o South African rand	Weakened by 1%
o Brazilian real	Strengthened by 10%
o Australian dollar	Strengthened by 7%

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

To illustrate the effect of foreign currency exchange rate changes in certain key markets of the Company, in the first six months of 2007, revenues would have been approximately 4% or \$71.7 million lower, while operating income would have been approximately 6% or \$7.4 million lower if the average exchange rates for the first six months of 2006 were utilized. A similar comparison for the first six months of 2006 would have increased revenues approximately 1% or \$12.2 million, while operating income would have decreased by less than 1% or \$0.4 million if the average exchange rates would have remained the same as the first six months of 2005. If the U.S. dollar weakens in relation to the euro and British pound sterling, the Company would expect to see a positive impact on future sales and income from continuing operations as a result of foreign currency translation. Currency changes also result in assets and liabilities denominated in local currencies being translated into U.S. dollars at different amounts than at the prior period end.

The Company seeks to reduce exposures to foreign currency transaction fluctuations through the use of forward exchange contracts. At June 30, 2007, the notional amount of these contracts was \$153.7 million, and over 94% will mature in the third quarter of 2007. The Company does not hold or issue financial instruments for trading purposes, and it is the Company's policy to prohibit the use of derivatives for speculative purposes.

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

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

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

If a downturn in the economy occurs, it may adversely impact the ability of the Company's customers to meet their obligations to the Company on a timely basis and could result in bankruptcy filings by them. If customers are unable to meet their obligations on a timely basis, it could adversely impact the realizability of receivables, the valuation of inventories and the valuation of long-lived assets across the Company's businesses, as well as negatively affect the

forecasts used in performing the Company's goodwill impairment testing under SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). If management determines that goodwill or other assets are impaired or that inventories or receivables cannot be realized at recorded amounts, the Company will be required to record a write-down in the period of determination, which will reduce net income for that period. Additionally, the risk remains that certain Mill Services customers may file for bankruptcy protection, be acquired or consolidate in the future, which could have an adverse impact on the Company's income and cash flows. Conversely, such consolidation may provide additional service opportunities for the Company.

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

The Company has been named as one of many defendants (approximately 90 or more in most cases) in legal actions alleging personal injury from exposure to airborne asbestos. In their suits, the plaintiffs have named as defendants many manufacturers, distributors and repairers of numerous types of equipment or products that may contain asbestos. Most of these complaints contain a standard claim for damages of \$20 million or \$25 million against the named defendants. If the Company was found to be liable in any of these actions and the liability was to exceed the Company's insurance coverage, results of operations, cash flows and financial condition could be adversely affected. For more information concerning this litigation, see Note I, "Commitments and Contingencies," in Part 1, Item 1, Financial Statements.

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

The industries in which the Company operates are highly competitive.

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

The Company's strategy to overcome this competition includes enterprise business optimization programs, international customer focus and the diversification, streamlining and consolidation of operations.

INCREASED CUSTOMER CONCENTRATION AND CREDIT RISK IN THE MILL SERVICES SEGMENT MAY ADVERSELY AFFECT THE COMPANY'S FUTURE EARNINGS AND CASH FLOWS.

The Company's Mill Services Segment (and, to a lesser extent, the Minerals & Rail Technologies, Services and Products ("all other") Category) has several large customers throughout the world with significant accounts receivable balances. In December 2005, the Company acquired the Northern Hemisphere steel mill services operations of Brambles Industrial Services ("BISNH"), a unit of the Sydney, Australia-based Brambles Industrials Limited. This acquisition has increased the Company's corresponding concentration of credit risk to customers in the steel industry. Additionally, further consolidation in the global steel industry occurred in 2006 and additional consolidation is probable. Should additional transactions occur involving some of the steel industry's larger companies, which are customers of the Company, it would result in an increase in concentration of credit risk for the Company. If a large customer were to experience financial difficulty, or file for bankruptcy protection, it could adversely impact the Company's income, cash flows and asset valuations. As part of its credit risk management practices, the Company is developing strategies to mitigate this increased concentration of credit risk. In the Access Services Segment, concentrations of credit risk with respect to accounts receivable are generally limited due to the Company's large number of customers and their dispersion across different geographies.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

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

Worldwide political and economic conditions, an imbalance in the supply and demand for oil, extreme weather conditions, armed hostilities in oil-producing regions, among other factors, may result in an increase in the volatility of energy costs, both on a macro basis and for the Company specifically. In the first six months of 2007 and 2006, energy-related costs have approximated 3.5% and 4.2% of the Company's revenue from continuing operations, respectively. To the extent that such costs cannot be passed to customers in the future, operating income and results of operations may be adversely affected.

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

The profitability of the Company's manufactured products is affected by changing purchase prices of steel and other materials and commodities. If raw material costs associated with the Company's manufactured products increase and the costs cannot be passed on to the Company's customers, operating income would be adversely affected. Additionally, decreased availability of steel or other materials could affect the Company's ability to produce manufactured products in a timely manner. If the Company cannot obtain the necessary raw materials for its manufactured products, then revenues, operating income and cash flows will be adversely affected. Certain services performed by the Excell Minerals Division result in the recovery, processing and sale of specialty steel and other high-value metal by-products to its customers. The selling price of the by-products material is market-based and varies based upon the current fair value of its components. Therefore, the revenue amounts recorded from the sale of such by-products material vary based upon the fair value of the commodity components being sold. The Company has executed hedging instruments designed to reduce the volatility of the revenue from the sale of the by-products material at varying market prices. However, there can be no guarantee that such hedging strategies will be fully effective in reducing the variability of revenues from period to period.

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

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

The Company is currently involved in a number of environmental remediation investigations and clean-ups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites under the federal "Superfund" law. At several sites, the Company is currently conducting environmental remediation, and it is probable that the Company will agree to make payments toward funding certain other of these remediation activities. It also is possible that some of these matters will be decided unfavorably to the Company and that other sites requiring remediation will be identified. Each of these matters is subject to various uncertainties and financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Company has evaluated its potential liability and the Consolidated Balance Sheets for June 30, 2007 and December 31, 2006 include an accrual of \$4.2 million and \$3.8 million for environmental matters, respectively. The amounts charged against pre-tax earnings related to environmental matters totaled \$1.3 million and \$0.5 million for the six months ended June 30, 2007 and 2006, respectively. The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may be greater than the estimates, given inherent uncertainties in evaluating environmental exposures.

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

The Company's credit facilities and certain notes payable agreements contain a covenant requiring a maximum debt to capital ratio of 60%. In addition, certain notes payable agreements also contain a covenant requiring a minimum net

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

worth of \$475 million. These covenants limit the amount of debt the Company may incur, which could limit its ability to obtain additional financing or to pursue business opportunities. In addition, the Company's ability to comply with these ratios may be affected by events beyond its control. A breach of any of these covenants or the inability to comply with the required financial ratios could result in a default under these credit facilities. In the event of any default under these credit facilities, the lenders under those facilities could elect to declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be due and payable, which would cause an event of default under the notes. This could, in turn, trigger an event of default under the cross-default provisions of the Company's other outstanding indebtedness. At June 30, 2007, the Company was in compliance with the covenants with a debt to capital ratio of 50.4% and a net worth of \$1.3 billion. The company had \$402.3 million in outstanding indebtedness containing these covenants at June 30, 2007.

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

The Company retains a significant portion of the risk for property, workers' compensation, U.K. employers' liability, automobile, general and product liability losses. Reserves have been recorded which reflect the undiscounted estimated liabilities for ultimate losses including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. At June 30, 2007 and December 31, 2006, the Company had recorded liabilities of \$107.2 million and \$103.4 million, respectively, related to both asserted and unasserted insurance claims. Included in the balances at June 30, 2007 and December 31, 2006 were \$20.6 million and \$18.9 million, respectively, of recognized liabilities covered by insurance carriers. If actual claims are higher than those projected by management, an increase to the Company's insurance reserves may be required and would be recorded as a charge to income in the period the need for the change was determined. Conversely, if actual claims are lower than those projected by management, a decrease to the Company's insurance reserves may be required and would be recorded as a reduction to expense in the period the need for the change was determined.

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

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

HISTORICAL REVENUE FROM CONTINUING OPERATIONS PATTERNS
(IN MILLIONS)

	2007	2006	2005	2004
First Quarter Ended March 31	\$ 840.0	\$ 682.1	\$ 558.0	\$ 478.7
Second Quarter Ended June 30	946.1	766.0	606.0	534.6
Third Quarter Ended September 30	--	773.3	599.5	532.9
Fourth Quarter Ended December 31	--	804.2	632.5	616.8
Totals	\$ --	\$ 3,025.6	\$ 2,396.0	\$ 2,163.0

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

HISTORICAL CASH PROVIDED BY OPERATIONS (IN MILLIONS)	2007	2006	2005	2004
First Quarter Ended March 31	\$ 41.7	\$ 69.8	\$ 48.1	\$ 32.4
Second Quarter Ended June 30	154.9	114.5	86.3	64.6
Third Quarter Ended September 30	--	94.6	98.1	68.9
Fourth Quarter Ended December 31	--	130.3	82.7	104.6
Totals	\$ --	\$ 409.2	\$ 315.3(a)	\$ 270.5

(a) Does not total due to rounding.

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

The Company's total debt as of June 30, 2007 was \$1.32 billion. Of this amount, approximately 41.9% had fixed rates of interest and 58.1% had variable rates of interest. The weighted average interest rate of total debt was approximately 5.8%. At current debt levels, a one-percentage increase/decrease in variable interest rates would increase/decrease interest expense by approximately \$7.7 million per year.

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

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

(a). There were no unregistered sales of equity securities during the period covered by the report.

(c). Issuer Purchases of Equity Securities

PERIOD	TOTAL NUMBER OF SHARES PURCHASED	AVERAGE PRICE PAID PER SHARE	TOTAL NUMBER OF SHARES PURCHASED AS PART OF PUBLICLY ANNOUNCED PLANS OR PROGRAMS	MAXIMUM NUMBER OF SHARES THAT MAY YET BE PURCHASED UNDER THE PLANS OR PROGRAMS
April 1, 2007 - April 30, 2007	--	--	--	2,000,000
May 1, 2007 - May 31, 2007	--	--	--	2,000,000
June 1, 2007 - June 30, 2007	--	--	--	2,000,000
Total	--	--	--	

The Company's share repurchase program was extended by the Board of Directors in November 2006. The program authorizes the repurchase of up to 2,000,000 shares of the Company's common stock and expires January 31, 2008.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
PART II - OTHER INFORMATION

ITEM 5. OTHER INFORMATION

STOCK SPLIT

On January 23, 2007, the Company's Board of Directors approved a two-for-one stock split of the Company's Common Stock, par value \$1.25 per share (the "Common Stock"), to be effected in the form of a distribution of one additional share of the Company's Common Stock for each share that is issued and outstanding. The record date for the stock split was February 28, 2007 and the payment date was March 26, 2007. All historical share and per share data has been restated to reflect the two-for-one stock split.

DIVIDEND INFORMATION

On June 19, 2007, the Company's Board of Directors declared a quarterly cash dividend of \$0.1775 per share, on a post split basis, payable August 15, 2007, to stockholders of record as of July 16, 2007.

ITEM 6. EXHIBITS

Listing of Exhibits filed with Form 10-Q:

Exhibit Number	Data Required	Location
31 (a)	Certification Pursuant to Rule 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit
31 (b)	Certification Pursuant to Rule 13a-14(a) and 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Exhibit
32 (a)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit
32 (b)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Exhibit

HARSCO CORPORATION AND SUBSIDIARY COMPANIES

SIGNATURES

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

HARSCO CORPORATION

(Registrant)

DATE August 8, 2007

/S/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
President, Chief Financial
Officer and Treasurer

DATE August 8, 2007

/S/ Stephen J. Schnoor

Stephen J. Schnoor
Vice President and Controller

CERTIFICATIONS

I, Derek C. Hathaway, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2007

/s/ Derek C. Hathaway

Derek C. Hathaway
Chief Executive Officer

CERTIFICATIONS

I, Salvatore D. Fazzolari, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 8, 2007

/s/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Chief Financial Officer

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

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Derek C. Hathaway, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

August 8, 2007

/s/ Derek C. Hathaway

Derek C. Hathaway
Chief Executive Officer

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

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

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending June 30, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Salvatore D. Fazzolari, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

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

August 8, 2007

/s/ Salvatore D. Fazzolari

Salvatore D. Fazzolari
Chief Financial Officer

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