



# Putting **Knowledge** to Work

*We Help Build the World*

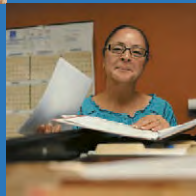
**HARSCO**

2010 Summary Annual Report



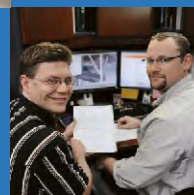
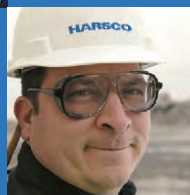
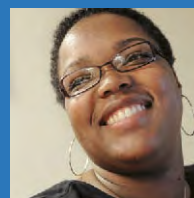
#### Forward-Looking Statements

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 that, 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, among other things, 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®"). These statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe" or other comparable terms. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Please refer to our Annual Report filed on Form 10-K for further discussion.



# Harsco is evolving into a new kind of industrial solutions company.

We're building on our strong innovation heritage to develop solutions that address our customers' toughest operating and environmental challenges. We're cultivating new relationships and adopting new technologies to expand our knowledge base, so our employees can deliver a higher level of insight and value. And we're bringing the strengths of OneHarsco to markets around the world, where customers benefit from our shared knowledge and ability to innovate.



This Summary Annual Report is designed to present our 2010 results in a simple, easy-to-read and cost-efficient format. The more detailed financial information and analysis included in previous annual reports is contained in our Form 10-K filing with the Securities and Exchange Commission, which was distributed to shareholders along with this summary report. A copy of our Form 10-K filing may also be obtained from Harsco Investor Relations at the address on the back cover, or it can be viewed and downloaded from our Harsco website at [www.harsco.com](http://www.harsco.com).

## Fellow Shareholders:

**As we turn the final page on 2010 and transition into 2011, we are cautiously optimistic that after almost three years of turbulence, the worst of the global economic crisis is behind us. We enter 2011 in excellent financial condition, with a significantly lower cost structure and with the transformation of the Company substantially complete. We are well positioned to resume our growth.**

2010 was a year of continuing economic fallout due to the late cycle nature of our Infrastructure business, and as a consequence our 2010 performance fell short of expectations. With the inclusion of a fourth quarter charge of \$84.4 million or \$0.77 per share for realigning the Infrastructure business, income from continuing operations dropped to \$10.9 million, or \$0.13 per diluted share. Our revenues increased slightly to just over \$3.0 billion, an encouraging performance given Infrastructure's steep decline.

We have continued to respond to the external economic challenges with aggressive actions to permanently remove costs from our businesses and lower our break-even points. These initiatives have made us a fitter, healthier company, and the resulting benefits will strengthen our performance for years to come. We added an additional \$85 million in further cost reductions in 2010 to the \$100 million already achieved by our 2008–2009 initiatives, giving us total sustainable cost savings of about \$185 million per year once fully implemented.

We also generated \$209 million in free cash flow in 2010. This is the second-highest total in our history, after the record \$269 million we achieved in 2009. This is an excellent number, particularly given the difficulties we faced, and it speaks to Harsco's exceptional resilience and fiscal health. Among many other benefits, our strong cash flows enabled us to continue our long-standing tradition of predictable and consistent dividend payments to our shareholders.

This past year marked our 71st consecutive year of dividends, going back to 1939.

Harsco Infrastructure continued to struggle as the nonresidential construction market fared far worse than we expected throughout the year. The restructuring that we undertook in the fourth quarter will enable us to right-size this business to current market realities and build a better disciplined and more focused business model for the future. We expect savings from this restructuring of approximately \$43 million in 2011, with full annualized savings of more than \$60 million starting in 2012. Pending the eventual market recovery in this business, we will use 2011 to solidify our base and build the long-term structural improvements that we feel certain will underpin our future success.

The encouraging performance of our three other business platforms suggests that the economic environment may finally be improving in their respective markets. In 2010 Harsco Metals and Harsco Minerals worked side by side as an integrated platform to address the growing customer demand for environmental solutions. Our work for the U.S. Environmental Protection Agency to reclaim an abandoned steel mill site in Alabama won national and local praise for eliminating several million tons of stockpiled slag materials over the next several years at no taxpayer expense. We're positioning these highly synergistic businesses for further growth by expanding into emerging markets and targeting new opportunities for Harsco



**Salvatore D. Fazzolari**

*Chairman, President and Chief Executive Officer*

innovation. These include further penetration into non-steel markets as well as compatible adjacent markets that can benefit from our knowledge-based solutions. For 2010, the Harsco Metals & Minerals segment generated operating income of \$118 million, up 172 percent from a year ago, and sales of \$1.5 billion, an increase of 16 percent.


Another year of record performance from Harsco Rail underscores the increasing scale and strength of this business and the efficiencies being gained through our Lean Continuous Improvement culture. The large Class I-level railroads in particular, both domestically and abroad, are responding to Harsco Rail's integrated solutions-based approach, which combines innovative new equipment technologies with strong aftermarket support and expert contract services. In 2010 Harsco Rail set new records of \$313 million in revenues and \$66 million in operating income.

Harsco Industrial worked actively to build its technology and quality leadership, while continuing its investment in Lean processes. Although revenues and operating income declined in 2010, due principally to the downturn in non-residential construction and higher LIFO costs, our outlook for the future of this business remains upbeat. Under a new generation of leadership, we're executing aggressive plans to use the footprint and resources of "OneHarsco" to scale this group's engineered products across the globe, with near-term market targets of South America, Australia, China and the Middle East.

### **Harsco's Transformation and Renewal**

As we reflect on our performance and the transformation of Harsco, particularly over the past three years, I'm reminded of what Henry David Thoreau once said, *"It is not what you look at that matters, it is what you see."* As we emerge from arguably the most adverse business conditions in our Company's modern history, we see good reason for optimism.

Our balance sheet is in the best shape it has been in more than a decade. We have generated approximately \$600 million in free cash flow over the past three years, a 400 percent increase from the \$122 million we realized during the three global economic boom years of 2005–2007. We have reduced our cost structure by a significant \$185 million. We have grown our Emerging Markets/Rest of the World revenues to 25 percent of our total. More and more we are becoming a total solutions company, well beyond a competent provider of basic services and products. Innovation, technology and efficiency are driving our economic engine and increasing the value we provide. We demonstrated the power of our knowledge-based solutions with our announcement in December 2010 of the significant joint venture we currently are formalizing in China with TISCO, the world's largest stainless steel company. With an expected start-up in early 2012, this new project will tap into our expertise for implementing zero waste management technologies that capture the waste stream by-products of our customers and convert them into productive commercial materials that add to a cleaner environment.



**We have worked hard on building a best-of-class global leadership team. We passionately believe that the “right” people provide the ultimate competitive advantage. We are committed to our core value of recruiting, developing and retaining the “A-Team.”**

We have expanded and rebalanced our international footprint to reduce our dependency on European and North American markets and increase our opportunities in faster-growth developing and emerging markets. Our scalable network now reaches more than 50 countries and will continue to grow. We are well positioned to accelerate our expansion by creating additional joint ventures and alliances with established market partners. By 2015, we expect to generate approximately 35 percent of our total revenues from markets outside of North America and Western Europe, including the all-important emerging and developing markets.

Finally and most important, we have worked hard on building a best-of-class global leadership team. We passionately believe that the “right” people provide the ultimate competitive advantage. We are committed to our core value of recruiting, developing and retaining the “A-Team.” The leaders we have appointed to run each of our four platforms bring renewed vigor and broad global experience to our business. In his first full year leading our Harsco Metals & Minerals segment, Galdino Claro has redefined the way these businesses go to market and has repositioned the group for sustainable and profitable growth as the global metals industry recovers. Ivor Harrington has similarly developed an aggressive turnaround strategy for Harsco Infrastructure that will reduce its cost structure and realign its resources to restore momentum. Scott Jacoby at Harsco Rail and Scott Gerson at Harsco Industrial are

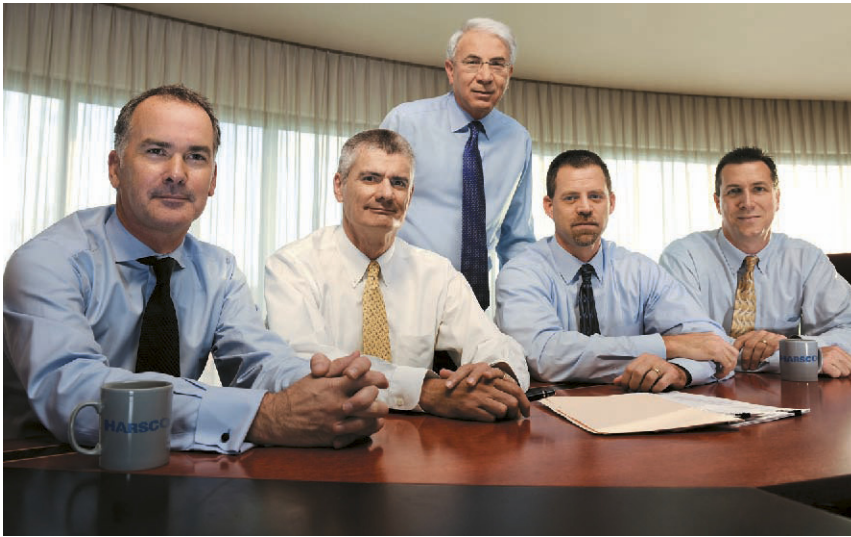
both energetic and highly motivated young leaders who are passionate about their businesses and thrive on creating new opportunities.

### **2011: A Transition Year**

With our critical restructuring and transformation work mainly behind us, we can now look forward with greater confidence to the restoration of growth over the next five years. In several respects, 2011 will be our transition year. Over the course of this year, we will have stabilized the Infrastructure business and put it on a path to increasing profitability. We will enter the start-up phase of key strategic growth investments throughout the world, and we will begin to realize many of the substantial cost reduction benefits that we expect from our Infrastructure realignment. Thus, we look for 2011 to establish the foundation for our return to consistent growth.

### **Global Collaboration, Standardization and Integration: “OneHarsco”**

Going forward, all four Harsco business platforms will benefit from our “connect and collaborate” business model. Becoming “OneHarsco” empowers us to work together more efficiently and maximizes the power of our shared knowledge and resources. This platform also enables us to scale the business more efficiently across the globe and fully leverage our enterprise-wide advantages. One example is our global supply chain initiative, which is starting to deliver more coordinated planning, logistics, scheduling



**Harsco Global Senior Operations Team**

(left to right)

**Ivor J. Harrington**

Executive Vice President and Group CEO  
Harsco Infrastructure

**Galdino J. Claro**

Executive Vice President and Group CEO  
Harsco Metals and Harsco Minerals

**Salvatore D. Fazzolari**

Chairman, President and Chief Executive Officer  
Harsco Corporation

**Scott H. Gerson**

Vice President and Group President  
Harsco Industrial

**Scott W. Jacoby**

Vice President and Group President  
Harsco Rail

**2010 Report Card**

Our Promise	Our Progress
Lower the break-even point of all business platforms	Achieved an additional \$85 million in permanent cost reductions, increasing our three-year total to \$185 million
Deliver \$200 million of free cash flow	Achieved \$209 million of free cash flow
Continue to rebalance the global business footprint with a robust emerging markets strategy	2010 revenues from emerging markets increased to 25%, nearly twice the percentage just three years ago
Improve the business model by investing in technology and innovation	<ul style="list-style-type: none"> <li>• Company-wide implementation of our “Envisioned Future” strategy for becoming a knowledge-based solutions business</li> <li>• New Global Innovation Network for increased collaboration worldwide</li> <li>• Established new office of Chief Technology Officer</li> </ul>
Strengthen the balance sheet to provide a solid foundation for future growth	Reduced our debt-to-capital ratio to approximately 38%, the lowest figure since 1998

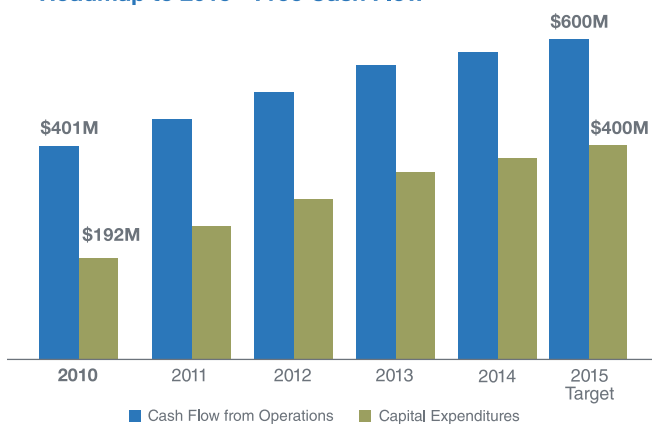
and integration throughout our operations. We will begin to see the financial and operating benefits of this new structure in 2011 and beyond. Another is our focus on significantly improving our sales and marketing discipline. We are developing a highly professional and effective sales and marketing group in each of our major business platforms, particularly Infrastructure and Metals & Minerals. The investment we’re making in this very important part of the organization will enable us to better target and win future business.

We also continue to build and modernize the integrated global computer and engineering systems that are vital to share knowledge and information across our enterprise, and with our customers, suppliers and research partners. These systems underpin our innovation pipeline, and help us deliver more knowledge to help our customers improve their performance.

**Corporate Governance**

With the recent appointments of David C. Everitt of Deere & Company and James M. Loree of Stanley Black & Decker

## Roadmap to 2015—Free Cash Flow



Targeting \$200 million in free cash flow each year

Generate \$1 billion in free cash flow

### Potential uses of free cash flow:

- Sizable Joint Venture Capital Expenditures
- Strategic Acquisitions
- Dividends
- Share Repurchases
- Debt Reduction

to the Harsco Board of Directors, we have filled open Board positions with senior executives from leading corporations having strong global brands and a dedicated emphasis on technology and solutions. They also share our strong commitment to the discipline of Economic Value Added (EVA®). We are grateful for the many contributions of Geoffrey D. H. Butler and D. Howard Pierce as they retire from our Board after a combined three decades of distinguished service to the Board and Company. We also thank Richard Neuffer upon his retirement from Harsco for guiding the successful turnaround and growth of our Rail and Industrial businesses.

It is with great sadness that we also say farewell to Jim Scheiner, who passed away in February 2011 at a too-young age of 66. Jim was a caring, dedicated and conscientious person, one of the finest I've ever known. He joined our Harsco Board in 1995, and his passion for the Company was boundless. He will be truly missed.

## A New Beginning

As the final page is turned on the highly turbulent period of 2008–2010, the new year brings cautious optimism and new momentum. I am pleased that the restructuring of Harsco Infrastructure is mostly behind us, and we can once again start looking forward. Harsco Rail is expected

to continue its strong performance, and we are examining ways to accelerate its growth. The combination of Harsco Metals and Harsco Minerals is already showing benefits, and we are optimistic that this business will be awarded meaningful projects in 2011. And we are also excited about the global expansion of our Harsco Industrial group, which previously was a North America-focused business. Our “OneHarsco” initiative is coming together, and we expect to see our cost structure and break-even points continue to decline as a result over the next five years, particularly as we move into 2012.

We are proud to say throughout Harsco, “*We help build the world.*” Our expertise in generating knowledge-based solutions positions us for long-term growth in key industries that play a fundamental role in economic progress and global infrastructure development. We eagerly look forward to 2011 and the beginning of a new growth era for Harsco and our shareholders.

**Salvatore D. Fazzolari**

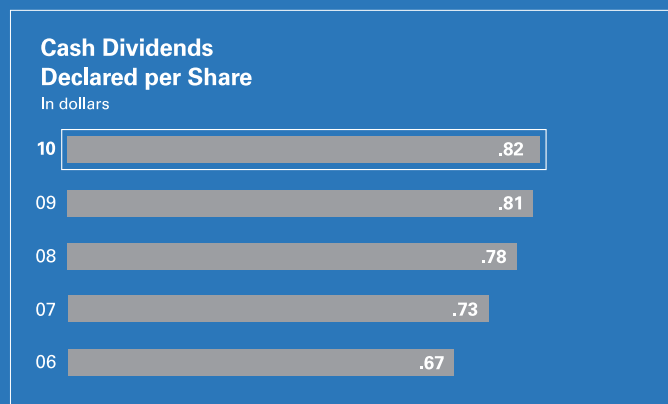
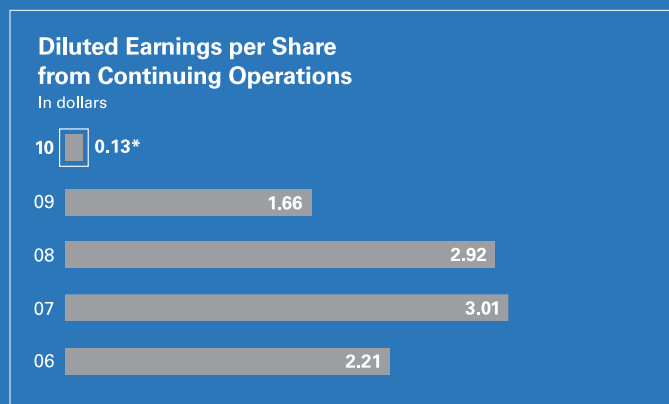
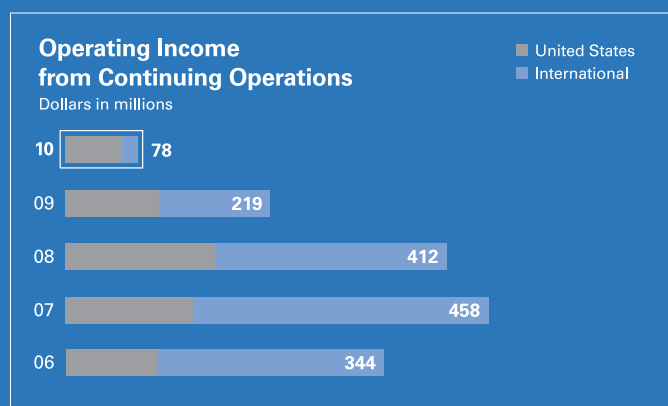
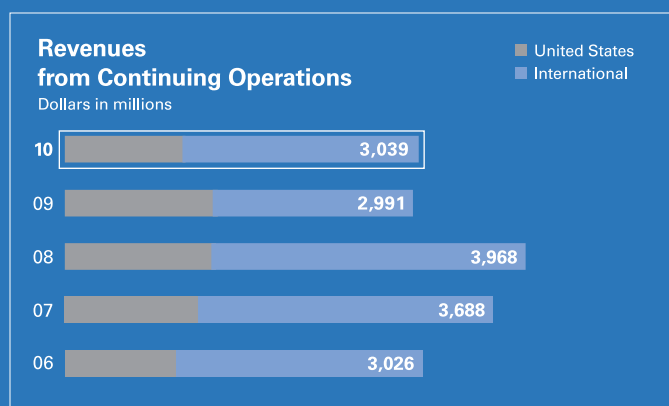
Chairman, President and Chief Executive Officer

March 10, 2011



# Financial Highlights

Dollars in thousands, except per share amounts	2010	2009	2008	2007	2006
Total revenues from continuing operations	<b>\$3,038,678</b>	\$2,990,577	\$3,967,822	\$3,688,160	\$3,025,613
Operating income from continuing operations	<b>78,431</b>	218,656	411,988	457,805	344,309
Income from continuing operations attributable to Harsco Corporation stockholders	<b>10,885</b>	133,838	245,623	255,115	186,402
Current ratio	<b>1.5:1</b>	1.6:1	1.4:1	1.5:1	1.4:1
Return on average capital	<b>2.4%</b>	7.6%	10.6%	11.8%	10.4%
Return on average equity	<b>0.7%</b>	9.1%	14.6%	18.9%	16.4%
Return on average assets	<b>2.3%</b>	6.3%	10.3%	13.0%	12.0%
Debt to total capitalization	<b>37.6%</b>	39.5%	41.1%	40.3%	47.4%
Diluted earnings per share from continuing operations	<b>\$ 0.13*</b>	\$ 1.66	\$ 2.92	\$ 3.01	\$ 2.21
Book value per share	<b>18.23</b>	18.79	18.09	18.99	14.01
Cash dividends declared per share	<b>0.820</b>	0.805	0.78	0.7275	0.665
Diluted average shares outstanding (in thousands)	<b>80,761</b>	80,586	84,029	84,724	84,430
Number of employees	<b>19,300</b>	19,600	21,500	21,500	21,500



\* After fourth quarter restructuring charge of \$0.77 per share



*Area Manager Jerry Holeman and  
Site Manager John Schmalzried at  
the Nucor-Yamato Steel works, where  
Harsco provides onsite mill services.*



*The processing and management of industrial waste streams has become a core specialty of Harsco—and a critical need of our customers throughout the world in response to growing environmental demands.*

# Metals & Minerals

**At Harsco Metals and Harsco Minerals, we are redefining our services by applying innovative technologies and best practices across the entire work stream—from managing materials onsite to transforming by-product wastes into profitable and environmentally beneficial products.**

**We're building new momentum to strengthen our financial performance and transform our customer relationships.**



**There's a new norm in our industries, driven by emerging markets, industry consolidation and changing economics. We're responding with fresh new thinking and a strong execution discipline. Our #1 goal is to grow from being a good service provider to a great solutions partner to our customers.**

Through the natural synergies between our Harsco Metals and Harsco Minerals businesses, we are able to offer customers a unique value proposition. Harsco Metals works side by side with metals producers in more than 30 countries and at more than 160 locations. Our 24/7 onsite partnerships give us an in-depth understanding of the challenges our customers face, and powerful insights into the kinds of solutions that will benefit them. In parallel, Harsco Minerals helps industrial customers in the stainless steel and energy sectors manage their waste streams by recovering valuable metals and turning other by-products into a full range of mineral applications. With the complementary strengths of these two businesses, we can provide customers with new, fully integrated solutions that go far beyond the capabilities of our competitors.

In 2010, we worked on many levels to reinvent ourselves and maximize this opportunity. The past three years of economic downturn produced an unprecedented decline in global steel production. At the same time, our markets have been changing, with large-scale consolidation of some of the industry's major producers and a growing shift to emerging market economies. To build the foundation for our future growth, we have been performing clean sheet assessments of our operations to identify and implement new best practices to manage our labor, assets and capital expenditures more efficiently. We're implementing new strategies to turn around underperforming contracts. We're creating additional operating leverage and economic value by applying our existing resources to support additional contract work with our customers. And we are retooling our procurement system to take better advantage of our global scale.

This new foundation significantly strengthened our 2010 financial performance. Now, as customers start to rebuild production and the capacity utilization rates of their mills gradually climb, our improved cost base and substantially

lower break-even points position us very well to further enhance our future performance.

Reinventing ourselves like this also gives us a solid platform for further change. We continue to improve our business model to better leverage our intrinsic knowledge and expertise to develop new solutions for our customers. We've created a



*Our Global Innovation Network will bring together the best thinking of leading universities, researchers and even other industries to develop new solutions for our customers. In 2010, we established a new research and development relationship with Beijing's University of Science and Technology, China's most prestigious technical institute for iron and steelmaking technologies. Pictured in the foreground are Regional President Dan Attorre with Professor Yanping Bao, Vice Dean of the School of Metallurgical and Ecological Engineering.*

new Chief Technology Office that will help position our Metals and Minerals businesses at the leading edge of innovation for the stainless steel, carbon steel, nonferrous metals and minerals industries. We are creating global centers of excellence where we will work side by side with customers to discover new insights, develop new innovative solutions and deploy



best practices to create value, both for customers and shareholders. Through intelligent networking, we are tapping into the broad expertise of academia, research organizations and the wider scientific community, and we will deploy this acquired knowledge as strategic innovation partners to our customers.

We are already reaping the benefits of our new knowledge-based solutions approach. Late in 2010, we announced the largest joint venture partnership in Harsco history, a 25-year agreement with the world's largest stainless steel company, China's TISCO. As we formalize the detailed agreements and obtain the necessary Chinese government approvals, we are excited to embark on this major collaborative partnership. Together, we will address the processing and metal recovery of TISCO's stainless and carbon steel slag by-products across a wide range of "zero-waste" commercial applications, from mineral recyclables to agricultural and turf fertilizers. The environmental benefits are substantial, as are the potential opportunities for similar partnerships with other major customers.

At a time when our metals and minerals markets continue to face difficult environmental and economic pressures, we are positioning Harsco as the first and only global service provider fully capable of delivering integrated solutions that harness the best available technology and innovation to solve our customers' challenges. Although the market dynamics remain difficult to predict for 2011, we will continue to build deeper and stronger partnerships with our customers, open new markets, drive future value creation and clearly differentiate Harsco from our competition. Whether it is carbon and specialty steel in North America and Europe, aluminum in the Middle East, zinc in Peru, stainless steel in China or ferrochrome in South Africa, our knowledge-based solutions are helping global producers lower their capital expenses and implement sustainable business practices.



## Q&A with Galdino J. Claro

Executive Vice President  
and Group CEO

Harsco Metals and Harsco Minerals

**Q.** What value will Harsco deliver by offering customers integrated metals and minerals solutions?

**A.** Customers seek innovative ways to recycle and reuse by-products so they can lower costs and more effectively manage their waste streams. Harsco is the only full-service provider that brings complementary metals and minerals expertise together to create value across the entire work stream.

**Q.** How effectively does Harsco's global metals and minerals footprint meet the needs of global customers?

**A.** Two trends are changing the landscape of the world steelmaking industry. Industry consolidation is creating larger companies that need proven solutions for managing the waste streams of all their operations. And the industry footprint is shifting toward developing countries that offer better capital and labor dynamics. Harsco has the scale and reach to deliver integrated solutions wherever our customers operate.

**Q.** What knowledge and expertise can customers count on from Harsco to help them reach their key performance goals?

**A.** Our new 3D Innovation™ model will give us powerful capabilities to discover customer challenges, develop leading solutions and deploy best operating practices. It brings together the very best insight and experience in full collaboration with our customers, and enables us to recover and recycle more materials and transform them into environmentally beneficial products.

**Q.** What opportunities does Harsco have to expand its metals services beyond the steel industry?

**A.** In recent years we've reached out to producers of aluminum, zinc, ferrochrome and copper with targeted solutions that help them manage their material flow and remediate their waste streams. Our innovation network will help expand our horizon for new opportunities and new markets. In addition, we work with energy producers to transform ash from power generation into high-quality mineral abrasives and granules. The products we engineer also take us beyond the steel industry with applications in road construction, commercial construction, turf and agriculture.



*Left to right in foreground,  
Doug Greene, Omar Gurrola,  
Lourdes Romero, Tina Sprengle  
and Sadim Garnett, at the  
new Las Vegas Super Center.*



*Our new Super Centers feature a world-class warehouse management system that will serve customers faster, better and more efficiently.*

# Infrastructure

After enduring one of the most challenging years ever in the global construction sector, we enter 2011 fitter, more focused and better integrated, and with a solid plan to restore our growth momentum. Under OneHarsco, we're prepared to deliver more value to our customers than ever before, and to take our expertise to virtually every corner of the world.



**From a hydroelectric plant in Laos, to a flood control system in Venice, to concrete forming of an airport control tower in California, we're using our knowledge and capabilities to deliver differentiated value at some of the world's most complex and visible project sites.**

In most normal times, just about every country is building something, and Harsco Infrastructure has the proven expertise and global footprint to support them. We serve large, complex projects wherever global contractors do business. This past year, however, was anything but normal. We continued to face uncertainty and volatility in virtually all of our core markets.

Our commercial and nonresidential construction clients in particular struggled to obtain capital, and consequently deferred or stopped many of their major projects. Pricing pressures on the limited remaining work grew even more intense. These widespread conditions helped make 2010 an incredibly tough and disappointing year—the weakest yet in the extended down cycle for major construction projects.

This deep trough required urgent action, and also some painful medicine. We have taken deep cuts in our branch structure and staffing in order to bring our business into better alignment with market conditions. We've introduced new leadership and re-tooled our market strategies. This includes sharpening our geographical focus, better managing our equipment, and implementing a new, segment-focused sales process aimed at emphasizing our technical differentiation. As we enter 2011, we expect this new business strategy to stabilize performance and return Harsco Infrastructure to profitable growth in 2012 and beyond.

Going forward, we will increase our focus on larger infrastructure and industrial-sector construction projects where we are able to apply our global footprint, technical expertise

and asset base to deliver improved performance. We're also expanding our support to recurring industrial plant maintenance programs, where we serve as a multi-disciplined provider of industrial insulation services, site services and scaffolding to major petrochemical, energy and manufacturing clients. In 2010, we secured additional work with existing power plant



customers in North America, and with petrochemical customers throughout the United Kingdom and in Europe, most notably Shell and SABIC, two of the world's largest in this sector. Additionally, we signed new service contracts to support customers in the Middle East, and we are pursuing opportunities in China, India, Australia and Latin America.

Our 2010 restructuring will help us better optimize our global footprint so we can respond more flexibly and cost-effectively to customer and market opportunities. We are consolidating our branch and office system so we can serve clients through larger facilities that are strategically positioned and fully equipped to support larger-scale projects and customers.

Our new Super Center in Las Vegas, Nevada, demonstrates the power of this new approach. We combined five existing facilities into a world-class logistics center that manages comprehensive rental equipment resources for scaffolding, shoring and forming to support local sales, engineering and customer service resources throughout the entire southwest U.S. region.

On a parallel path, we are realigning our product assets so we can deliver the right products, to the right places, with the





right designs and installation support to serve customers in different regions and locations. This will include remote areas that are hard to reach, but where we feel we can offer tremendous advantages because of our size and scope. Our markets are worldwide and we have a substantial amount of capability that we can put to work. Now that we are operating as a single business under OneHarsco, our team can draw on the vast knowledge that exists across our organization and apply it to opportunities wherever our customers take us.

Our new global footprint and asset base also require a more effective sales orientation that takes full advantage of both our market insights and the strengths of OneHarsco. We have made new technology investments in sales management tools that give us greater visibility into our prospect pipeline. We've brought in sales leaders who have established new business development parameters and disciplines, and have made each sales associate accountable for building backlog and enhancing customer engagements.

One operating practice that will not change is our total commitment to employee and customer safety, and we intend to further reinforce this area as well. In 2010, SABIC, one of the world's leading petrochemical and industrial companies, awarded us their prestigious Safety, Health and Environment Award for Global Contractors for our safety performance at the Geleen petrochemicals plant in The Netherlands. The award honors more than three years of work at this site without any EU-OSHA violations.

In 2011, we expect to begin seeing the benefits of repositioning our platform, capabilities and resources. We will pursue customer and market opportunities as a re-energized and refocused business that delivers more integrated, knowledge-based solutions and unrivalled total value.



## **Q&A with Ivor J. Harrington**

*Executive Vice President  
and Group CEO  
Harsco Infrastructure*

### **Q. What is your strategy for returning Harsco Infrastructure to greatness?**

**A.** *In this economy, we're working relentlessly to reduce operating costs without removing capability. We're reengineering key processes such as sales and inventory management. We're also building a more efficient global footprint and branch structure. We're looking to grow new partnerships in markets around the world that expand our technical capabilities without increasing our overhead costs. These moves will position us to take full advantage of our technical strengths and seize new opportunities that align with our global capabilities.*

### **Q. How does Harsco Infrastructure help customers address their economic challenges?**

**A.** *We help customers operate more efficiently with lower operating and capital costs by providing innovative ways to shorten and improve new construction or regular plant maintenance schedules. For example, the complex formwork installations we design for bridges can actually require less shoring, and therefore use less equipment. On our industrial sites, we are applying technology solutions such as our proprietary scaffold tracking software to operate with greater efficiency at a time when customers are reducing maintenance budgets.*

### **Q. What differentiates Harsco in the knowledge and expertise it brings to large infrastructure projects?**

**A.** *Our customers recognize our technical skills and global reach; they also look to us for our experience in managing the costs and risks associated with large and complex projects. Design is critical to each project's success. So is our ability to provide the labor required to erect these solutions, to certify them for safety, and then to manage them so they're completed on time and on budget.*

### **Q. What processes does Harsco Infrastructure rely on to create safe job sites?**

**A.** *Safety is a pillar of the Harsco culture. But maintaining safe workplaces and safe practices requires unrelenting effort. We conduct regular safety reviews and inspections, and we run one of the industry's most comprehensive programs for safety training. I intend to heighten our safety focus even further because our performance simply needs to be better.*





*Customer Process Engineer  
Shane Thomason with Harsco  
Rail Sr. Sales Representative  
Buster Johnson, along the  
railway mainline.*



*Harsco Rail's automated drone tamper to the left and TRT-909 track renewal system above are just two of the technology innovations Harsco has introduced to remain at the forefront of railway track maintenance.*

# Rail

Harsco's proprietary technology and expanding geographic footprint keep railroads operating at peak efficiency. We create value by delivering innovative solutions using a powerful blend of game-changing new products, reliable aftermarket support and expert contract services. In 2010 these capabilities helped Harsco Rail deliver another year of record results.



**Our evolution has taken us from being a primary equipment provider to a true knowledge-based partner. We're working closely with leading rail customers around the world to create new solutions that anticipate their future needs.**

We offer integrated programs that begin with some of the industry's most efficient and dependable rail maintenance equipment. Our global aftermarket services deliver the critical spare parts that keep these machines running reliably throughout their lifecycle. And more and more, we're seeing customers turn to our expert contract services to assume direct responsibility for track maintenance and new track construction.

All three areas—equipment, parts and services—contributed to our record performance in 2010. Even as some railroads continued to hold the line on their investments in new rolling stock and infrastructure, we continued to expand our share of the new track maintenance equipment market as customers embrace our innovative new products. We have evolved from



our legacy as a manufacturer and support provider that largely designed and built equipment to order. Today, as a knowledge-based organization, we are working closely with leading rail customers around the world

to gather their input and create new solutions that anticipate their future needs. As examples, the unmanned drone tamper we've developed in North America responds directly to specific customer objectives. It accomplishes the work of a traditional ballast tamping machine while also saving on fuel and manpower. In 2010, we sold nine additional units, and we are now working to apply similar technology to other pieces of equipment. We are also developing a new Automated Switch Inspection Vehicle—a total track solution that helps customers inspect, analyze, plan, schedule and replace switches. To support our innovation pipeline, we plan to more than double our Research and Development budget in 2011.

We are also growing our Aftermarket Parts and Contract Services businesses. These give us a stable and recurring revenue base throughout the equipment lifecycle, and we believe revenues from both these areas will continue to increase as we develop new strategies to serve our expanding global customer base. Together we expect Parts and Services to account for more than 40 percent of our 2011 revenues.

Much of our success reflects our culture of Lean Continuous Improvement, which is driven directly by our employees. Over the last two years, our nine fully trained Continuous Improvement process leaders initiated over 75 Kaizen events that have spanned



our entire organization, from manufacturing to quality, engineering and accounting. More than half of our domestic employees have participated in at least one Continuous Improvement program, and together we have reduced our manufacturing costs and improved our capacity to respond to multiple orders with shorter lead times.

Technology has also contributed to our growth, and we continue to introduce leading-edge tools into the solutions environment. Our engineers are using the latest 3-D design tools to drive innovation and significantly accelerate our ability to turn concepts into real hardware that our customers can put to work. We also continue to increase our capacity to provide customers with fully integrated, turnkey technical solutions that solve their most difficult track-related issues.



*Harsco employees John Glenn III and Juan Medrano stand*

*with the commemorative "gold tie," marking 500,000 new crossties installed accident-free in a single work season. The work included the high-speed rail corridor between St. Louis and Chicago.*



Using our success in North America as a platform, we are also creating new growth opportunities by diversifying our geographic and product



footprint. In China, we continue to add to our presence by securing additional orders with metro transit systems. In Brazil, the rail infrastructure is expanding to support steady GDP growth. Harsco's existing Brazilian footprint gives us a well-established platform to deliver our integrated solutions. We're excited also by the potential opportunities for railway expansion and modernization in the Middle East. In all these locations, we are gaining ground by working hand in hand with railway and rapid transit system operators, engineers and maintenance teams to address their needs. We're listening and we're responding—better than ever before.



**Q&A with Scott W. Jacoby**  
*Vice President and Group President  
Harsco Rail*

**Q.** How will customers benefit as Harsco Rail continues to evolve from an equipment manufacturer to a solutions provider?

**A.** Global rail customers can now tap our expertise to improve virtually every facet of their track operations. We're applying our innovation and experience to develop new products that create competitive advantage and lower the costs of railway maintenance. Our aftermarket parts keep equipment operating and improve long-term returns on investment. Customers who use our outsourced track maintenance services benefit from our comprehensive approach to total track maintenance equipment operation and fleet maintenance, which allows them to concentrate on what they do best—moving freight and people.

**Q.** How is Harsco Rail positioned to help drive the expansion of the global rail industry?

**A.** Railway systems are expanding almost everywhere, from North America to India, China, Brazil and the Middle East. We're building our expertise in all these markets. In the past two years alone, we've established physical offices and onsite personnel in several of these markets. The new relationships we are building today create long-term opportunities for our support of customers' operations.

**Q.** How important has the multi-year production order in China been to Harsco Rail's growth?

**A.** We will continue to build and deliver on this order throughout 2011 and into 2012. Having it on the books has enabled us to improve our engineering, purchasing and manufacturing processes and become a leaner and more efficient organization. At the same time, it has given us the opportunity to reach out and expand our global base with other customers. As such, I'd say it has underpinned the growth of our business across the board.

**Q.** What impact is Harsco Rail's culture of Continuous Improvement having on operations?

**A.** Continuous Improvement has changed the way we do business. It's not a special initiative—it's the way we operate. It has allowed us to grow more profitably. It has helped us improve cycle times and plan our key strategic goals through policy deployment. Our experience puts us in a better position to provide efficient knowledge-based solutions to our customers.



*Left to right, Arturo Laguna, QC Inspector; Stephanie Bargas, Applications Engineer; and 50-year employee Bic Bickford, Technical Product Advisor, at the Harsco Industrial Air-X-Changers plant.*



*Future markets for our air-cooled heat exchangers include anywhere in the world there are large reserves of natural gas to be compressed or transported.*

# Industrial

**Harsco's engineered products help our customers meet the growing demand for natural gas, address the grating requirements of infrastructure projects and reduce energy costs for commercial and institutional buildings. Under the OneHarsco umbrella, we are tapping the worldwide Harsco footprint to expand our base of operations and deploy new strategies designed to accelerate our growth.**



**Our goal is to continually reinvent ourselves with innovative, knowledge-based solutions that stay ahead of our competition and serve an ever-expanding global customer base.**



Harsco Industrial is evolving from a primarily domestic U.S. manufacturer of engineered industrial products to a global enterprise that can support customers around the world. Each of our three Harsco Industrial businesses is expanding its footprint by using Harsco's existing in-country

resources and experience to create new business opportunities and alliances.

In 2010 the Harsco Industrial Air-X-Changers business set the groundwork for an expected 2011 joint venture in Australia, a region with plentiful shale-based natural gas reserves. With global rig counts on the rise, our made-to-order products help natural gas producers increase their up-time and efficiency while realizing important environmental and economic benefits. We are sharing knowledge and cultivating skills to ensure that our highly engineered products are built locally with the consistently high level of quality our customers expect. Our strategy for establishing local joint venture partnerships



helps limit the amount of Harsco capital required to support our expansion, and enables us to enter new markets more rapidly.

The Harsco Industrial IKG grating business is pursuing a similar joint venture strategy with encourag-

ing prospects in both Brazil and China. In Brazil, the 2014 World Cup and 2016 Olympic Games are expected to add to an already strong climate for infrastructure revitalization and expansion that also applies to other parts of Latin America. Our rugged industrial grating products provide the durable open-grid walkways and flooring used extensively in high-traffic public spaces, manufacturing plants and other industrial sites such as offshore oil and gas platforms. In China, our joint venture prospects will enable us to respond more quickly and competitively to China's significant infrastructure investment while also producing materials that can be exported throughout the region.

Our Harsco Industrial Patterson-Kelley commercial water heating and boiler systems are reinforcing our long-held position as the technology of choice to help large institutions and commercial building properties lower their energy costs and operate with smaller equipment footprints. To maintain our product leadership, we are building a new innovation methodology that



combines voice-of-the-customer input with Design for LeanSigma quality and efficiency. By 2015, we expect this methodology to help us generate a sizable component of our revenues from products developed and brought to market within 18 months or less.





This initiative is an extension of the sharp focus on Lean manufacturing and knowledge-based solutions we apply across all our Industrial businesses. In three years, Lean processes have already produced more than \$1 million in bottom-line savings. We are training certified practitioners within all our businesses and sharing this knowledge with our joint venture partners and key suppliers to introduce the same practices.



We have also become a more valued partner to our customers and distributors, where we are applying our engineering and IT expertise to help them reduce costs, automate and integrate processes and gain market share.

These relationships position us to continue to leapfrog

our competition and grow with our customers for years to come.

In 2011 our expectations for the Harsco Industrial group include incremental growth in free cash flow and improved EVA performance. We will use our global footprint to pursue aggressive growth in Latin America, Australia, China and the Middle East. By 2015, we look to produce 30 percent of Harsco Industrial's revenues from markets outside the United States.



**Q&A with Scott H. Gerson**  
*Vice President and Group President  
 Harsco Industrial*

**Q.** How does Harsco Industrial help the Company create value?

**A.** *The global markets we serve—natural gas, industrial construction and large commercial institutions—are all fundamental to the world's economic growth and progress. We've been successful in generating significant free cash flow for our shareholders. We also have a long history of delivering the consistent EVA growth shareholders expect, while at the same time placing a relatively low demand on the Company's capital.*

**Q.** How will OneHarsco contribute to Harsco Industrial's global growth strategy?

**A.** *Harsco's global network gives us direct access to Company resources, facilities and expertise in more than 50 countries. As a result, we can follow our customers anywhere in the world they need us and serve them through local facilities and regional support centers. We also can share customer knowledge and contacts with other Harsco businesses to identify new sales opportunities. Harsco has tremendous strength overall that we're just starting to access.*

**Q.** What knowledge-based solutions can Harsco Industrial provide its global customers and distributors?

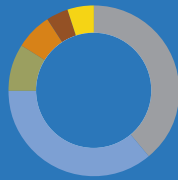
**A.** *As early adopters of Lean processes, we've developed the experience and resources across our organization to streamline processes and eliminate waste. We've also developed significant expertise in engineering and IT infrastructure that we're able to share with our global partners to build competitive edge and gain market share.*

**Q.** As the new leader for the Harsco Industrial group, what strikes you most about these businesses?

**A.** *The quality of our people and our products speaks for itself. What I've been most surprised and excited to discover is the untapped global potential of these businesses. I'm looking onward to what's ahead for us, and I know my people are, too.*

# Harsco At a Glance

Global Revenue Sources



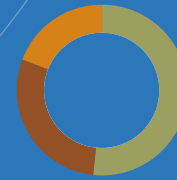
- Western Europe 39%
- North America 36%
- Latin America 9%
- Middle East and Africa 7%
- Eastern Europe 4%
- Asia-Pacific 5%

2010 Revenues



- Metals & Minerals 48%
- Infrastructure 34%
- Rail 10%
- Industrial 8%

2010 Operating Income



- Metals & Minerals 150%
- Infrastructure -185%
- Rail 84%
- Industrial 55%
- Corporate -4%

We operate in more than 50 countries and employ approximately 19,000 people.

## Operating Companies

## Description

## Major Services & Products



- The world's largest provider of 24/7 onsite environmental and logistics solutions to the global metals industry; operations at over 160 sites in more than 30 countries

- Proprietary technologies and services for minimizing the environmental impacts of waste streams from metals production
- 24/7 onsite services for the recovery and handling of metal production metallics and by-products
- Mineral products for a range of commercial applications including industrial abrasives, roofing granules, and agricultural and turf soil conditioners



- Industry pioneer in transforming steel and energy industry by-products into commercially viable applications



- One of the world's largest and most complete providers of engineered access and forming systems for major construction and industrial maintenance projects
- Balanced global footprint and comprehensive range of equipment and services to serve customers in every location they operate

- The industry's broadest portfolio of rental equipment and installation solutions and related engineering expertise for scaffolding, shoring and concrete forming systems
- Access services and equipment for industrial plant maintenance
- Award-winning emphasis on safety



- A global leader in providing equipment and service solutions for the maintenance and construction of railway track
- Increasing customer-focused technology and new-product development pipeline

- Comprehensive equipment, parts and contract services for railway track maintenance and new track construction, including rail grinding, track renewal and reconditioning, and track stabilization



- Engineered products for industries that are fundamental to world economic growth and progress
- Strong free cash flow and EVA<sup>®</sup> generation

- Air-cooled heat exchangers for natural gas compression and pipeline distribution
- Steel grating for industrial and commercial flooring and safety walkways
- Ultra-efficient heat transfer systems for heating and hot water service in large commercial and institutional buildings

Total Revenues

**\$3.0 billion** ▲ 2%

Operating Income

**\$78 million** ▼ 64%

Operating Margin

**2.60%** ▼ 470 bps

Diluted Earnings per Share

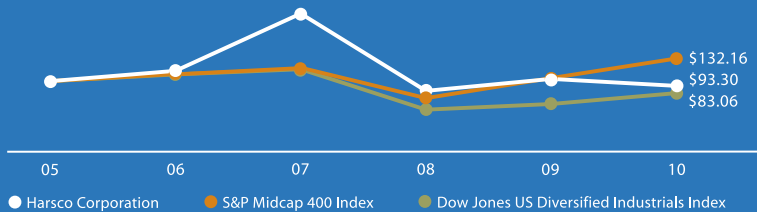
**\$0.13** ▼ 92%

Declared Dividends per Share

**\$0.820** ▲ 2%

### Comparison of Five-Year Cumulative Total Returns\*

Among Harsco Corporation, the S&P Midcap 400 Index and the Dow Jones Diversified Industrials Index



	12/05	12/06	12/07	12/08	12/09	12/10
Harsco Corporation	\$100.00	114.65	195.88	86.22	103.21	93.30
S&P Midcap 400	100.00	110.32	119.12	75.96	104.36	132.16
Dow Jones US Diversified Industrials	100.00	109.54	116.92	59.57	67.61	83.06

\* \$100 invested on 12/31/05 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

### Markets

- Global and regional producers of carbon steel, stainless steel, aluminum, zinc and copper
- Commercial and industrial users of mineral products including the agriculture, turf, and construction and restoration industries

- Serves the worldwide industrial maintenance, infrastructure construction and commercial and multi-family construction sectors
- Increasing focus on larger, more complex projects in the global infrastructure and industrial sectors

- Major domestic and international railways, short lines and high-speed metro transit systems
- Expanding footprint includes significant emphasis in emerging markets, including China, Brazil, India and the Middle East and Africa

- Natural gas processors, industrial plant and safety engineers, and boiler and water heater equipment operators and distributors
- Significant growth potential through leveraging of "OneHarsco"

### 2010 Highlights

- Repositioned the Metals and Minerals businesses as a co-integrated solutions provider for customers
- Exceeded sales goal for the year
- Significantly lowered the cost base and break-even point of the business
- Strengthened the leadership team
- Healthy project pipeline; well-positioned for market upturn



- Implemented broad-based restructuring to right-size and align the business for new market conditions
- New leadership and strategies in place
- Implemented significant cost reductions and permanently reduced break-even point to restore competitive advantage



- Posted record performance and growing global market penetration
- Ongoing implementation of Lean Continuous Improvement initiatives to enhance efficiency and responsiveness



- Strong EVA® value generation
- Successful expansion of the heat exchangers business into Australia
- Received one of our largest-ever single orders for heat transfer products



## Management's Report on Internal Control Over Financial Reporting

Management of Harsco Corporation, together with its consolidated subsidiaries (the Company), is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections

of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management has assessed the effectiveness of its internal control over financial reporting at December 31, 2010 based on the framework established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting is effective at December 31, 2010.



Salvatore D. Fazzolari  
Chairman, President and Chief Executive Officer  
February 24, 2011



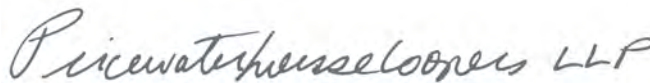
Stephen J. Schnoor  
Senior Vice President, Chief Financial Officer and Treasurer  
February 24, 2011

## Report of Independent Registered Public Accounting Firm

### To The Stockholders of Harsco Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Harsco Corporation and its subsidiaries as of December 31, 2010 and 2009 and the related consolidated statements of income, changes in equity, cash flows and comprehensive income for each of the three years in the period ended December 31, 2010 (not presented herein) appearing in Harsco's annual report on Form 10-K for the year ended December 31, 2010; and in our report dated February 24, 2011, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



PricewaterhouseCoopers LLP  
February 24, 2011

## Condensed Consolidated Balance Sheets

<i>(In thousands, except share amounts)</i>	December 31, 2010	December 31, 2009
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 124,238	\$ 94,184
Trade accounts receivable, net	585,301	598,318
Other receivables	29,299	30,865
Inventories	271,617	291,174
Other current assets	144,491	154,797
<b>Total current assets</b>	<b>1,154,946</b>	<b>1,169,338</b>
Property, plant and equipment, net	1,366,973	1,510,801
Goodwill	690,787	699,041
Intangible assets, net	120,959	150,746
Other assets	135,555	109,314
<b>Total assets</b>	<b>\$3,469,220</b>	<b>\$3,639,240</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 31,197	\$ 57,380
Current maturities of long-term debt	4,011	25,813
Accounts payable	261,509	215,504
Accrued compensation	83,928	67,652
Income taxes payable	9,718	5,931
Dividends payable	16,505	16,473
Insurance liabilities	25,844	25,533
Advances on contracts	128,794	149,413
Other current liabilities	206,358	187,403
<b>Total current liabilities</b>	<b>767,864</b>	<b>751,102</b>
Long-term debt	849,724	901,734
Deferred income taxes	35,642	90,993
Insurance liabilities	62,202	61,660
Retirement plan liabilities	223,777	250,075
Other liabilities	61,866	73,842
<b>Total liabilities</b>	<b>2,001,075</b>	<b>2,129,406</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>HARSCO CORPORATION STOCKHOLDERS' EQUITY</b>		
Preferred stock, Series A junior participating cumulative preferred stock	-	-
Common stock, par value \$1.25, issued 111,611,102 and 111,387,185 shares at December 31, 2010 and 2009, respectively	139,514	139,234
Additional paid-in capital	141,298	137,746
Accumulated other comprehensive loss	(185,932)	(201,684)
Retained earnings	2,073,920	2,133,297
Treasury stock, at cost (31,097,043 and 31,034,126 shares at December 31, 2010 and 2009, respectively)	(737,106)	(735,016)
<b>Total Harsco Corporation stockholders' equity</b>	<b>1,431,694</b>	<b>1,473,577</b>
Noncontrolling interests	36,451	36,257
<b>Total equity</b>	<b>1,468,145</b>	<b>1,509,834</b>
<b>Total liabilities and equity</b>	<b>\$3,469,220</b>	<b>\$3,639,240</b>

The complete financial statements for Harsco Corporation as of December 31, 2010 may be found in the Company's Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on February 24, 2011.

## Condensed Consolidated Statements of Income

(In thousands, except per share amounts)

Years ended December 31	2010	2009	2008
<b>Revenues from continuing operations:</b>			
Service revenues	\$2,511,505	\$2,442,198	\$3,340,456
Product revenues	527,173	548,379	627,366
<b>Total revenues</b>	<b>3,038,678</b>	<b>2,990,577</b>	<b>3,967,822</b>
<b>Costs and expenses from continuing operations:</b>			
Cost of services sold	1,994,637	1,897,408	2,484,975
Cost of products sold	342,242	354,730	441,445
Selling, general and administrative expenses	532,624	509,071	602,169
Research and development expenses	4,271	3,151	5,295
Other expenses	86,473	7,561	21,950
<b>Total costs and expenses</b>	<b>2,960,247</b>	<b>2,771,921</b>	<b>3,555,834</b>
<b>Operating income from continuing operations</b>	<b>78,431</b>	<b>218,656</b>	<b>411,988</b>
Interest income	2,668	2,928	3,608
Interest expense	(60,623)	(62,746)	(73,160)
<b>Income from continuing operations before income taxes and equity income</b>	<b>20,476</b>	<b>158,838</b>	<b>342,436</b>
Income tax expense	(4,276)	(18,509)	(91,820)
Equity in income of unconsolidated entities, net	390	504	901
<b>Income from continuing operations</b>	<b>16,590</b>	<b>140,833</b>	<b>251,517</b>
<b>Discontinued operations:</b>			
Loss on disposal of discontinued business	(7,249)	(21,907)	(1,747)
Income tax benefit (expense) related to discontinued business	3,118	6,846	(2,931)
<b>Loss from discontinued operations</b>	<b>(4,131)</b>	<b>(15,061)</b>	<b>(4,678)</b>
<b>Net income</b>	<b>12,459</b>	<b>125,772</b>	<b>246,839</b>
Less: Net income attributable to noncontrolling interests	(5,705)	(6,995)	(5,894)
<b>Net income attributable to Harsco Corporation</b>	<b>\$ 6,754</b>	<b>\$ 118,777</b>	<b>\$ 240,945</b>
<b>Amounts attributable to Harsco Corporation common stockholders:</b>			
Income from continuing operations, net of tax	\$ 10,885	\$ 133,838	\$ 245,623
Loss from discontinued operations, net of tax	(4,131)	(15,061)	(4,678)
<b>Net income attributable to Harsco Corporation common stockholders</b>	<b>\$ 6,754</b>	<b>\$ 118,777</b>	<b>\$ 240,945</b>
Weighted-average shares of common stock outstanding	80,569	80,295	83,599
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:			
Continuing operations	\$ 0.14	\$ 1.67	\$ 2.94
Discontinued operations	(0.05)	(0.19)	(0.06)
<b>Basic earnings per share attributable to Harsco Corporation common stockholders</b>	<b>\$ 0.08<sup>(a)</sup></b>	<b>\$ 1.48</b>	<b>\$ 2.88</b>
Diluted weighted-average shares of common stock outstanding	80,761	80,586	84,029
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:			
Continuing operations	\$ 0.13	\$ 1.66	\$ 2.92
Discontinued operations	(0.05)	(0.19)	(0.06)
<b>Diluted earnings per share attributable to Harsco Corporation common stockholders</b>	<b>\$ 0.08</b>	<b>\$ 1.47</b>	<b>\$ 2.87<sup>(a)</sup></b>

(a) Does not total due to rounding.

The complete financial statements for Harsco Corporation as of December 31, 2010 may be found in the Company's Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on February 24, 2011.

## Condensed Consolidated Statements of Cash Flows

(In thousands)

Years ended December 31

	2010	2009	2008
<b>Cash flows from operating activities:</b>			
Net income	\$ 12,459	\$ 125,772	\$ 246,839
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation	279,234	282,976	307,847
Amortization	36,005	28,555	30,102
Equity in income of unconsolidated entities, net	(390)	(504)	(901)
Dividends or distributions from unconsolidated entities	176	410	484
Loss on disposal of discontinued business	7,249	21,907	1,747
Harsco Infrastructure Segment restructuring plan	72,975	–	–
Other, net	(20,629)	(15,762)	61,244
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:			
Accounts receivable	4,395	111,207	34,198
Inventories	12,599	35,798	(24,238)
Accounts payable	36,529	(54,701)	(22,144)
Accrued interest payable	(2,615)	(1,305)	3,841
Accrued compensation	16,305	(23,402)	(15,843)
Income taxes	(18,480)	(36,692)	(76,346)
Advances on contracts	(20,822)	4,242	92,580
Other assets and liabilities	(13,563)	(44,043)	(65,134)
<b>Net cash provided by operating activities</b>	<b>401,427</b>	<b>434,458</b>	<b>574,276</b>
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment	(192,348)	(165,320)	(457,617)
Purchase of businesses, net of cash acquired*	(27,643)	(103,241)	(15,539)
Proceeds from sales of assets	22,663	2,115	24,516
Other investing activities	(4,695)	(2,914)	5,222
<b>Net cash used by investing activities</b>	<b>(202,023)</b>	<b>(269,360)</b>	<b>(443,418)</b>
<b>Cash flows from financing activities:</b>			
Short-term borrowings, net	(25,706)	(79,670)	65,239
Current maturities and long-term debt:			
Additions	747,213	482,493	975,393
Reductions	(821,038)	(487,171)	(996,173)
Cash dividends paid on common stock	(65,976)	(63,813)	(65,632)
Dividends paid to noncontrolling interests	(5,850)	(3,487)	(5,595)
Purchase of noncontrolling interests	(1,159)	(13,057)	–
Contributions of equity from noncontrolling interest	698	5,332	–
Common stock issued-options	997	995	1,831
Common stock acquired for treasury	–	–	(128,577)
Other financing activities	(700)	(5,705)	(2,025)
<b>Net cash used by financing activities</b>	<b>(171,521)</b>	<b>(164,083)</b>	<b>(155,539)</b>
Effect of exchange rate changes on cash	2,171	1,833	(5,816)
Net increase (decrease) in cash and cash equivalents	30,054	2,848	(30,497)
Cash and cash equivalents at beginning of period	94,184	91,336	121,833
<b>Cash and cash equivalents at end of period</b>	<b>\$ 124,238</b>	<b>\$ 94,184</b>	<b>\$ 91,336</b>
<b>*Purchase of businesses, net of cash acquired</b>			
Working capital, other than cash	\$ (1,918)	\$ (2,399)	\$ (263)
Property, plant and equipment	(15,600)	(68,906)	(11,961)
Other noncurrent assets and liabilities, net	(10,125)	(31,936)	(3,315)
<b>Net cash used to acquire businesses</b>	<b>\$ (27,643)</b>	<b>\$(103,241)</b>	<b>\$ (15,539)</b>

The complete financial statements for Harsco Corporation as of December 31, 2010 may be found in the Company's Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on February 24, 2011.

## Condensed Consolidated Statements of Changes in Equity

(In thousands, except share and per share amounts)	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
	Issued	Treasury					
<b>Balances, January 1, 2008</b>	\$138,665	\$(603,169)	\$128,622	\$1,903,049	\$ (129)	\$38,023	\$1,605,061
Net income				240,945		5,894	246,839
Cash dividends declared:							
Common @ \$0.78 per share				(64,824)			(64,824)
Noncontrolling interests						(5,595)	(5,595)
Translation adjustments, net of deferred income taxes of \$85,526					(154,572)	(2,026)	(156,598)
Cash flow hedging instrument adjustments, net of deferred income taxes of \$(7,655)					20,812		20,812
Pension liability adjustments, net of deferred income taxes of \$29,057					(74,340)		(74,340)
Marketable securities unrealized gains, net of deferred income taxes of \$38					(70)		(70)
Stock options exercised, 121,176 shares	152		3,336				3,488
Net issuance of stock – vesting of restricted stock units, 56,847 shares	108	(1,457)	(108)				(1,457)
Treasury shares repurchased, 4,463,353 shares		(128,577)					(128,577)
Amortization of unearned compensation on restricted stock units, net of forfeitures			5,233				5,233
<b>Balances, December 31, 2008</b>	\$138,925	\$(733,203)	\$137,083	\$2,079,170	\$(208,299)	\$36,296	\$1,449,972
Net income				118,777		6,995	125,772
Cash dividends declared:							
Common @ \$0.805 per share				(64,650)			(64,650)
Noncontrolling interests						(3,487)	(3,487)
Translation adjustments, net of deferred income taxes of \$(21,866)					96,802	262	97,064
Cash flow hedging instrument adjustments, net of deferred income taxes of \$10,849					(30,041)		(30,041)
Purchase of subsidiary shares from noncontrolling interests			(3,905)			(9,141)	(13,046)
Contributions of equity from noncontrolling interest						5,332	5,332
Pension liability adjustments, net of deferred income taxes of \$26,012					(60,150)		(60,150)
Marketable securities unrealized loss, net of deferred income taxes of \$(2)					4		4
Stock options exercised, 92,250 shares	115	(423)	1,366				1,058
Net issuance of stock – vesting of restricted stock units, 101,918 shares	194	(1,390)	(684)				(1,880)
Amortization of unearned compensation on restricted stock units, net of forfeitures			3,886				3,886
<b>Balances, December 31, 2009</b>	\$139,234	\$(735,016)	\$137,746	\$2,133,297	\$(201,684)	\$36,257	\$1,509,834
Net income				6,754		5,705	12,459
Cash dividends declared:							
Common @ \$0.82 per share				(66,131)			(66,131)
Noncontrolling interests						(5,850)	(5,850)
Translation adjustments, net of deferred income taxes of \$7,612					(6,430)	(203)	(6,633)
Cash flow hedging instrument adjustments, net of deferred income taxes of \$347					(700)		(700)
Purchase of subsidiary shares from noncontrolling interests			(1,003)			(156)	(1,159)
Contributions of equity from noncontrolling interest						698	698
Pension liability adjustments, net of deferred income taxes of \$(9,727)					22,872		22,872
Marketable securities unrealized loss, net of deferred income taxes of \$(7)					10		10
Stock options exercised, 115,493 shares	144	(836)	1,446				754
Net issuance of stock – vesting of restricted stock units, 69,515 shares	136	(1,254)	(188)				(1,306)
Amortization of unearned compensation on restricted stock units, net of forfeitures			3,297				3,297
<b>Balances, December 31, 2010</b>	\$139,514	\$(737,106)	\$141,298	\$2,073,920	\$(185,932)	\$36,451	\$1,468,145

The complete financial statements for Harsco Corporation as of December 31, 2010 may be found in the Company's Form 10-K for the year ended December 31, 2010, as filed with the Securities and Exchange Commission on February 24, 2011.



## Five-Year Statistical Summary

<i>(In thousands, except per share, employee information and percentages)</i>	2010	2009 <sup>(a)</sup>	2008	2007 <sup>(b)</sup>	2006
<b>Income Statement Information attributable to Harsco Corporation common stockholders<sup>(c)</sup></b>					
Revenues from continuing operations	\$3,038,678	\$2,990,577	\$3,967,822	\$3,688,160	\$3,025,613
Income from continuing operations	10,885	133,838	245,623	255,115	186,402
Income (loss) from discontinued operations	(4,131)	(15,061)	(4,678)	44,377	9,996
Net income attributable to Harsco Corporation	6,754	118,777	240,945	299,492	196,398
<b>Financial Position and Cash Flow Information</b>					
Working capital	\$ 387,082	\$ 418,237	\$ 317,062	\$ 471,367	\$ 320,847
Total assets	3,469,220	3,639,240	3,562,970	3,905,430	3,326,423
Long-term debt	849,724	901,734	891,817	1,012,087	864,817
Total debt	884,932	984,927	1,012,883	1,080,794	1,063,021
Depreciation and amortization (including discontinued operations)	315,239	311,531	337,949	306,413	252,982
Capital expenditures	192,348	165,320	457,617	443,583	340,173
Cash provided by operating activities	401,427	434,458	574,276	471,740	409,239
Cash used by investing activities	(202,023)	(269,360)	(443,418)	(386,125)	(359,455)
Cash used by financing activities	(171,521)	(164,083)	(155,539)	(77,687)	(84,196)
<b>Ratios</b>					
Return on sales <sup>(d)</sup>	0.4%	4.5%	6.2%	6.9%	6.2%
Return on average equity <sup>(e)(f)</sup>	0.7%	9.1%	14.6%	18.9%	16.4%
Current ratio	1.5:1	1.6:1	1.4:1	1.5:1	1.4:1
Total debt to total capital <sup>(f)(g)</sup>	37.6%	39.5%	41.1%	40.3%	47.4%
<b>Per Share Information attributable to Harsco Corporation common stockholders<sup>(h)</sup></b>					
Basic – Income from continuing operations	\$ 0.14	\$ 1.67	\$ 2.94	\$ 3.03	\$ 2.22
– Income (loss) from discontinued operations	(0.05)	(0.19)	(0.06)	0.53	0.12
– Net income	\$ 0.08 <sup>(i)</sup>	\$ 1.48	\$ 2.88	\$ 3.56	\$ 2.34
Diluted – Income from continuing operations	\$ 0.13	\$ 1.66	\$ 2.92	\$ 3.01	\$ 2.21
– Income (loss) from discontinued operations	(0.05)	(0.19)	(0.06)	0.52	0.12
– Net income	\$ 0.08	\$ 1.47	\$ 2.87 <sup>(i)</sup>	\$ 3.53	\$ 2.33
Book value <sup>(f)</sup>	\$ 18.23	\$ 18.79	\$ 18.09	\$ 18.99	\$ 14.01
Cash dividends declared per share	\$ 0.82	\$ 0.805	\$ 0.78	\$ 0.7275	\$ 0.665
<b>Other Information</b>					
Diluted average number of shares outstanding <sup>(h)</sup>	80,761	80,586	84,029	84,724	84,430
Number of employees	19,300	19,600	21,500	21,500	21,500
Backlog from continuing operations <sup>(i)</sup>	\$ 415,766	\$ 490,863	\$ 639,693	\$ 448,054	\$ 236,460

(a) Includes ESCO Interamerica, Ltd. acquired November 10, 2009 (Harsco Infrastructure Segment).

(b) Includes Excell Minerals acquired February 1, 2007 (Harsco Metals & Minerals Segment).

(c) 2006 income statement information is reclassified to reflect the Gas Technologies Segment as Discontinued Operations. This Segment was disposed on December 7, 2007.

(d) Return on sales is calculated by dividing income from continuing operations by revenues from continuing operations.

(e) Return on average equity is calculated by dividing income from continuing operations by average equity throughout the year.

(f) 2006 through 2008 have been restated in order to include noncontrolling interests, previously referred to as minority interests, as a component of equity in accordance with the changes to consolidation accounting and reporting issued by the Financial Accounting Standards Board January 1, 2009.

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

(h) 2006 per share information is restated to reflect the 2-for-1 stock split effective in the first quarter of 2007.

(i) Does not total due to rounding.

(j) Excludes the estimated amount of long-term mill service contracts, which had estimated future revenues of \$3.5 billion, \$3.6 billion and \$4.1 billion at December 31, 2010, 2009 and 2008, respectively. Also excludes backlog of the Harsco Infrastructure Segment and the roofing granules and industrial abrasives business within the Harsco Metals & Minerals Segment. These amounts are generally not quantifiable due to the nature and timing of the products and services provided.

## Board of Directors and Senior Management

(As of March 10, 2011)

### Board of Directors

#### Salvatore D. Fazzolari

Chairman, President  
and Chief Executive Officer  
Harsco Corporation  
*Director since 2002*

#### Kathy G. Eddy <sup>1C, 3</sup>

CPA and Founding Partner  
McDonough, Eddy, Parsons & Baylous, AC  
*Director since 2004*

#### David C. Everitt

President, Agriculture and Turf Division—  
North America, Asia, Australia,  
Sub-Saharan and South Africa,  
and Global Tractor and Turf Products  
Deere & Company  
*Director since 2010*

#### Stuart E. Graham <sup>1, 3C</sup>

Retired Chief Executive Officer  
Skanska AB  
Chairman  
Skanska USA  
*Director since 2009*

#### Terry D. Growcock <sup>2C, 3</sup>

Retired Chairman  
The Manitowoc Company  
*Director since 2008*

#### Henry W. Kneuppel <sup>1</sup>

Chairman and Chief Executive Officer  
Regal Beloit Corporation  
*Director since 2008*

#### James M. Loree

Executive Vice President  
and Chief Operating Officer  
Stanley Black & Decker  
*Director since 2010*

#### D. Howard Pierce <sup>2</sup>

Retired President  
and Chief Executive Officer  
ABB Inc.  
*Director since 2001*

#### Andrew J. Sordoni, III <sup>1, 3</sup>

Chairman  
Sordoni Construction Services, Inc.  
*Director since 1988*

#### Dr. Robert C. Wilburn <sup>2</sup>

Principal  
The Wilburn Group  
*Director since 1986*  
*Serves as Lead Director*

#### Board Committees

<sup>1</sup> Audit Committee

<sup>2</sup> Management Development and  
Compensation Committee

<sup>3</sup> Nominating and Corporate Governance  
Committee

<sup>C</sup> Indicates Committee Chair

### Senior Management

#### Salvatore D. Fazzolari

Chairman, President  
and Chief Executive Officer

#### Galdino J. Claro

Executive Vice President and Group CEO  
Harsco Metals and Harsco Minerals

#### Ivor J. Harrington

Executive Vice President and Group CEO  
Harsco Infrastructure

#### Stephen J. Schnoor

Sr. Vice President, Chief Financial Officer  
and Treasurer

#### Mark E. Kimmel

Sr. Vice President, Chief Administrative Officer,  
General Counsel and Corporate Secretary

#### Scott W. Jacoby

Vice President and Group President  
Harsco Rail

#### Scott H. Gerson

Vice President and Group President  
Harsco Industrial

#### Douglas Eubanks

Vice President and Chief Information Officer

#### Michael H. Kolinsky

Vice President – Taxes

#### Barry E. Malamud

Vice President – Audit

#### Richard A. Sullivan

Vice President – Business Transformation  
and Chief Supply Chain Officer

#### Eugene M. Truett

Vice President – Investor Relations and Credit

#### Richard M. Wagner

Vice President and Controller

## Shareholder Information

### Company News

Company information, archived news releases and SEC filings are available free of charge 24 hours a day, seven days a week via Harsco's website at [www.harsco.com](http://www.harsco.com). Harsco's quarterly earnings conference calls and other significant investor events are posted when they occur.

Securities analysts, portfolio managers, other representatives of institutional investors and other interested parties seeking information about Harsco should contact:

Eugene M. Truett

Vice President – Investor Relations and Credit

Phone: 717.975.5677 Fax: 717.265.8152

Email: [etruett@harsco.com](mailto:etruett@harsco.com)

### Annual Meeting

April 26, 2011, 10:00 am

Radisson Penn Harris Hotel and Convention Center

Camp Hill, PA 17011

### Transfer Agent and Registrar

BNY Mellon

480 Washington Boulevard

Jersey City, NJ 07310-1900

Phone: 800.850.3508

[www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess)

BNY Mellon maintains the records for our registered shareholders and can help you with a variety of shareholder-related services at no charge, including:

- Change of name or address
- Consolidation of accounts
- Duplicate mailings
- Dividend reinvestment enrollment
- Lost stock certificates
- Transfer of stock to another person
- Additional administrative services

You can also access your investor statements online 24 hours a day, seven days a week at [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess).

### Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

Philadelphia, PA 19103

### Quarterly Share Price and Dividend Information

Harsco Corporation common stock is listed on the New York Stock Exchange (NYSE) under ticker symbol HSC. At year-end 2010, there were 80,514,059 shares outstanding and approximately 18,260 stockholders.

As shown below, during 2010, the Company's common stock traded in a range of \$19.89 to \$35.31 and closed at \$28.32 at year-end. High and low per share data are as quoted on the NYSE. Four quarterly cash dividends were paid in 2010 for an annual rate of \$0.82, an increase of 3.1% from 2009. There are no significant restrictions on the payment of dividends.

		2010	2009
<b>First Quarter</b>	High	<b>\$ 35.31</b>	\$ 31.65
	Low	<b>27.96</b>	16.90
	Dividends Declared	<b>0.205</b>	0.200
<b>Second Quarter</b>	High	<b>35.14</b>	32.07
	Low	<b>23.47</b>	21.39
	Dividends Declared	<b>0.205</b>	0.200
<b>Third Quarter</b>	High	<b>27.50</b>	36.33
	Low	<b>19.89</b>	26.69
	Dividends Declared	<b>0.205</b>	0.200
<b>Fourth Quarter</b>	High	<b>28.93</b>	37.65
	Low	<b>22.71</b>	29.38
	Dividends Declared	<b>0.205</b>	0.205

### Management's Certifications

The certifications of our Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act of 2002 have been filed with the Securities and Exchange Commission as exhibits to our Annual Report on Form 10-K.

In addition, in May 2010 our Chief Executive Officer provided to the New York Stock Exchange the annual Section 303A CEO certification regarding our compliance with the New York Stock Exchange's corporate governance listing standards.



**Harsco Corporation World Headquarters**

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