

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

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 1994

Commission file number 1-3970

HARSCO CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

23-1483991

(I.R.S. employer identification number)

Camp Hill, Pennsylvania

(Address of principal executive offices)

17001-8888

(Zip Code)

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

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

Title of each class

Common stock, par value \$1.25 per share

Name of each exchange on which registered

New York Stock Exchange

Pacific Stock Exchange

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

NONE

(Title of class)

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

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

YES (X) NO ()

The aggregate market value of the Company's voting stock held by non-
affiliates of the Company as of March 6, 1995 was \$1,072,211,000.

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

Classes

Common stock, par value \$1.25 per share

Preferred stock purchase rights

Outstanding at March 6, 1995

25,228,491

25,228,491

Documents Incorporated by Reference

Selected portions of the 1994 Annual Report to Shareholders are incorporated
by Reference in Parts I, II and IV of this Report.

Selected portions of the Notice of 1995 Meeting and Proxy Statement dated
March 22, 1995 are Incorporated by Reference in Part III of this Report.

The Exhibit index (Item No. 14) is located on pages 17 to 25.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES
INFORMATION REQUIRED IN REPORT
PART I

Item 1. Business:

(a) Description of Business:

The operations of Harsco Corporation (Harsco or the Company) are broadly
diversified and include products serving thousands of customers engaged in
steel, industrial, commercial, construction and infrastructure applications.
The Company primarily serves its customers through its own salaried sales

forces and independent manufacturers' representatives, commission agents and distributors. Harsco utilizes both Company-owned and leased sales offices and warehouses. There were several changes in products and services, but not in methods of distribution during the 1994 fiscal year.

Effective January 1, 1994, the industry groups of the Company were changed from Industrial Services and Building Products; Engineered Products; and Defense to three new operating Groups: Metal Reclamation and Mill Services; Infrastructure, Construction and Transportation; and Process Industry Products. The new Operating Groups were formed by the Company due to: (1) the fact that the Company is no longer directly involved in the Defense business because of the formation of United Defense, L.P., effective January 1, 1994, to which the Company contributed its military tracked vehicle business and has an equity interest of 40% in the partnership, and the completion of the five-ton truck contract with the U.S. Government and related conversion to a school bus business in 1993; and (2) because of the 1993 acquisition of MultiServ International, N.V., which substantially increased the Company's presence in metal reclamation and mill services. This significant strategic refocusing of the Company necessitated the new Group structure. Except for Defense, because it is no longer a Group, the Company restated all the Operating Groups for the periods presented.

The Company's operations are conducted through 10 divisions, each of which has its own executive, supervisory and operating personnel. Each division has general responsibility for its own activities, including marketing. At the Company's headquarters, an executive management group, most of whom have been associated with the Company for many years, manages and provides leadership for business activities. This management group is responsible for establishing basic Company policy and strategic direction, especially in the areas of long-range planning, capital expenditures and finance, and, in addition, makes available to operating personnel technical assistance in a number of specialized fields.

During 1994, the Company entered into four letters of intent to provide specialized services for steel producers located in North and South America, most of which are expected to start operations in 1995. Heckett MultiServ-East started full operations during the third quarter in Russia at the largest steel works in the world with the largest metal recovery plant it ever installed and achieved profitability in the fourth quarter. Three new steel-mill service contracts were signed with French steel producers, and agreements for service contracting were also entered into in South Africa, Saudi Arabia and Bahrain; these contracts are expected to be started in 1995.

In railway maintenance equipment, expenditures for research and development for new and redesigned products were four times 1993's level, and work progressed on several multi-year, multi-million dollar rail service contracts for major North American railroads. In scaffolding, shoring and concrete forming equipment, market share for infrastructure maintenance contracts for petrochemical and process industry applications expanded, and a scaffolding safety training school in New Orleans was opened to ensure worker compliance with OSHA regulations.

Several new and redesigned products were brought to market in process equipment. The Tulsa, Oklahoma, production facility for air-cooled heat exchangers was expanded to accommodate ongoing record demand from the natural gas industry worldwide. In February 1995, the Company acquired Fabsco, Inc., headquartered in Sapulpa, Oklahoma, a producer of heat exchange products which generates annual sales of about \$22 million to the process industry cooler market. This transaction has provided added production capacity to meet the heavy demand for these products, as well as immediate synergies when combined with the Company's existing air-cooled heat exchanger business. The total consideration was \$14.6 million in cash and assumed liabilities. During the fourth quarter of 1994, the United Kingdom-based industrial heating equipment line was divested to a management group.

Plant capacity was expanded in Lockport, New York, for production of the new innovative propane valve. International Standards Organization (ISO) certification was awarded to two valve production facilities, as well as to two pipe fittings locations and to the Alabama-based cryogenics manufacturing plant.

The headquarters for gas containment products was relocated to Camp Hill, Pennsylvania. Enhanced products included the CO2 Liquidator for beverage carbonation applications in the fast food and restaurant industries. The new line of NGVFUEL TANKS, which are currently being installed for use in U.S. Postal Service vehicles, continued to gain momentum. In the first half of 1994, the Company decided to exit the pre-stressed concrete forms line of business and offered it for sale at the Plant City, Florida, location.

In November 1994, the Board of Directors authorized the Company to exit from the school bus business. A provision for the net realizable value of school bus assets was recorded in the fourth quarter. The school bus product line started up in 1993, and three models of buses were manufactured. The Company's original strategy of producing school buses and military trucks on parallel assembly lines was frustrated by failure to obtain orders for several thousand M939A2 five-ton trucks from certain Middle Eastern countries due to international defense budget constraints. As a result, the Division would not meet Harsco's strategic requirements of producing consistent, superior financial results, and the Company is implementing its plan to close or sell the business early in 1995.

Effective January 1, 1994, Harsco and FMC Corporation formed a joint venture, United Defense, L.P., by combining the BMY-Combat Systems Division with FMC's Defense Systems Group. Harsco obtained a 40% ownership in United Defense, L.P., which achieved \$1 billion in revenues in 1994. Harsco's share of pre-tax income was \$61.9 million.

In July 1994, United Defense earned sole source approval to lead an industry team into the \$1 billion, five-year demonstration/validation phase of the Crusader Advance Field Artillery System (AFAS) development program. United

Defense sustained its leadership in other artillery products as well with the delivery of the first M109A6 Paladin howitzer, produced by United Defense's Paladin Production Division (PPD). Over the next four years, United Defense will produce some 650 additional Paladin units for the U.S. Army under a \$329 million, full-scale production contract.

Production of the new M88 Improved Recovery Vehicle (IRV) was launched with the receipt of orders from both the U.S. Army and the Kingdom of Kuwait, comprising 42 vehicles and totaling more than \$90 million. A \$280 million contract for engineering and manufacturing development of a new A3 configuration Bradley Infantry Fighting Vehicle underscores that vehicle's continued viability for many years. United Defense is also under contract to upgrade some 250 earlier A0 models to the current A2 production configuration.

(b) Financial Information about Industry Groups:

Financial information concerning Industry Groups is included in Note 16 to the consolidated financial statements of the 1994 Annual Report to Shareholders under Exhibit 13.

(c) Narrative Description of Business:

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

Metal Reclamation and Mill Services

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

This industry group includes the Eastern and Western Regions of the Heckett MultiServ Division which operates in 29 countries.

In October, the Western Region signed a letter of intent with Ipsco Steel Inc., to perform specialized services at a new greenfield steel production facility located in Camanche, Iowa. The Western Region will provide slag handling, metal reclamation and other services, in addition to installing a complete scrap management system at this new mill. This ten-year agreement, which has probable annual revenues exceeding \$8.0 million, should be operational during the first quarter of 1996.

Heckett MultiServ-West is scheduled to begin operations at the Hylsa, Flat Products Division located in Monterrey, Mexico, during the first quarter of 1995. This 15-year agreement calls for scrap handling and metal reclamation services and has estimated annual revenues of \$6.0 million. Due to changed operating conditions which were inconsistent with contract terms, the Western Region ceased operations at another steel site in Mexico during December 1994.

In Venezuela, the Company recently entered into a letter of intent for scrap processing services at a mini mill. This three-year agreement has an anticipated start up in late 1995.

All other contracts up for renewal in 1994 were successfully renegotiated, and the Western Region is currently renegotiating several contracts that expire in 1995. Heckett MultiServ has a contract renewal rate in excess of 90%.

In other new contracts, the Eastern Region received a seven-year contract for slag hauling and metal recovery services at a stainless steel production facility in France. The Company also entered into an eight-year agreement with another French steel producer to install the world's most advanced scarfing machine for high-temperature scarfing services. This operation is scheduled to be underway late in 1995 and has estimated annual revenues exceeding \$2.0 million. The Eastern Region also was awarded a two-year contract for scrap baling services at another steel site in France.

In South Africa, the Eastern Region entered into a ten-year contract at a new steel mill to provide internal scrap collection, scrap cutting, melt shop and pot carrier services and refractory crushing services, which should start up during the first half of 1995. Heckett MultiServ-East also received a letter of intent to perform dross processing services for a producer of aluminum, located in Bahrain.

The Company ceased operations at two European steel sites in 1994, but these closures are not expected to have a material adverse effect on future performance.

For 1994, the percentage of consolidated net sales for metal reclamation and mill services was 38%.

Infrastructure, Construction and Transportation

Major product classes in this Group are wheeled vehicles (military trucks and school buses), railway maintenance equipment, industrial grating products, and scaffolding, shoring and concrete forming equipment. This Group also provides roofing granules and slag abrasives and miscellaneous products.

In 1994, the Company produced a limited quantity of five-ton trucks due to a lack of additional orders from the U.S. Government and international customers. The school bus business, started in 1993, had increased orders, but sustained continuing operating losses and in November 1994, the Board of Directors authorized the Company to exit the school bus business. The Company recognized an asset impairment charge of \$8.0 million for the write down of the bus business assets in the fourth quarter.

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

Fairmont Tamper completed work on a Pony Track Renewal System for Japan Railways East, under a contract valued at over \$5 million, which was delivered in January 1994, and will be used to upgrade railroad track in that country over a course of 125 kilometers. At year-end, the backlog was ahead of that at December 31, 1993.

Harsco manufactures a varied line of industrial grating products at numerous plants in North America. The Company produces riveted, pressure-locked and welded grating in steel and aluminum, used mainly in industrial flooring applications for power, paper, chemical, refining and processing applications, among others. The Company also produces varied products for bridge and decking uses, as well as fiberglass grating used principally in the process industries.

Several significant orders for bridge repair work were received, primarily in states on the East and West Coasts, and work on a historic bridge in Pittsburgh, Pennsylvania was completed. Also, orders were received from the U.S. Navy for ship maintenance and for a communication tower and future opportunities are anticipated in the maritime market. The Company introduced a new welded fencing product and pursued several research and development projects during 1994.

The Group's scaffolding, shoring and concrete forming operations include steel and aluminum support systems that are leased or sold to customers through a North American network of some 40 branch offices. Several large projects of interest in 1994, include the new convention center in Charlotte, North Carolina, restoration and repair of Seattle's Kingdome Arena, repair of the four pinnacles at The National Cathedral in Washington D.C., and housing for the 1996 Olympic Games in Atlanta. The Company also worked on the conversion project of the ENSEARCH off-shore, semi-submersible oil rig and obtained a multi-year contract to provide boiler maintenance work for the Eastern Division of the Tennessee Valley Authority.

Slag abrasives and roofing granules are products from utility coal slag and are processed at 15 locations in 12 states. Slag abrasives are used for industrial surface preparation and cleaning of bridges, ship hulls and various structures. Roofing granules are sold to roofing shingle manufacturers. Slag abrasives was used for the refurbishment of the grandstands at the Indianapolis Speedway, for the rehabilitation of aging steel structures that elevate rail lines of the Chicago Transit System, and for the repair of several major bridges in New York City. The Black Beauty product line was marketed as a decorative aggregate to the pre-stressed concrete industry.

For 1994, percentages of consolidated net sales of certain product classes were as follows: scaffolding, shoring and concrete forming equipment, 8%; railway maintenance equipment, 8%; grating, 7%; wheeled vehicles, 3%; roofing granules, slag abrasives and miscellaneous, 3%.

Process Industry Products

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

Gas containment products include propane tanks, cryogenic equipment, high pressure cylinders, and composite products, while gas control products include valves and regulators serving a variety of markets. At the California-based facility where the Company is the world's leading producer of composite cylinders, the new line of NGVFUELTANKS continued to gain market acceptance with an additional order for over 1,200 cylinders for vehicle conversion.

The enhanced CO2 Liquidator, which stores carbon dioxide in liquid form and dispenses it as gas to provide carbonation for soft drinks, gained momentum in the fast-food restaurant industry. At the production facility in Husum, Germany, the line of POLARSTREAM, an alternative, ozone-free refrigeration system used for temperature-controlled transport of perishable food for chemicals, was brought to market.

Under the valves and regulators product line, an innovative propane cylinder valve for 20-pound cylinders on gas grills and a unique disposable valve for refrigerant reclamation and recycling continue to gain in the market place. The propane valve is the Barbecue Grill Standard in Canada because of its improved safety and convenience.

A new scuba regulator, the Minimus(Registered Trademark), which is 35% smaller than standard octopus units for handling ease and protection of sea life, was brought to market. In research and development, the Company worked on new refrigerant valves, a propane regulator and evolutionary modifications to the new line of innovative propane valves and also strengthened its market presence in medical valves.

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

Demand for the Thermific boiler was again at a record level, paced by commercial, institutional building and retrofit market. The new line of BLEND MASTER lab blender, brought to market early in the year, witnessed strong demand. The redesigned P-K COMPACT water heater was introduced, as was Pre-Krete 20, a tank lining for potable water with a 20-year guarantee against internal corrosion. Several adaptations of the Thermific boiler were underway during the year in various research and development programs.

The Company is a major supplier of pipe fittings for the plumbing, industrial, hardware and energy industries and produces a variety of product lines, including forged and stainless steel fittings, conduit fittings, nipples and couplings. In its first full year, the line of swaged nipples and bull plugs, manufactured in Houston for the oil and gas industries, turned in a strong performance. Capitol Manufacturing received ISO 9002 approval for its Connecticut facility and ISO 9003 certification for the Canadian location during the year. Partnering agreements with several major distributors to be the sole-source supplier were entered into in 1994.

For 1994, percentages of consolidated net sales of certain product classes were as follows: gas control and containment, 15%; pipe fittings, 7%; process equipment, 7%; and three others, including structural composites, specialty metal fabrications and wear products, 4%.

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

	1994	1993	1992
Wheeled Vehicles	3%	8%	24%
Tracked Vehicles	-	24	24
Gas Control and Containment	15	13	11
Metal Reclamation and Mill Services	38	19	10

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

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

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

(1) (v) Harsco furnishes building products and materials and a wide variety of specialized equipment for commercial, industrial, public works and residential construction which are seasonal in nature. In 1994, construction related operations accounted for 11% of total sales.

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

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

Sales to U.S. Government agencies in 1994 amounted to less than 1% of total sales. Sales to U.S. Government agencies in 1993 and 1992 amounted to 21%, and 35% of the total sales, respectively. The decrease is due to the formation of United Defense L.P., effective January 1, 1994, to which the Company contributed its military tracked vehicle business and the completion of the five-ton truck contract with the U.S. Government.

(1) (viii) Backlog of orders stood at \$163,761,000 and \$146,751,000 as of December 31, 1994 and 1993, respectively. It is expected that approximately 10% of the total backlog at December 31, 1994, will not be filled within 1995. Excluded from the 1993 backlog is \$397,939,000 contributed to United Defense, L.P. There is no significant seasonal aspect to the Company's backlog.

(1) (ix) Under the terms and regulations applicable to government contracts, the Government has the right to terminate its contracts with United Defense L.P. (40% owned by Harsco) in accordance with procedures specified in the regulations and, under certain circumstances, has the right to renegotiate profits. In 1994 Harsco's share of the partnership accounted for 42% of the Company's total pre-tax income.

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

(1) (xi) The expense for internal product improvement and product development activities was \$5,463,000, \$5,156,000 and \$4,590,000 in 1994, 1993 and 1992, respectively. Customer-sponsored research and development expenditures were \$703,000, \$23,008,000 and \$17,889,000, in 1994, 1993 and 1992, respectively. The decrease in customer-sponsored research and

development expenditures is due to the formation of United Defense L.P., effective January 1, 1994, to which the Company contributed its military tracked vehicle business, and the competition of the five-ton truck contract with the U.S. Government.

(1) (xii) The Company has become subject, as have others, to more stringent air and water quality control legislation. The Clean Air Act Amendments of 1990 will impose greater costs on the Company and most other domestic manufacturers in the future but the effect on the Company's business is not yet determinable. In general, the Company has not experienced substantial difficulty in complying with these environmental regulations in the past and does not anticipate making any major capital expenditures for environmental control facilities in 1994 or 1995. While the Company expects that environmental regulations may expand, and its expenditures for air and water quality control will continue, it cannot predict the effect on its business of such expanded regulations. Additional information regarding environmental consideration is incorporated by reference to Note 1 and Note 10 to the Consolidated Financial Statements under Exhibit No. 13.

(1) (xiii) As of December 31, 1994, the Company had approximately 13,000 employees.

(d) Financial Information about Foreign and Domestic Operations and Export Sales:

Financial information concerning foreign and domestic operations and export sales is included in Note 16 to consolidated financial statements in selected portions of the 1994 Annual Report to Shareholders under Exhibit 13.

Item 2. Properties:

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

Location	Floor Space (Sq. Ft.)	Principal Products
Infrastructure, Construction and Transportation:		
Fairmont, Minnesota	312,000	Railroad Equipment
West Columbia, South Carolina	224,000	Railroad Equipment
Nottingham, England	33,000	Railroad Equipment
Long Island City, New York	48,000	Grating
Nashville, Tennessee	212,000	Grating
Nashville, Tennessee	83,000	Grating
Charlotte, North Carolina	23,000	Grating
Madera, California	42,000	Grating
Leeds, Alabama	45,000	Grating
Carlisle, Ohio	26,000	Grating
Cheswick, Pennsylvania	54,000	Grating
Channelview, Texas	82,000	Grating
Queretaro, Qro, Mexico	63,000	Grating
Marion, Ohio	135,000	Construction Equipment
Moundsville, West Virginia	12,000	Roofing Granules/Abrasives
Drakesboro, Kentucky	19,000	Roofing Granules
Gary, Indiana	15,000	Roofing Granules/Abrasives
Marysville, Ohio	306,000	Military Vehicles & School Buses
Process Industry Products:		
West Jefferson, Ohio	144,000	Pipe Fittings
Crowley, Louisiana	172,000	Pipe Fittings
Houston, Texas	26,000	Pipe Fittings
Chicago, Illinois	35,000	Pipe Fittings
Hamden, Connecticut	47,000	Pipe Fittings
Fitchburg, Massachusetts	30,000	Pipe Fittings
Clinton, Ontario, Canada	55,000	Pipe Fittings
East Stroudsburg, Pennsylvania	172,000	Process Equipment
Tulsa, Oklahoma	131,000	Heat Exchangers
Tulsa, Oklahoma	41,000	Fractionation Trays
Tulsa, Oklahoma	13,000	Fractionation Trays
Birmingham, Alabama	133,000	Wear Products
Bilston, England	37,000	Fractionation Trays
Lockport, New York	104,000	Valve Manufacturing
Plant City, Florida	182,000	Metal Fabrication
Jessup, Georgia	43,000	Propane Tanks
Bloomfield, Iowa	40,000	Propane Tanks
West Jordan, Utah	26,000	Propane Tanks
Pomona, California	75,000	Composite Pressure Vessels
Harrisburg, Pennsylvania	317,000	Cylinders
Theodore, Alabama	275,000	Cryogenic Storage Vessels
Husum, Germany	60,000	Cryogenic Storage Vessels

Harsco also operates the following plants which are leased:

Location	Floor Space (Sq. Ft.)	Principal Products	Expiration Date of Lease
Infrastructure, Construction, and Transportation:			
Tulsa, Oklahoma	10,000	Grating	02/28/96
Brendale, Australia	110,000	Railroad Equipment	10/18/97
Process Industry Products:			
Baltimore, Maryland	15,000	Pipe Fittings	12/31/95
Lansing, Ohio	67,000	Pipe Fittings	01/31/97
Decatur, Georgia	19,000	Pipe Fittings	06/30/95
Tulsa, Oklahoma	30,000	Heat Exchangers	02/28/96
Cleveland, Ohio	50,000	Brass Castings	09/30/95

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

Item 3. Legal Proceedings:

Information regarding legal proceedings is incorporated by reference to Note 10 to the Consolidated Financial Statements, under Exhibit 13.

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

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

PART II

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

Harsco common stock is traded on the New York, Pacific, Boston, and Philadelphia Stock Exchanges under the symbol HSC. At the end of 1994, there were 25,182,250 shares outstanding. In 1994, the stock traded in a range of 46 3/8-38 3/8 and closed at a year-end high of 40 7/8. For additional information regarding Harsco common stock market price, dividends declared, and numbers of shareholders see Part II, Item 6.

Item 6. Selected Financial Data:

Five-year selected financial data is included under Exhibit 13.

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

Management's Discussion of Financial Condition and Results of Operations is included in selected portions of the 1994 Annual Report to Shareholders under Exhibit 13.

Item 8. Financial Statements and Supplementary Data:

The financial statements and supplementary data is included in selected portions of the 1994 Annual Report to Shareholders under Exhibit 13.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant:

(a) Identification of Directors:

Information regarding the identification of directors and positions held is incorporated by reference to the Proxy Statement dated March 22, 1995.

(b) Identification of Executive Officers:

Set forth below, as of March 22, 1995, are the executive officers (this excludes certain corporate officers who are not deemed "executive officers" within the meaning of applicable Securities and Exchange Commission regulations) of the Company and certain information with respect to each of them. The executive officers were elected to their respective offices on April 26, 1994, or at various times during the year as noted. All terms expire on April 30, 1995. There are no family relationships between any of the officers.

Name	Age	Principal Occupation or Employment
Corporate Officers:		
D. C. Hathaway	50	Chairman, President and Chief Executive Officer effective April 1, 1995, was President and Chief Executive Officer from January 1, 1994 to April 1, 1994. Director since 1991. From May 1, 1991 to December 31, 1993, served as President and Chief Operating Officer. From 1986 to 1991 served as Senior Vice President-Operations of the Corporation. Served as Group Vice President from 1984 to 1986 and as President of the Dartmouth Division of the Corporation from 1979 until October 1984.
W. D. Etzweiler	59	Senior Vice President and Chief Operating Officer of the Corporation effective January 25, 1994. From 1992 to January 24, 1994, served as Senior Vice President - Operations of the Corporation. Served as President of the Corporation's Patterson-Kelley Division from 1982 to 1991, Vice President Sales and Marketing of the Patterson-Kelley Division from 1979 to 1982, Vice President of Marketing for the Patterson-Kelley Division from 1971 to 1979, and various manager positions with the Patterson-Kelley Division from 1966 to 1971.
B. W. Taussig	55	Senior Vice President and Chief Operating Officer of the Corporation effective January 25, 1994. From 1992 to January 24, 1994, served as Senior Vice President - Operations of the Corporation. Served as President of the BMY Defense Group from July 1, 1991 to year-end, as President of the BMY Combat Systems Division from 1989 to 1991, and as Vice President Business Development of the BMY Combat Systems Division from July 1989 to November 1989. From 1984 to 1989, was Vice President and General Manager of the Naval Systems Division of FMC Corporation, where he was responsible for a unit manufacturing defense products with 3,100 employees and sales of approximately \$350 million per year.
L. A. Campanaro	46	Senior Vice President and Chief Financial Officer of the Corporation effective December 1, 1992 and served as Vice President and Controller from April 1, 1992 to November 30, 1992. Served as Vice President of the BMY-Wheeled Vehicles Division from February 1, 1992 to March 31, 1992, and previously served as Vice President and Controller of the BMY-Wheeled Vehicles Division from 1988 to 1992, Vice President Cryogenics of the Plant City Steel Division from 1987 to 1988, Senior Vice President Taylor-Wharton Division from 1985 to 1987, Vice President and Controller of Taylor-Wharton from 1982 to 1985, and Director of Auditing of the Corporation from 1980 to 1982.
P. C. Coppock	44	Senior Vice President, Chief Administrative Officer, General Counsel and Secretary of the Corporation effective January 1, 1994. Served as Vice President, General Counsel and Secretary of the Corporation from May 1, 1991 to December 31, 1993. From 1989 to 1991 served as Secretary and Corporate Counsel and as Assistant Secretary and Corporate Counsel from 1986 to 1989. Served in various Corporate Attorney positions for the Corporation since 1981.
S. D. Fazzolari	42	Vice President and Controller of the Corporation effective January 25, 1994. Served as Controller of the Corporation from January 26, 1993 to January 24, 1994. Previously served as Director of Auditing from 1985 to January 25, 1993, and served in various auditing positions from 1980 to 1985.

Item 11. Executive Compensation:

Information regarding compensation of executive officers and directors is incorporated by reference to the Sections entitled "Executive Compensation and Other Information", and "Directors' Compensation" of the Proxy Statement dated March 22, 1995.

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

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section entitled "Share Ownership of Management" of the Proxy Statement dated March 22, 1995.

Item 13. Certain Relationships and Related Transactions:

Information regarding certain relationships and related transactions is incorporated by reference to the section entitled "Employment Agreements with Officers of the Company" of the Proxy Statement dated March 22, 1995.

PART IV

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

The following portions of the Company's 1994 Annual Report to Shareholders are incorporated herein by reference under Exhibit 13: The consolidated financial statements and notes thereto, the related report of Coopers & Lybrand L.L.P., independent accountants, Management's Discussion of Financial Condition and Results of Operations, Selected Financial Data for the years 1990 through 1994, Market for Registrant's Common Stock and Related Security Holder Matters, and the supplemental financial data, Two-Year Summary of Quarterly Results.

		Exhibit Number
		<hr/>
(a)	1. Consolidated Financial Statements of Harsco Corporation:	
	Consolidated Balance Sheets December 31, 1994 and 1993	13(a)
	Consolidated Statements of Income for the years 1994, 1993 and 1992	13(a)
	Consolidated Statements of Cash Flows for the years 1994, 1993 and 1992	13(a)
	Consolidated Statements of Changes in Shareholders' Equity for the years 1994, 1993 and 1992	13(a)
	Notes to Consolidated Financial Statements	13(a)
	Report of Independent Accountants	13(a)
	Management's Discussion of Financial Condition and Results of Operations	13(a)
	Selected Financial Data for the Years 1990 through 1994	13(a)
	Two-Year Summary of Quarterly Results	13(a)
(a)	2. Consolidated Financial Statement Schedules:	
	Report of Independent Accountants on Consolidated Financial Statement Schedule	
	II. Valuation and Qualifying Accounts and Reserves for the years 1994, 1993 and 1992	
	Schedules other than those listed above are omitted for the reason that they are either not applicable or not required or because the information required is contained in the financial statements or notes thereto.	
	Condensed financial information of the registrant is omitted since there are no substantial amounts of "restricted net assets" applicable to the Company's consolidated subsidiaries.	
	Financial statements of certain 50% or less owned unconsolidated companies are not submitted inasmuch as (1) the registrant's investment in and advances to such companies do not exceed 20% of the total consolidated assets, (2) the registrant's proportionate share of the total assets of such companies does not exceed 20% of the total consolidated assets, (3) the registrant's equity in the income before income taxes of such companies does not exceed 20% of the total consolidated income before income taxes.	

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

		Exhibit Number
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(b)	1. Financial Statements of United Defense, L.P.:	
	Report of Independent Accountants	13(b)
	Balance Sheet at December 31, 1994	13(b)
	Statement of Income for the year ended December 31, 1994	13(b)
	Statement of Partners' Capital for the year ended December 31, 1994	13(b)
	Statement of Cash Flows for the year ended December 31, 1994	13(b)
	Notes to Financial Statements	13(b)

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

2(a)	Joint Venture with FMC Corporation Combining Harsco's BMY-Combat Systems Division with FMC Defense Systems Group - Participation Agreement Dated as of January 1, 1994 - Partnership Agreement Dated as of January 1, 1994 - Registration Rights Agreement Dated as of January 1, 1994	Incorporated by reference to Form 8-K dated February 14, 1994
3(a)	Articles of Incorporation as amended April 24, 1990 Certificate of Designation filed September 29, 1987	Exhibit volume, 1990 10-K Exhibit volume, 1987 10-K
3(b)	By-laws as amended April 25, 1990	Exhibit volume, 1990 10-K
4(a)	Harsco Corporation Rights Agreement dated as of September 29, 1987 with Chase Manhattan Bank, N.A.	Incorporated by reference to Form 8-A, Exhibit 1, dated October 2, 1987
4(b)	Registration of Preferred Stock Purchase Rights	Incorporated by reference to Form 8-A dated October 2, 1987
4(c)	Current Report on dividend distribution of Preferred Stock Purchase Rights	Incorporated by reference to Form 8-K dated October 13, 1987
4(d)	Debt Securities Registered under Rule 415 (8 3/4% Notes)	Incorporated by reference to Form S-3, File No. 33-21526 dated May 23, 1988
4(e)	8 3/4% 1991 Notes due May 15, 1996 described in Prospectus Supplement dated May 7, 1991 to Form S-3 Registration under Rule 415 dated May 23, 1988	Incorporated by reference to the Prospectus Supplement dated May 7, 1991 to Form S-3, Registration No. 33-21526 dated May 23, 1988
4(f)	Debt Securities Registered under Rule 415 (6% Notes)	Incorporated by reference to Form S-3, Registration No. 33-42389 dated August 23, 1991
4(g)	6% 1993 Notes due September 15, 2003 described in Prospectus Supplement dated September 8, 1993 to Form S-3 Registration under Rule 415 dated August 23, 1991	Incorporated by reference to the Prospectus Supplement dated September 8, 1993 to Form S-3, Registration No. 33-42389 dated August 23, 1991
4(h)	Debt and Equity Securities Registered	Incorporated by reference to Form S-3, Registration No. 33-56885 dated December 15, 1994, effective date January 12, 1995

Material Contracts - Credit facility

10(a)	\$150 Million Amended and Restated Credit Agreement (364-Day Competitive Advance and Revolving Credit Facility) Dated as of August 31, 1993, as Amended and Restated as of June 21, 1994, Among Harsco Corporation, the Lenders Named Herein and Chemical Bank, as Administrative Agent.	Exhibit volume, 1994 10-K
10(b)	\$150 Million Amended and Restated Credit Agreement (5-Year Competitive Advance and Revolving Credit Facility) Dated as of August 31, 1993, as Amended and Restated as of June 21, 1994, Among Harsco Corporation, the Lenders Named Herein and Chemical Bank, as Administrative Agent.	Exhibit volume, 1994 10-K
10(c)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between J.P. Morgan Securities, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(d)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between Lehman Brothers, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(e)	Issuing and Paying Agency Agreement, Dated October 12, 1994, Between Morgan Guaranty Trust Company of New York and Harsco Corporation	Exhibit volume, 1994 10-K

Material Contracts - Underwriting

10(f)	Underwriting Agreement for Debt Securities dated October 22, 1987	Exhibit volume, 1987 10-K
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Material Contracts - Management Contracts and Compensatory Plans

10(g)	Harsco Corporation Incentive Plan as amended March 18, 1992	Exhibit volume, 1992 10-K
10(h)	Harsco Corporation Supplemental Retirement Benefit Program as amended	Exhibit volume, 1991 10-K

10(i)	Trust Agreement between Harsco Corporation and Dauphin Deposit Bank and Trust Company dated July 1, 1987 relating to the Supplemental Retirement Benefit Plan	Exhibit volume, 1987 10-K
10(j)	Harsco Corporation Supplemental Executive Retirement Plan as amended	Exhibit volume, 1991 10-K
10(k)	Trust Agreement between Harsco Corporation and Dauphin Deposit Bank and Trust Company dated November 22, 1988 relating to the Supplemental Executive Retirement Plan	Exhibit volume, 1988 10-K
10(l)	1986 Stock Option Plan as amended Employment Agreements -	Exhibit volume, 1990 10-K
10(m)	D. C. Hathaway	Exhibit volume, 1989 10-K Uniform agreement, the same as shown for J. J. Burdge
"	L. A. Campanaro	" "
"	P. C. Coppock	" "
"	W. D. Etzweiler	" "
"	B. W. Taussig	" "
	Retirement Agreements -	
10(n)	Special Supplemental Retirement Benefit Agreement and Amendment for J. J. Burdge	Exhibit volume, 1988 10-K
10(o)	Special Supplemental Retirement Benefit Agreement for D. C. Hathaway	Exhibit Volume, 1988 10-K
"	Retirement and Consulting Agreement for M. W. Gambill	Exhibit Volume, 1993 10-K
"	Special Supplemental Retirement Benefit Agreement for B. W. Taussig	Exhibit volume, 1993 10-K
	Director Indemnity Agreements -	
10(p)	J. J. Burdge	Exhibit volume, 1989 10-K Uniform agreement, same as shown for J. J. Burdge
"	F. E. Masland, III	" "
"	R. F. Nation	" "
"	D. C. Smith, Jr.	" "
"	A. J. Sordoni, III	" "
"	R. C. Wilburn	" "
"	R. L. Kirk	" "
"	N. H. Prater	" "
"	D. C. Hathaway	" "
"	J. I. Scheiner	" "
"	R. C. Smith	" "
"	J. E. Marley	" "
10(q)	Harsco Corporation Directors Retirement Plan	Exhibit volume, 1990 10-K
10(r)	Harsco Corporation Deferred Compensation Plan for Non-Employee Directors	Exhibit volume, 1994 10-K
11	Computation of Fully Diluted Net Income per Common Share	Exhibit volume, 1994 10-K
12	Computation of ratios of earnings to fixed charges	Exhibit volume, 1994 10-K
13(a)	Annual report to shareholders	Exhibit volume, 1994 10-K
13(b)	Financial Statements of United Defense, L.P.	Exhibit volume, 1994 10-K
21	Subsidiaries of the registrant	Exhibit volume, 1994 10-K
23	Consent of Independent Accountants	Exhibit volume, 1994 10-K
27	Financial Data Schedule	Exhibit volume, 1994 10-K
99	Additional exhibits	
	- Undertakings of Harsco relating to registration statement on Form S-16 (Reg. No. 2-58121)	Incorporated by reference to Exhibit 28, Form 10-K for the year ended December 31, 1982
	- Undertakings of Harsco relating to registration statement on Form S-8 (Reg. No. 2-57876)	Incorporated by reference to Exhibit 28, Form 10-K for the year ended December 31, 1982
	- Undertakings of Harsco relating to registration statement on Form S-8 (Reg. No. 33-14064)	Incorporated by reference to Form S-8, Registration No. 33-14064, dated May 6, 1987

- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 2-97504) Incorporated by reference to Form S-3, Registration No. 2-97504 dated May 29, 1985
- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 33-21526) Incorporated by reference to Form S-3, Registration No. 33-21526 dated May 23, 1988
- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 33-42389) Incorporated by reference to Form S-3, Registration No. 33-42389, dated August 23, 1991
- Undertakings of Harsco with respect to indemnification of directors, officers or persons controlling Harsco incorporated by reference into registration statements on Form S-8, Registration File Numbers 2-57876, 33-5300, 33-14064 and 33-24854 Exhibit volume, 1990 10-K
- Undertakings of Harsco relating to registration statement on Form S-3 (Reg. No. 33-56885) Incorporated by reference to Form S-3, Registration No. 33-56885, dated December 15, 1994, effective January 12, 1995.

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

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

(b) The Company filed a Report on Form 8-K dated January 11, 1995, reporting that on December 30, 1994, the Company and the United States Government agreed to a settlement of the Company's claim that the Government had overcharged on certain government furnished equipment.

Also, the Company filed a Report on Form 8-K dated January 16, 1995, to announce the Company's plan to close its school bus manufacturing division in Marysville, Ohio.

SIGNATURES

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

HARSCO CORPORATION

Date March 16, 1995

By /S/ Leonard A. Campanaro
Leonard A. Campanaro
Senior Vice President and
Chief Financial Officer

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

SIGNATURE	CAPACITY	DATE
/S/ Derek C. Hathaway (Derek C. Hathaway)	Chairman, President & Chief Executive Officer	March 17, 1995
/S/ Leonard A. Campanaro (Leonard A. Campanaro)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	March 24, 1995
/S/ Salvatore D. Fazzolari (Salvatore D. Fazzolari)	Vice President and Controller (Principal Accounting Officer)	March 24, 1995
/S/ Jeffrey J. Burdge (Jeffrey J. Burdge)	Director	March 17, 1995
/S/ Robert L. Kirk (Robert L. Kirk)	Director	March 17, 1995
/S/ James E. Marley (James E. Marley)	Director	March 17, 1995
/S/ Frank E. Masland III (Frank E. Masland III)	Director	March 17, 1995

/S/ Robert F. Nation (Robert F. Nation)	Director	March 17, 1995
/S/ Nilon H. Prater (Nilon H. Prater)	Director	March 17, 1995
/S/ James I. Scheiner (James I. Scheiner)	Director	March 17, 1995
/S/ DeWitt C. Smith, Jr. (DeWitt C. Smith, Jr.)	Director	March 17, 1995
/S/ Roy C. Smith (Roy C. Smith)	Director	March 17, 1995
/S/ Andrew J. Sordoni III (Andrew J. Sordoni III)	Director	March 17, 1995
/S/ Dr. Robert C. Wilburn (Dr. Robert C. Wilburn)	Director	March 17, 1995

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of
Harsco Corporation

Our report on the consolidated financial statements of Harsco Corporation and Subsidiary Companies (the "Company"), which includes (A) an emphasis of a matter paragraph regarding the Company's involvement in disputes relating to the "after-imposed" Federal Excise Tax and related claims and (B) explanatory paragraphs regarding (i) the Company's involvement in various disputes regarding Federal Excise Tax and other contract matters primarily relating to the five-ton truck contract and claims relating to certain contracts and (ii) changes in the Company's method of accounting for income taxes and postretirement benefits other than pensions, has been incorporated by reference in this Form 10-K from page 58 of the 1994 Annual Report to Shareholders of Harsco Corporation. In connection with our audits of such consolidated financial statements, we have also audited the related consolidated financial statement schedule listed in the index (Item 14(a) 2.) on page 18 of this Form 10-K.

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

COOPERS & LYBRAND L.L.P.

Philadelphia, Pennsylvania
February 7, 1995, except as
to the first paragraph of Note
10, for which the date is
February 23, 1995

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

COLUMN A Description	COLUMN B Balance at Beginning of Period	COLUMN C Additions		COLUMN D Deductions		COLUMN E Balance at End of Period
		Charged to Cost and Expenses		Due to Currency Translation Adjustments	Other	
For the year 1994:						
Deducted from Receivables:						
Uncollectible accounts	\$ 13,479	\$ 3,436	\$ (93)	\$ (9,537)	\$ 7,285	
Deducted from Inventories:						
Inventory valuations	\$ 9,213	\$ 11,228	\$ 54	\$ (4,389)	\$ 16,106	
For the year 1993:						
Deducted from Receivables:						
Uncollectible accounts	\$ 10,244	\$ 2,761	\$ 7	\$ 467	\$ 13,479	
Deducted from Inventories:						
Inventory valuations	\$ 8,708	\$ 6,682	\$ (61)	\$ (6,116)	\$ 9,213	
For the year 1992:						
Deducted from Receivables:						
Uncollectible accounts	\$ 13,489	\$ 2,914	\$ (171)	\$ (5,988)	\$ 10,244	

Deducted from Inventories:					
Inventory valuations	\$ 12,844	\$ (2,217)	\$ (146)	\$ (1,773)	\$ 8,708

Amounts charged to valuation account during the year. During 1994, \$2,372,000 in inventory reserves were transferred to United Defense, L. P. in connection with the formation of the partnership.

AMENDED AND RESTATED CREDIT AGREEMENT

(364-DAY COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY)

Dated As of August 24, 1993,

As Amended and Restated As of June 21, 1994

Among

HARSCO CORPORATION,

THE LENDERS NAMED HEREIN

and

CHEMICAL BANK,

as Administrative Agent

[CS&M Ref. No. 6700-229]

AMENDED AND RESTATED CREDIT AGREEMENT (364-DAY COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY) dated as of August 24, 1993, as amended and restated as of June 21, 1994, among HARSCO CORPORATION, a Delaware corporation (the "Company"); the lenders listed in Schedule 2.01 hereto (the "Lenders"); and CHEMICAL BANK, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent").

The Company and certain lenders (the "Original Lenders"), including certain of the Lenders, are parties to the Predecessor Credit Agreement (as herein defined) and (A) the Company wishes to substitute new Lenders for certain of the Original Lenders and to add to the Original Lenders one or more Lenders who were not Original Lenders, (B) the Lenders wish to appoint Chemical Bank as their Administrative Agent and (C) the Company, the Lenders and Chemical Bank wish to amend and restate the Predecessor Credit Agreement to read as set forth herein and in the Facility B Credit Agreement (as herein defined).

In that connection, the Company has requested the Lenders to extend credit to enable the Borrowers (as herein defined) to borrow on a standby revolving credit basis on and after the date hereof and at any time and from time to time prior to the Maturity Date (as herein defined) a principal amount not in excess of \$150,000,000 at any time outstanding. The Company has also requested the Lenders to provide a procedure pursuant to which any Borrower may invite the Lenders to bid on an uncommitted basis on short-term borrowings by such Borrower. The proceeds of such borrowings, together with the proceeds of borrowings under the Facility B Credit Agreement (as herein defined), are to be used (a) to continue, convert or repay amounts outstanding, if any, under the Predecessor Credit Agreement and (b) to provide working capital and for other general corporate purposes, including providing backup liquidity for the Company's commercial paper program. The Lenders are willing to extend such credit to the Borrowers on the terms and subject to the conditions herein set forth.

Accordingly, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Standby Loan or Swingline Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Administrative Fees" shall have the meaning assigned to such term in Section 2.06(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B hereto.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to

clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist.

"Applicable Margin" shall mean on any date, (A) with respect to ABR Loans, 0% and (B) with respect to Eurodollar Loans, .295%.

"Applicable Percentage" shall mean, with respect to any Lender at any time, the percentage of the Total Commitment represented by such Lender's Commitment at such time.

"Approved Borrower" shall mean any wholly owned Subsidiary of the Company as to which a Designation Letter shall have been delivered to the Administrative Agent in accordance with Section 2.22 hereof and as to which a Termination Letter shall not have been delivered to the Administrative Agent.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent, in the form of Exhibit C or such other form as shall be approved by the Administrative Agent.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrowers" shall mean the Company and each Approved Borrower.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders (or (a) in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03 or (b) in the case of a Swingline Borrowing, by the Swingline Lenders) on a single date and as to which a single Interest Period is in effect.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; provided, however, that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

A "Change in Control" shall be deemed to have occurred if (a) any person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on the date hereof) shall own directly or indirectly, beneficially or of record, shares representing more than 20% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Company; (b) a majority of the seats (other than vacant seats) on the board of directors of the Company shall at any time have been occupied by persons who were neither (i) nominated by the board of directors of the Company, nor (ii) appointed by directors so nominated; or (c) any person or group shall otherwise directly or indirectly Control the Company.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Committed Credit Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate amount of such Lender's Standby Loan Exposure at such time, plus (b) the aggregate amount of such Lender's Swingline Loan Exposure at such time.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth in Schedule 2.01 hereto, as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.11.

"Competitive Bid" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

"Competitive Bid Accept/Reject Letter" shall mean a notification made by a Borrower pursuant to Section 2.03(d) in the form of Exhibit A-4.

"Competitive Bid Rate" shall mean, as to any Competitive Bid made by a Lender pursuant to Section 2.03(b), (i) in the case of a Eurodollar Loan, the Competitive Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

"Competitive Bid Request" shall mean a request made pursuant to Section 2.03 in the form of Exhibit A-1.

"Competitive Borrowing" shall mean a borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted by a Borrower under the bidding procedure described in Section 2.03.

"Competitive Loan" shall mean a loan from a Lender to a Borrower pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurodollar Competitive Loan or a Fixed Rate Loan.

"Competitive Margin" shall mean, as to any Eurodollar Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Default" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"Dollars" or "\$" shall mean lawful money of the United States of America.

"Domestic Subsidiaries" shall mean any Subsidiary organized or incorporated under the laws of one of the States of the United States of America, the laws of the District of Columbia or the Federal laws of the United States of America.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that is a member of a group which the Company is a member and which is treated as a single employer under Section 414 of the Code.

"Eurodollar Borrowing" shall mean a Borrowing comprised of Eurodollar Loans.

"Eurodollar Competitive Borrowing" shall mean a Competitive Borrowing comprised of Eurodollar Competitive Loans.

"Eurodollar Competitive Loan" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurodollar Loan" shall mean any Eurodollar Competitive Loan or Eurodollar Standby Loan.

"Eurodollar Standby Borrowing" shall mean a Standby Borrowing comprised of Eurodollar Standby Loans.

"Eurodollar Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VII.

"Facility B Credit Agreement" shall mean the \$150,000,000 Amended and Restated Credit Agreement (Five-Year Competitive Advance and Revolving Credit Facility) dated as of August 24, 1993, as amended and restated as of the date hereof among the Company, the lenders named therein and Chemical Bank, as administrative agent for the lenders.

"Facility Fee" shall have the meaning assigned to such term in Section 2.06(a).

"Facility Fee Percentage" shall mean .08%.

"Fees" shall mean the Administrative Fees, the Facility Fee and the Utilization Fee.

"Financial Officer" of any corporation shall mean the Chief Financial Officer, principal accounting officer, Treasurer or Controller of such corporation.

"Fixed Rate Borrowing" shall mean a Borrowing comprised of Fixed Rate Loans.

"Fixed Rate Loan" shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"GAAP" shall mean United States generally accepted accounting principles, applied on a basis consistent with the financial statements referred to in Section 3.02.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term Guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantor" shall mean the Company in its capacity as the guarantor under Section 9.01.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (e) all obligations of such

person issued or assumed as the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (j) all obligations of such person as an account party in respect of letters of credit and bankers' acceptances; provided, however, that Indebtedness shall not include trade accounts payable in the ordinary course of business. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

"Initial Funding Date" shall mean the date of the first Borrowing hereunder.

"Interest Payment Date" shall mean, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of a Eurodollar Loan with an Interest Period of more than three months' duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days duration, as the case may be, been applicable to such Loan and, in addition, the date of any refinancing of such Loan with a Loan of a different Type.

"Interest Period" shall mean (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the applicable Borrower may elect, (b) as to any ABR Borrowing or Swingline Borrowing, the period commencing on the date of such Borrowing and ending on the earlier of (i) the next succeeding day which shall be the last day of any March, June, September or December and (ii) the Maturity Date and (c) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offer to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than seven days after the date of such Borrowing or later than 360 days after the date of such Borrowing; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurodollar Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"LIBO Rate" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, (i) the interest rate per annum for deposits for a maturity most nearly comparable to such Interest Period in Dollars which appears on page 3750 of the Dow Jones Telerate Screen as of 11:00 a.m., London time, on the date that is two Business Days prior to the first day of such Interest Period or, if such a rate does not appear on page 3750 of the Dow Jones Telerate Screen, (ii) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the rate at which Dollar deposits approximately equal in principal amount to the Loan of the Administrative Agent, in its capacity as a Lender (or, if the Administrative Agent is not a Lender in respect of such Borrowing, then the Loan of the Lender in respect of such Borrowing with the greatest Loan Amount), included in such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, on the relevant date of determination.

"Lien" shall mean with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan" shall mean any Competitive Loan, Standby Loan or Swingline Loan.

"Loan Documents" shall mean this Agreement and the Fee Letter dated May 2, 1994 among the Administrative Agent, Chemical Securities Inc. and the Company.

"Margin Stock" shall have the meaning given such term under Regulation U.

"Material Adverse Change" or "Material Adverse Effect" shall mean (a) a materially adverse change in, or a materially adverse effect on, the business, assets, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or (b) a material impairment of the ability of the Company or any Approved Borrower to perform any of its respective obligations under any Loan Document to which it is or becomes a party.

"Maturity Date" shall mean June 20, 1995.

"Moody's" shall mean Moody's Investors Service, Inc.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Net Income" shall mean, for any period for the Company and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), net income for such period.

"Net Worth" shall mean, as at any date, the sum for the Company and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) of the following:

- (a) the amount of common stock; plus
- (b) the amount of any preferred stock that does not have any requirement for the Company to purchase, redeem, retire or otherwise acquire the same; plus
- (c) the amount of additional paid-in capital and retained earnings (or, in the case of an additional paid-in capital or retained earnings deficit, minus the amount of such deficit); plus
- (d) cumulative translation adjustments (or, in the case of negative adjustments, minus the amount of such adjustments); plus
- (e) cumulative pension liability adjustments (or, in the case of negative adjustments, minus the amount of such adjustments); minus
- (f) the cost of treasury stock.

"Other Taxes" shall have the meaning assigned to such term in Section 2.19(b).

"PBG" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for current or former employees, or any beneficiary thereof, of the Company or any ERISA Affiliate.

"Predecessor Credit Agreement" shall mean the Amended and Restated Credit Agreement dated as of August 24, 1993, amended and restated as of October 20, 1993, among the Company, the lenders named therein and Chase Manhattan Bank (National Association), as agent.

"Register" shall have the meaning given such term in Section 10.04(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation G" shall mean Regulation G of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Reportable Event" shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"Required Lenders" shall mean, at any time, Lenders having Commitments representing a majority of the Total Commitment or, for purposes of acceleration pursuant to clause (ii) of Article VII, Lenders holding Loans representing a majority of the aggregate principal amount of the Loans outstanding.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"S&P" shall mean Standard and Poor's Corporation.

"Standby Borrowing" shall mean a borrowing consisting of simultaneous Standby Loans from each of the Lenders.

"Standby Borrowing Request" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"Standby Loan" shall mean a revolving loan made by a Lender pursuant to Section 2.04. Each Standby Loan shall be a Eurodollar Standby Loan or an ABR Loan.

"Standby Loan Exposure" shall mean, with respect to any Lender at any time, the aggregate principal amount at such time of all outstanding Standby Loans made by such Lender.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, Controlled or held, or (b) which is, at the time any determination is made, otherwise Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean any subsidiary of the Company.

"Swingline Borrowing" shall mean a borrowing consisting of simultaneous

Swingline Loans from each of the Swingline Lenders.

"Swingline Commitment" shall mean, with respect to any Lender, the commitment of such Lender to make Swingline Loans hereunder as set forth in Schedule 2.21, as such Lender's Swingline Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.21(d).

"Swingline Commitment Percentage" shall mean, with respect to any Swingline Lender at any time, the percentage that the Swingline Commitment of such Swingline Lender represents of the Total Swingline Commitment at such time.

"Swingline Lender" shall mean any Lender with a Swingline Commitment.

"Swingline Loan" shall mean any loan made by a Lender pursuant to Section 2.21. Each Swingline Loan shall be an ABR Loan.

"Swingline Loan Exposure" shall mean, at any time, the aggregate principal amount at such time of all Swingline Loans. The Swingline Loan Exposure of any Lender at any time shall mean its Applicable Percentage of the aggregate Swingline Loan Exposure at such time.

"Taxes" shall have the meaning assigned to such term in Section 2.19(a).

"Total Capital" shall mean, at any time, Net Worth plus Total Debt.

"Total Commitment" shall mean, at any time, the aggregate amount of the Commitments, as in effect at such time.

"Total Debt" shall mean, at any time, the aggregate outstanding principal amount of all Indebtedness of the Company and its Subsidiaries at such time (other than Indebtedness described in clause (i) or (j) of the definition of the term "Indebtedness") determined on a consolidated basis (without duplication) in accordance with GAAP; provided that the term "Total Debt" shall include any preferred stock that provides for the mandatory purchase, retirement, redemption or other acquisition of the same by the Company or any Subsidiary (other than preferred stock held by the Company or any Subsidiary).

"Total Swingline Commitment" shall mean, at any time, the aggregate amount of the Swingline Commitments, as in effect at such time.

"Transferee" shall have the meaning assigned to such term in Section 2.19(a).

"Type", when used in respect of any Loan or Borrowing, shall refer to the rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "rate" shall include the LIBO Rate, the Alternate Base Rate and the Fixed Rate.

"Utilization Fee" shall have the meaning assigned to such term in Section 2.06(c).

"Utilization Fee Percentage" shall mean .075%.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that if the Company notifies the Administrative Agent that the Company wishes to amend any covenant in Article VI or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend Article VI or any related definition for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Lenders. The phrase "the date of this Agreement" or "the date hereof", or words to similar effect, when used herein, shall mean June 21, 1994.

ARTICLE II. THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Standby Loans to the Borrowers, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in an aggregate principal amount at any time outstanding that will not result in such Lender's Committed Credit Exposure exceeding such Lender's Commitment, subject, however, to the conditions that (i) at no time shall (A) the sum of (I) the aggregate Standby Loan Exposure of all the Lenders, plus (II) the outstanding aggregate principal amount of all Competitive Loans made by all Lenders, plus (III) the amount of the Swingline Loan Exposure, exceed (B) the Total Commitment and (ii) at all times the outstanding aggregate principal amount of all Standby Loans made by each Lender shall equal such Lender's Applicable Percentage of the outstanding aggregate principal amount of all Standby Loans made pursuant to Section 2.04. Each Lender's Commitment is set forth opposite its name in Schedule 2.01. Such Commitments may be terminated or reduced from time to time pursuant to Section 2.11. Within the foregoing limits, the Borrowers may borrow, pay or prepay and reborrow hereunder, on and after the date hereof and prior to the Maturity Date, subject to the terms,

conditions and limitations set forth herein.

SECTION 2.02. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Commitments; provided, however, that the failure of any Lender to make any Standby Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.03. The Competitive Loans and Standby Loans comprising any Borrowing shall be in (i) an aggregate principal amount which is not less than \$10,000,000 and an integral multiple of \$1,000,000 or (ii) an aggregate principal amount equal to the remaining balance of the available applicable Commitments.

(b) Each Competitive Borrowing shall be comprised entirely of Eurodollar Competitive Loans or Fixed Rate Loans, and each Standby Borrowing shall be comprised entirely of Eurodollar Standby Loans or ABR Loans, as the Borrowers may request pursuant to Section 2.03 or 2.04, as applicable. Each Lender may at its option make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; provided, however, that none of the Borrowers shall be entitled to request any Borrowing which, if made, would result in an aggregate of more than ten separate Standby Loans of any Lender being outstanding hereunder at any one time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Subject to Section 2.05, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer to such account as the Administrative Agent may designate in federal funds not later than 11:00 a.m., New York City time, and the Administrative Agent shall by 12:00 (noon), New York City time, credit the amounts so received to an account designated by the applicable Borrower in the applicable Borrowing Request, which account must be a U.S. account or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted and Standby Loans shall be made by the Lenders pro rata in accordance with Section 2.16. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available then to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the applicable Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Effective Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, none of the Borrowers shall be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Competitive Bid Procedure. (a) In order to request Competitive Bids, a Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Administrative Agent (i) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., New York City time, four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Administrative Agent's sole discretion, and the Administrative Agent shall promptly notify the applicable Borrower of such rejection by telecopier. Such request shall in each case refer to this Agreement and specify (A) whether the Borrowing then being requested is to be a Eurodollar Borrowing or a Fixed Rate Borrowing, (B) the date of such Borrowing (which shall be a Business Day) and the aggregate principal amount thereof and (C) the Interest Period with respect thereto (which may not end after the Maturity Date). Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Administrative Agent shall invite by telecopier (in the form set forth in Exhibit A-2 hereto) the Lenders to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(b) Each Lender may, in its sole discretion, make one or more Competitive Bids to a Borrower responsive to a Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Administrative Agent via telecopier, in the form of Exhibit A-3 hereto, (i) in the case of a Eurodollar Competitive Borrowing, not later than 11:00 a.m., New York City time, three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., New York City time, on the day of a proposed Competitive Borrowing. Multiple bids will be accepted by the Administrative Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Administrative Agent after

conferring with, and upon the instruction of, the applicable Borrower, and the Administrative Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (A) the principal amount (which (x) shall be in a minimum principal amount of \$5,000,000 and in an integral multiple of \$1,000,000, and (y) may equal the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Lender is willing to make to the applicable Borrower, (B) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (C) the Interest Period and the last day thereof. If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify the Administrative Agent by telecopier (I) in the case of Eurodollar Competitive Loans, not later than 11:00 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (II) in the case of Fixed Rate Loans, not later than 11:00 a.m., New York City time, on the day of a proposed Competitive Borrowing; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Administrative Agent shall promptly notify the applicable Borrower by telecopier of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids to the applicable Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The applicable Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopier in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any of or all the bids referred to in paragraph (c) above, (x) in the case of a Eurodollar Competitive Borrowing, not later than 11:30 a.m., New York City time, three Business Days before a proposed Competitive Borrowing, and (y) in the case of a Fixed Rate Borrowing, not later than 11:30 a.m., New York City time, on the day of a proposed Competitive Borrowing; provided, however, that (i) the failure by the applicable Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) such Borrower shall not accept a bid made at a particular Competitive Bid Rate if the Borrower has decided to reject a bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by such Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if such Borrower shall accept a bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted by the Borrower to exceed the amount specified in the Competitive Bid Request, then such Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in (x) a minimum principal amount of \$5,000,000 and an integral multiple of \$1,000,000 or (y) an aggregate principal amount equal to the remaining balance of the available applicable Commitments; provided further, however, that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner which shall be in the discretion of the applicable Borrower. A notice given by the applicable Borrower pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy sent by the Administrative Agent, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

(f) A Competitive Bid Request shall not be made within five Business Days after the date of any previous Competitive Bid Request.

(g) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the applicable Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Administrative Agent pursuant to paragraph (b) above.

(h) All notices required by this Section 2.03 shall be given in accordance with Section 10.01.

SECTION 2.04. Standby Borrowing Procedure. In order to request a Standby Borrowing, a Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Standby Borrowing Request in the form of Exhibit A-5 hereto, to be received by the Administrative Agent (a) in the case of a Eurodollar Standby Borrowing, not later than 11:00 a.m., New York City time, three Business Days before a proposed borrowing and (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before a proposed borrowing; provided, however, that Borrowing Requests with respect to Borrowings to be made on the Closing Date may, at the discretion of the Administrative Agent, be delivered later than the times specified above. No Fixed Rate Loan shall be requested or made pursuant to a Standby Borrowing Request. Such notice shall be irrevocable and shall in each case specify (i) whether the Borrowing then being requested is to be a Eurodollar Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business

Day) and the aggregate principal amount of the Borrowing and (iii) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. If the applicable Borrower shall not have given notice in accordance with this Section 2.04 of its election to refinance a Standby Borrowing prior to the end of the Interest Period in effect for such Borrowing, then such Borrower shall (unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.04 (and the contents thereof), of each Lender's portion of the requested Borrowing.

SECTION 2.05. Refinancings. A Borrower may refinance all or any part of any Competitive Borrowing or Standby Borrowing with a Competitive Borrowing or a Standby Borrowing of the same or a different Type made pursuant to Section 2.03 or Section 2.04, subject to the conditions and limitations set forth herein and elsewhere in this Agreement, including refinancings of Competitive Borrowings with Standby Borrowings and Standby Borrowings with Competitive Borrowings. Any Borrowing or part thereof so refinanced shall be deemed to be repaid in accordance with Section 2.07 with the proceeds of a new Borrowing hereunder and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Lenders to the Administrative Agent or by the Administrative Agent to the applicable Borrower pursuant to Section 2.02(c); provided, however, that (i) if the principal amount extended by a Lender in a refinancing is greater than the principal amount extended by such Lender in the Borrowing being refinanced, then such Lender shall pay such difference to the Administrative Agent for distribution to the Lenders described in (ii) below, (ii) if the principal amount extended by a Lender in the Borrowing being refinanced is greater than the principal amount being extended by such Lender in the refinancing, the Administrative Agent shall return the difference to such Lender out of amounts received pursuant to (i) above, and (iii) to the extent any Lender fails to pay the Administrative Agent amounts due from it pursuant to (i) above, any Loan or portion thereof being refinanced with such amounts shall not be deemed repaid in accordance with Section 2.07 and shall be payable by the applicable Borrower.

SECTION 2.06. Fees. (a) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on the Maturity Date, a facility fee (a "Facility Fee") equal to the Facility Fee Percentage of the daily average amount of the Commitment of such Lender, whether used or unused (and whether or not the conditions set forth in Section 4.01 shall have been satisfied), on or prior to the Maturity Date, during the preceding quarter (or shorter period commencing with the date hereof or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated and all outstanding Loans of such Lender repaid). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 days. The Facility Fee due to each Lender shall commence to accrue on the date of this Agreement and shall cease to accrue on the earlier of the Maturity Date and the date on which the Commitment of such Lender shall have been terminated and the Loans of such Lender shall have been repaid.

(b) The Company agrees to pay the Administrative Agent, for its own account, the fees set forth in the letter agreements dated May 2, 1994 among the Administrative Agent, Chemical Securities Inc. and the Company (the "Administrative Fees") at the times and in the amounts set forth therein.

(c) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on each date on which the Commitment of such Lender shall be terminated or reduced as provided herein, a utilization fee (a "Utilization Fee") equal to the Utilization Fee Percentage of the sum of (i) the Committed Credit Exposure plus (ii) the outstanding principal amount of the Competitive Loans of such Lender for each day on which the sum of (A) the outstanding aggregate principal amount of Loans plus (B) the outstanding aggregate principal amount (or Assigned Dollar Value (as defined in the Facility B Credit Agreement), in the case of loans denominated in an Alternative Currency (as defined in the Facility B Credit Agreement)) of loans under the Facility B Credit Agreement exceeds 50% of the sum of (A) the Total Commitment plus (B) the aggregate amount of the commitments of the lenders under the Facility B Credit Agreement. All Utilization Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.07. Repayment of Loans. (a) Each Borrower agrees to pay the outstanding principal balance of each Loan on the last day of the Interest Period applicable to such Loan and on the Maturity Date. Each Loan shall bear interest from the date of the Borrowing of which such Loan is a part on the outstanding principal balance thereof as set forth in Section 2.08.

(b) Each Lender shall, and is hereby authorized by the Borrowers to, maintain, in accordance with its usual practice, records evidencing the indebtedness of each Borrower to such Lender hereunder from time to time, including the date, amount and Type of and the Interest Period applicable to each Loan made by such Lender from time to time and the amounts of principal and interest paid to such Lender from time to time in respect of each such Loan.

(c) The entries made in the records maintained pursuant to paragraph (b) of this Section 2.07 and in the Register maintained by the Administrative Agent pursuant to Section 10.04(d) shall be prima facie evidence of the existence and amounts of the obligations of each Borrower to which such entries relate;

provided, however, that the failure of any Lender or the Administrative Agent to maintain or to make any entry in such records or the Register, as applicable, or any error therein shall not in any manner affect the obligation of any Borrower to repay any Loans in accordance with the terms of this Agreement.

SECTION 2.08. Interest on Loans. (a) Subject to the provisions of Section 2.09, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days, at a rate per annum equal to (i) in the case of each Eurodollar Standby Loan, the LIBO Rate for the Interest Period in effect for the Borrowing of which such Loan is part plus the Applicable Margin from time to time in effect and (ii) in the case of each Eurodollar Competitive Loan, the LIBO Rate for the Interest Period in effect for the Borrowing of which such Loan is a part plus the Competitive Margin offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(b) Subject to the provisions of Section 2.09, the Loans comprising each ABR Borrowing (including each Swingline Borrowing) shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as appropriate, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate.

(c) Subject to the provisions of Section 2.09, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(d) Interest on each Loan shall be payable in arrears on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.09. Default Interest. If any Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, such Borrower shall on demand from time to time from the Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Alternate Base Rate plus 2% per annum (or, in the case of the principal of any Loan, if higher, the rate of interest otherwise applicable, or most recently applicable, to such Loan hereunder plus 2% per annum).

SECTION 2.10. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have determined that Dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its Eurodollar Loan during such Interest Period, or that reasonable means do not exist for ascertaining the LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or teletype notice of such determination to the applicable Borrower and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by a Borrower for a Eurodollar Competitive Borrowing pursuant to Section 2.03 shall be of no force or effect and shall be denied by the Administrative Agent and (ii) any request by a Borrower for a Eurodollar Standby Borrowing shall be deemed to be a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

SECTION 2.11. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated at the Administrative Agent's close of business in New York City on the Maturity Date.

(b) Upon at least two Business Days' prior irrevocable written or teletype notice to the Administrative Agent, the Company (on behalf of all the Borrowers) may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of \$1,000,000 and in a minimum principal amount of \$5,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the aggregate outstanding principal amount of the Competitive Loans and Standby Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Company shall pay to the Administrative Agent for the account of the Lenders, on the date of each termination or reduction, the Facility Fees on the amount of the Commitments so terminated or reduced accrued to but not including the date of such termination or reduction.

SECTION 2.12. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Standby Borrowing, in whole or in part, upon giving written or teletype notice (or telephone notice promptly confirmed by written or teletype notice) to the Administrative Agent: (i) in the case of Eurodollar Loans before 11:00 a.m., New York City time, three Business Days prior to prepayment and (ii) in the case of ABR Loans, before 11:00 a.m., New York City time, one Business Day prior to prepayment; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000. The Borrowers shall not have the right to prepay any Competitive Borrowing.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.11, the Company shall (or shall cause each responsible Borrower to) pay or prepay so much of the Swingline Borrowings and Standby Borrowings, in accordance with the following sentence, as shall be necessary in order that the aggregate outstanding principal amount of all Loans will not exceed the Total Commitment after giving effect to such termination or reduction. Mandatory prepayments under this paragraph (b) shall be applied (i) first, to prepay outstanding Swingline Borrowings and (ii) second, to prepay outstanding Standby Borrowings.

(c) Each notice of prepayment under this Section 2.12 shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Section 2.15 but otherwise without premium or penalty.

SECTION 2.13. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender (or any lending office of any Lender) of the principal of or interest on any Eurodollar Loan or Fixed Rate Loan made by such Lender or any Fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender (or any lending office of such Lender), or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurodollar Loan or Fixed Rate Loan made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan or Fixed Rate Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then the Company shall (or shall cause the Borrowers to) pay to such Lender upon demand such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if it shall have been aware of the change giving rise to such request at the time of submission of the Competitive Bid pursuant to which such Competitive Loan shall have been made.

(b) If any Lender shall have determined that any change after the date hereof in the applicability of any law, rule, regulation or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time the Company shall (or shall cause the responsible Borrower to) pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered. It is acknowledged that the Facility Fee provided for in this Agreement has been determined on the understanding that the Lenders will not be required to maintain capital against their Commitments under currently applicable laws, regulations and regulatory guidelines. In the event the Lenders shall be advised by regulatory authorities or shall otherwise determine on the basis of pronouncements of regulatory authorities that such understanding is incorrect, it is agreed that the Lenders will be entitled to make claims under this paragraph based upon prevailing market requirements on the date hereof for commitments under comparable credit facilities against which capital is required to be maintained.

(c) A certificate of a Lender setting forth such amount or amounts as shall be necessary to compensate such Lender as specified in paragraph (a) or (b) above, as the case may be, shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall (or shall cause the responsible Borrower to) pay each Lender the amount shown as due on any such certificate delivered by it within 10 days after the receipt of the same.

(d) Except as provided below in this paragraph (d), failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed. No Lender shall be entitled to compensation under this Section 2.13 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the Company that it will demand compensation for such costs or reductions not more than 60 days after the later of (i) such date and

(ii) the date on which it shall have, or should have, become aware of such costs or reductions.

SECTION 2.14. Change in Legality. (a) Notwithstanding any other provision herein, if, after the date hereof, (i) any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan or (ii) there shall have occurred any change in national or international financial, political or economic conditions which would make it impracticable for any Lender to make Loans to any Borrower, then, by written notice to the Company and to the Administrative Agent, such Lender may:

(i) declare that Eurodollar Loans will not thereafter (for the duration of such unlawfulness or impracticability) be made by such Lender hereunder, whereupon such Lender shall not submit a Competitive Bid in response to a request for Eurodollar Competitive Loans and any request by a Borrower for a Eurodollar Standby Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan, unless such declaration shall be subsequently withdrawn (or, if a Loan to the requesting Borrower cannot be made for the reasons specified above, such request shall be deemed to have been withdrawn); and

(ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Lender or the converted Eurodollar Loans of such Lender shall instead be applied to repay the ABR Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.14, a notice to the Company by any Lender shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Company.

SECTION 2.15. Indemnity. Each Borrower shall indemnify each Lender against any loss or expense which such Lender may sustain or incur as a consequence of (a) any failure by such Borrower to fulfill on the date of any borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by such Borrower to borrow or to refinance or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing or continuation has been given pursuant to Section 2.03 or 2.04, (c) any payment, prepayment, conversion or transfer of a Eurodollar Loan or Fixed Rate Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (e) the occurrence of any other Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan or Fixed Rate Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted, transferred or not borrowed (assumed to be the LIBO Rate or, in the case of a Fixed Rate Loan, the fixed rate of interest applicable thereto) for the period from the date of such payment, prepayment, conversion, transfer or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted, transferred or not borrowed for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent manifest error.

SECTION 2.16. Pro Rata Treatment. Except as required under Section 2.14, each Standby Borrowing, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fees and Utilization Fees, each reduction of the Commitments and each refinancing of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Standby Loans). Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining (i) the aggregate available Commitments of the Lenders at any time and (ii) the available Commitment of each Lender, each outstanding Competitive Borrowing shall be deemed to have utilized the Commitments of the Lenders (including those Lenders which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with such respective Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole Dollar amount.

SECTION 2.17. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Standby Loan or Standby Loans as a result of which the unpaid principal portion of its Standby Loans shall be proportionately less than the unpaid principal portion of the Standby Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Standby Loans of such other Lender, so that the aggregate unpaid principal amount of the Standby Loans and participations in the Standby Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Standby Loans then outstanding as the principal amount of its Standby Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Standby Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.17 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Standby Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower to such Lender by reason thereof as fully as if such Lender had made a Standby Loan directly to such Borrower in the amount of such participation.

SECTION 2.18. Payments. (a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under each other Loan Document not later than 12:00 noon, New York City time, on the date when due in immediately available funds. Each such payment (other than principal of and interest on Swingline Loans, which shall be paid directly to the applicable Swingline Lender except as otherwise provided in Section 2.21(c)) shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.19. Taxes. (a) Any and all payments by each Borrower hereunder shall be made, in accordance with Section 2.18, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) income taxes imposed on the net income of the Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such individual or entity, a "Transferee")) and (ii) franchise taxes imposed on the net income of the Administrative Agent or any Lender (or Transferee), in each case by the jurisdiction under the laws of which the Administrative Agent or such Lender (or Transferee) is organized, domiciled, resident or doing business or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If any Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee) or the Administrative Agent, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.19) such Lender (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) each Borrower shall make such deductions and (iii) each Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, each Borrower agrees to bear and to pay to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrowers will indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability prepared by a Lender, or the Administrative Agent on its behalf, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date the Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor.

(d) If a Lender (or Transferee) or the Administrative Agent shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of Taxes or Other Taxes as to which it has been indemnified by a Borrower, or with respect to which any Borrower has paid additional amounts, pursuant to this Section 2.19, it shall promptly notify the Company of the availability of such refund claim and shall, within 30 days after receipt of a request by the Company, make a claim to such Governmental Authority for such refund at the Company's expense. If a Lender (or Transferee) or the Administrative Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any Taxes or

Other Taxes as to which it has been indemnified by a Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 2.19, it shall within 30 days from the date of such receipt pay over such refund to the Company (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.19 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender (or Transferee) or the Administrative Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Company, upon the request of such Lender (or Transferee) or the Administrative Agent, agrees to (or to cause the responsible Borrower to) repay the amount paid over to the Company (plus penalties, interest or other charges) to such Lender (or Transferee) or the Administrative Agent in the event such Lender (or Transferee) or the Administrative Agent is required to repay such refund to such Governmental Authority.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by any Borrower to the relevant Governmental Authority, the Company will deliver to the Administrative Agent, at its address referred to in Section 10.01, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.19 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each Lender (or Transferee) that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Company and the Administrative Agent two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Company and is not a controlled foreign corporation related to the Company (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Borrowers under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.19(g), a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.19(g) that such Non-U.S. Lender is not legally able to deliver.

(h) None of the Borrowers shall be required to indemnify any Non-U.S. Lender, or to pay any additional amounts to any Non-U.S. Lender, in respect of United States Federal withholding tax pursuant to paragraph (a) or (c) above to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder, on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office, the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request of the Company; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of paragraph (g) above.

(i) Any Lender (or Transferee) claiming any indemnity payment or additional amounts payable pursuant to this Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) Nothing contained in this Section 2.19 shall require any Lender (or Transferee) or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

SECTION 2.20. Assignment of Commitments and Swingline Commitments Under Certain Circumstances. (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.13 or Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing

or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.13 or 2.14, or the Borrowers shall be required to make additional payments to any Lender under Section 2.19, the Company shall have the right, at its own expense, upon notice to such Lender and the Administrative Agent, to require such Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.04) all its interests, rights and obligations under this Agreement to another financial institution acceptable to the Administrative Agent which shall assume such obligations; provided that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the Company or the assignee, as the case may be, shall pay to the affected Lender in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

SECTION 2.21. Swingline Loans. (a) On the terms, subject to the conditions and relying upon the representations and warranties herein set forth, each Swingline Lender agrees, severally and not jointly, at any time and from time to time on and after the date hereof and until the earlier of the Business Day immediately preceding the Maturity Date and the termination of the Swingline Commitment of such Swingline Lender, to make Swingline Loans to the Borrowers in an aggregate principal amount at any time outstanding not to exceed the lesser of (i) such Swingline Lender's Swingline Commitment Percentage of the difference between (A) the Total Swingline Commitment and (B) the Swingline Loan Exposure, and (ii) the difference between (A) the aggregate Commitment of such Swingline Lender and (B) the outstanding aggregate principal amount of all Loans made by such Swingline Lender. Each Swingline Loan shall be made as part of a Borrowing consisting of Swingline Loans made by the Swingline Lenders ratably in accordance with their respective Swingline Commitment Percentages (it being understood that no Swingline Lender shall be responsible for the failure of any other Swingline Lender to make any Swingline Loan required to be made by such other Swingline Lender). The Swingline Loans comprising any Swingline Borrowing shall be in an aggregate principal amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (or an aggregate principal amount equal to the remaining balance of the available Swingline Commitments). Each Swingline Lender shall make its portion of each Swingline Borrowing available to the applicable Borrower by means of a credit to the general deposit account of such Borrower with the Administrative Agent by 3:00 p.m. on the date such Swingline Borrowing is requested to be made pursuant to paragraph (b) below. Within the limits set forth in the first sentence of this paragraph, the Borrowers may borrow, pay or prepay and reborrow Swingline Loans on or after the Initial Funding Date and prior to the Maturity Date on the terms and subject to the conditions and limitations set forth herein. The Swingline Commitments shall automatically and permanently terminate on the Maturity Date.

(b) The applicable Borrower shall give the Administrative Agent telephonic, written or teletype notice (in the case of telephonic notice, such notice shall be promptly confirmed by teletype) no later than 11:00 a.m., New York City time, on the day of a proposed Swingline Borrowing. Such notice shall be delivered on a Business Day, shall be irrevocable and shall refer to this Agreement and shall specify the requested date (which shall be a Business Day) and amount of such Swingline Borrowing. The Administrative Agent shall promptly advise the Swingline Lenders of any notice received from the Borrower pursuant to this paragraph (b).

(c) If any Borrower does not fully repay a Swingline Borrowing on or prior to the last day of the Interest Period with respect thereto, the Administrative Agent shall promptly notify each Lender thereof (by teletype or by telephone, confirmed in writing) and of its Applicable Percentage of such Swingline Borrowing. Upon such notice but without any further action, each Swingline Lender hereby agrees to grant to each Lender, and each Lender hereby agrees to acquire from each Swingline Lender, a participation in the Swingline Loan made by such Swingline Lender as part of such Swingline Borrowing equal to such Lender's Applicable Percentage of the principal amount of such Swingline Loan. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of each Swingline Borrowing (including the interest accrued thereon) that is not repaid on the last day of the Interest Period with respect thereto. Each such payment shall, for all purposes hereof, be deemed to be an ABR Standby Loan. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default or the failure of any condition precedent set forth in Article IV, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.02(c) with respect to Loans made by such Lender, and the Administrative Agent shall promptly pay to the Swingline Lenders their respective shares of the amounts so received by it from the Lenders. The Administrative Agent shall notify the applicable Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from a Borrower (or other party on behalf of a Borrower) in respect of a Swingline Loan after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. Notwithstanding anything herein to the contrary, the purchase of

participations in a Swingline Borrowing pursuant to this paragraph shall not relieve the Borrower of its obligation in respect of the payment thereof so long as ABR Loans that resulted from any such default shall remain outstanding or any accrued interest thereon shall remain unpaid.

(d) Upon written or teletype notice to the Swingline Lenders and to the Administrative Agent, the Company (on behalf of any Borrower or Borrowers) may at any time permanently terminate, or from time to time in part permanently reduce, the Swingline Commitment of the Swingline Lenders. Each reduction of the Swingline Commitments shall be allocated pro rata among the Swingline Lenders in accordance with their respective Swingline Commitment Percentages. On the date of any termination or reduction of the Swingline Commitments pursuant to this paragraph (d), the Borrower shall pay or prepay so much of the Swingline Borrowings as shall be necessary in order that (i) the aggregate outstanding principal amount of Swingline Loans will not exceed (ii) the Total Swingline Commitment after giving effect to such termination or reduction.

(e) Any Borrower may prepay any Swingline Borrowing in whole or in part at any time without premium or penalty; provided that such Borrower shall have given the Administrative Agent written or teletype notice (or telephone notice promptly confirmed in writing or by teletype) of such prepayment not later than 11:00 a.m., New York City time, on the Business Day designated by such Borrower for such prepayment; and provided further that each partial payment shall be in an amount that is not less than \$5,000,000 and in an integral multiple of \$1,000,000. Each notice of prepayment under this paragraph (e) shall specify the prepayment date and the principal amount of each Swingline Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit such Borrower to prepay such Swingline Borrowing (or portion thereof) by the amount stated therein on the date stated therein. Each payment of principal of or interest on or any other amount in respect of Swingline Loans shall be allocated, as between the Swingline Lenders, pro rata in accordance with their respective Swingline Commitment Percentages.

SECTION 2.22. Borrowings by Approved Borrowers. The Company may, at any time or from time to time, designate one or more wholly owned Subsidiaries as Borrowers hereunder by furnishing to the Administrative Agent a letter (a "Designation Letter") substantially in the form of Exhibit E-1 hereto, duly completed and executed by the Company and such Subsidiary, whereupon each Subsidiary so designated shall become an Approved Borrower. There may be no more than ten Approved Borrowers at any one time. So long as all principal and interest on all Loans of any Approved Borrower have been paid in full, the Company may terminate an Approved Borrower's status as an Approved Borrower by furnishing to the Administrative Agent a letter (a "Termination Letter"), substantially in the form of Exhibit E-2 hereto, duly completed and executed by the Company and such Approved Borrower. Any Termination Letter furnished in accordance with this Section 2.22 shall be effective upon receipt by the Administrative Agent. Notwithstanding the foregoing, the delivery of a Termination Letter with respect to any Approved Borrower shall not affect any obligation of such Approved Borrower theretofore incurred. Each Subsidiary set forth in Schedule 2.22 shall be deemed an Approved Borrower until delivery of a Termination Letter with respect to such Subsidiary.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

Part A. Representations and Warranties of the Company. The Company represents and warrants to each of the Lenders that:

SECTION 3.01. Corporate Existence. Each of the Company and its Subsidiaries: (a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect.

SECTION 3.02. Financial Condition. The Company has heretofore furnished to each of the Lenders a consolidated balance sheet of the Company and its Subsidiaries as at December 31, 1993, and the related consolidated statements of income, cash flows and changes in shareholders' equity of the Company and its Subsidiaries for the fiscal year ended on such date, with the opinion thereon of Coopers & Lybrand, and the unaudited consolidated balance sheet of the Company and its Subsidiaries as at March 31, 1994, and the related consolidated statements of income and cash flows of the Company and its Subsidiaries for the three-month period ended on such date. All such financial statements present fairly, in all material respects, the consolidated financial condition of the Company and its Subsidiaries as at such dates and the consolidated results of their operations for the fiscal year and three-month period ended on such dates (subject, in the case of the financial statements as at March 31, 1994, to normal year-end audit adjustments), all in accordance with generally accepted accounting principles and practices applied on a consistent basis. None of the Company nor any of its Subsidiaries has on the date hereof any material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in the balance sheets as at such dates (or the notes thereto in the case of such year end financial statements). Since December 31, 1993, there has been no Material Adverse Change from that set forth in the financial statements as at such date (or the notes thereto).

SECTION 3.03. Litigation. Except as disclosed in Schedule 3.03 hereto, there are no legal or arbitral proceedings, or any proceedings by or before any Governmental Authority, now pending or (to the knowledge of the Company) threatened against the Company or any of its Subsidiaries that, if adversely determined could (either individually or in the aggregate) have a Material Adverse Effect.

SECTION 3.04. No Breach. None of the execution and delivery of this

Agreement, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of the Company, or any applicable law or regulation, or any order, writ, injunction or decree of any court or Governmental Authority, or any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them or any of their assets or properties is bound or to which any of them is subject, or constitute a default under any such agreement or instrument.

SECTION 3.05. Action. The Company has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance by the Company of this Agreement has been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Agreement has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.06. Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority, or any securities exchange, are necessary for the execution, delivery or performance by the Company of this Agreement or for the legality, validity or enforceability hereof.

SECTION 3.07. Use of Credit. None of the Company nor any of its Subsidiaries in engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of the Loans hereunder will be used to buy or carry any Margin Stock.

SECTION 3.08. ERISA. Each Plan, and, to the knowledge of the Company, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Code and any other Federal or state law, and no event or condition has occurred and is continuing as to which the Company would be under an obligation to furnish a report to the Lenders under Section 5.06 hereof.

SECTION 3.09. Taxes. As of the date hereof, the Company and its Domestic Subsidiaries are members of an affiliated group of corporations filing consolidated returns for Federal income tax purposes, of which the Company is the "common parent" (within the meaning of Section 1504 of the Code) of such group. The Company and its Subsidiaries have filed all Federal income tax returns and all other material tax returns that are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any of its Subsidiaries. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of taxes and other governmental charges are, in the opinion of the Company, adequate. The Company has not given or been requested to give a waiver of the statute of limitations relating to the payment of Federal, states local and foreign taxes or other impositions.

SECTION 3.10. Investment Company Act. Neither the Company nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

SECTION 3.11. Public Utility Holding Company Act. Neither the Company nor any of its Subsidiaries is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.12. Material Agreements and Liens. (a) Part A of Schedule 3.12 hereto is a complete and correct list, as of the date hereof, of each credit agreement, loan agreement, indenture, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guarantee by, the Company or any of its Subsidiaries the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) \$5,000,000, and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement is correctly described in Part A of such Schedule 3.12.

(b) Part B of Schedule 3.12 hereto is a complete and correct list, as of the date hereof, of each Lien securing Indebtedness of any person the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) \$5,000,000 and covering any property of the Company or any of its Subsidiaries, and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien is correctly described in Part B of such Schedule 3.12.

SECTION 3.13. Environmental Matters. Each of the Company and its Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on its business as now being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization would not (either individually or in the aggregate) have a Material Adverse Effect. Each of such permits, licenses and authorizations is in full force and effect and each of the Company and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to

the extent failure to comply therewith would not (either individually or in the aggregate) have a Material Adverse Effect. There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or that are in the possession of the Company or any of its subsidiaries in relation to any site or facility now or previously owned, operated or leased by the Company or any of its Subsidiaries that have not been made available to the Lenders.

SECTION 3.14. Subsidiaries, etc. Set forth in Schedule 3.14 hereto is a complete and correct list, as of the date hereof, of all of the Subsidiaries of the Company, together with, for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each person holding ownership interests in such Subsidiary and (iii) the nature of the ownership interests held by each such person and the percentage of ownership of such Subsidiary represented by such ownership interests.

SECTION 3.15. True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Company to the Agent or any Lender in connection with the negotiation, preparation or delivery of this Agreement or included herein or delivered pursuant hereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by the Company and its Subsidiaries to the Administrative Agent and the Lenders in connection with this Agreement and the transactions contemplated hereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to the Company that could have a Material Adverse Effect that has not been disclosed herein or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Lenders for use in connection with the transactions contemplated hereby.

Part B. Representations and Warranties of the Approved Borrowers. Each Approved Borrower represents and warrants to each of the Lenders that:

SECTION 3.16. Corporate Existence of Approved Borrower. It and each of its Subsidiaries: (a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a Material Adverse Effect.

SECTION 3.17. No Breach. None of the execution and delivery of its Designation Letter and this Agreement, the consummation of the transactions therein and herein contemplated and compliance with the terms and provisions thereof and hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws or other organizational documents of such Approved Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which such Approved Borrower or any of its Subsidiaries is a party or by which any of them or their assets or properties is bound or to which any of them is subject, or constitute a default under any such agreement or instrument.

SECTION 3.18. Action. Such Approved Borrower has all necessary corporate or other power and authority to execute, deliver and perform its obligations under its Designation Letter and this Agreement, to perform its obligations hereunder and thereunder; the execution and delivery by such Approved Borrower of its Designation Letter and the performance by such Approved Borrower hereof and thereof have been duly authorized by all necessary corporate or other action on its part (including, without limitation, any required shareholder approvals); and its Designation Letter when executed and delivered by such Approved Borrower, will constitute, the legal, valid and binding obligation of such Approved Borrower, enforceable against such Approved Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.19. Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any governmental Authority are necessary for the execution, delivery or performance by such Approved Borrower of its Designation Letter or this Agreement or for the validity or enforceability thereof.

SECTION 3.20. Taxes on Payments of Approved Borrowers. Except as disclosed to the Lenders in writing prior to the delivery of such Approved Borrower's Designation Letter, there is no income, stamp or other tax of any country, or of any taxing authority thereof or therein, imposed by or in the nature of withholding or otherwise, which is imposed on any payment to be made by such Approved Borrower pursuant hereto, or is imposed on or by virtue of the execution, delivery or enforcement of its Designation Letter or this Agreement.

ARTICLE IV. CONDITIONS OF LENDING

The obligations of the Lenders to make Loans hereunder are subject to the satisfaction of the following conditions:

SECTION 4.01. All Borrowings. On the date of each Borrowing, including each Borrowing in which Loans are refinanced with new Loans as contemplated by Section 2.05:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03, Section 2.04 or Section 2.21(b), as applicable.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; provided, however, that no representation as to either (i) the absence of any Material Adverse Change in the financial condition of the Company, as provided in the last two sentences of Section 3.02, or (ii) the absence of any pending or threatened legal or arbitral proceedings, or any proceedings by or before any Governmental Authority, that could have a Material Adverse Effect on the Company, as provided in Section 3.03, shall be required as a condition to any Borrowing following the earlier of (i) the Initial Funding Date and (ii) the date of the first borrowing under the Facility B Credit Agreement.

(c) Each Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrowers on the date of such Borrowing as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. First Borrowing. On the Initial Funding Date:

(a) The Administrative Agent shall have received a favorable written opinion of Mudge Rose Guthrie Alexander & Ferdon, counsel for the Company, dated the Initial Funding Date and addressed to the Lenders, to the effect set forth in Exhibit D-1 hereto.

(b) All legal matters incident to this Agreement and the borrowings hereunder shall be satisfactory to the Lenders and to Cravath, Swaine & Moore, counsel for the Administrative Agent.

(c) The Administrative Agent shall have received (i) a copy of the certificate of incorporation, including all amendments thereto, of the Company, certified as of a recent date by the Secretary of State of the State of Delaware, and a certificate as to the good standing of the Company as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of the Company dated the Initial Funding Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Company as in effect on the Initial Funding Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the Loan Documents and the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation of the Company has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of the Company; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Cravath, Swaine & Moore, counsel for the Administrative Agent, may reasonably request.

(d) The Administrative Agent shall have received a certificate of the Company, dated the Initial Funding Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(e) The Administrative Agent shall have received a copy of a termination letter or similar document duly executed and delivered by the Company, terminating the commitments under the Predecessor Credit Agreement.

(f) The Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Initial Funding Date.

SECTION 4.03. First Borrowing by Each Approved Borrower. On the first date on which Loans are made to each Approved Borrower:

(a) The Administrative Agent shall have received a favorable written opinion of the general counsel of the applicable Approved Borrower, dated such date and addressed to the Lenders, to the effect set forth in Exhibit D-2 hereto, subject to necessary changes to reflect local law.

(b) The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation (or such other analogous documents), including all amendments thereto, of such Approved Borrower, certified as of a recent date by the Secretary of State (or other appropriate Governmental Authority) of the state (or country) of its organization or such other evidence as is reasonably satisfactory to the Administrative Agent, and a certificate as to the good standing (or other analogous certification to the extent available) of such Approved Borrower as of a recent date, from such Secretary of State (or other appropriate Governmental Authority) or such other evidence reasonably acceptable to the Administrative Agent; (ii) a certificate of the Secretary or Assistant Secretary of such Approved Borrower dated the date on which such Loans are to be made and certifying (A) that attached thereto is a true and complete copy of the by-laws (or such other analogous documents to the extent available) of such Approved Borrower as in effect on the date of such certificate and at all times since a date prior to the date of the resolution of such Approved Borrower described in item (B) below, (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of such Approved Borrower authorizing the execution, delivery and performance of the Designation Letter delivered by such Approved

Borrower and the borrowings hereunder by such Approved Borrower, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation (or other analogous documents) of such Approved Borrower have not been amended since the date of the last amendment thereto shown on the certificate of good standing (or other analogous certification or such other evidence reasonably acceptable to the Agent) furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer of such Approved Borrower executing the Designation Letter delivered by such Approve of Borrower or any other document delivered in connection herewith or therewith; (iii) a certificate of another officer of such Approved Borrower as to the incumbency and signature of the Secretary or such Assistant Secretary of such Approved Borrower executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Cravath, Swaine & Moore, counsel for the Agent, may reasonably request.

(c) The Administrative Agent shall have received (with sufficient copies for each Lender) a Designation Letter, duly executed by such Approved Borrower and the Company and acknowledged by the Administrative Agent.

(d) The Administrative Agent shall have received a certificate of each of the Borrowers, dated such date and signed, in the case of the Company, by a Financial Officer of the Company, and in the case of the Borrowers other than the Company, a Responsible Officer of such Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to such date.

Upon the satisfaction of the conditions precedent set forth in this Section 4.03, such Approved Borrower shall become a Borrower hereunder with the same force and effect as if originally named as a Borrower hereunder. The rights and obligations of each Borrower hereunder shall remain in full force and effect notwithstanding the addition of any new Borrower as a party to this Agreement.

ARTICLE V. AFFIRMATIVE COVENANTS

The Company covenants and agrees with each Lender and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Lenders shall otherwise consent in writing, the Company will, and will cause each of its Subsidiaries to:

SECTION 5.01. Existence; Businesses and Properties. (a) Preserve and maintain its corporate existence, rights (charter and statute) and material franchises, except as otherwise permitted by Section 6.03; provided, however, that the Company shall not be required to preserve any such right or franchise if (i) the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and (ii) the loss of any such right or franchise is not disadvantageous in any material respect to the Lenders.

(b) Comply in all material respects with all applicable laws (including environmental laws), rules, regulations and orders (including, without limitation, laws requiring payment of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith by appropriate proceedings) except where the failure to so comply would not result in a Material Adverse Change.

(c) Maintain and preserve all of its properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, to the extent that any failure to do so would result in a Material Adverse Change and except for dispositions thereof permitted by Section 6.03.

SECTION 5.02. Insurance. Maintain insurance with financially sound and reputable insurance companies (which insurance companies shall, in any event, have an A.M. Best rating of "B+" or better), and with respect to property and risks of a character usually maintained by corporations engaged in the same or similar business similarly situated, against loss, damage and liability of the kinds and in the amounts customarily maintained by such corporations.

SECTION 5.03. Obligations and Taxes. Pay its Indebtedness and other obligations promptly and in accordance with their terms and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Company shall have set aside on its books adequate reserves with respect thereto.

SECTION 5.04. Financial Statements, Reports, etc. In the case of the Borrower, furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year, its consolidated balance sheets and related statements of income, changes in stockholders' equity and cash flows, showing the financial condition of the Company and its Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of its Subsidiaries during such year, all audited by Coopers & Lybrand or other independent public accountants of recognized national standing acceptable to the Required Lenders and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of

the Company on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheets and related statements of income, changes in stockholders' equity and cash flows, showing the financial condition of the Company and its Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of its Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of the Company on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments;

(c) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of the accounting firm or Financial Officer opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.06 and 6.07;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it with the Securities and Exchange Commission, or any Governmental Authority succeeding to any of or all the functions of such Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.05. Litigation and Other Notices. Furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Company or any Affiliate thereof which, if adversely determined, could result in a Material Adverse Change; and

(c) any other development that has resulted in, or could reasonably be anticipated to result in, a Material Adverse Change.

SECTION 5.06. ERISA. (a) Comply in all material respects with the applicable provisions of ERISA and the Code and (b) furnish to the Administrative Agent and each Lender (i) as soon as possible, and in any event within 30 days after any Responsible Officer of the Company or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Company to the PBGC in an aggregate amount exceeding \$5,000,000, a statement of a Financial Officer setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a copy of any notice the Company or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) or to appoint a trustee to administer any Plan or Plans, and (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC.

SECTION 5.07. Maintaining Records. Maintain all financial records in accordance with GAAP and permit any representatives designated by any Lender to discuss the affairs, finances and condition of the Company or any Subsidiary with the officers thereof and independent accountants therefor.

SECTION 5.08. Use of Proceeds. Use the proceeds of the Loans only for the purposes set forth in the preamble to this Agreement.

ARTICLE VI. NEGATIVE COVENANTS

The Company covenants and agrees with each Lender and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Lenders shall otherwise consent in writing, the Company will not, and will not cause or permit any of its Subsidiaries to:

SECTION 6.01. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

(a) Liens in existence on the date hereof and listed in Part B of Schedule 3.12 hereto;

(b) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are

maintained on the books of the Company or the affected Subsidiaries, as the case may be, in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings and Liens securing judgments but only to the extent for an amount and for a period not resulting in an Event of Default under Article VII clause (i) hereof;

(d) pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(e) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto that, in the aggregate, are not material in amount, and that do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(g) Liens on property of any corporation that becomes a Subsidiary of the Company after the date of this Agreement; provided that such Liens are in existence at the time such corporation becomes a Subsidiary of the Company and were not created in anticipation thereof;

(h) Liens upon real and/or tangible personal property acquired after the date hereof (by purchase, construction or otherwise) by the Company or any of its Subsidiaries, each of which Liens either (A) existed on such property before the time of its acquisition and was not created in anticipation thereof or (B) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such property; provided that no such Lien shall extend to or cover any property of the Company or such Subsidiary other than the property so acquired and improvements thereon;

(i) additional Liens upon real and/or personal property created after the date hereof; provided that the aggregate Indebtedness secured thereby and incurred on and after the date hereof shall not exceed \$5,000,000 in the aggregate at any one time outstanding; and

(j) any extension, renewal or replacement of the foregoing; provided that the Liens permitted hereunder shall not be spread to cover any additional Indebtedness or property (other than a substitution of like property).

SECTION 6.02. Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (such an arrangement, a "Sale and Lease-Back Transaction"), other than (i) Sale and Lease-Back Transactions capitalized on the books of the Company in an aggregate capitalized amount not in excess of \$25,000,000 entered into in connection with the financing of aircraft to be used in connection with the Company's business and (ii) Sale and Lease-Back Transactions capitalized on the books of the Company (other than a Sale and Lease-Back Transaction permitted by clause (i) above) if the capitalized amount of all such Sale and Lease-Back Transactions shall not exceed \$5,000,000 in aggregate amount at any time outstanding.

SECTION 6.03. Mergers, Sales of Assets, etc. (a) In the case of any Borrower, consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any person, unless:

(i) the corporation formed by such consolidation or into which such Borrower is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of such Borrower substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia and shall expressly assume, by an agreement supplemental hereto, executed and delivered to each other party hereto, in form satisfactory to the Administrative Agent, the due and punctual payment of the principal of and interest on the Loans and all other obligations of such Borrower under the Loan Documents and the performance or observance of every covenant of this Agreement on the part of such Borrower to be performed or observed;

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(iii) the Company shall have delivered to the Administrative Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental agreement comply with this paragraph (a) and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by any Borrower with or merger by any Borrower into any other corporation or any conveyance, transfer or lease of the properties and assets of any Borrower substantially as an entirety in accordance with paragraph (a) above, the successor corporation formed by such consolidation or into which such Borrower is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the applicable Borrower under the Loan Documents with the same effect as if such successor corporation had

been named as a Borrower herein, and thereafter, the predecessor corporation shall be relieved of all obligations and covenants under the Loan Documents.

SECTION 6.04. Lines of Business; Fiscal Year. Engage or invest in operations engaging to any substantial extent in any line or lines of business activity other than the business of manufacturing, providing, distributing and selling such diverse goods and industrial services, principally for industrial, commercial, construction and defense applications, the same or similar to those goods and services as are manufactured, provided, distributed and sold by the Company on the date hereof. In the case of the Company, change its fiscal year end from that in effect at December 31, 1993.

SECTION 6.05. Transactions with Affiliates. Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except that as long as no Default or Event of Default shall have occurred and be continuing, the Company or any Subsidiary may engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties.

SECTION 6.06. Net Worth. The Company will not permit its Net Worth at any time during any period set forth below to be less than the required minimum Net Worth set forth opposite such period:

Period	Required Minimum Net Worth
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From the date hereof through December 31, 1994	
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	\$435,000,000
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From January 1, 1995 and at all times thereafter	\$435,000,000 plus 50% of Net Income for the Company's 1994 fiscal year
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For purposes of determining Net Income to be added to the required minimum Net Worth in Section 6.06 herein, negative Net Income shall be counted as zero.

SECTION 6.07. Total Debt to Total Capital Ratio. The Company will not permit the ratio of Total Debt to Total Capital at any time on or after the date hereof to exceed the ratio of 0.55 to 1.

ARTICLE VII. EVENTS OF DEFAULT

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five days;

(d) default shall be made in the due observance or performance by the Borrowers or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a) or 5.05 or in Article VI;

(e) default shall be made in the due observance or performance by the Borrowers or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) (i) the Company or any Subsidiary shall (A) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of (I) \$15,000,000, in the case of any single obligation, or (II) \$15,000,000, in the case of all obligations in the aggregate, in each case, when and as the same shall become due and payable, or (B) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any Indebtedness in an aggregate principal amount in excess of \$15,000,000 and such failure shall continue beyond any applicable grace period; or (ii) Indebtedness of the Company and its Subsidiaries, or any of them, in a principal amount in excess of (A) \$15,000,000, in the case of any single obligation, or (B) \$15,000,000, in the case of all obligations in the aggregate, shall be declared due and payable or required to be prepaid prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any Borrower or any Subsidiary, or of a substantial part of the property or assets of any Borrower or a Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law (or similar statute or law in any other jurisdiction), (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Subsidiary or for a substantial part of the property or assets of any Borrower or a Subsidiary or (iii) the winding-up or

liquidation of any Borrower or any Subsidiary; and such proceeding or petition shall continue undismissed for 30 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law (or similar statute or law in any other jurisdiction), (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Subsidiary or for a substantial part of the property or assets of any Borrower or any Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more judgments for the payment of money in an aggregate amount in excess of \$10,000,000 (exclusive of amounts fully covered by insurance where the insurer has admitted liability in respect of such judgment) or in excess of \$20,000,000 (regardless of insurance coverage) shall be rendered against any Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which 60 days execution shall not be effectively stayed, or otherwise being appropriately contested in good faith, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of any Borrower or any Subsidiary to enforce any such judgment;

(j) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of any Borrower to the PBGC or to a Plan in an aggregate amount exceeding \$5,000,000 and, within 30 days after the reporting of any such Reportable Event to the Administrative Agent or after the receipt by the Administrative Agent of the statement required pursuant to Section 5.06, the Administrative Agent shall have notified such Borrower in writing that (i) the Required Lenders have made a determination that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans by the PBGC, (B) for the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (C) for the imposition of a lien in favor of a Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans; or the PBGC shall institute proceedings to terminate any Plan or Plans; or

(k) there shall have occurred a Change in Control; then, and in every such event (other than an event with respect to a Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, with the consent of Required Lenders, may, or at the request of the Required Lenders, shall, by notice to the Borrowers, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and the Swingline Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to a Borrower described in paragraph (g) or (h) above, the Commitments and the Swingline Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

ARTICLE VIII. THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, Chemical Bank is hereby appointed to act as Administrative Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or holder and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) as provided in Article VII, to give notice on behalf of each of the Lenders to the Borrowers of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by any Borrower pursuant to this Agreement as received by the Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or willful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to

ascertain or to make any inquiry concerning the performance or observance by the Borrowers of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Administrative Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement, or any other Loan Documents or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrowers on account of the failure of or delay in performance or breach by any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or the Borrowers of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Lenders by the Administrative Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or agents. Each Lender agrees that any reasonable allocation of expenses or other amounts referred to in this paragraph between this Agreement and the Facility B Credit Agreement shall be conclusive and binding for all purposes.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX. GUARANTEE

SECTION 9.01. Guarantee. The Guarantor hereby guarantees to each Lender and the Administrative Agent and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration, by optional prepayment or otherwise) of the principal of and interest on the Loans made by the Lenders to any Approved Borrower and all other amounts from time to time owing to the Lenders or the Administrative Agent by any Approved Borrower under this Agreement pursuant to its Designation Letter, strictly in

accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Guarantor hereby further agrees that if any Approved Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration, by optional prepayment or otherwise) any of the Guaranteed Obligations, the Guarantor will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 9.02. Obligations Unconditional. The obligations of the Guarantor under Section 9.01 hereof are absolute and unconditional irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of any Approved Borrower under this Agreement or any other agreement or instrument referred to herein or therein (including, without limitation, any Designation Letter), or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 9.02 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder:

(i) at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein or therein shall be done or omitted; or

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement or any other agreement or instrument referred to herein or therein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with.

The Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Approved Borrower under this Agreement or any other agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations.

SECTION 9.03. Reinstatement. The obligations of the Guarantor under this Article IX shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Approved Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise and the Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration.

SECTION 9.04. Subrogation. The Guarantor hereby irrevocably waives all rights of subrogation or contribution, whether arising by operation of law (including, without limitation, any such right arising under Title 11 of the United States Code) or otherwise, by reason of any payment by it pursuant to the provisions of this Article IX and further agrees that for the benefit of each of its creditors (including, without limitation, each Lender and the Administrative Agent) that any such payment by it of the Guaranteed Obligations of any Approved Borrower shall constitute a contribution of capital by the Guarantor to such Approved Borrower.

SECTION 9.05. Remedies. The Guarantor agrees that, as between the Guarantor and the Lenders, the obligations of any Approved Borrower under this Agreement may be declared to be forthwith due and payable as provided in Article VII hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 9.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against any Approved Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by such Approved Borrower) shall forthwith become due and payable by the Guarantor for purposes of such Section 9.01.

SECTION 9.06. Continuing Guarantee. The guarantee in this Article IX is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

ARTICLE X. MISCELLANEOUS

SECTION 10.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Company, to it at P.O. Box 8888, Camp Hill, Pennsylvania 17001-8888, Attention of Barry M. Sullivan (Telecopy No. 717-763-6402);

(b) if to an Approved Borrower, to it at its address as set forth in its Designation Letter;

(c) if to the Administrative Agent, to Chemical Bank Agency Services Corporation, Grand Central Tower, 140 East 45th Street, New York, New York 10017, Attention of Sandra J. Miklave (Telecopy No. 212-622-0002), with copies to Chemical Bank, 270 Park Avenue, New York, New York 10017, Attention of Ann Kerns (Telecopy No. 212-270-2112); and

(d) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy, or on the date five Business Days after dispatch by certified or registered mail, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 10.01.

SECTION 10.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments and the Swingline Commitments have not been terminated.

SECTION 10.03. Binding Effect. This Agreement shall become effective when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Lender, and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender and their respective successors and assigns, except that the Borrowers shall not have the right to assign rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 10.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrowers, the Administrative Agent or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment, Swingline Commitment, participations in outstanding Swingline Loans and the Loans at the time owing to it); provided, however, that (i) except in the case of an assignment to a Lender or an Affiliate of such Lender, the Company and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Lender's rights and obligations under this Agreement, (iii) the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 (or, if smaller, such Lender's remaining Commitment) and the amount of the Commitment of such Lender remaining after such assignment shall not be less than \$10,000,000 or shall be zero, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, and a processing and recordation fee of \$4,000 and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to paragraph (e) of this Section 10.04, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.13, 2.15, 2.19 and 10.05, as well as to any Fees accrued for its account hereunder and not yet paid)). Notwithstanding the foregoing, any Lender assigning its rights and obligations under this Agreement may retain any Competitive Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment and Swingline Commitment, if any, and the outstanding balances of its Standby Loans, Competitive Loans and Swingline Loans, if any, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or

document furnished pursuant hereto or the financial condition of the Company or any Subsidiary or the performance or observance by any Borrower of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrower, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of the Company and the Administrative Agent to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Lenders.

(f) Each Lender may without the consent of the Company or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if they were Lenders and (iv) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrowers relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or changing or extending the Commitments).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure of information designated by the Company as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information. It is understood that confidential information relating to the Borrowers would not ordinarily be provided in connection with assignments or participations of Competitive Loans.

(h) Any Lender may at any time assign all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such assignment shall release a Lender from any of its obligations hereunder. In order to facilitate such an assignment to a Federal Reserve Bank, the applicable Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder.

(i) The Borrowers shall not assign or delegate any of their rights or duties hereunder, except as permitted by Section 6.03.

SECTION 10.05. Expenses; Indemnity. (a) Each Borrower agrees to pay all out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made hereunder, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent, and, in connection with any such amendment, modification or waiver or any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel for the Administrative Agent or any Lender. Each Borrower

further agrees that it shall indemnify the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any of the other Loan Documents.

(b) Each Borrower agrees to indemnify the Administrative Agent, each Lender and each of their respective directors, officers, employees and agents (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the transactions contemplated thereby, (ii) the actual or proposed use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(c) The provisions of this Section 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent or any Lender. All amounts due under this Section 10.05 shall be payable on written demand therefor.

SECTION 10.06. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Borrower against any of and all the obligations of such Borrower now or hereafter existing under this Agreement and other Loan Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.07. Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 10.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle such Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) change or extend the Commitment or the Swingline Commitment or decrease the Utilization Fees or Facility Fees of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of Section 2.16, the provisions of Article IX, the provisions of this Section or the definition of "Required Lenders", without the prior written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 10.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable on the Loan of such Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate.

SECTION 10.10. Entire Agreement. This Agreement and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities

under or by reason of this Agreement or the other Loan Documents.

SECTION 10.11. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the other Loan Documents. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.11.

SECTION 10.12. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

SECTION 10.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.15. Jurisdiction; Consent to Service of Process. (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Borrower or its properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

IN WITNESS WHEREOF, the Company, the Administrative Agent and the Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

HARSCO CORPORATION,

by

Name:
Title:

by

Name:
Title:

AMENDED AND RESTATED CREDIT AGREEMENT

(FIVE-YEAR COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY)

Dated As of August 24, 1993,
As Amended and Restated As of June 21, 1994

Among
HARSCO CORPORATION,
THE LENDERS NAMED HEREIN
and
CHEMICAL BANK,
as Administrative Agent

[CS&M Ref. No. 6700-229]

AMENDED AND RESTATED CREDIT AGREEMENT (FIVE-YEAR COMPETITIVE ADVANCE AND REVOLVING CREDIT FACILITY) dated as of August 24, 1993, as amended and restated as of June 21, 1994, among HARSCO CORPORATION, a Delaware corporation (the "Company"); the lenders listed in Schedule 2.01 hereto (the "Lenders"); and CHEMICAL BANK, a New York banking corporation, as administrative agent (in such capacity, the "Administrative Agent").

The Company and certain lenders (the "Original Lenders"), including certain of the Lenders, are parties to the Predecessor Credit Agreement (as herein defined) and (A) the Company wishes to substitute new Lenders for certain of the Original Lenders and to add to the Original Lenders one or more Lenders who were not Original Lenders, (B) the Lenders wish to appoint Chemical Bank as their Administrative Agent and (C) the Company, the Lenders and Chemical Bank wish to amend and restate the Predecessor Credit Agreement to read as set forth herein and in the Facility A Credit Agreement (as herein defined).

In that connection, the Company has requested the Lenders to extend credit to enable the Borrowers (as herein defined) to borrow on a standby revolving credit basis on and after the date hereof and at any time on and from time to time prior to the Maturity Date (as herein defined) a principal amount not in excess of \$150,000,000 or the equivalent in any one or more Alternative Currencies (as herein defined) at any time outstanding. The Company has also requested the Lenders to provide a procedure pursuant to which any Borrower may invite the Lenders to bid on an uncommitted basis on short-term borrowings by such Borrower. The proceeds of such borrowings, together with the proceeds of borrowings under the Facility A Credit Agreement (as herein defined), are to be used (a) to continue, convert or repay amounts outstanding, if any, under the Predecessor Credit Agreement and (b) to provide working capital and for other general corporate purposes, including providing backup liquidity for the Company's commercial paper program. The Lenders are willing to extend such credit to the Borrowers on the terms and subject to the conditions herein set forth.

Accordingly, the parties hereto agree as follows:

ARTICLE I. DEFINITIONS

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Standby Loan or Swingline Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Administrative Fees" shall have the meaning assigned to such term in Section 2.06(b).

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B hereto.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as effective. "Federal Funds Effective Rate" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist.

"Alternative Currency" shall mean (a) Belgian Francs, Deutsche Marks, French Francs and Sterling and (b) any other freely available currency which is

freely transferable and freely convertible into Dollars and in which dealings in deposits are carried on in the London or other interbank market, which shall be requested by a Borrower in respect of an Alternative Currency Borrowing and approved by each Lender making an Alternative Currency Loan comprising a part of such Borrowing.

"Alternative Currency Borrowing" shall mean a Borrowing comprised of Alternative Currency Loans. All Alternative Currency Borrowings shall be Eurocurrency Borrowings.

"Alternative Currency Equivalent" shall mean, with respect to each of an amount of Dollars on any date in relation to any specified Alternative Currency, the amount of such specified Alternative Currency that may be purchased with such amount of Dollars at the Spot Exchange Rate with respect to Dollars on such date. The term "Alternative Currency Equivalent" may be preceded by a reference to an Alternative Currency (e.g., "DEM Alternative Currency Equivalent"), in which case the Alternative Currency so referenced shall be the "specified" Alternative Currency.

"Alternative Currency Loan" shall mean any Loan denominated in an Alternative Currency.

"Applicable Margin" shall mean on any date, (A) with respect to ABR Loans, 0% and (B) with respect to Eurocurrency Loans, the applicable spreads set forth below based upon the ratings applicable on such date to senior, unsecured, non-credit, long-term indebtedness of the Company for borrowed money ("Index Debt"):

	Eurocurrency Loan Spread
Category 1	
A- or higher by S&P; A3 or higher by Moody's	.25%
Category 2	
BBB+ by S&P; Baa1 by Moody's	.30%
Category 3	
BBB by S&P; Baa2 by Moody's	.3125%
Category 4	
BBB- by S&P; Baa3 by Moody's	.375%
Category 5	
BB+ or lower by S&P; Ba1 or lower by Moody's	.45%

For purposes of determining the Applicable Margin for Eurocurrency Loans, (a) if either Moody's or S&P shall not have in effect a rating for Index Debt (other than because such rating agency shall no longer be in the business of rating corporate debt obligations), then such rating agency will be deemed to have established a rating for Index Debt in Category 5; (b) if the ratings established or deemed to have been established by Moody's and S&P shall fall within different Categories, the Applicable Margin shall be determined by reference to the superior (or numerically lower) Category; and (c) if any rating established or deemed to have been established by Moody's or S&P shall be changed (other than as a result of a change in the rating system of either Moody's or S&P), such change shall be effective as of the date on which such change is first announced by the rating agency making such change. Each change in the Applicable Margin shall apply to all Eurocurrency Loans and ABR Loans that are outstanding at any time during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of either Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the nonavailability of ratings from such rating agency.

"Applicable Percentage" shall mean, with respect to any Lender at any time, the percentage of the Total Commitment represented by such Lender's Commitment at such time.

"Approved Borrower" shall mean any wholly owned Subsidiary of the Company as to which a Designation Letter shall have been delivered to the Administrative Agent in accordance with Section 2.22 hereof and as to which a Termination Letter shall not have been delivered to the Administrative Agent.

"Assigned Dollar Value" shall mean, in respect of any Borrowing denominated in an Alternative Currency, the Dollar Equivalent thereof determined based upon the applicable Spot Exchange Rate as of the Denomination Date for such Borrowing.

"Assignment and Acceptance" shall mean an assignment and acceptance entered into by a Lender and an assignee, and accepted by the Administrative Agent, in the form of Exhibit C or such other form as shall be approved by the

Administrative Agent.

"Belgian Francs" or "BEF" shall mean lawful money of the Kingdom of Belgium.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States.

"Borrowers" shall mean the Company and each Approved Borrower.

"Borrowing" shall mean a group of Loans of a single Type made by the Lenders (or (a) in the case of a Competitive Borrowing, by the Lender or Lenders whose Competitive Bids have been accepted pursuant to Section 2.03 or (b) in the case of a Swingline Borrowing, by the Swingline Lenders) on a single date and as to which a single Interest Period is in effect.

"Business Day" shall mean any day (other than a day which is a Saturday, Sunday or legal holiday in the State of New York) on which banks are open for business in New York City; provided, however, that, when used in connection with a Eurocurrency Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market and, if such reference relates to the date on which any amount is to be paid or made available in an Alternative Currency, the term "Business Day" shall also exclude any day on which commercial banks and foreign exchange markets are not open for business in the principal financial center in the country of such Alternative Currency.

"Capital Lease Obligations" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

A "Change in Control" shall be deemed to have occurred if (a) any person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on the date hereof) shall own directly or indirectly, beneficially or of record, shares representing more than 20% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Company; (b) a majority of the seats (other than vacant seats) on the board of directors of the Company shall at any time have been occupied by persons who were neither (i) nominated by the board of directors of the Company, nor (ii) appointed by directors so nominated; or (c) any person or group shall otherwise directly or indirectly Control the Company.

"Code" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Committed Credit Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate amount of such Lender's Standby Loan Exposure at such time, plus (b) the aggregate amount of such Lender's Swingline Loan Exposure at such time.

"Commitment" shall mean, with respect to each Lender, the commitment of such Lender hereunder as set forth in Schedule 2.01 hereto, as such Lender's Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.11.

"Competitive Bid" shall mean an offer by a Lender to make a Competitive Loan pursuant to Section 2.03.

"Competitive Bid Accept/Reject Letter" shall mean a notification made by a Borrower pursuant to Section 2.03(d) in the form of Exhibit A-4.

"Competitive Bid Rate" shall mean, as to any Competitive Bid made by a Lender pursuant to Section 2.03(b), (i) in the case of a Eurocurrency Loan, the Competitive Margin, and (ii) in the case of a Fixed Rate Loan, the fixed rate of interest offered by the Lender making such Competitive Bid.

"Competitive Bid Request" shall mean a request made pursuant to Section 2.03 in the form of Exhibit A-1.

"Competitive Borrowing" shall mean a borrowing consisting of a Competitive Loan or concurrent Competitive Loans from the Lender or Lenders whose Competitive Bids for such Borrowing have been accepted by a Borrower under the bidding procedure described in Section 2.03.

"Competitive Loan" shall mean a loan from a Lender to a Borrower pursuant to the bidding procedure described in Section 2.03. Each Competitive Loan shall be a Eurocurrency Competitive Loan or a Fixed Rate Loan.

"Competitive Margin" shall mean, as to any Eurocurrency Competitive Loan, the margin (expressed as a percentage rate per annum in the form of a decimal to no more than four decimal places) to be added to or subtracted from the LIBO Rate in order to determine the interest rate applicable to such Loan, as specified in the Competitive Bid relating to such Loan.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and "Controlling" and "Controlled" shall have meanings correlative thereto.

"Default" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"Denomination Date" shall mean, in relation to any Alternative Currency Borrowing, the date that is three Business Days before the date such Borrowing is made.

"Deutsche Marks" or "DEM" shall mean lawful money of the Federal Republic of Germany.

"Dollar Equivalent" shall mean, with respect to an amount of any Alternative Currency on any date, the amount of Dollars that may be purchased with such amount of such Alternative Currency at the Spot Exchange Rate with respect to such Alternative Currency on such date.

"Dollars" or "\$" shall mean lawful money of the United States of America.

"Domestic Subsidiaries" shall mean any Subsidiary organized or incorporated under the laws of one of the States of the United States of America, the laws of the District of Columbia or the Federal laws of the United States of America.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA Affiliate" shall mean any trade or business (whether or not incorporated) that is a member of a group which the Company is a member and which is treated as a single employer under Section 414 of the Code.

"Eurocurrency Borrowing" shall mean a Borrowing comprised of Eurocurrency Loans.

"Eurocurrency Competitive Borrowing" shall mean a Competitive Borrowing comprised of Eurocurrency Competitive Loans.

"Eurocurrency Competitive Loan" shall mean any Competitive Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Eurocurrency Loan" shall mean any Eurocurrency Competitive Loan or Eurocurrency Standby Loan.

"Eurocurrency Standby Borrowing" shall mean a Standby Borrowing comprised of Eurocurrency Standby Loans.

"Eurocurrency Standby Loan" shall mean any Standby Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Event of Default" shall have the meaning assigned to such term in Article VII.

"Facility A Credit Agreement" shall mean the \$150,000,000 Amended and Restated Credit Agreement (364-Day Competitive Advance and Revolving Credit Facility) dated as of August 24, 1993, as amended and restated as of the date hereof among the Company, the lenders named therein and Chemical Bank, as administrative agent for the lenders.

"Facility Fee" shall have the meaning assigned to such term in Section 2.06(a).

"Facility Fee Percentage" shall mean on any date, the applicable percentage set forth below based upon the ratings applicable on such date to the Company's Index Debt:

	Facility Fee Percentage
Category 1	
A- or higher by S&P; A3 or higher by Moody's	.125%
Category 2	
BBB+ by S&P; Baa1 by Moody's	.15%
Category 3	
BBB by S&P; Baa2 by Moody's	.1875%
Category 4	
BBB- by S&P; Baa3 by Moody's	.25%
Category 5	
BB+ or lower by S&P; Ba1 or lower by Moody's	.30%

For purposes of the foregoing, (a) if either Moody's or S&P shall not have in effect a rating for Index Debt (other than because such rating agency shall no longer be in the business of rating corporate debt obligations), then such rating agency will be deemed to have established a rating for Index Debt in Category 5; (b) if the ratings established or deemed to have been established by Moody's and S&P shall fall within different Categories, the Facility Fee Percentage shall be determined by reference to the superior (or numerically lower) Category; and (c) if any rating established or deemed to have been

established by Moody's or S&P shall be changed (other than as a result of a change in the rating system of either Moody's or S&P), such change shall be effective as of the date on which such change is first announced by the rating agency making such change. Each change in the Facility Fee Percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of either Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency.

"Fees" shall mean the Administrative Fees, the Facility Fee and the Utilization Fee.

"Financial Officer" of any corporation shall mean the Chief Financial Officer, principal accounting officer, Treasurer or Controller of such corporation.

"Fixed Rate Borrowing" shall mean a Borrowing comprised of Fixed Rate Loans.

"Fixed Rate Loan" shall mean any Competitive Loan bearing interest at a fixed percentage rate per annum (expressed in the form of a decimal to no more than four decimal places) specified by the Lender making such Loan in its Competitive Bid.

"French Francs" or "FRF" shall mean lawful money of the Republic of France.

"GAAP" shall mean United States generally accepted accounting principles, applied on a basis consistent with the financial statements referred to in Section 3.02.

"Governmental Authority" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"Guarantee" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; provided, however, that the term Guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

"Guarantor" shall mean the Company in its capacity as the guarantor under Section 9.01.

"Indebtedness" of any person shall mean, without duplication, (a) all obligations of such person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such person of Indebtedness of others, (h) all Capital Lease Obligations of such person, (i) all obligations of such person in respect of interest rate protection agreements, foreign currency exchange agreements or other interest or exchange rate hedging arrangements and (j) all obligations of such person as an account party in respect of letters of credit and bankers' acceptances; provided, however, that Indebtedness shall not include trade accounts payable in the ordinary course of business. The Indebtedness of any person shall include the Indebtedness of any partnership in which such person is a general partner.

"Index Debt" shall have the meaning given such term under Applicable Margin.

"Initial Funding Date" shall mean the date of the first Borrowing hereunder.

"Interest Payment Date" shall mean, with respect to any Loan, the last day of each Interest Period applicable thereto and, in the case of a Eurocurrency Loan with an Interest Period of more than three months' duration or a Fixed Rate Loan with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date for such Loan had successive Interest Periods of three months' duration or 90 days duration, as the case may be, been applicable to such Loan and, in addition, the date of any refinancing of such Loan with a Loan of a different Type.

"Interest Period" shall mean (a) as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the applicable Borrower may elect, (b) as to any ABR Borrowing or Swingline Borrowing, the period commencing on the date of such Borrowing and ending on the earlier of (i) the next succeeding day which shall be the last day of any March, June, September or December and (ii) the Maturity Date and (c) as to any Fixed Rate Borrowing, the period commencing on the date of such Borrowing and ending on the date specified in the Competitive Bids in which the offer to make the Fixed Rate Loans comprising such Borrowing were extended, which shall not be earlier than seven days after the date of such Borrowing or later than

360 days after the date of such Borrowing; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of Eurocurrency Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, (i) the interest rate per annum for deposits for a maturity most nearly comparable to such Interest Period in the currency in which such Borrowing is denominated which appears on page 3740 or 3750, as applicable, of the Dow Jones Telerate Screen as of 11:00 a.m., London time, on the date that is two Business Days prior to the first day of such Interest Period or, if such a rate does not appear on page 3740 or 3750, as applicable, of the Dow Jones Telerate Screen, (ii) an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the rate at which deposits in the currency in which such Borrowing is denominated approximately equal in principal amount to the Loan of the Administrative Agent, in its capacity as a Lender (or, if the Administrative Agent is not a Lender in respect of such Borrowing, then the Loan of the Lender in respect of such Borrowing with the greatest Loan Amount), included in such Eurocurrency Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, on the relevant date of determination.

"Lien" shall mean with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan" shall mean any Competitive Loan, Standby Loan or Swingline Loan.

"Loan Documents" shall mean this Agreement and the Fee Letter dated May 2, 1994 among the Administrative Agent, Chemical Securities Inc. and the Company.

"Margin Stock" shall have the meaning given such term under Regulation U.

"Material Adverse Change" or "Material Adverse Effect" shall mean (a) a materially adverse change in, or a materially adverse effect on, the business, assets, operations, prospects or condition, financial or otherwise, of the Company and its Subsidiaries taken as a whole or (b) a material impairment of the ability of the Company or any Approved Borrower to perform any of its respective obligations under any Loan Document to which it is or becomes a party.

"Maturity Date" shall mean June 21, 1999.

"Moody's" shall mean Moody's Investors Service, Inc.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Company or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Net Income" shall mean, for any period for the Company and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), net income for such period.

"Net Worth" shall mean, as at any date, the sum for the Company and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP) of the following:

- (a) the amount of common stock; plus
- (b) the amount of any preferred stock that does not have any requirement for the Company to purchase, redeem, retire or otherwise acquire the same; plus
- (c) the amount of additional paid-in capital and retained earnings (or, in the case of an additional paid-in capital or retained earnings deficit, minus the amount of such deficit); plus
- (d) cumulative translation adjustments (or, in the case of negative adjustments, minus the amount of such adjustments); plus
- (e) cumulative pension liability adjustments (or, in the case of negative adjustments, minus the amount of such adjustments); minus
- (f) the cost of treasury stock.

"Obligation Currency" shall have the meaning assigned to such term in Section 10.13.

"Other Taxes" shall have the meaning assigned to such term in Section 2.19(b).

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

"Plan" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section

412 of the Code which is maintained for current or former employees, or any beneficiary thereof, of the Company or any ERISA Affiliate.

"Predecessor Credit Agreement" shall mean the Amended and Restated Credit Agreement dated as of August 24, 1993, amended and restated as of October 20, 1993, among the Company, the lenders named therein and Chase Manhattan Bank (National Association), as agent.

"Register" shall have the meaning given such term in Section 10.04(d).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation G" shall mean Regulation G of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"Reportable Event" shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414).

"Required Lenders" shall mean, at any time, Lenders having Commitments representing a majority of the Total Commitment or, for purposes of acceleration pursuant to clause (ii) of Article VII, Lenders holding Loans representing a majority of the aggregate principal amount of the Loans outstanding. For purposes of determining the Required Lenders, any Loans denominated in an Alternative Currency shall be translated into Dollars at the Spot Exchange Rate in effect on the applicable Denomination Date.

"Responsible Officer" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"S&P" shall mean Standard and Poor's Corporation.

"Spot Exchange Rate" shall mean, on any day, (a) with respect to any Alternative Currency, the spot rate at which Dollars are offered on such day by Chemical Bank in London for such Alternative Currency at approximately 11:00 a.m. (London time), and (b) with respect to Dollars in relation to any specified Alternative Currency, the spot rate at which such specified Alternative Currency is offered on such day by Chemical Bank in London for Dollars at approximately 11:00 a.m. (London time). For purposes of determining the Spot Exchange Rate in connection with an Alternative Currency Borrowing, such Spot Exchange Rate shall be determined as of the Denomination Date for such Borrowing with respect to transactions in the applicable Alternative Currency that will settle on the date of such Borrowing.

"Standby Borrowing" shall mean a borrowing consisting of simultaneous Standby Loans from each of the Lenders.

"Standby Borrowing Request" shall mean a request made pursuant to Section 2.04 in the form of Exhibit A-5.

"Standby Loan" shall mean a revolving loan made by a Lender pursuant to Section 2.04. Each Standby Loan shall be a Eurocurrency Standby Loan or an ABR Loan.

"Standby Loan Exposure" shall mean, with respect to any Lender at any time, the sum of (a) the aggregate principal amount at such time of all outstanding Standby Loans of such Lender denominated in Dollars, plus (b) the Assigned Dollar Value at such time of the aggregate principal amount at such time of all outstanding Standby Loans of such Lender that are Alternative Currency Loans.

"Sterling" or "GBP" shall mean lawful money of the United Kingdom.

"subsidiary" shall mean, with respect to any person (herein referred to as the "parent"), any corporation, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, owned, Controlled or held, or (b) which is, at the time any determination is made, otherwise Controlled by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"Subsidiary" shall mean any subsidiary of the Company.

"Swingline Borrowing" shall mean a borrowing consisting of simultaneous Swingline Loans from each of the Swingline Lenders.

"Swingline Commitment" shall mean, with respect to any Lender, the commitment of such Lender to make Swingline Loans hereunder as set forth in Schedule 2.21, as such Lender's Swingline Commitment may be permanently terminated or reduced from time to time pursuant to Section 2.21(d).

"Swingline Commitment Percentage" shall mean, with respect to any Swingline Lender at any time, the percentage that the Swingline Commitment of such Swingline Lender represents of the Total Swingline Commitment at such time.

"Swingline Lender" shall mean any Lender with a Swingline Commitment.

"Swingline Loan" shall mean any loan made by a Lender pursuant to Section

2.21. Each Swingline Loan shall be denominated in Dollars and shall be an ABR Loan.

"Swingline Loan Exposure" shall mean, at any time, the aggregate principal amount at such time of all Swingline Loans. The Swingline Loan Exposure of any Lender at any time shall mean its Applicable Percentage of the aggregate Swingline Loan Exposure at such time.

"Taxes" shall have the meaning assigned to such term in Section 2.19(a).

"Total Capital" shall mean, at any time, Net Worth plus Total Debt.

"Total Commitment" shall mean, at any time, the aggregate amount of the Commitments, as in effect at such time.

"Total Debt" shall mean, at any time, the aggregate outstanding principal amount of all Indebtedness of the Company and its Subsidiaries at such time (other than Indebtedness described in clause (i) or (j) of the definition of the term "Indebtedness") determined on a consolidated basis (without duplication) in accordance with GAAP; provided that the term "Total Debt" shall include any preferred stock that provides for the mandatory purchase, retirement, redemption or other acquisition of the same by the Company or any Subsidiary (other than preferred stock held by the Company or any Subsidiary).

"Total Swingline Commitment" shall mean, at any time, the aggregate amount of the Swingline Commitments, as in effect at such time.

"Transferee" shall have the meaning assigned to such term in Section 2.19(a).

"Type", when used in respect of any Loan or Borrowing, shall refer to the rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined and the currency in which such Loan or the Loans comprising such Borrowings are denominated. For purposes hereof, "rate" shall include the LIBO Rate, the Alternate Base Rate and the Fixed Rate, and "currency" shall include Dollars and any Alternative Currency permitted hereunder.

"Utilization Fee" shall have the meaning assigned to such term in Section 2.06(c).

"Utilization Fee Percentage" shall mean on any date, the applicable percentage set forth below for the Utilization Fee based upon the ratings applicable on such date the Company's Index Debt:

	Utilization Fee Percentage
Category 1 A- or higher by S&P; A3 or higher by Moody's	.075%
Category 2 BBB+ by S&P; Baa1 by Moody's	.125%
Category 3 BBB by S&P; Baa2 by Moody's	.125%
Category 4 BBB- by S&P; Baa3 by Moody's	.125%
Category 5 BB+ or lower by S&P; Ba1 or lower by Moody's	.125%

For purposes of the foregoing, (a) if either Moody's or S&P shall not have in effect a rating for Index Debt (other than because such rating agency shall no longer be in the business of rating corporate debt obligations), then such rating agency will be deemed to have established a rating for Index Debt in Category 5; (b) if the ratings established or deemed to have been established by Moody's and S&P shall fall within different Categories, the Utilization Fee Percentage shall be determined by reference to the superior (or numerically lower) Category; and (c) if any rating established or deemed to have been established by Moody's or S&P shall be changed (other than as a result of a change in the rating system of either Moody's or S&P), such change shall be effective as of the date on which such change is first announced by the rating agency making such change. Each change in the Utilization Fee Percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of either Moody's or S&P shall change, or if either such rating agency shall cease to be in the business of rating corporate debt obligations, the Company and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency.

"Withdrawal Liability" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever

the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that if the Company notifies the Administrative Agent that the Company wishes to amend any covenant in Article VI or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend Article VI or any related definition for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Lenders. The phrase "the date of this Agreement" or "the date hereof", or words to similar effect, when used herein, shall mean June 21, 1994.

ARTICLE II. THE CREDITS

SECTION 2.01. Commitments. (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make Standby Loans to the Borrowers, at any time and from time to time on and after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Lender, in Dollars or one or more Alternative Currencies (as specified in the Borrowing Requests with respect thereto), in an aggregate principal amount at any time outstanding that will not result in such Lender's Committed Credit Exposure exceeding such Lender's Commitment, subject, however, to the conditions that (i) at no time shall (A) the sum of (I) the aggregate Standby Loan Exposure of all the Lenders, plus (II) the outstanding aggregate principal amount or Assigned Dollar Value of all Competitive Loans made by all Lenders, plus (III) the amount of the Swingline Loan Exposure, exceed (B) the Total Commitment and (ii) at all times the outstanding aggregate principal amount of all Standby Loans made by each Lender shall equal such Lender's Applicable Percentage of the outstanding aggregate principal amount of all Standby Loans made pursuant to Section 2.04. Each Lender's Commitment is set forth opposite its name in Schedule 2.01. Such Commitments may be terminated or reduced from time to time pursuant to Section 2.11. Within the foregoing limits, the Borrowers may borrow, pay or prepay and reborrow hereunder, on and after the date hereof and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

(b) For purposes of paragraph (a) above, if the Dollar Equivalent of an outstanding Borrowing denominated in an Alternative Currency, determined by the Administrative Agent based upon the applicable Spot Exchange Rate as of the date that is three Business Days before the end of the Interest Period with respect to such Borrowing, does not exceed by more than 5% the Assigned Dollar Value of such Borrowing, and if the entire amount of such Borrowing is to be refinanced with a new Borrowing of equivalent amount in the same currency and by the same Borrower, then such Borrowing shall continue to have the same Assigned Dollar Value as in effect prior to such refinancing. The Administrative Agent shall determine the applicable Spot Exchange Rate as of the date three Business Days before the end of an Interest Period with respect to a Borrowing denominated in an Alternative Currency and shall promptly notify the Company and the Lenders whether the Dollar Equivalent of such Borrowing exceeds by more than 5% the Assigned Dollar Value thereof.

SECTION 2.02. Loans. (a) Each Standby Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their applicable Commitments; provided, however, that the failure of any Lender to make any Standby Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). Each Competitive Loan shall be made in accordance with the procedures set forth in Section 2.03. The Competitive Loans and Standby Loans comprising any Borrowing shall be in (i) an aggregate principal amount or Assigned Dollar Value which is not less than \$10,000,000 and, except in the case of Alternative Currency Borrowings, an integral multiple of \$1,000,000 or (ii) an aggregate principal amount equal to the remaining balance of the available applicable Commitments. The Loans comprising each Alternative Currency Borrowing shall be made in the Alternative Currency specified in the applicable Standby Borrowing Request in an amount equal to the Alternative Currency amount specified in such Standby Borrowing Request; provided, however, that for purposes of clause (i) above, each Alternative Currency Borrowing shall be deemed to be in an aggregate principal amount equal to the Dollar Equivalent of such Alternative Currency Borrowing, which Dollar Equivalent shall be determined by the Administrative Agent as of the Denomination Date for such Borrowing (which determination shall be conclusive absent manifest error).

(b) Each Competitive Borrowing shall be comprised entirely of Eurocurrency Competitive Loans or Fixed Rate Loans, and each Standby Borrowing shall be comprised entirely of Eurocurrency Standby Loans or ABR Loans, as the Borrowers may request pursuant to Section 2.03 or 2.04, as applicable. Each Lender may at its option make any Eurocurrency Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; provided, however, that none of the Borrowers shall be entitled to request any Borrowing which, if made, would result in an aggregate of more than ten separate Standby Loans of any Lender being outstanding hereunder at any one time. For purposes of the foregoing, Borrowings having different Interest Periods or denominated in different currencies, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(c) Subject to Section 2.05, each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer to such account as the Administrative Agent may designate in federal funds (in the case of any Loan denominated in Dollars) or such other immediately available funds as may then be customary for the settlement of international transactions in the relevant currency not later than 11:00 a.m., New York City time, in the case of fundings to an account in New York City, or 11:00 a.m., local time, in the case of fundings to an account(s) in another jurisdiction, and the Administrative Agent shall by 12:00 (noon), New York City time, in the case of fundings to (an) account(s) in New York City, or 12:00 (noon), local time, in the case of fundings to an account(s) in another jurisdiction, credit the amounts so received to an account(s) designated by the applicable Borrower in the applicable Borrowing Request, which account(s) must be in the country of the currency of the Loan (it being understood that the funding may be for the credit of an account outside such country) or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders. Competitive Loans shall be made by the Lender or Lenders whose Competitive Bids therefor are accepted pursuant to Section 2.03 in the amounts so accepted and Standby Loans shall be made by the Lenders pro rata in accordance with Section 2.16. Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount in the required currency. If the Administrative Agent shall have so made funds available then to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon in such currency, for each day from the date such amount is made available to the applicable Borrower until the date such amount is repaid to the Administrative Agent at (i) in the case of the Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds in the relevant currency (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, none of the Borrowers shall be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Competitive Bid Procedure. (a) In order to request Competitive Bids, a Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Competitive Bid Request in the form of Exhibit A-1 hereto, to be received by the Administrative Agent (i) in the case of a Eurocurrency Competitive Borrowing, not later than 11:00 a.m., New York City time (or, if the Bid Request is delivered or telecopied to the Administrative Agent in London, 10:00 a.m., London time), four Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., New York City time, one Business Day before a proposed Competitive Borrowing. No ABR Loan shall be requested in, or made pursuant to, a Competitive Bid Request. A Competitive Bid Request that does not conform substantially to the format of Exhibit A-1 may be rejected in the Administrative Agent's sole discretion, and the Administrative Agent shall promptly notify the applicable Borrower of such rejection by telecopier. Such request shall in each case refer to this Agreement and specify (A) whether the Borrowing then being requested is to be a Eurocurrency Borrowing or a Fixed Rate Borrowing, (B) the date of such Borrowing (which shall be a Business Day), (C) the aggregate principal amount of the Borrowing, (D) the currency of such Borrowing and (E) the Interest Period with respect thereto (which may not end after the Maturity Date). If no election as to the currency of Borrowing is specified in any Competitive Bid Request, then the applicable Borrower shall be deemed to have requested Borrowings in Dollars. Promptly after its receipt of a Competitive Bid Request that is not rejected as aforesaid, the Administrative Agent shall invite by telecopier (in the form set forth in Exhibit A-2 hereto) the Lenders to bid, on the terms and conditions of this Agreement, to make Competitive Loans pursuant to the Competitive Bid Request.

(b) Each Lender may, in its sole discretion, make one or more Competitive Bids to a Borrower responsive to a Competitive Bid Request. Each Competitive Bid by a Lender must be received by the Administrative Agent via telecopier, in the form of Exhibit A-3 hereto, (i) in the case of Eurocurrency Competitive Borrowing not later than 11:00 a.m., New York City time (or, if the Competitive Bid is delivered or telecopied to the Administrative Agent in London, 10:00 a.m., London time), three Business Days before a proposed Competitive Borrowing and (ii) in the case of a Fixed Rate Borrowing, not later than 11:00 a.m., New York City time, on the day of a proposed Competitive Borrowing. Multiple bids will be accepted by the Administrative Agent. Competitive Bids that do not conform substantially to the format of Exhibit A-3 may be rejected by the Administrative Agent after conferring with, and upon the instruction of, the applicable Borrower, and the Administrative Agent shall notify the Lender making such nonconforming bid of such rejection as soon as practicable. Each Competitive Bid shall refer to this Agreement and specify (A) the principal amount (which (x) shall be in a minimum principal amount or Assigned Dollar Value of \$5,000,000 and (except in the case of Alternative Currency Borrowings) in an integral multiple of \$1,000,000, (y) shall be expressed in Dollars or, in the case of an Alternative Currency Borrowing, in both the Alternative Currency and the Assigned Dollar Value thereof and (z) may equal the entire principal amount of the Competitive Borrowing requested by the Borrower) of the Competitive Loan or Loans that the Lender is willing to make to the applicable Borrower, (B) the Competitive Bid Rate or Rates at which the Lender is prepared to make the Competitive Loan or Loans and (C) the Interest Period and the last day

thereof. If any Lender shall elect not to make a Competitive Bid, such Lender shall so notify the Administrative Agent by telecopier (I) in the case of Eurocurrency Competitive Loans, not later than 11:00 a.m., New York City time (or, if the notice is delivered or telecopied to the Administrative Agent in London, 10:00 a.m., London time), three Business Days before a proposed Competitive Borrowing, and (II) in the case of Fixed Rate Loans, not later than 11:00 a.m., New York City time, on the day of a proposed Competitive Borrowing; provided, however, that failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Loan as part of such Competitive Borrowing. A Competitive Bid submitted by a Lender pursuant to this paragraph (b) shall be irrevocable.

(c) The Administrative Agent shall promptly notify the applicable Borrower by telecopier of all the Competitive Bids made, the Competitive Bid Rate and the principal amount of each Competitive Loan in respect of which a Competitive Bid was made and the identity of the Lender that made each bid. The Administrative Agent shall send a copy of all Competitive Bids to the applicable Borrower for its records as soon as practicable after completion of the bidding process set forth in this Section 2.03.

(d) The applicable Borrower may in its sole and absolute discretion, subject only to the provisions of this paragraph (d), accept or reject any Competitive Bid referred to in paragraph (c) above. The Borrower shall notify the Administrative Agent by telephone, confirmed by telecopier in the form of a Competitive Bid Accept/Reject Letter, whether and to what extent it has decided to accept or reject any of or all the bids referred to in paragraph (c) above, (x) in the case of a Eurocurrency Competitive Borrowing, not later than 11:30 a.m., New York City time (or, if the notice is delivered or telecopied to the Administrative Agent in London, 10:30 a.m., London time), three Business Days before a proposed Competitive Borrowing, and (y) in the case of a Fixed Rate Borrowing, not later than 11:30 a.m., New York City time, on the day of a proposed Competitive Borrowing; provided, however, that (i) the failure by the applicable Borrower to give such notice shall be deemed to be a rejection of all the bids referred to in paragraph (c) above, (ii) such Borrower shall not accept a bid made at a particular Competitive Bid Rate if the Borrower has decided to reject a bid made at a lower Competitive Bid Rate, (iii) the aggregate amount of the Competitive Bids accepted by such Borrower shall not exceed the principal amount specified in the Competitive Bid Request, (iv) if such Borrower shall accept a bid or bids made at a particular Competitive Bid Rate but the amount of such bid or bids shall cause the total amount of bids to be accepted by the Borrower to exceed the amount specified in the Competitive Bid Request, then such Borrower shall accept a portion of such bid or bids in an amount equal to the amount specified in the Competitive Bid Request less the amount of all other Competitive Bids accepted with respect to such Competitive Bid Request, which acceptance, in the case of multiple bids at such Competitive Bid Rate, shall be made pro rata in accordance with the amount of each such bid at such Competitive Bid Rate, and (v) except pursuant to clause (iv) above, no bid shall be accepted for a Competitive Loan unless such Competitive Loan is in (x) a minimum principal amount or Assigned Dollar Value of \$5,000,000 and (except in the case of Alternative Currency Borrowings) an integral multiple of \$1,000,000 or (y) an aggregate principal amount equal to the remaining balance of the available applicable Commitments; provided further, however, that if a Competitive Loan must be in an amount less than \$5,000,000 because of the provisions of clause (iv) above, such Competitive Loan may be for a minimum of \$1,000,000 or any integral multiple thereof, and in calculating the pro rata allocation of acceptances of portions of multiple bids at a particular Competitive Bid Rate pursuant to clause (iv) the amounts shall be rounded to integral multiples of \$1,000,000 in a manner which shall be in the discretion of the applicable Borrower. A notice given by the applicable Borrower pursuant to this paragraph (d) shall be irrevocable.

(e) The Administrative Agent shall promptly notify each bidding Lender whether or not its Competitive Bid has been accepted (and if so, in what amount and at what Competitive Bid Rate) by telecopy sent by the Administrative Agent, and each successful bidder will thereupon become bound, subject to the other applicable conditions hereof, to make the Competitive Loan in respect of which its bid has been accepted.

(f) A Competitive Bid Request shall not be made within five Business Days after the date of any previous Competitive Bid Request.

(g) If the Administrative Agent shall elect to submit a Competitive Bid in its capacity as a Lender, it shall submit such bid directly to the applicable Borrower one quarter of an hour earlier than the latest time at which the other Lenders are required to submit their bids to the Administrative Agent pursuant to paragraph (b) above.

(h) In the event that any Borrower wishes to make a Borrowing in any Alternative Currency other than Belgian Francs, Deutsche Marks, French Francs or Sterling, such Borrowing shall be made as a Competitive Borrowing.

(i) All notices required by this Section 2.03 shall be given in accordance with Section 10.01.

SECTION 2.04. Standby Borrowing Procedure. In order to request a Standby Borrowing, a Borrower shall hand deliver or telecopy to the Administrative Agent a duly completed Standby Borrowing Request in the form of Exhibit A-5 hereto, to be received by the Administrative Agent (a) in the case of a Eurocurrency Standby Borrowing, not later than 11:00 a.m., New York City time (or, if the Borrowing Request is delivered or telecopied to the Administrative Agent in London, 10:00 a.m., London time), three Business Days before a proposed borrowing and (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before a proposed borrowing; provided, however, that Borrowing Requests with respect to Borrowings to be made on the Closing Date may, at the discretion of the Administrative Agent, be delivered later than the times specified above (but in no event later than the time necessary to effect the funding of the Loan). No Fixed Rate Loan shall be requested or made pursuant to a Standby Borrowing Request. Such notice shall be irrevocable and shall in each case specify (i) whether the

Borrowing then being requested is to be a Eurocurrency Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day), (iii) the aggregate principal amount of the Borrowing, (iv) the currency of such Borrowing (which, in the case of an ABR Borrowing, shall be Dollars) and (v) if such Borrowing is to be a Eurocurrency Borrowing, the Interest Period with respect thereto. If no election as to the currency of Borrowing is specified in any Standby Borrowing Request, then the applicable Borrower shall be deemed to have requested Borrowings in Dollars. If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing if denominated in Dollars or a Eurocurrency Borrowing if denominated in an Alternative Currency. If no Interest Period with respect to any Eurocurrency Borrowing is specified, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. If the applicable Borrower shall not have given notice in accordance with this Section 2.04 of its election to refinance a Standby Borrowing prior to the end of the Interest Period in effect for such Borrowing, then such Borrower shall (unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing if denominated in Dollars or a Eurocurrency Borrowing in the same currency and with an Interest Period of one month if denominated in an Alternative Currency. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.04 (and the contents thereof), of each Lender's portion of the requested Borrowing and, in the case of an Alternative Currency Borrowing, of the Dollar Equivalent of the Alternative Currency amount specified in the applicable Borrowing Request and the Spot Exchange Rate utilized to determine such Dollar Equivalent. Subject to Section 2.01(b), if the Dollar Equivalent of a Lender's portion of any such Borrowing would exceed such Lender's remaining available applicable Commitment, then such Lender's portion of such Borrowing shall be reduced to the Alternative Currency Equivalent of such Lender's remaining available Commitment.

SECTION 2.05. Refinancings. A Borrower may refinance all or any part of any Competitive Borrowing or Standby Borrowing with a Competitive Borrowing or a Standby Borrowing of the same or a different Type made pursuant to Section 2.03 or Section 2.04, subject to the conditions and limitations set forth herein and elsewhere in this Agreement, including refinancings of Competitive Borrowings with Standby Borrowings and Standby Borrowings with Competitive Borrowings. Any Borrowing or part thereof so refinanced shall be deemed to be repaid in accordance with Section 2.07 with the proceeds of a new Borrowing hereunder and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Lenders to the Administrative Agent or by the Administrative Agent to the applicable Borrower pursuant to Section 2.02(c); provided, however, that in the case of any refinancing of a Borrowing with another Borrowing in the same currency, (i) if the principal amount extended by a Lender in a refinancing is greater than the principal amount extended by such Lender in the Borrowing being refinanced, then such Lender shall pay such difference to the Administrative Agent for distribution to the Lenders described in (ii) below, (ii) if the principal amount extended by a Lender in the Borrowing being refinanced is greater than the principal amount being extended by such Lender in the refinancing, the Administrative Agent shall return the difference to such Lender out of amounts received pursuant to (i) above, and (iii) to the extent any Lender fails to pay the Administrative Agent amounts due from it pursuant to (i) above, any Loan or portion thereof being refinanced with such amounts shall not be deemed repaid in accordance with Section 2.07 and shall be payable by the applicable Borrower.

SECTION 2.06. Fees. (a) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on the Maturity Date, a facility fee (a "Facility Fee") equal to the Facility Fee Percentage of the daily average amount of the Commitment of such Lender, whether used or unused (and whether or not the conditions set forth in Section 4.01 shall have been satisfied), during the preceding quarter (or shorter period commencing with the date hereof or ending with the Maturity Date or any date on which the Commitment of such Lender shall be terminated and all outstanding Loans of such Lender repaid). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 365 days. The Facility Fee due to each Lender shall commence to accrue on the date of this Agreement and shall cease to accrue on the earlier of the Maturity Date and the date on which the Commitment of such Lender shall have been terminated and the Loans of such Lender shall have been repaid.

(b) The Company agrees to pay the Administrative Agent, for its own account, the fees set forth in the letter agreements dated May 2, 1994 among the Administrative Agent, Chemical Securities Inc. and the Company (the "Administrative Fees") at the times and in the amounts set forth therein.

(c) The Company agrees to pay to each Lender, through the Administrative Agent, on each March 31, June 30, September 30 and December 31 and on each date on which the Commitment of such Lender shall be terminated or reduced as provided herein, a utilization fee (a "Utilization Fee") equal to the Utilization Fee Percentage of the sum of (i) the Committed Credit Exposure of such Lender plus (ii) the outstanding principal amount (or Assigned Dollar Value, in the case of Loans denominated in an Alternative Currency) of the Competitive Loans of such Lender for each day on which the sum of (A) the outstanding aggregate principal amount (or Assigned Dollar Value) of Loans plus (B) the outstanding aggregate principal amount (or Assigned Dollar Value) of loans under the Facility A Credit Agreement exceeds 50% of the sum of (A) the Total Commitment plus (B) the aggregate amount of the commitments of the lenders under the Facility A Credit Agreement. All Utilization Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(d) All Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.07. Repayment of Loans. (a) Each Borrower agrees to pay the

outstanding principal balance of each Loan on the last day of the Interest Period applicable to such Loan and on the Maturity Date. Each Loan shall bear interest from the date of the Borrowing of which such Loan is a part on the outstanding principal balance thereof as set forth in Section 2.08.

(b) Each Lender shall, and is hereby authorized by the Borrowers to, maintain, in accordance with its usual practice, records evidencing the indebtedness of each Borrower to such Lender hereunder from time to time, including the date, amount, currency and Type of and the Interest Period applicable to each Loan made by such Lender from time to time and the amounts of principal and interest paid to such Lender from time to time in respect of each such Loan.

(c) The entries made in the records maintained pursuant to paragraph (b) of this Section 2.07 and in the Register maintained by the Administrative Agent pursuant to Section 10.04(d) shall be prima facie evidence of the existence and amounts of the obligations of each Borrower to which such entries relate; provided, however, that the failure of any Lender or the Administrative Agent to maintain or to make any entry in such records or the Register, as applicable, or any error therein shall not in any manner affect the obligation of any Borrower to repay any Loans in accordance with the terms of this Agreement.

SECTION 2.08. Interest on Loans. (a) Subject to the provisions of Section 2.09, the Loans comprising each Eurocurrency Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days (or, in the case of Loans denominated in (A) Belgian Francs or Sterling, over a year of 365 or 366 days, or (B) any Alternative Currency other than Belgian Francs, Deutsche Marks, French Francs or Sterling, on the basis customarily used for borrowings between banks in the principal market for each Alternative Currency)), at a rate per annum equal to (i) in the case of each Eurocurrency Standby Loan, the LIBO Rate for the Interest Period in effect for the Borrowing of which such Loan is part plus the Applicable Margin from time to time in effect and (ii) in the case of each Eurocurrency Competitive Loan, the LIBO Rate for the Interest Period in effect for the Borrowing of which such Loan is a part plus the Competitive Margin offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(b) Subject to the provisions of Section 2.09, the Loans comprising each ABR Borrowing (including each Swingline Borrowing) shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as appropriate, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate.

(c) Subject to the provisions of Section 2.09, each Fixed Rate Loan shall bear interest at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the fixed rate of interest offered by the Lender making such Loan and accepted by the Borrower pursuant to Section 2.03.

(d) Interest on each Loan shall be payable in arrears on each Interest Payment Date applicable to such Loan except as otherwise provided in this Agreement. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.09. Default Interest. If any Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, whether by scheduled maturity, notice of prepayment, acceleration or otherwise, such Borrower shall on demand from time to time from the Administrative Agent pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 360 days) equal to the Alternate Base Rate plus 2% per annum (or, in the case of the principal of any Loan, if higher, the rate of interest otherwise applicable, or most recently applicable, to such Loan hereunder plus 2% per annum).

SECTION 2.10. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurocurrency Borrowing of any Type the Administrative Agent shall have determined that Dollar deposits or deposits in the Alternative Currency in which such Borrowing is to be denominated in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its Eurocurrency Loan during such Interest Period, or that reasonable means do not exist for ascertaining the LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or teletype notice of such determination to the applicable Borrower and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the applicable Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any request by a Borrower for a Eurocurrency Competitive Borrowing pursuant to Section 2.03 shall be of no force or effect and shall be denied by the Administrative Agent and (ii) any request by a Borrower for a Eurocurrency Standby Borrowing of the affected Type or in the affected currency shall be deemed to be a request for an ABR Borrowing denominated in Dollars. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

SECTION 2.11. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated at the Administrative Agent's close of business in New York City on the Maturity Date.

(b) Upon at least two Business Days' prior irrevocable written or teletype notice to the Administrative Agent, the Company (on behalf of all the Borrowers) may at any time in whole permanently terminate, or from time to

time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction of the Total Commitment shall be in an integral multiple of \$1,000,000 and in a minimum principal amount of \$5,000,000 and (ii) no such termination or reduction shall be made which would reduce the Total Commitment to an amount less than the aggregate outstanding principal amount of the Competitive Loans and Standby Loans.

(c) Each reduction in the Total Commitment hereunder shall be made ratably among the Lenders in accordance with their respective Commitments. The Company shall pay to the Administrative Agent for the account of the Lenders, on the date of each termination or reduction, the Facility Fees on the amount of the Commitments so terminated or reduced accrued to but not including the date of such termination or reduction.

SECTION 2.12. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Standby Borrowing, in whole or in part, upon giving written or teletype notice (or telephone notice promptly confirmed by written or teletype notice) to the Administrative Agent: (i) in the case of Eurocurrency Loans before 11:00 a.m., New York City time (or, if such notice is delivered or teletyped to the Administrative Agent in London, 10:00 a.m., London time), three Business Days prior to prepayment and (ii) in the case of ABR Loans, before 11:00 a.m., New York City time, one Business Day prior to prepayment; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$5,000,000. The Borrowers shall not have the right to prepay any Competitive Borrowing.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.11, the Company shall (or shall cause each responsible Borrower to) pay or prepay so much of the Swingline Borrowings and Standby Borrowings, in accordance with the following sentence, as shall be necessary in order that the aggregate outstanding principal amount of all Loans will not exceed the Total Commitment after giving effect to such termination or reduction. Mandatory prepayments under this paragraph (b) shall be applied (i) first, to prepay outstanding Swingline Borrowings and (ii) second, to prepay outstanding Standby Borrowings.

(c) Each notice of prepayment under this Section 2.12 shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay such Borrowing (or portion thereof) by the amount stated therein on the date stated therein. All prepayments under this Section 2.12 shall be subject to Section 2.15 but otherwise without premium or penalty.

SECTION 2.13. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender (or any lending office of any Lender) of the principal of or interest on any Eurocurrency Loan or Fixed Rate Loan made by such Lender or any Fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender (or any lending office of such Lender), or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or any Eurocurrency Loan or Fixed Rate Loan made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurocurrency Loan or Fixed Rate Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then the Company shall (or shall cause the Borrowers to) pay to such Lender upon demand such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered. Notwithstanding the foregoing, no Lender shall be entitled to request compensation under this paragraph with respect to any Competitive Loan if it shall have been aware of the change giving rise to such request at the time of submission of the Competitive Bid pursuant to which such Competitive Loan shall have been made.

(b) If any Lender shall have determined that any change after the date hereof in the applicability of any law, rule, regulation or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time the Company shall (or shall cause the responsible Borrower to) pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of a Lender setting forth such amount or amounts as shall be necessary to compensate such Lender as specified in paragraph (a) or (b)

above, as the case may be, shall be delivered to the Company and shall be conclusive absent manifest error. The Company shall (or shall cause the responsible Borrower to) pay each Lender the amount shown as due on any such certificate delivered by it within 10 days after the receipt of the same.

(d) Except as provided below in this paragraph (d), failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed. No Lender shall be entitled to compensation under this Section 2.13 for any costs incurred or reductions suffered with respect to any date unless it shall have notified the Company that it will demand compensation for such costs or reductions not more than 60 days after the later of (i) such date and (ii) the date on which it shall have, or should have, become aware of such costs or reductions.

SECTION 2.14. Change in Legality. (a) Notwithstanding any other provision herein, if, after the date hereof, (i) any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any Eurocurrency Loan or Alternative Currency Loan or to give effect to its obligations as contemplated hereby with respect to any Eurocurrency Loan or Alternative Currency Loan, or (ii) there shall have occurred any change in national or international financial, political or economic conditions (including the imposition of or any change in exchange controls) or currency exchange rates which would make it impracticable for any Lender to make Loans denominated in such Alternative Currency or to any Borrower, then, by written notice to the Company and to the Administrative Agent, such Lender may:

(i) declare that Eurocurrency Loans or Alternative Currency Loans (in the affected currency or currencies or to the affected Borrower), as the case may be, will not thereafter (for the duration of such unlawfulness or impracticability) be made by such Lender hereunder, whereupon such Lender shall not submit a Competitive Bid in response to a request for such Alternative Currency Loans or Eurocurrency Competitive Loans and any request by a Borrower for a Eurocurrency Standby Borrowing or Alternative Currency Borrowing (in the affected currency or currencies or to the affected Borrower), as the case may be, shall, as to such Lender only, be deemed a request for an ABR Loan or a Loan denominated in Dollars, as the case may be, unless such declaration shall be subsequently withdrawn (or, if a Loan to the requesting Borrower cannot be made for the reasons specified above, such request shall be deemed to have been withdrawn); and

(ii) require that all outstanding Eurocurrency Loans or Alternative Currency Loans (in the affected currency or currencies or to the affected Borrower), as the case may be, made by it be converted to ABR Loans or Loans denominated in Dollars, as the case may be, in which event all such Eurocurrency Loans or Alternative Currency Loans (in the affected currency or currencies or to the affected Borrower) shall be automatically converted to ABR Loans or Loans denominated in Dollars, as the case may be, as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurocurrency Loans or Alternative Currency Loans, as the case may be, that would have been made by such Lender or the converted Eurocurrency Loans or Alternative Currency Loans, as the case may be, of such Lender shall instead be applied to repay the ABR Loans or Loans denominated in Dollars, as the case may be, made by such Lender in lieu of, or resulting from the conversion of, such Eurocurrency Loans or Loans denominated in Dollars, as the case may be.

(b) For purposes of this Section 2.14, a notice to the Company by any Lender shall be effective as to each Eurocurrency Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurocurrency Loan; in all other cases such notice shall be effective on the date of receipt by the Company.

SECTION 2.15. Indemnity. Each Borrower shall indemnify each Lender against any loss or expense which such Lender may sustain or incur as a consequence of (a) any failure by such Borrower to fulfill on the date of any borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by such Borrower to borrow or to refinance or continue any Loan hereunder after irrevocable notice of such borrowing, refinancing or continuation has been given pursuant to Section 2.03 or 2.04, (c) any payment, prepayment, conversion or transfer of a Eurocurrency Loan or Fixed Rate Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (e) the occurrence of any other Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurocurrency Loan or Fixed Rate Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid, converted, transferred or not borrowed (assumed to be the LIBO Rate or, in the case of a Fixed Rate Loan, the fixed rate of interest applicable thereto) for the period from the date of such payment, prepayment, conversion, transfer or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by

such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid, converted, transferred or not borrowed for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section shall be delivered to the Company and shall be conclusive absent manifest error.

SECTION 2.16. Pro Rata Treatment. Except as required under Section 2.14, each Standby Borrowing, each payment or prepayment of principal of any Standby Borrowing, each payment of interest on the Standby Loans, each payment of the Facility Fees and Utilization Fees, each reduction of the Commitments and each refinancing of any Borrowing with a Standby Borrowing of any Type, shall be allocated pro rata among the Lenders in accordance with their respective Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Standby Loans). Each payment of principal of any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective principal amounts of their outstanding Competitive Loans comprising such Borrowing. Each payment of interest on any Competitive Borrowing shall be allocated pro rata among the Lenders participating in such Borrowing in accordance with the respective amounts of accrued and unpaid interest on their outstanding Competitive Loans comprising such Borrowing. For purposes of determining (i) the aggregate available Commitments of the Lenders at any time and (ii) the available Commitment of each Lender, each outstanding Competitive Borrowing shall be deemed to have utilized the Commitments of the Lenders (including those Lenders which shall not have made Loans as part of such Competitive Borrowing) pro rata in accordance with such respective Commitments. Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole Dollar (or comparable unit of any applicable Alternative Currency) amount.

SECTION 2.17. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Standby Loan or Standby Loans as a result of which the unpaid principal portion of its Standby Loans shall be proportionately less than the unpaid principal portion of the Standby Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Standby Loans of such other Lender, so that the aggregate unpaid principal amount of the Standby Loans and participations in the Standby Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Standby Loans then outstanding as the principal amount of its Standby Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Standby Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.17 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Lender holding a participation in a Standby Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by such Borrower to such Lender by reason thereof as fully as if such Lender had made a Standby Loan directly to such Borrower in the amount of such participation.

SECTION 2.18. Payments. (a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under each other Loan Document not later than 12:00 noon, local time at the place of payment, on the date when due in immediately available funds. Each such payment (other than principal of and interest on Swingline Loans, which shall be paid directly to the applicable Swingline Lender except as otherwise provided in Section 2.21(c)) shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York. Each such payment (other than principal of and interest on Alternative Currency Loans, which shall be made in the applicable Alternative Currency) shall be made in Dollars.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.19. Taxes. (a) Any and all payments by each Borrower hereunder shall be made, in accordance with Section 2.18, free and clear of and without deduction for any and all current or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding (i) income taxes imposed on the net income of the Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such individual or entity, a "Transferee")) and (ii) franchise taxes imposed on the net income of the Administrative Agent or any Lender (or Transferee), in each case by the jurisdiction under the laws of which the Administrative Agent or such Lender (or Transferee) is organized, domiciled, resident or doing business or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If any Borrower shall be required to deduct any Taxes from or in respect of any sum payable hereunder to any Lender (or any Transferee) or the Administrative Agent, (i) the sum payable shall be increased by the amount (an "additional amount") necessary so that after making all required deductions (including

deductions applicable to additional sums payable under this Section 2.19) such Lender (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) each Borrower shall make such deductions and (iii) each Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, each Borrower agrees to bear and to pay to the relevant Governmental Authority in accordance with applicable law any current or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document ("Other Taxes").

(c) The Borrowers will indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses (including reasonable attorney's fees and expenses)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability prepared by a Lender, or the Administrative Agent on its behalf, absent manifest error, shall be final, conclusive and binding for all purposes. Such indemnification shall be made within 30 days after the date the Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor.

(d) If a Lender (or Transferee) or the Administrative Agent shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of Taxes or Other Taxes as to which it has been indemnified by a Borrower, or with respect to which any Borrower has paid additional amounts, pursuant to this Section 2.19, it shall promptly notify the Company of the availability of such refund claim and shall, within 30 days after receipt of a request by the Company, make a claim to such Governmental Authority for such refund at the Company's expense. If a Lender (or Transferee) or the Administrative Agent receives a refund (including pursuant to a claim for refund made pursuant to the preceding sentence) in respect of any Taxes or Other Taxes as to which it has been indemnified by a Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 2.19, it shall within 30 days from the date of such receipt pay over such refund to the Company (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 2.19 with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Lender (or Transferee) or the Administrative Agent and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, however, that the Company, upon the request of such Lender (or Transferee) or the Administrative Agent, agrees to (or to cause the responsible Borrower to) repay the amount paid over to the Company (plus penalties, interest or other charges) to such Lender (or Transferee) or the Administrative Agent in the event such Lender (or Transferee) or the Administrative Agent is required to repay such refund to such Governmental Authority.

(e) As soon as practicable after the date of any payment of Taxes or Other Taxes by any Borrower to the relevant Governmental Authority, the Company will deliver to the Administrative Agent, at its address referred to in Section 10.01, the original or a certified copy of a receipt issued by such Governmental Authority evidencing payment thereof.

(f) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.19 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(g) Each Lender (or Transferee) that is organized under the laws of a jurisdiction other than the United States, any State thereof or the District of Columbia (a "Non-U.S. Lender") shall deliver to the Company and the Administrative Agent two copies of either United States Internal Revenue Service Form 1001 or Form 4224, or, in the case of a Non-U.S. Lender claiming exemption from U.S. Federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a Form W-8, or any subsequent versions thereof or successors thereto (and, if such Non-U.S. Lender delivers a Form W-8, a certificate representing that such Non-U.S. Lender is not a bank for purposes of Section 881(c) of the Code, is not a 10-percent shareholder (within the meaning of Section 871(h)(3)(B) of the Code) of the Company and is not a controlled foreign corporation related to the Company (within the meaning of Section 864(d)(4) of the Code)), properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or reduced rate of, U.S. Federal withholding tax on payments by the Borrowers under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such participation holder becomes a Transferee hereunder) and on or before the date, if any, such Non-U.S. Lender changes its applicable lending office by designating a different lending office (a "New Lending Office"). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Notwithstanding any other provision of this Section 2.19(g), a Non-U.S. Lender shall not be required to deliver any form pursuant to this Section 2.19(g) that such Non-U.S. Lender is not legally able to deliver.

(h) None of the Borrowers shall be required to indemnify any Non-U.S. Lender, or to pay any additional amounts to any Non-U.S. Lender, in respect of United States Federal withholding tax pursuant to paragraph (a) or (c) above to the extent that (i) the obligation to withhold amounts with respect to United States Federal withholding tax existed on the date such Non-U.S. Lender became a party to this Agreement (or, in the case of a Transferee that is a participation holder on the date such participation holder became a Transferee hereunder) or, with respect to payments to a New Lending Office,

the date such Non-U.S. Lender designated such New Lending Office with respect to a Loan; provided, however, that this clause (i) shall not apply to any Transferee or New Lending Office that becomes a Transferee or New Lending Office as a result of an assignment, participation, transfer or designation made at the request of the Company; and provided further, however, that this clause (i) shall not apply to the extent the indemnity payment or additional amounts any Transferee, or Lender (or Transferee) through a New Lending Office, would be entitled to receive (without regard to this clause (i)) do not exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Transferee, or Lender (or Transferee) making the designation of such New Lending Office, would have been entitled to receive in the absence of such assignment, participation, transfer or designation or (ii) the obligation to pay such additional amounts would not have arisen but for a failure by such Non-U.S. Lender to comply with the provisions of paragraph (g) above.

(i) Any Lender (or Transferee) claiming any indemnity payment or additional amounts payable pursuant to this Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document reasonably requested in writing by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such indemnity payment or additional amounts that may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) Nothing contained in this Section 2.19 shall require any Lender (or Transferee) or the Administrative Agent to make available any of its tax returns (or any other information that it deems to be confidential or proprietary).

SECTION 2.20. Assignment of Commitments and Swingline Commitments Under Certain Circumstances. (a) Any Lender (or Transferee) claiming any additional amounts payable pursuant to Section 2.13 or Section 2.19 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Company or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender (or Transferee).

(b) In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.13 or 2.14, or the Borrowers shall be required to make additional payments to any Lender under Section 2.19, the Company shall have the right, at its own expense, upon notice to such Lender and the Administrative Agent, to require such Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.04) all its interests, rights and obligations under this Agreement to another financial institution acceptable to the Administrative Agent which shall assume such obligations; provided that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the Company or the assignee, as the case may be, shall pay to the affected Lender in immediately available funds on the date of such assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

SECTION 2.21. Swingline Loans. (a) On the terms, subject to the conditions and relying upon the representations and warranties herein set forth, each Swingline Lender agrees, severally and not jointly, at any time and from time to time on and after the date hereof and until the earlier of the Business Day immediately preceding the Maturity Date and the termination of the Swingline Commitment of such Swingline Lender, to make Swingline Loans to the Borrowers in an aggregate principal amount at any time outstanding not to exceed the lesser of (i) such Swingline Lender's Swingline Commitment Percentage of the difference between (A) the Total Swingline Commitment and (B) the Swingline Loan Exposure, and (ii) the difference between (A) the aggregate Commitment of such Swingline Lender and (B) the outstanding aggregate principal amount or Assigned Dollar Value, as the case may be, of all Loans made by such Swingline Lender. Each Swingline Loan shall be made as part of a Borrowing consisting of Swingline Loans made by the Swingline Lenders ratably in accordance with their respective Swingline Commitment Percentages (it being understood that no Swingline Lender shall be responsible for the failure of any other Swingline Lender to make any Swingline Loan required to be made by such other Swingline Lender). The Swingline Loans comprising any Swingline Borrowing shall be in an aggregate principal amount that is an integral multiple of \$1,000,000 and not less than \$5,000,000 (or an aggregate principal amount equal to the remaining balance of the available Swingline Commitments). Each Swingline Lender shall make its portion of each Swingline Borrowing available to the applicable Borrower by means of a credit to the general deposit account of such Borrower with the Administrative Agent by 3:00 p.m. on the date such Swingline Borrowing is requested to be made pursuant to paragraph (b) below. Within the limits set forth in the first sentence of this paragraph, the Borrowers may borrow, pay or prepay and reborrow Swingline Loans on or after the Initial Funding Date and prior to the Maturity Date on the terms and subject to the conditions and limitations set forth herein. The Swingline Commitments shall automatically and permanently terminate on the Maturity Date.

(b) The applicable Borrower shall give the Administrative Agent telephonic, written or telecopy notice (in the case of telephonic notice, such notice shall be promptly confirmed by telecopy) no later than 11:00 a.m., New York City time, on the day of a proposed Swingline Borrowing. Such notice shall be delivered on a Business Day, shall be irrevocable and shall refer to this Agreement and shall specify the requested date (which shall be a Business Day) and amount of such Swingline Borrowing. The Administrative Agent shall promptly advise the Swingline Lenders of any notice received from the Borrower pursuant to this paragraph (b).

(c) If any Borrower does not fully repay a Swingline Borrowing on or prior to

the last day of the Interest Period with respect thereto, the Administrative Agent shall promptly notify each Lender thereof (by telecopy or by telephone, confirmed in writing) and of its Applicable Percentage of such Swingline Borrowing. Upon such notice but without any further action, each Swingline Lender hereby agrees to grant to each Lender, and each Lender hereby agrees to acquire from each Swingline Lender, a participation in the Swingline Loan made by such Swingline Lender as part of such Swingline Borrowing equal to such Lender's Applicable Percentage of the principal amount of such Swingline Loan. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the applicable Swingline Lender, such Lender's Applicable Percentage of each Swingline Borrowing (including the interest accrued thereon) that is not repaid on the last day of the Interest Period with respect thereto. Each such payment shall, for all purposes hereof, be deemed to be an ABR Standby Loan. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or an Event of Default or the failure of any condition precedent set forth in Article IV, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.02(c) with respect to Loans made by such Lender, and the Administrative Agent shall promptly pay to the Swingline Lenders their respective shares of the amounts so received by it from the Lenders. The Administrative Agent shall notify the applicable Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the applicable Swingline Lender. Any amounts received by a Swingline Lender from a Borrower (or other party on behalf of a Borrower) in respect of a Swingline Loan after receipt by such Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the applicable Swingline Lender, as their interests may appear. Notwithstanding anything herein to the contrary, the purchase of participations in a Swingline Borrowing pursuant to this paragraph shall not relieve the Borrower of its obligation in respect of the payment thereof so long as ABR Loans that resulted from any such default shall remain outstanding or any accrued interest thereon shall remain unpaid.

(d) Upon written or telecopy notice to the Swingline Lenders and to the Administrative Agent, the Company (on behalf of any Borrower or Borrowers) may at any time permanently terminate, or from time to time in part permanently reduce, the Swingline Commitment of the Swingline Lenders. Each reduction of the Swingline Commitments shall be allocated pro rata among the Swingline Lenders in accordance with their respective Swingline Commitment Percentages. On the date of any termination or reduction of the Swingline Commitments pursuant to this paragraph (d), the Borrower shall pay or prepay so much of the Swingline Borrowings as shall be necessary in order that (i) the aggregate outstanding principal amount of Swingline Loans will not exceed (ii) the Total Swingline Commitment after giving effect to such termination or reduction.

(e) Any Borrower may prepay any Swingline Borrowing in whole or in part at any time without premium or penalty; provided that such Borrower shall have given the Administrative Agent written or telecopy notice (or telephone notice promptly confirmed in writing or by telecopy) of such prepayment not later than 11:00 a.m., New York City time, on the Business Day designated by such Borrower for such prepayment; and provided further that each partial payment shall be in an amount that is not less than \$5,000,000 and in an integral multiple of \$1,000,000. Each notice of prepayment under this paragraph (e) shall specify the prepayment date and the principal amount of each Swingline Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit such Borrower to prepay such Swingline Borrowing (or portion thereof) by the amount stated therein on the date stated therein. Each payment of principal of or interest on or any other amount in respect of Swingline Loans shall be allocated, as between the Swingline Lenders, pro rata in accordance with their respective Swingline Commitment Percentages.

SECTION 2.22. Borrowings by Approved Borrowers. The Company may, at any time or from time to time, designate one or more wholly owned Subsidiaries as Borrowers hereunder by furnishing to the Administrative Agent a letter (a "Designation Letter") substantially in the form of Exhibit E-1 hereto, duly completed and executed by the Company and such Subsidiary, whereupon each Subsidiary so designated shall become an Approved Borrower. There may be no more than ten Approved Borrowers at any one time. So long as all principal and interest on all Loans of any Approved Borrower have been paid in full, the Company may terminate an Approved Borrower's status as an Approved Borrower by furnishing to the Administrative Agent a letter (a "Termination Letter"), substantially in the form of Exhibit E-2 hereto, duly completed and executed by the Company and such Approved Borrower. Any Termination Letter furnished in accordance with this Section 2.22 shall be effective upon receipt by the Administrative Agent. Notwithstanding the foregoing, the delivery of a Termination Letter with respect to any Approved Borrower shall not affect any obligation of such Approved Borrower theretofore incurred. Each Subsidiary set forth in Schedule 2.22 shall be deemed an Approved Borrower until delivery of a Termination Letter with respect to such Subsidiary.

ARTICLE III. REPRESENTATIONS AND WARRANTIES

Part A. Representations and Warranties of the Company. The Company represents and warrants to each of the Lenders that:

SECTION 3.01. Corporate Existence. Each of the Company and its Subsidiaries:

(a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals

necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect.

SECTION 3.02. Financial Condition. The Company has heretofore furnished to each of the Lenders a consolidated balance sheet of the Company and its Subsidiaries as at December 31, 1993, and the related consolidated statements of income, cash flows and changes in shareholders' equity of the Company and its Subsidiaries for the fiscal year ended on such date, with the opinion thereon of Coopers & Lybrand, and the unaudited consolidated balance sheet of the Company and its Subsidiaries as at March 31, 1994, and the related consolidated statements of income and cash flows of the Company and its Subsidiaries for the three-month period ended on such date. All such financial statements present fairly, in all material respects, the consolidated financial condition of the Company and its Subsidiaries as at such dates and the consolidated results of their operations for the fiscal year and three-month period ended on such dates (subject, in the case of the financial statements as at March 31, 1994, to normal year-end audit adjustments), all in accordance with generally accepted accounting principles and practices applied on a consistent basis. None of the Company nor any of its Subsidiaries has on the date hereof any material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in the balance sheets as at such dates (or the notes thereto in the case of such year end financial statements). Since December 31, 1993, there has been no Material Adverse Change from that set forth in the financial statements as at such date (or the notes thereto).

SECTION 3.03. Litigation. Except as disclosed in Schedule 3.03 hereto, there are no legal or arbitral proceedings, or any proceedings by or before any Governmental Authority, now pending or (to the knowledge of the Company) threatened against the Company or any of its Subsidiaries that, if adversely determined could (either individually or in the aggregate) have a Material Adverse Effect.

SECTION 3.04. No Breach. None of the execution and delivery of this Agreement, the consummation of the transactions herein contemplated or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws of the Company, or any applicable law or regulation, or any order, writ, injunction or decree of any court or Governmental Authority, or any agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them or any of their assets or properties is bound or to which any of them is subject, or constitute a default under any such agreement or instrument.

SECTION 3.05. Action. The Company has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance by the Company of this Agreement has been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Agreement has been duly and validly executed and delivered by the Company and constitutes its legal, valid and binding obligation, enforceable against the Company in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.06. Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any Governmental Authority, or any securities exchange, are necessary for the execution, delivery or performance by the Company of this Agreement or for the legality, validity or enforceability hereof.

SECTION 3.07. Use of Credit. None of the Company nor any of its Subsidiaries in engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of the Loans hereunder will be used to buy or carry any Margin Stock.

SECTION 3.08. ERISA. Each Plan, and, to the knowledge of the Company, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Code and any other Federal or state law, and no event or condition has occurred and is continuing as to which the Company would be under an obligation to furnish a report to the Lenders under Section 5.06 hereof.

SECTION 3.09. Taxes. As of the date hereof, the Company and its Domestic Subsidiaries are members of an affiliated group of corporations filing consolidated returns for Federal income tax purposes, of which the Company is the "common parent" (within the meaning of Section 1504 of the Code) of such group. The Company and its Subsidiaries have filed all Federal income tax returns and all other material tax returns that are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company or any of its Subsidiaries. The charges, accruals and reserves on the books of the Company and its Subsidiaries in respect of taxes and other governmental charges are, in the opinion of the Company, adequate. The Company has not given or been requested to give a waiver of the statute of limitations relating to the payment of Federal, states local and foreign taxes or other impositions.

SECTION 3.10. Investment Company Act. Neither the Company nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

SECTION 3.11. Public Utility Holding Company Act. Neither the Company nor any of its Subsidiaries is a "holding company", or an "affiliate" of a "holding company" or a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 3.12. Material Agreements and Liens. (a) Part A of Schedule 3.12 hereto is a complete and correct list, as of the date hereof, of each credit agreement, loan agreement, indenture, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guarantee by, the Company or any of its Subsidiaries the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) \$5,000,000, and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement is correctly described in Part A of such Schedule 3.12.

(b) Part B of Schedule 3.12 hereto is a complete and correct list, as of the date hereof, of each Lien securing Indebtedness of any person the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) \$5,000,000 and covering any property of the Company or any of its Subsidiaries, and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien is correctly described in Part B of such Schedule 3.12.

SECTION 3.13. Environmental Matters. Each of the Company and its Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on its business as now being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization would not (either individually or in the aggregate) have a Material Adverse Effect. Each of such permits, licenses and authorizations is in full force and effect and each of the Company and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply therewith would not (either individually or in the aggregate) have a Material Adverse Effect. There have been no environmental investigations, studies, audits, tests, reviews or other analyses conducted by or that are in the possession of the Company or any of its subsidiaries in relation to any site or facility now or previously owned, operated or leased by the Company or any of its Subsidiaries that have not been made available to the Lenders.

SECTION 3.14. Subsidiaries, etc. Set forth in Schedule 3.14 hereto is a complete and correct list, as of the date hereof, of all of the Subsidiaries of the Company, together with, for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each person holding ownership interests in such Subsidiary and (iii) the nature of the ownership interests held by each such person and the percentage of ownership of such Subsidiary represented by such ownership interests.

SECTION 3.15. True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Company to the Agent or any Lender in connection with the negotiation, preparation or delivery of this Agreement or included herein or delivered pursuant hereto, when taken as a whole, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by the Company and its Subsidiaries to the Administrative Agent and the Lenders in connection with this Agreement and the transactions contemplated hereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to the Company that could have a Material Adverse Effect that has not been disclosed herein or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Lenders for use in connection with the transactions contemplated hereby.

Part B. Representations and Warranties of the Approved Borrowers. Each Approved Borrower represents and warrants to each of the Lenders that:

SECTION 3.16. Corporate Existence of Approved Borrower. It and each of its Subsidiaries: (a) is a corporation, partnership or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify would have a Material Adverse Effect.

SECTION 3.17. No Breach. None of the execution and delivery of its Designation Letter and this Agreement, the consummation of the transactions therein and herein contemplated and compliance with the terms and provisions thereof and hereof will conflict with or result in a breach of, or require any consent under, the charter or by-laws or other organizational documents of such Approved Borrower, or any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which such Approved Borrower or any of its Subsidiaries is a party or by which any of them or their assets or properties is bound or to which any of them is subject, or constitute a default under any such agreement or instrument.

SECTION 3.18. Action. Such Approved Borrower has all necessary corporate or other power and authority to execute, deliver and perform its obligations

under its Designation Letter and this Agreement, to perform its obligations hereunder and thereunder; the execution and delivery by such Approved Borrower of its Designation Letter and the performance by such Approved Borrower hereof and thereof have been duly authorized by all necessary corporate or other action on its part (including, without limitation, any required shareholder approvals); and its Designation Letter when executed and delivered by such Approved Borrower, will constitute, the legal, valid and binding obligation of such Approved Borrower, enforceable against such Approved Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.19. Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any governmental Authority are necessary for the execution, delivery or performance by such Approved Borrower of its Designation Letter or this Agreement or for the validity or enforceability thereof.

SECTION 3.20. Taxes on Payments of Approved Borrowers. Except as disclosed to the Lenders in writing prior to the delivery of such Approved Borrower's Designation Letter, there is no income, stamp or other tax of any country, or of any taxing authority thereof or therein, imposed by or in the nature of withholding or otherwise, which is imposed on any payment to be made by such Approved Borrower pursuant hereto, or is imposed on or by virtue of the execution, delivery or enforcement of its Designation Letter or this Agreement.

ARTICLE IV. CONDITIONS OF LENDING

The obligations of the Lenders to make Loans hereunder are subject to the satisfaction of the following conditions:

SECTION 4.01. All Borrowings. On the date of each Borrowing, including each Borrowing in which Loans are refinanced with new Loans as contemplated by Section 2.05:

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03, Section 2.04 or Section 2.21(b), as applicable.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; provided, however, that no representation as to either (i) the absence of any Material Adverse Change in the financial condition of the Company, as provided in the last two sentences of Section 3.02, or (ii) the absence of any pending or threatened legal or arbitral proceedings, or any proceedings by or before any Governmental Authority, that could have a Material Adverse Effect on the Company, as provided in Section 3.03, shall be required as a condition to any Borrowing following the earlier of (i) the Initial Funding Date and (ii) the date of the first borrowing under the Facility A Credit Agreement.

(c) Each Borrower shall be in compliance with all the terms and provisions set forth herein and in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrowers on the date of such Borrowing as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. First Borrowing. On the Initial Funding Date:

(a) The Administrative Agent shall have received a favorable written opinion of Mudge Rose Guthrie Alexander & Ferdon, counsel for the Company, dated the Initial Funding Date and addressed to the Lenders, to the effect set forth in Exhibit D-1 hereto.

(b) All legal matters incident to this Agreement and the borrowings hereunder shall be satisfactory to the Lenders and to Cravath, Swaine & Moore, counsel for the Administrative Agent.

(c) The Administrative Agent shall have received (i) a copy of the certificate of incorporation including all amendments thereto, of the Company, certified as of a recent date by the Secretary of State of the state of Delaware, and a certificate as to the good standing of the Company as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of the Company dated the Initial Funding Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of the Company as in effect on the Initial Funding Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the Loan Documents and the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation of the Company has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of the Company; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Cravath, Swaine & Moore, counsel for the Administrative Agent, may reasonably request.

(d) The Administrative Agent shall have received a certificate of the

Company, dated the Initial Funding Date and signed by a Financial Officer of the Company, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(e) The Administrative Agent shall have received a copy of a termination letter or similar document duly executed and delivered by the Company, terminating the commitments under the Predecessor Credit Agreement.

(f) The Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Initial Funding Date.

SECTION 4.03. First Borrowing by Each Approved Borrower. On the first date on which Loans are made to each Approved Borrower:

(a) The Administrative Agent shall have received a favorable written opinion of the general counsel of the applicable Approved Borrower dated as of a recent date and addressed to the Lenders, to the effect set forth in Exhibit D-2 hereto, subject to necessary changes to reflect local law.

(b) The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation (or such other analogous documents), including all amendments thereto, of such Approved Borrower, certified as of a recent date by the Secretary of State (or other appropriate Governmental Authority) of the state (or country) of its organization or such other evidence as is reasonably satisfactory to the Administrative Agent, and a certificate as to the good standing (or other analogous certification to the extent available) of such Approved Borrower as of a recent date, from such Secretary of State (or other appropriate Governmental Authority) or such other evidence reasonably acceptable to the Administrative Agent; (ii) a certificate of the Secretary or Assistant Secretary of such Approved Borrower dated the date on which such Loans are to be made and certifying (A) that attached thereto is a true and complete copy of the by-laws (or such other analogous documents to the extent available) of such Approved Borrower as in effect on the date of such certificate and at all times since a date prior to the date of the resolution of such Approved Borrower described in item (B) below, (B) that attached thereto is a true and complete copy of resolutions adopted by the Board of Directors of such Approved Borrower authorizing the execution, delivery and performance of the Designation Letter delivered by such Approved Borrower and the borrowings hereunder by such Approved Borrower, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation (or other analogous documents) of such Approved Borrower have not been amended since the date of the last amendment thereto shown on the certificate of good standing (or other analogous certification or such other evidence reasonably acceptable to the Agent) furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer of such Approved Borrower executing the Designation Letter delivered by such Approved Borrower or any other document delivered in connection herewith or therewith; (iii) a certificate of another officer of such Approved Borrower as to the incumbency and signature of the Secretary or such Assistant Secretary of such Approved Borrower executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Cravath, Swaine & Moore, counsel for the Agent, may reasonably request.

(c) The Administrative Agent shall have received (with sufficient copies for each Lender) a Designation Letter, duly executed by such Approved Borrower and the Company and acknowledged by the Administrative Agent.

(d) The Administrative Agent shall have received a certificate of each of the Borrowers, dated such date and signed, in the case of the Company, by a Financial Officer of the Company, and in the case of the Borrowers other than the Company, a Responsible Officer of such Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to such date.

Upon the satisfaction of the conditions precedent set forth in this Section 4.03, such Approved Borrower shall become a Borrower hereunder with the same force and effect as if originally named as a Borrower hereunder. The rights and obligations of each Borrower hereunder shall remain in full force and effect notwithstanding the addition of any new Borrower as a party to this Agreement.

ARTICLE V. AFFIRMATIVE COVENANTS

The Company covenants and agrees with each Lender and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Lenders shall otherwise consent in writing, the Company will, and will cause each of its Subsidiaries to:

SECTION 5.01. Existence; Businesses and Properties. (a) Preserve and maintain its corporate existence, rights (charter and statute) and material franchises, except as otherwise permitted by Section 6.03; provided, however, that the Company shall not be required to preserve any such right or franchise if (i) the Company shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and (ii) the loss of any such right or franchise is not disadvantageous in any material respect to the Lenders.

(b) Comply in all material respects with all applicable laws (including environmental laws), rules, regulations and orders (including, without limitation, laws requiring payment of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent contested in good faith by appropriate proceedings) except where the failure to so comply would not result in a Material Adverse Change.

(c) Maintain and preserve all of its properties which are used in the conduct of its business in good working order and condition, ordinary wear and tear excepted, to the extent that any failure to do so would result in a Material Adverse Change and except for dispositions thereof permitted by Section 6.03.

SECTION 5.02. Insurance. Maintain insurance with financially sound and reputable insurance companies (which insurance companies shall, in any event, have an A.M. Best rating of "B+" or better), and with respect to property and risks of a character usually maintained by corporations engaged in the same or similar business similarly situated, against loss, damage and liability of the kinds and in the amounts customarily maintained by such corporations.

SECTION 5.03. Obligations and Taxes. Pay its Indebtedness and other obligations promptly and in accordance with their terms and pay and discharge promptly when due all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might give rise to a Lien upon such properties or any part thereof; provided, however, that such payment and discharge shall not be required with respect to any such tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Company shall have set aside on its books adequate reserves with respect thereto.

SECTION 5.04. Financial Statements, Reports, etc. In the case of the Borrower, furnish to the Administrative Agent and each Lender:

(a) within 90 days after the end of each fiscal year, its consolidated balance sheets and related statements of income, changes in stockholders' equity and cash flows, showing the financial condition of the Company and its Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of its Subsidiaries during such year, all audited by Coopers & Lybrand or other independent public accountants of recognized national standing acceptable to the Required Lenders and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Company on a consolidated basis in accordance with GAAP consistently applied;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, its consolidated balance sheets and related statements of income, changes in stockholders' equity and cash flows, showing the financial condition of the Company and its Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of its Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of the Company on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments;

(c) concurrently with any delivery of financial statements under (a) or (b) above, a certificate of the accounting firm or Financial Officer opining on or certifying such statements (which certificate, when furnished by an accounting firm, may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenants contained in Sections 6.06 and 6.07;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it with the Securities and Exchange Commission, or any Governmental Authority succeeding to any of or all the functions of such Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of the Company or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

SECTION 5.05. Litigation and Other Notices. Furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Company or any Affiliate thereof which, if adversely determined, could result in a Material Adverse Change; and

(c) any other development that has resulted in, or could reasonably be anticipated to result in, a Material Adverse Change.

SECTION 5.06. ERISA. (a) Comply in all material respects with the applicable provisions of ERISA and the Code and (b) furnish to the Administrative Agent and each Lender (i) as soon as possible, and in any event within 30 days after any Responsible Officer of the Company or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Company to the PBGC in an aggregate amount exceeding \$5,000,000, a statement of a Financial Officer setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of

such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a copy of any notice the Company or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) or to appoint a trustee to administer any Plan or Plans, and (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC.

SECTION 5.07. Maintaining Records. Maintain all financial records in accordance with GAAP and permit any representatives designated by any Lender to discuss the affairs, finances and condition of the Company or any Subsidiary with the officers thereof and independent accountants therefor.

SECTION 5.08. Use of Proceeds. Use the proceeds of the Loans only for the purposes set forth in the preamble to this Agreement.

ARTICLE VI. NEGATIVE COVENANTS

The Company covenants and agrees with each Lender and the Administrative Agent that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any Fees or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Lenders shall otherwise consent in writing, the Company will not, and will not cause or permit any of its Subsidiaries to:

SECTION 6.01. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except:

(a) Liens in existence on the date hereof and listed in Part B of Schedule 3.12 hereto;

(b) Liens imposed by any Governmental Authority for taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Company or the affected Subsidiaries, as the case may be, in accordance with GAAP;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings and Liens securing judgments but only to the extent for an amount and for a period not resulting in an Event of Default under Article VII clause (i) hereof;

(d) pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(e) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(f) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of property or minor imperfections in title thereto that, in the aggregate, are not material in amount, and that do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(g) Liens on property of any corporation that becomes a Subsidiary of the Company after the date of this Agreement; provided that such Liens are in existence at the time such corporation becomes a Subsidiary of the Company and were not created in anticipation thereof;

(h) Liens upon real and/or tangible personal property acquired after the date hereof (by purchase, construction or otherwise) by the Company or any of its Subsidiaries, each of which Liens either (A) existed on such property before the time of its acquisition and was not created in anticipation thereof or (B) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such property; provided that no such Lien shall extend to or cover any property of the Company or such Subsidiary other than the property so acquired and improvements thereon;

(i) additional Liens upon real and/or personal property created after the date hereof; provided that the aggregate Indebtedness secured thereby and incurred on and after the date hereof shall not exceed \$5,000,000 in the aggregate at any one time outstanding; and

(j) any extension, renewal or replacement of the foregoing; provided that the Liens permitted hereunder shall not be spread to cover any additional Indebtedness or property (other than a substitution of like property).

SECTION 6.02. Sale and Lease-Back Transactions. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (such an arrangement, a "Sale and Lease-Back Transaction"), other than (i) Sale and Lease-Back Transactions capitalized on the books of the Company in an aggregate capitalized amount not in excess of \$25,000,000 entered into in connection with the financing of aircraft to be used in connection with the Company's business and (ii) Sale and Lease-Back Transactions capitalized on the books of the Company (other than a Sale and Lease-Back Transaction permitted by clause

(i) above) if the capitalized amount of all such Sale and Lease-Back Transactions shall not exceed \$5,000,000 in aggregate amount at any time outstanding.

SECTION 6.03. Mergers, Sales of Assets, etc. (a) In the case of any Borrower, consolidate with or merge into any other corporation or convey, transfer or lease its properties and assets substantially as an entirety to any person, unless:

(i) the corporation formed by such consolidation or into which such Borrower is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of such Borrower substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia and shall expressly assume, by an agreement supplemental hereto, executed and delivered to each other party hereto, in form satisfactory to the Administrative Agent, the due and punctual payment of the principal of and interest on the Loans and all other obligations of such Borrower under the Loan Documents and the performance or observance of every covenant of this Agreement on the part of such Borrower to be performed or observed;

(ii) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing; and

(iii) the Company shall have delivered to the Administrative Agent an officers' certificate and an opinion of counsel, each stating that such consolidation, merger, conveyance, transfer or lease and such supplemental agreement comply with this paragraph (a) and that all conditions precedent herein provided for relating to such transaction have been complied with.

(b) Upon any consolidation by any Borrower with or merger by any Borrower into any other corporation or any conveyance, transfer or lease of the properties and assets of any Borrower substantially as an entirety in accordance with paragraph (a) above, the successor corporation formed by such consolidation or into which such Borrower is merged or to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the applicable Borrower under the Loan Documents with the same effect as if such successor corporation had been named as a Borrower herein, and thereafter, the predecessor corporation shall be relieved of all obligations and covenants under the Loan Documents.

SECTION 6.04. Lines of Business; Fiscal Year. Engage or invest in operations engaging to any substantial extent in any line or lines of business activity other than the business of manufacturing, providing, distributing and selling such diverse goods and industrial services, principally for industrial, commercial, construction and defense applications, the same or similar to those goods and services as are manufactured, provided, distributed and sold by the Company on the date hereof. In the case of the Company, change its fiscal year end from that in effect at December 31, 1993.

SECTION 6.05. Transactions with Affiliates. Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except that as long as no Default or Event of Default shall have occurred and be continuing, the Company or any Subsidiary may engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Company or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties.

SECTION 6.06. Net Worth. The Company will not permit its Net Worth at any time during any period set forth below to be less than the required minimum Net Worth set forth opposite such period:

Period	Required Minimum Net Worth
From the date hereof through December 31, 1994	\$435,000,000
From January 1, 1995 and at all times thereafter	\$435,000,000 plus 50% of Net Income for each of the Company's previous fiscal years commencing with 1994

For purposes of determining Net Income to be added to the required minimum Net Worth in Section 6.06 herein, negative Net Income shall be counted as zero.

SECTION 6.07. Total Debt to Total Capital Ratio. The Company will not permit the ratio of Total Debt to Total Capital at any time during any period set forth below to exceed the ratio set forth opposite such period:

Period	Ratio
From the date hereof through June 30, 1995	0.55 to 1
From July 1, 1995 and at all times thereafter	0.50 to 1

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five days;

(d) default shall be made in the due observance or performance by the Borrowers or any Subsidiary of any covenant, condition or agreement contained in Section 5.01(a) or 5.05 or in Article VI;

(e) default shall be made in the due observance or performance by the Borrowers or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent or any Lender to the Company;

(f) (i) the Company or any Subsidiary shall (A) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness in a principal amount in excess of (I) \$15,000,000, in the case of any single obligation, or (II) \$15,000,000, in the case of all obligations in the aggregate, in each case, when and as the same shall become due and payable, or (B) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any Indebtedness in an aggregate principal amount in excess of \$15,000,000 and such failure shall continue beyond any applicable grace period; or (ii) Indebtedness of the Company and its Subsidiaries, or any of them, in a principal amount in excess of (A) \$15,000,000, in the case of any single obligation, or (B) \$15,000,000, in the case of all obligations in the aggregate, shall be declared due and payable or required to be prepaid prior to its stated maturity;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of any Borrower or any Subsidiary, or of a substantial part of the property or assets of any Borrower or a Subsidiary, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law (or similar statute or law in any other jurisdiction), (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Subsidiary or for a substantial part of the property or assets of any Borrower or a Subsidiary or (iii) the winding-up or liquidation of any Borrower or any Subsidiary; and such proceeding or petition shall continue undismissed for 30 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) any Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law (or similar statute or law in any other jurisdiction), (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Borrower or any Subsidiary or for a substantial part of the property or assets of any Borrower or any Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any action for the purpose of effecting any of the foregoing;

(i) one or more judgments for the payment of money in an aggregate amount in excess of \$10,000,000 (exclusive of amounts fully covered by insurance where the insurer has admitted liability in respect of such judgment) or in excess of \$20,000,000 (regardless of insurance coverage) shall be rendered against any Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 60 consecutive days during which 60 days execution shall not be effectively stayed, or otherwise being appropriately contested in good faith, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of any Borrower or any Subsidiary to enforce any such judgment;

(j) a Reportable Event or Reportable Events, or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code), shall have occurred with respect to any Plan or Plans that reasonably could be expected to result in liability of any Borrower to the PBGC or to a Plan in an aggregate amount exceeding \$5,000,000 and, within 30 days after the reporting of any such Reportable Event to the Administrative Agent or after the receipt by the Administrative Agent of the statement required pursuant to Section 5.06, the Administrative Agent shall have notified such Borrower in writing that (i) the Required Lenders have made a determination that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans by the PBGC, (B) for the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (C) for the imposition of a lien in favor of a Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United

States District Court to administer any such Plan or Plans; or the PBGC shall institute proceedings to terminate any Plan or Plans; or

(k) there shall have occurred a Change in Control; then, and in every such event (other than an event with respect to a Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, with the consent of Required Lenders, may, or at the request of the Required Lenders, shall, by notice to the Borrowers, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and the Swingline Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to a Borrower described in paragraph (g) or (h) above, the Commitments and the Swingline Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

ARTICLE VIII. THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, Chemical Bank is hereby appointed to act as Administrative Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender or holder and to exercise such powers as are specifically delegated to the Administrative Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) as provided in Article VII, to give notice on behalf of each of the Lenders to the Borrowers of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by any Borrower pursuant to this Agreement as received by the Administrative Agent.

Neither the Administrative Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or wilful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrowers of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Administrative Agent shall not be responsible to the Lenders for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement, or any other Loan Documents or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Lenders. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Neither the Administrative Agent nor any of its directors, officers, employees or agents shall have any responsibility to the Borrowers on account of the failure of or delay in performance or breach by any Lender of any of its obligations hereunder or to any Lender on account of the failure of or delay in performance or breach by any other Lender or the Borrowers of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, having a combined capital and surplus of at least \$500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 10.05 shall continue in

effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Administrative Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not the Administrative Agent, and the Administrative Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Lenders by the Administrative Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Administrative Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or willful misconduct of the Administrative Agent or any of its directors, officers, employees or agents. Each Lender agrees that any reasonable allocation of expenses or other amounts referred to in this paragraph between this Agreement and the Facility A Credit Agreement shall be conclusive and binding for all purposes.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX. GUARANTEE

SECTION 9.01. Guarantee. The Guarantor hereby guarantees to each Lender and the Administrative Agent and their respective successors and assigns the prompt payment in full when due (whether at stated maturity, by acceleration, by optional prepayment or otherwise) of the principal of and interest on the Loans made by the Lenders to any Approved Borrower and all other amounts from time to time owing to the Lenders or the Administrative Agent by any Approved Borrower under this Agreement pursuant to its Designation Letter, strictly in accordance with the terms thereof (such obligations being herein collectively called the "Guaranteed Obligations"). The Guarantor hereby further agrees that if any Approved Borrower shall fail to pay in full when due (whether at stated maturity, by acceleration, by optional prepayment or otherwise) any of the Guaranteed Obligations, the Guarantor will promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Guaranteed Obligations, the same will be promptly paid in full when due (whether at extended maturity, by acceleration or otherwise) in accordance with the terms of such extension or renewal.

SECTION 9.02. Obligations Unconditional. The obligations of the Guarantor under Section 9.01 hereof are absolute and unconditional irrespective of the value, genuineness, validity, regularity or enforceability of the obligations of any Approved Borrower under this Agreement or any other agreement or instrument referred to herein or therein (including, without limitation, any Designation Letter), or any substitution, release or exchange of any other guarantee of or security for any of the Guaranteed Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 9.02 that the obligations of the Guarantor hereunder shall be absolute and unconditional under any and all circumstances. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder:

(i) at any time or from time to time, without notice to the Guarantor, the time for any performance of or compliance with any of the Guaranteed Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of this Agreement or any other agreement or instrument referred to herein or therein shall be done or omitted; or

(iii) the maturity of any of the Guaranteed Obligations shall be accelerated, or any of the Guaranteed Obligations shall be modified, supplemented or amended in any respect, or any right under this Agreement or any other agreement or instrument referred to herein or therein shall be waived or any other guarantee of any of the Guaranteed Obligations or any security therefor shall be released or exchanged in whole or in part or otherwise dealt with.

The Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Approved Borrower under this Agreement or any other

agreement or instrument referred to herein or therein, or against any other person under any other guarantee of, or security for, any of the Guaranteed Obligations.

SECTION 9.03. Reinstatement. The obligations of the Guarantor under this Article IX shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Approved Borrower in respect of the Guaranteed Obligations is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise and the Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration.

SECTION 9.04. Subrogation. The Guarantor hereby irrevocably waives all rights of subrogation or contribution, whether arising by operation of law (including, without limitation, any such right arising under Title 11 of the United States Code) or otherwise, by reason of any payment by it pursuant to the provisions of this Article IX and further agrees that for the benefit of each of its creditors (including, without limitation, each Lender and the Administrative Agent) that any such payment by it of the Guaranteed Obligations of any Approved Borrower shall constitute a contribution of capital by the Guarantor to such Approved Borrower.

SECTION 9.05. Remedies. The Guarantor agrees that, as between the Guarantor and the Lenders, the obligations of any Approved Borrower under this Agreement may be declared to be forthwith due and payable as provided in Article VII hereof (and shall be deemed to have become automatically due and payable in the circumstances provided in said Article VII) for purposes of Section 9.01 hereof notwithstanding any stay, injunction or other prohibition preventing such declaration (or such obligations from becoming automatically due and payable) as against any Approved Borrower and that, in the event of such declaration (or such obligations being deemed to have become automatically due and payable), such obligations (whether or not due and payable by such Approved Borrower) shall forthwith become due and payable by the Guarantor for purposes of such Section 9.01.

SECTION 9.06. Continuing Guarantee. The guarantee in this Article IX is a continuing guarantee, and shall apply to all Guaranteed Obligations whenever arising.

ARTICLE X. MISCELLANEOUS

SECTION 10.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Company, to it at P.O. Box 8888, Camp Hill, Pennsylvania 17001-8888, Attention of Barry M. Sullivan (Telecopy No. 717-763-6402);

(b) if to an Approved Borrower, to it at its address as set forth in its Designation Letter;

(c) if to the Administrative Agent, to Chemical Bank Agency Services Corporation, Grand Central Tower, 140 East 45th Street, New York, New York 10017, Attention of Sandra J. Miklave (Telecopy No. 212-622-0002), with copies to Chemical Bank, 270 Park Avenue, New York, New York 10017, Attention of Ann Kerns (Telecopy No. 212-270-2112); and

(d) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy, or on the date five Business Days after dispatch by certified or registered mail, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 10.01.

SECTION 10.02. Survival of Agreement. All covenants, agreements, representations and warranties made by the Borrowers herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments and the Swingline Commitments have not been terminated.

SECTION 10.03. Binding Effect. This Agreement shall become effective when it shall have been executed by the Company and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Lender, and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender and their respective successors and assigns, except that the Borrowers shall not have the right to assign rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 10.04. Successors and Assigns. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrowers, the Administrative Agent or the Lenders that are contained in this Agreement shall bind and inure to the

benefit of their respective successors and assigns.

(b) Each Lender may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment, Swingline Commitment, participations in outstanding Swingline Loans and the Loans at the time owing to it); provided, however, that (i) except in the case of an assignment to a Lender or an Affiliate of such Lender, the Company and the Administrative Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld), (ii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Lender's rights and obligations under this Agreement, (iii) the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$10,000,000 (or, if smaller, such Lender's remaining Commitment) and the amount of the Commitment of such Lender remaining after such assignment shall not be less than \$10,000,000 or shall be zero, (iv) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, and a processing and recordation fee of \$4,000 and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to paragraph (e) of this Section 10.04, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto (but shall continue to be entitled to the benefits of Sections 2.13, 2.15, 2.19 and 10.05, as well as to any Fees accrued for its account hereunder and not yet paid)). Notwithstanding the foregoing, any Lender assigning its rights and obligations under this Agreement may retain any Competitive Loans made by it outstanding at such time, and in such case shall retain its rights hereunder in respect of any Loans so retained until such Loans have been repaid in full in accordance with this Agreement.

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment and Swingline Commitment, if any, and the outstanding balances of its Standby Loans, Competitive Loans and Swingline Loans, if any, in each case without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto or the financial condition of the Company or any Subsidiary or the performance or observance by any Borrower of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) The Administrative Agent shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrower, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Company and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of the Company and the Administrative Agent to such assignment, the Administrative Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Lenders.

(f) Each Lender may without the consent of the Company or the Administrative Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a

portion of its Commitment and the Loans owing to it); provided, however, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if they were Lenders and (iv) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrowers relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable hereunder or the amount of principal or of the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or changing or extending the Commitments).

(g) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrowers furnished to such Lender by or on behalf of the Borrowers; provided that, prior to any such disclosure of information designated by the Company as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information. It is understood that confidential information relating to the Borrowers would not ordinarily be provided in connection with assignments or participations of Competitive Loans.

(h) Any Lender may at any time assign all or any portion of its rights under this Agreement to a Federal Reserve Bank; provided that no such assignment shall release a Lender from any of its obligations hereunder. In order to facilitate such an assignment to a Federal Reserve Bank, the applicable Borrower shall, at the request of the assigning Lender, duly execute and deliver to the assigning Lender a promissory note or notes evidencing the Loans made to such Borrower by the assigning Lender hereunder.

(i) The Borrowers shall not assign or delegate any of their rights or duties hereunder, except as permitted by Section 6.03.

SECTION 10.05. Expenses; Indemnity. (a) Each Borrower agrees to pay all out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Agreement and the other Loan Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of their rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made hereunder, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore, counsel for the Administrative Agent, and, in connection with any such amendment, modification or waiver or any such enforcement or protection, the reasonable fees, charges and disbursements of any other counsel for the Administrative Agent or any Lender. Each Borrower further agrees that it shall indemnify the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement or any of the other Loan Documents.

(b) Each Borrower agrees to indemnify the Administrative Agent, each Lender and each of their respective directors, officers, employees and agents (each such person being called an "Indemnitee") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the transactions contemplated thereby, (ii) the actual or proposed use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee.

(c) The provisions of this Section 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent or any Lender. All amounts due under this Section 10.05 shall be payable on written demand therefor.

SECTION 10.06. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of any Borrower against any of and all the obligations of such Borrower now or hereafter existing under this Agreement and other Loan Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.07. Applicable Law. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS

SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 10.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle such Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Company and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) change or extend the Commitment or the Swingline Commitment or decrease the Utilization Fees or Facility Fees of any Lender without the prior written consent of such Lender, or (iii) amend or modify the provisions of Section 2.16, the provisions of Article IX, the provisions of this Section or the definition of "Required Lenders", without the prior written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent.

SECTION 10.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable on the Loan of such Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate.

SECTION 10.10. Entire Agreement. This Agreement and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 10.11. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the other Loan Documents. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.11.

SECTION 10.12. Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.13. Judgment Currency. (a) The Borrowers' obligations hereunder and under the other Loan Documents to make payments in Dollars or in any Alternative Currency (the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or a Lender of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against any Borrower or in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made at the Alternative Currency Equivalent or Dollar Equivalent, in the case of any Alternative Currency or Dollars, and, in the case of other currencies, the rate of exchange (as quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the date immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date").

(b) If there is a change in the rate of exchange prevailing between the

Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrower covenants and agrees to pay, or cause to be paid, as a separate obligation and notwithstanding any judgment, such additional amounts, if any (but in any event not a lesser amount), as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining the Alternative Currency Equivalent or Dollar Equivalent or rate of exchange for this Section, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

SECTION 10.14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

SECTION 10.15. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.16. Jurisdiction; Consent to Service of Process. (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against any Borrower or its properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

IN WITNESS WHEREOF, the Company, the Administrative Agent and the Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

HARSCO CORPORATION,

by

Name:
Title:

by

Name:
Title:

Agreement dated October 11, 1994 between Harsco Corporation ("Issuer") and J.P. Morgan Securities Inc. ("JPMS") in connection with the placement of the Commercial Paper Notes referred to in this Agreement and issued pursuant to an Issuing and Paying Agency Agreement dated October 11, 1994 between the Issuer and Morgan Guaranty Trust Company of New York (the "Issuing and Paying Agent") (the "Issuing and Paying Agency Agreement").

1. Appointment of JPMS. The Issuer hereby requests JPMS to act, on the terms and conditions specified herein, as the Issuer's dealer for the offer and sale from time to time of short-term promissory notes (the "Commercial Paper Notes") to be issued by the Issuer in reliance upon the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act") provided by Section 4(2) thereof. The Issuer is not obligated to sell and JPMS is not obligated to purchase the Commercial Paper Notes.

2. Sale of Notes. The Commercial Paper Notes will be issued by the Issuer either (a) as book-entry obligations represented by one or more master notes and recorded in the electronic book-entry system maintained by The Depository Trust Company or any clearing corporation (each a "Clearing Corporation") within the meaning of Section 8-102(3) of the Uniform Commercial Code in accordance with the terms of the letter of representations among the Issuer, the Issuing and Paying Agent and the Clearing Corporation (the "Clearing Corporation Letter of Representations") a copy of which is attached hereto as Exhibit I, or (b) as physical certificated notes delivered to the purchaser thereof or a person designated by such purchaser.

The responsibilities of JPMS hereunder will include (i) the soliciting of purchases of Commercial Paper Notes by investors and (ii) assisting the Issuer and the Issuing and Paying Agent in effecting and processing such purchases.

Sales of Commercial Paper Notes arranged by JPMS shall be negotiated verbally between JPMS and an authorized representative of the Issuer, as shall be designated by the Issuer from time to time. Such negotiations shall determine the principal amount of Commercial Paper Notes to be sold, the interest rates applicable thereto, and the maturities thereof.

If the Issuer and JPMS shall agree on the sale of any Commercial Paper Notes through JPMS (including, but not limited to, agreement with respect to the price, principal amount, maturity and interest rate of such Commercial Paper Notes), then (i) JPMS shall deliver to the Issuer, in accordance with its ordinary practice, confirmation of the agreed upon terms of such sale and (ii) cause the delivery of instructions to the Issuing and Paying Agent to complete, authenticate and deliver the Commercial Paper Notes in the manner described in the Issuing and Paying Agency Agreement. The amount of interest payable on the Commercial Paper Notes shall be calculated as provided in the Issuing and Paying Agency Agreement.

The Issuer and JPMS agree that neither of them nor any person acting on their behalf will offer or sell, or solicit offers to buy, the Commercial Paper Notes by any form of general solicitation or general advertising. The Issuer confirms that neither it nor any person other than JPMS or Lehman Brothers Inc. acting on its behalf has offered or sold any Commercial Paper Notes or any substantially similar security of the Issuer to, or solicited offers to buy any Commercial Paper Notes or substantially similar security of the Issuer from, any person. Each offeree of the Commercial Paper Notes will be a sophisticated investor whom JPMS reasonably believes to possess such knowledge and experience (or to be represented by a fiduciary or agent having such knowledge and experience) in financial and business matters that it is capable of evaluating the merits and risks of investing in the Commercial Paper Notes and will be either (a) an "accredited investor" within the meaning of Regulation D under the Securities Act or (b) a qualified institutional buyer ("QIB") as defined in Rule 144A under the Securities Act. Resales of the Commercial Paper Notes will be made in transactions exempt from registration under the Securities Act and only (i) to JPMS or another dealer appointed by the Issuer or through JPMS or another dealer appointed by the Issuer to an accredited investor or to a QIB or (ii) to a QIB in a transaction made in accordance with Rule 144A.

At any time the Issuer is not subject to Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, the Issuer agrees to furnish at its own expense, upon request, to holders and prospective purchasers of the Commercial Paper Notes information satisfying the requirement of subsection (d)(4)(i) of Rule 144A.

The Commercial Paper Notes will be sold in minimum denominations of \$250,000, will mature not more than 270 days from the date of issuance, will have no extension, renewal or automatic roll-over provisions, and will be rated as "prime" quality commercial paper by two nationally recognized statistical rating organizations.

The Issuer will not (i) take or permit to be taken (to the extent within its control) any action that would result in the issuance and sale of the Commercial Paper Notes being subject to the registration requirements of the Securities Act or the securities or Blue Sky laws of any jurisdiction, or (ii) offer, offer for sale, offer to sell or sell any securities of the Issuer other than the Commercial Paper Notes offered or sold hereunder under circumstances which would require the registration of any such Commercial Paper Notes under the Securities Act.

3. Representations and Warranties. The Issuer represents and warrants to JPMS that: the Issuer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to execute and deliver the Commercial Paper Notes and to execute, deliver and perform this Agreement, the Clearing Corporation Letter of Representations and the Issuing and Paying Agency Agreement, a copy of which is attached as Exhibit II; this Agreement, the Issuing and Paying Agency Agreement and the Clearing Corporation Letter of

Representations have been duly authorized, executed and delivered by the Issuer and are valid and binding agreements of the Issuer enforceable in accordance with their respective terms; the Commercial Paper Notes have been duly authorized and, when issued and delivered, will be duly and validly issued and delivered and will constitute valid and binding obligations of the Issuer enforceable in accordance with their terms; the execution and delivery of the Commercial Paper Notes and the execution, delivery, performance of this Agreement, the Issuing and Paying Agency Agreement and the Clearing Corporation Letter of Representations will not violate any law, rule, regulation, order, judgment or decree applicable to the Issuer or conflict with or result in a breach of or constitute a default under any agreement or instrument to which the Issuer is a party or by which it or any of its property is bound or its certificate of incorporation or by-laws; no governmental, administrative or official consent, approval, authorization, notice or filing is required for the execution and delivery of the Commercial Paper Notes or the execution, delivery and performance by the Issuer of this Agreement, the Issuing and Paying Agency Agreement and the Clearing Corporation Letter of Representations; the offer and sale of the Commercial Paper Notes are exempt from registration under Section 4(2) of the Securities Act; the Commercial Paper Notes will rank at least pari passu with all other unsecured and unsubordinated indebtedness of the Issuer; and the Issuer is not an "investment company" or a company "controlled by" an investment company for purposes of the Investment Company Act of 1940, as amended.

4. Covenants. The Issuer agrees with JPMS that:

(a) Prior to the issuance of Commercial Paper Notes, the Issuer will furnish to JPMS opinions of counsel (i) to the effect that the Commercial Paper Notes are not required to be registered under the Securities Act in connection with the offer and sale of the Notes, (ii) as to each of the other matters set forth in Section 3 hereof, and (iii) as to such other matters as JPMS may reasonably request;

(b) Each issuance of Commercial Paper Notes by the Issuer shall be deemed a representation and warranty by the Issuer to JPMS, as of the date thereof, that the representations and warranties of the Issuer set forth in Section 3 hereof are true and correct as if made on and as of such date;

(c) The Issuer shall furnish to JPMS such information about its operations and financial condition as JPMS may reasonably request regarding the due authorization and execution of the Commercial Paper Notes and the Issuer's ability to pay the Commercial Paper Notes as they mature; and

(d) JPMS shall inform the Issuer of all action required to be taken by the Issuer in order to comply with any applicable state securities or "Blue Sky" laws in connection with any offer or sale of the Commercial Paper Notes, and the Issuer shall, unless it declines to proceed with such offer and sale, take all such required action.

5. Placement Memorandum.

(a) JPMS will prepare and distribute to each purchaser of Commercial Paper Notes prior to completion of sale a placement memorandum ("Memorandum") containing financial information about the Issuer. Such Memorandum will be updated periodically to reflect material changes in the Issuer's business or financial condition as to which the Issuer shall have advised JPMS. Each annual Memorandum will include the following "private placement" legend, which will also appear on the Commercial Paper Notes:

"THIS COMMERCIAL PAPER NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). BY ITS ACCEPTANCE OF THIS NOTE THE PURCHASER REPRESENTS THAT IT IS AN ACCREDITED INVESTOR AS DEFINED IN REGULATION D UNDER THE ACT (AND, IF IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE ACT, THEN IT IS AWARE THAT THE SELLER (OTHER THAN THE ISSUER) MAY RELY ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT PROVIDED BY RULE 144A) AND AGREES THAT THIS COMMERCIAL PAPER NOTE IS NOT BEING ACQUIRED WITH A VIEW TO PUBLIC DISTRIBUTION AND THAT ANY RESALE OF THIS COMMERCIAL PAPER NOTE WILL BE MADE ONLY (1) TO OR THROUGH J.P. MORGAN SECURITIES INC. OR LEHMAN BROTHERS INC. TO AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION EXEMPT UNDER RULE 144A."

(b) The Issuer agrees to furnish JPMS with sufficient information to enable JPMS to prepare the original Memorandum and updates thereof, including (i) as soon as practicable after the end of each of the first three quarters in the Issuer's fiscal year, the financial statements of the Issuer as of the end of such fiscal quarter, (ii) as soon as practicable after the end of each fiscal year of the Issuer, the annual audited financial statements of the Issuer and (iii) as soon as practicable, any information concerning the financial condition or results of operations of the Issuer that has been generally communicated to the public or that makes any statement in the Memorandum materially false or misleading or by its omission would cause the Memorandum to be materially false or misleading. The Issuer agrees that all financial statements delivered to JPMS hereunder will fairly present the financial condition of the Issuer as of the date set forth therein and the results of operations for the periods set forth therein, all in conformity with generally accepted accounting principles.

(c) Before distribution of the Memorandum, or any update thereof, JPMS will provide a copy thereof to the Issuer, and will not distribute the same without the Issuer's prior written approval. Such approval shall be deemed to be a representation and warranty by the Issuer that the Memorandum, or any update thereof being distributed, does not contain any untrue statement of a material fact or an omission of a material fact necessary to make any statement contained therein, in light of the circumstances in which such statement was made, not misleading.

6. Indemnification.

(a) The Issuer assumes liability for, and will indemnify and hold JPMS

harmless from and against, any liabilities, claims, damages, costs and expenses (including legal fees and expenses) ("Liabilities") arising out of or in connection with the issue and sale of the Commercial Paper Notes, including without limitation, Liabilities arising out of or related to an actual or alleged untrue statement of a material fact contained in the Memorandum or otherwise made in connection with the issuance and sale of the Commercial Paper Notes or an actual or alleged omission of a material fact necessary in order to make any statement contained in the Memorandum or otherwise made in connection with the issuance and sale of the Commercial Paper Notes, in light of the circumstances in which such statement was made, not misleading; provided, however, that the foregoing indemnity shall not extend to any Liabilities to the extent they arise from (i) an untrue statement by JPMS of a material fact relating to JPMS's sale of the Commercial Paper Notes; or an omission by JPMS of a material fact relating to JPMS's sale of the Commercial Paper Notes necessary in order to make any statement, in light of the circumstances in which such statement was made, not misleading or (ii) the gross negligence or willful misconduct of JPMS in the performance or failure to perform its obligations hereunder. This indemnity shall survive termination of the Agreement.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in subparagraph (a) of this Section 6 is for any reason (other than those set forth in the proviso clause of subparagraph (a) of this Section 6) held to be unavailable to JPMS, the Issuer and JPMS shall contribute to the aggregate Liabilities to which the Issuer and JPMS may be subject, in such proportion that JPMS shall be responsible for that percentage of such Liabilities equal to the percentage that any fees and commissions payable to JPMS bears to the aggregate of the Commercial Paper Notes sold hereunder and the balance of such Liabilities shall be the responsibility of the Issuer; provided that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

7. Notices, Addresses. All communications and notices shall be in writing or confirmed in writing and shall be effective when received at the address specified below:

(i) if to JPMS, to it at 60 Wall Street, New York, New York 10260-0060, Attention: Commercial Paper Origination; Telephone: 212-648-0750; Telecopy 212-648-5913, or at such other address as may from time to time be designated by notice to the Issuer in writing; and

(ii) if to the Issuer, to it at P.O. Box 8888, Camp Hill, Pennsylvania 17001-8888; Attention: Barry M. Sullivan, Vice President and Treasurer; Telephone: 717-975-3880; Telecopy: 717-763-6424, or at such other address as may from time to time be designated by notice to JPMS in writing.

8. Assignment. JPMS may assign its rights and obligations under this Agreement to any wholly-owned subsidiary of J.P. Morgan & Co. Incorporated.

9. Termination. This Agreement may be terminated at any time by the Issuer or by JPMS by written notice to the other parties, except that this Agreement shall, notwithstanding such notice, remain applicable to any Commercial Paper Notes outstanding at the time of such notice.

10. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by officers duly authorized thereunto, all as of the day and year first above written.

J.P. MORGAN SECURITIES INC.

By: /s/ J. Hunter Brown
Name: J. Hunter Brown
Title: Vice President

HARSCO CORPORATION

By: /s/ Leonard A. Campanaro
Name: Leonard A. Campanaro
Title: Senior Vice President - Finance
and Chief Financial Officer

By: /s/ Barry M. Sullivan
Name: Barry M. Sullivan
Title: Vice President and Treasurer

Agreement dated October 11, 1994 between Harsco Corporation ("Issuer") and Lehman Brothers Inc. ("Lehman") in connection with the placement of the Commercial Paper Notes referred to in this Agreement and issued pursuant to an Issuing and Paying Agency Agreement dated October 11, 1994 between the Issuer and Morgan Guaranty Trust Company of New York (the "Issuing and Paying Agent") (the "Issuing and Paying Agency Agreement").

1.Appointment of Lehman. The Issuer hereby requests Lehman to act, on the terms and conditions specified herein, as the Issuer's dealer for the offer and sale from time to time of short-term promissory notes (the "Commercial Paper Notes") to be issued by the Issuer in reliance upon the exemption from registration under the Securities Act of 1933, as amended (the "Securities Act") provided by Section 4(2) thereof. The Issuer is not obligated to sell and Lehman is not obligated to purchase the Commercial Paper Notes.

2.Sale of Notes. The Commercial Paper Notes will be issued by the Issuer either (a) as book-entry obligations represented by one or more master notes and recorded in the electronic book-entry system maintained by The Depository Trust Company or any clearing corporation (each a "Clearing Corporation") within the meaning of Section 8-102(3) of the Uniform Commercial Code in accordance with the terms of the letter of representations among the Issuer, the Issuing and Paying Agent and the Clearing Corporation (the "Clearing Corporation Letter of Representations") a copy of which is attached hereto as Exhibit I, or (b) as physical certificated notes delivered to the purchaser thereof or a person designated by such purchaser.

The responsibilities of Lehman hereunder will include (i) the soliciting of purchases of Commercial Paper Notes by investors and (ii) assisting the Issuer and the Issuing and Paying Agent in effecting and processing such purchases.

Sales of Commercial Paper Notes arranged by Lehman shall be negotiated verbally between Lehman and an authorized representative of the Issuer, as shall be designated by the Issuer from time to time. Such negotiations shall determine the principal amount of Commercial Paper Notes to be sold, the interest rates applicable thereto, and the maturities thereof.

If the Issuer and Lehman shall agree on the sale of any Commercial Paper Notes through Lehman (including, but not limited to, agreement with respect to the price, principal amount, maturity and interest rate of such Commercial Paper Notes), then (i) Lehman shall deliver to the Issuer, in accordance with its ordinary practice, confirmation of the agreed upon terms of such sale and (ii) cause the delivery of instructions to the Issuing and Paying Agent to complete, authenticate and deliver the Commercial Paper Notes in the manner described in the Issuing and Paying Agency Agreement. The amount of interest payable on the Commercial Paper Notes shall be calculated as provided in the Issuing and Paying Agency Agreement.

The Issuer and Lehman agree that neither of them nor any person acting on their behalf will offer or sell, or solicit offers to buy, the Commercial Paper Notes by any form of general solicitation or general advertising. The Issuer confirms that neither it nor any person other than Lehman or J.P. Morgan Securities, Inc. acting on its behalf has offered or sold any Commercial Paper Notes or any substantially similar security of the Issuer to, or solicited offers to buy any Commercial Paper Notes or substantially similar security of the Issuer from, any person. Each offeree of the Commercial Paper Notes will be a sophisticated investor whom Lehman reasonably believes to possess such knowledge and experience (or to be represented by a fiduciary or agent having such knowledge and experience) in financial and business matters that it is capable of evaluating the merits and risks of investing in the Commercial Paper Notes and will be either (a) an "accredited investor" within the meaning of Regulation D under the Securities Act or (b) a qualified institutional buyer ("QIB") as defined in Rule 144A under the Securities Act. Resales of the Commercial Paper Notes will be made in transactions exempt from registration under the Securities Act and only (i) to Lehman or another dealer appointed by the Issuer or through Lehman or another dealer appointed by the Issuer to an accredited investor or to a QIB or (ii) to a QIB in a transaction made in accordance with Rule 144A.

At any time the Issuer is not subject to Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, the Issuer agrees to furnish at its own expense, upon request, to holders and prospective purchasers of the Commercial Paper Notes information satisfying the requirement of subsection (d)(4)(i) of Rule 144A.

The Commercial Paper Notes will be sold in minimum denominations of \$250,000, will mature not more than 270 days from the date of issuance, will have no extension, renewal or automatic roll-over provisions, and will be rated as "prime" quality commercial paper by two nationally recognized statistical rating organizations.

The Issuer will not (i) take or permit to be taken (to the extent within its control) any action that would result in the issuance and sale of the Commercial Paper Notes being subject to the registration requirements of the Securities Act or the securities or Blue Sky laws of any jurisdiction, or (ii) offer, offer for sale, offer to sell or sell any securities of the Issuer other than the Commercial Paper Notes offered or sold hereunder under circumstances which would require the registration of any such Commercial Paper Notes under the Securities Act.

3.Representations and Warranties. The Issuer represents and warrants to Lehman that: the Issuer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to execute and deliver the Commercial Paper Notes and to execute, deliver and perform this Agreement, the Clearing Corporation Letter of Representations and the Issuing and Paying Agency Agreement, a copy of which is attached as Exhibit II; this Agreement, the Issuing and Paying Agency Agreement and the Clearing Corporation Letter of Representations have been duly authorized, executed and delivered by the

Issuer and are valid and binding agreements of the Issuer enforceable in accordance with their respective terms; the Commercial Paper Notes have been duly authorized and, when issued and delivered, will be duly and validly issued and delivered and will constitute valid and binding obligations of the Issuer enforceable in accordance with their terms; the execution and delivery of the Commercial Paper Notes and the execution, delivery, performance of this Agreement, the Issuing and Paying Agency Agreement and the Clearing Corporation Letter of Representations will not violate any law, rule, regulation, order, judgment or decree applicable to the Issuer or conflict with or result in a breach of or constitute a default under any agreement or instrument to which the Issuer is a party or by which it or any of its property is bound or its certificate of incorporation or by-laws; no governmental, administrative or official consent, approval, authorization, notice or filing is required for the execution and delivery of the Commercial Paper Notes or the execution, delivery and performance by the Issuer of this Agreement, the Issuing and Paying Agency Agreement and the Clearing Corporation Letter of Representations; the offer and sale of the Commercial Paper Notes are exempt from registration under Section 4(2) of the Securities Act; the Commercial Paper Notes will rank at least pari passu with all other unsecured and unsubordinated indebtedness of the Issuer; and the Issuer is not an "investment company" or a company "controlled by" an investment company for purposes of the Investment Company Act of 1940, as amended.

4. Covenants. The Issuer agrees with Lehman that:

(a) Prior to the issuance of Commercial Paper Notes, the Issuer will furnish to Lehman opinions of counsel (i) to the effect that the Commercial Paper Notes are not required to be registered under the Securities Act in connection with the offer and sale of the Notes, (ii) as to each of the other matters set forth in Section 3 hereof, and (iii) as to such other matters as Lehman may reasonably request;

(b) Each issuance of Commercial Paper Notes by the Issuer shall be deemed a representation and warranty by the Issuer to Lehman, as of the date thereof, that the representations and warranties of the Issuer set forth in Section 3 hereof are true and correct as if made on and as of such date;

(c) The Issuer shall furnish to Lehman such information about its operations and financial condition as Lehman may reasonably request regarding the due authorization and execution of the Commercial Paper Notes and the Issuer's ability to pay the Commercial Paper Notes as they mature; and

(d) Lehman shall inform the Issuer of all action required to be taken by the Issuer in order to comply with any applicable state securities or "Blue Sky" laws in connection with any offer or sale of the Commercial Paper Notes, and the Issuer shall, unless it declines to proceed with such offer and sale, take all such required action.

5. Placement Memorandum.

(a) Lehman will prepare and distribute to each purchaser of Commercial Paper Notes prior to completion of sale a placement memorandum ("Memorandum") containing financial information about the Issuer. Such Memorandum will be updated periodically to reflect material changes in the Issuer's business or financial condition as to which the Issuer shall have advised Lehman. Each annual Memorandum will include the following "private placement" legend, which will also appear on the Commercial Paper Notes:

"THIS COMMERCIAL PAPER NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). BY ITS ACCEPTANCE OF THIS NOTE THE PURCHASER REPRESENTS THAT IT IS AN ACCREDITED INVESTOR AS DEFINED IN REGULATION D UNDER THE ACT (AND, IF IT IS A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A UNDER THE ACT, THEN IT IS AWARE THAT THE SELLER (OTHER THAN THE ISSUER) MAY RELY ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE ACT PROVIDED BY RULE 144A) AND AGREES THAT THIS COMMERCIAL PAPER NOTE IS NOT BEING ACQUIRED WITH A VIEW TO PUBLIC DISTRIBUTION AND THAT ANY RESALE OF THIS COMMERCIAL PAPER NOTE WILL BE MADE ONLY (1) TO OR THROUGH J.P. MORGAN SECURITIES INC. OR LEHMAN BROTHERS INC. TO AN ACCREDITED INVESTOR OR A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE ACT OR (2) TO A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION EXEMPT UNDER RULE 144A."

(b) The Issuer agrees to furnish Lehman with sufficient information to enable Lehman to prepare the original Memorandum and updates thereof, including (i) as soon as practicable after the end of each of the first three quarters in the Issuer's fiscal year, the financial statements of the Issuer as of the end of such fiscal quarter, (ii) as soon as practicable after the end of each fiscal year of the Issuer, the annual audited financial statements of the Issuer and (iii) as soon as practicable, any information concerning the financial condition or results of operations of the Issuer that has been generally communicated to the public or that makes any statement in the Memorandum materially false or misleading or by its omission would cause the Memorandum to be materially false or misleading. The Issuer agrees that all financial statements delivered to Lehman hereunder will fairly present the financial condition of the Issuer as of the date set forth therein and the results of operations for the periods set forth therein, all in conformity with generally accepted accounting principles.

(c) Before distribution of the Memorandum, or any update thereof, Lehman will provide a copy thereof to the Issuer, and will not distribute the same without the Issuer's prior written approval. Such approval shall be deemed to be a representation and warranty by the Issuer that the Memorandum, or any update thereof being distributed, does not contain any untrue statement of a material fact or an omission of a material fact necessary to make any statement contained therein, in light of the circumstances in which such statement was made, not misleading.

6. Indemnification.

(a) The Issuer assumes liability for, and will indemnify and hold Lehman harmless from and against, any liabilities, claims, damages, costs and

expenses (including legal fees and expenses) ("Liabilities") arising out of or in connection with the issue and sale of the Commercial Paper Notes, including without limitation, Liabilities arising out of or related to an actual or alleged untrue statement of a material fact contained in the Memorandum or otherwise made in connection with the issuance and sale of the Commercial Paper Notes or an actual or alleged omission of a material fact necessary in order to make any statement contained in the Memorandum or otherwise made in connection with the issuance and sale of the Commercial Paper Notes, in light of the circumstances in which such statement was made, not misleading; provided, however, that the foregoing indemnity shall not extend to any Liabilities to the extent they arise from (i) an untrue statement by Lehman of a material fact relating to Lehman's sale of the Commercial Paper Notes; or an omission by Lehman of a material fact relating to Lehman's sale of the Commercial Paper Notes necessary in order to make any statement, in light of the circumstances in which such statement was made, not misleading or (ii) the gross negligence or willful misconduct of Lehman in the performance or failure to perform its obligations hereunder. This indemnity shall survive termination of the Agreement.

(b) In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in subparagraph (a) of this Section 6 is for any reason (other than those set forth in the proviso clause of subparagraph (a) of this Section 6) held to be unavailable to Lehman, the Issuer and Lehman shall contribute to the aggregate Liabilities to which the Issuer and Lehman may be subject, in such proportion that Lehman shall be responsible for that percentage of such Liabilities equal to the percentage that any fees and commissions payable to Lehman bears to the aggregate of the Commercial Paper Notes sold hereunder and the balance of such Liabilities shall be the responsibility of the Issuer; provided that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

7. Notices, Addresses. All communications and notices shall be in writing or confirmed in writing and shall be effective when received at the address specified below:

(i) if to Lehman, to it at 3 World Financial Center, New York, New York 10285, Attention: Commercial Paper Product Management; Telephone: 212-526- 2074; Telecopy: 212-528-6925, or at such other address as may from time to time be designated by notice to the Issuer in writing; and

(ii) if to the Issuer, to it at P.O. 8888, Camp Hill, Pennsylvania 17001-8888; Attention: Barry M. Sullivan, Vice President and Treasurer, Telephone: 717-975- 3880; Telecopy: 717-763-6424, or at such other address as may from time to time be designated by notice to Lehman in writing.

8. Assignment. Lehman may assign its rights and obligations under this Agreement to any wholly-owned subsidiary of Lehman Brothers Holdings Inc.

9. Termination. This Agreement may be terminated at any time by the Issuer or by Lehman by written notice to the other parties, except that this Agreement shall, notwithstanding such notice, remain applicable to any Commercial Paper Notes outstanding at the time of such notice.

10. Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on their behalf by officers duly authorized thereunto, all as of the day and year first above written.

LEHMAN BROTHERS INC.

By: /s/ Greg J. Hall
Name:
Title:

HARSCO CORPORATION

By: /s/ Leonard A. Campanaro
Name: Leonard A. Campanaro
Title: Senior Vice President -
Finance and Chief Financial Officer

By: /s/ Barry M. Sullivan
Name: Barry M. Sullivan
Title: Vice President and Treasurer

This Agreement dated as of October 12, 1994 is between HARSCO CORPORATION (the "Issuer") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK ("Morgan") in connection with the issuance and payment of the Notes and Obligations referred to in this Agreement.

WITNESSETH

1.Appointment of Morgan.

The Issuer may issue and sell short-term promissory notes in reliance upon an exemption from the registration requirements of the Securities Act of 1933 as amended (the "Act"), afforded by Section 4(2) thereof, (the "Notes"), which will be substantially in the form attached hereto as Exhibit A, and will be placed through such dealer(s) (individually a "Dealer" and collectively the "Dealers") of whose appointment Morgan is to be given prior written notice by the Issuer. The Issuer may also issue certain commercial paper obligations, also exempt under the Act (the "Obligations") which will be purchased by third parties ("Purchasers") under an arrangement whereby no individual promissory notes or other evidences of the Issuer's obligation to repay proceeds will be issued in accordance with the applicable rules and regulations of The Depository Trust Company ("DTC"). The Issuer hereby requests Morgan to act, on the terms and conditions specified herein, as issuing and paying agent for the Obligations and/or for the Notes which the Issuer shall from time to time deliver or cause to be delivered to Morgan.

2.Supply of Notes.

The issuer will from time to time furnish Morgan with an adequate supply of Notes, which will be serially numbered, and will have been executed by manual or facsimile signature of an Authorized Representative (as hereafter defined), with the note number, principal amount, payee, date of issue, maturity date, amount of interest (if an interest-bearing Note), maturity value and place of payment left blank. Upon receipt of any such Notes, Morgan shall, as promptly as is practicable, deliver to the Issuer a signed acknowledgment of the receipt of such Notes.

3.Authorized Representatives of Issuer.

From time to time the Issuer will furnish Morgan with a certificate of the Issuer, certifying the incumbency and specimen signatures of officers of the Issuer authorized to (i) execute the Master Notes representing the Obligations or (ii) execute Notes on behalf of the Issuer by manual or facsimile signature (an "Authorized Representative"). Until Morgan receives a subsequent incumbency certificate of the Issuer, Morgan shall be entitled to rely on the last such certificate delivered to it for purposes of determining the Authorized Representatives. If Notes are to be issued, Morgan shall not have any responsibility to the Issuer to determine by whom or by what means a facsimile signature may have been affixed on the Notes, or to determine whether any facsimile or manual signature is genuine, if such facsimile or manual signature resembles the specimen signature(s) filed with Morgan by a duly authorized officer of the Issuer. Any Note bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall bind the Issuer after the completion thereof by Morgan notwithstanding that such person shall have died or shall have otherwise ceased to hold his office on the date such Note is countersigned or delivered by Morgan.

4.Issuance of Obligations; Completion, Authentication and Delivery of Notes.

4.1All instructions shall be given via a timesharing terminal or other electronic means to the Morgan Paper Issue System (the "System"); provided that instructions may be given by telephone, facsimile transmission or in writing if the System is inoperative. Instructions given by telephone, facsimile transmission or in writing shall be given by any person, including any employee or partner of the Dealer, ("Designated Person") who has been designated by an Authorized Representative in writing to Morgan as a person authorized to give such instructions hereunder.

4.1.1The issuer or any Designated Person shall instruct Morgan to issue an Obligation via the System by entering the appropriate DTC instrument code and, after entering such issuing instruction, it is understood that the records maintained in the System shall represent the aggregate principal amounts of Obligations then outstanding and the aggregate unpaid interest (if any) on interest-bearing Obligations unless subsequently modified by the Issuer with appropriate notice to Morgan. At or before the close of business, New York time, on the settlement date of each Obligation, Morgan shall: (i) access the System for a determination of the net proceeds due the Issuer on such day and (ii) credit the Account, as such term is defined herein, in immediately available funds, such net proceeds in accordance with the instructions set forth in the System and the provisions of this Agreement, if and only if Morgan has received Confirmation from DTC that each Obligation has settled in accordance with DTC's appropriate rules, regulations and procedures. The Issuer hereby agrees with Morgan that it shall repay such Obligations in accordance with the instructions set forth in the System, and that the aggregate amount owing at any time by the Issuer in connection with all outstanding Obligations shall be the following:

4.1.1.1with respect to all discounted Obligations purchased by Purchasers, the amount of (i) the aggregate of the face amount of all such Obligations (it being understood that with respect to such discounted Obligations, the face amount thereof shall be the amount due at maturity and if any such discounted Obligation is prepaid prior to its scheduled maturity then the face value thereof shall be adjusted based upon a 360-day year to reflect such prepayment) less (ii) the aggregate of the face amounts of all Obligations purchased by Purchasers which shall have matured or been presented for prepayment.

4.1.1.2with respect to all interest-bearing Obligations purchased by

Purchasers, the amount of (i) the aggregate of the face amount of such Obligations plus the aggregate interest to be paid thereon at the scheduled maturity thereof (it being understood that if any such interest-bearing Obligation is prepaid by the Issuer prior to its scheduled maturity, then such interest amount shall be adjusted based upon a 360-day year to reflect such prepayment) less (ii) the aggregate of the face amount of such Obligations plus the aggregate interest paid by the Issuer on all interest-bearing Obligations which shall have either matured or been presented for prepayment.

4.1.2 Upon receipt of instructions to issue Notes as described in paragraph 4.1 hereof, Morgan shall withdraw the necessary Note(s) from safekeeping and, in accordance with such instructions, Morgan shall:

4.1.2.1 complete each Note as to its note number, principal amount, payee, date of issue, maturity date, amount of interest (if any), maturity value and place of payment; and

4.1.2.2 manually countersign each Note by any one of the officers or employees of Morgan duly authorized and designated by it for this purpose; and

4.1.2.3 deliver the Note(s) to the Dealer or the designated consignee, which delivery shall be against receipt for payment as herein provided or as otherwise provided in such instructions.

4.2 Instructions given via the System should be entered as prescribed in the user documentation provided by Morgan and must be entered by 1:00 PM New York time and instructions delivered by telephone, facsimile transmission or in writing must be received by Morgan by 1:00 PM New York time, if the Obligation(s) are to be issued or the Note(s) are to be delivered the same day. Telephone instructions shall be confirmed by facsimile transmission the same day.

4.3 The Issuer understands that although Morgan is instructed to deliver Note(s) against payment, delivery of the Notes will, in accordance with the custom prevailing in the commercial paper market, be made before receipt of payment in immediately available funds. Therefore, once Morgan has delivered a Note to the designated consignee, the Issuer shall bear the risk that such designated consignee fails to remit payment for the Note or return the Note to Morgan. It is understood that each delivery of Notes of the Issuer hereunder shall be subject to the rules of the New York Clearing House in effect at the time of such delivery.

5. Proceeds of Sale of the Obligations and Notes.

Funds received in payment for the Obligations or the Note(s) ("Proceeds") are to be credited to the operating account of the Issuer, numbered 027-50-884 (the "Account"), on the records of Morgan. From time to time, upon telephonic or written instructions received by Morgan from an Authorized Representative, amounts equal to the Proceeds may, if Morgan consents, prior to the time that such Proceeds are received, be (i) deposited by Morgan in an account of the Issuer maintained at Morgan, (ii) be used in payment of Obligations or Note(s) presented for payment upon maturity, or (iii) transferred to the account of the Issuer at another bank. If Morgan makes such a deposit, payment or transfer of funds before Morgan receives the Proceeds in immediately available funds, such deposit, payment or transfer shall represent an advance by it to the Issuer to be repaid from such Proceeds or by the Issuer in the event that such Proceeds are not received by Morgan. It is intended that any such advance be for no longer than 24 hours. Interest on each such unpaid advance shall be at a rate negotiated between Morgan and the Issuer and shall begin to accrue on the day of the advance.

6. Payment of Matured Obligations or Notes.

On the day any Obligation matures or is prepaid, the Issuer shall transmit to the Account an amount sufficient to pay all maturing and prepaid Obligations. Morgan shall, on such day, and to the extent funds sufficient to effect such payment are available in the Account, or to the extent that Morgan may make credit available to the Account, pay to each Purchaser the amount due such Purchaser.

Unless Morgan is otherwise directed, when any matured Note is presented to Morgan for payment by the holder thereof, payment by Morgan shall be made from and charged to the Account to the extent funds sufficient to effect such payment are available in the Account, or to the extent that Morgan may make credit available to the Account for the purpose of such payment.

Anything in the foregoing to the contrary notwithstanding, (i) Morgan is authorized in its discretion (but not required) to pay Obligations and/or matured Note(s) by debit to any other account of the Issuer with Morgan in which there are sufficient funds and (ii) if Morgan elects to pay Obligations and/or matured Note(s) and there are not sufficient funds in an account of the Issuer, such payment shall be deemed to be an advance by Morgan to the Issuer which shall be repaid by the Issuer with interest in accordance with the terms of paragraph 5 of this Agreement.

7. Reliance on Instructions.

Morgan shall incur no liability to the Issuer in acting hereunder upon telephonic, facsimile transmission or other instructions contemplated hereby which the recipient thereof believed in good faith to have been given by an Authorized Representative or any Designated Person. In the event a discrepancy exists between the telephonic instructions and the written confirmation, or in the absence of receiving a written confirmation, the telephonic instructions as recorded and understood by Morgan will be deemed the controlling and proper instructions. It is understood that all telephonic instructions will be recorded by Morgan, and the Issuer hereby consents to such recording.

8. Cancellation of Notes.

Morgan will in due course cancel Note(s) presented for payment and return them to the Issuer. Promptly upon the written request of the Issuer, Morgan agrees to cancel and return to the Issuer all Notes in its possession at the time of such request.

9. Representation and Warranties of the Issuer.

Each instruction given to Morgan in accordance with paragraph 4 hereof shall constitute a representation and warranty to Morgan by the Issuer that the issuance of the Obligations or the issuance and delivery of the Notes have been duly and validly authorized by the Issuer and that the Obligations, or, in the case of the Notes, that the Notes when completed, countersigned and delivered pursuant hereto, will constitute the legal, valid and binding obligations of the Issuer, and that Morgan's appointment to act for the Issuer hereunder has been duly authorized by all necessary corporate action of the Issuer.

10. Notices; Addresses.

10.1 All communications by or on behalf of the Issuer by telephone or otherwise, relating to the Obligations or to the completion, delivery or payment of the Note(s) are to be directed to the Commercial Paper Issuance Unit of Morgan (or such other department or division as Morgan shall specify in writing to the Issuer). The Issuer will send all Notes to be completed and delivered by Morgan to Morgan's Commercial Paper Issuance Unit (or such other department or division as Morgan shall specify in writing to the Issuer) and for purposes of Morgan's internal control the Issuer will send under separate cover a copy of the Issuer's letter transmitting such Notes to Morgan's Auditing Department. Morgan will advise the Issuer from time to time of the individuals of Morgan generally responsible for the administration of this Agreement.

10.2 Notices and other communications hereunder shall (except to the extent otherwise expressly provided) be in writing and shall be addressed as follows, or to such other address as the party receiving such notice shall have previously specified to the party sending such notice:

10.2.1 if to the Issuer:

Barry M. Sullivan
Vice President & Treasurer
Harsco Corporation
P.O. Box 8888
Camp Hill, PA 17001-8888

Telephone: (717) 975-3880 Fax: (717) 763-6424

10.2.2 if to Morgan:

(a) Concerning the daily issuance and redemption of Obligations and Notes:

Issuance:
23 Wall Street (18/15B)
New York, NY 10260-0023
Attn: Commercial Paper Issuance Unit

Telephone: (212) 235-1782
Telefax: (212) 235-4983 or (212) 235-2663
Telex: RCA 232194, Answerback 232194 MGT UR

Redemption:
23 Wall Street (18/15B)
New York, NY 10260-0023
Attn: Commercial Paper Redemption Unit

Telephone: (212) 235-1804
Telefax: (212) 235-4983 or (212) 235-2663
Telex: RCA 232914, Answerback 232194 MGT UR

Auditing:
23 Wall Street (2/15B)
New York, NY 10260-0023
Attn: Commercial Paper Auditor

Telephone: (212) 235-2517
Telex: RCA 232194, Answerback 232194 MGT UR

(b) All other:

Administration:
60 Wall Street (36/60W)
New York, NY 10260-0060
Attn: Commercial Paper Administration

Telephone: (212) 648-3241
Telefax: (212) 648-5103
Telex: RCA 232194, Answerback 232194 MGT UR

11. Information Furnished by Morgan.

Upon the reasonable request of the Issuer, given at any time and from time to time, Morgan shall promptly provide the Issuer with information with respect to the Obligations and Note(s) issued and paid hereunder. Such request shall be in written form and, to the extent applicable, shall include the serial number/note number, principal amount, payee, date of issue, maturity date, amount of interest (if any) and place of payment of each Obligation or Note which has been issued or paid by Morgan, and for which the request is being made. Morgan and the Issuer shall discuss from time to time the extent to which such information is reasonably available and the times at which Morgan can reasonably furnish such information.

12.Liability.

Neither Morgan nor its officers or employees shall be liable for any act or omission hereunder except in the case of gross negligence or willful misconduct. The duties and obligations of Morgan, its officers and employees shall be determined by the express provisions of this Agreement and they shall not be liable except for the performance of such duties and obligations as are specifically set forth herein and no implied covenants shall be read into this Agreement against them. Neither Morgan nor its officers or employees shall be required to ascertain whether any issuance or sale of obligations or Note(s) (or any amendment or termination of this Agreement) has been duly authorized or is in compliance with any other agreement to which the Issuer is a party (whether or not Morgan is also a party to such other agreement).

13.Indemnification.

The Issuer agrees to indemnify and hold harmless Morgan, its officers and employees from and against all liabilities, claims, damages, reasonable costs and expenses (including reasonable legal fees and expenses) relating to or arising out of their actions or inactions in connection with this Agreement, except to the extent they are caused by the gross negligence or willful misconduct of Morgan, its officers or employees. This indemnity shall survive termination of this Agreement.

14.Timesharing.

The Issuer understands that timesharing services that may be utilized by the Issuer and Morgan in the issuance of the Obligations and Note(s) are furnished to Morgan by the Service Bureau Company, a division of Control Data Corporation ("SBC"). SBC has granted permission to Morgan to allow its customers to use such timesharing services, and in consideration for such permission, it is understood and agreed that, if the Issuer elects to use the timesharing services, such services will be supplied to the Issuer "AS IS", WITHOUT WARRANTY by SBC or Morgan. The Issuer hereby waives any claims it may have against SBC or Morgan arising out of such timesharing services.

15.Benefit of Agreement.

This Agreement is solely for the benefit of the parties hereto and no other person shall acquire or have any right under or by virtue hereof.

16.Termination.

This Agreement may be terminated at any time by either party by written notice to the other but such termination shall not affect the respective liabilities of the parties hereunder arising prior to such termination.

17.Fees

The Issuer shall pay to Morgan all fees for its services provided hereunder in accordance with Morgan's schedule of fees for commercial paper services, initially in accordance with Morgan's service proposal of May 10, 1994. Morgan may, at any time after January 1, 1996, change such fees by written notice to the Issuer.

18.Governing Law.

This Agreement is to be delivered and performed in, and shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused the Agreement to be executed on their behalf by officers duly authorized thereunto, all as of the day and year first-above written.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

By: /s/ Lloyds A. Baggs
Name:Lloyds A. Baggs
Title:Trust Officer

HARSCO CORPORATION

By: /s/ Barry M. Sullivan
Name:Barry M. Sullivan
Title:Vice President and Treasurer

DEFERRED COMPENSATION PLAN FOR NON-EMPLOYEE DIRECTORS

Harsco Corporation (the "Corporation") hereby adopts this Deferred Compensation Plan for Non-Employee Directors (the "Plan") pursuant to which eligible members of its Board of Directors may elect to defer receipt of all or any portion of the compensation payable to them for services rendered to the Corporation as Directors.

1. Eligible Directors. The Directors of the Corporation eligible to make deferral elections under this Plan shall be those Directors who are not actively employed officers or employees of the Corporation or of any of its subsidiaries or affiliates (hereinafter referred to individually as a "Non-Employee Director" and collectively as the "Non-Employee Directors").
2. Deferrable Compensation. A Non-Employee Director may elect to defer receipt of all, any part or none of the aggregate compensation payable by the Corporation for services rendered as a Director, including the annual base retainer, Committee Chairman annual retainer increment, attendance fees for board and committee meetings, and other fees for special services (in the aggregate, the "Director's Fees").
3. Election to Defer. A Non-Employee Director who desires to defer receipt of all or a portion of his Director's Fees in any calendar year shall so notify the Corporation's Pension Committee in writing on or before December 31 of the prior calendar year, specifying on a form supplied by the Committee (a) the dollar amount or percentage of the Director's Fees to be deferred, (b) the deferral period, (c) the form of payment, and (d) the notional investment direction. Elections to take effect with respect to the initial year of this Plan may be made by Non-Employee Directors until the first regularly scheduled Board of Directors meeting in 1995. A newly-appointed Non-Employee Director shall be eligible to defer payment of future Director's Fees by so notifying the Pension Committee on the appropriate form at any time within 30 days of his appointment to the Board of Directors. The elections made pursuant to this Paragraph shall be irrevocable with respect to those Director's Fees to which such elections pertain and shall also apply to Director's Fees payable in subsequent calendar years unless the Non-Employee Director notifies the Pension Committee in writing, on or before December 31, that different elections shall apply with respect to Director's Fees payable during the immediately following calendar year. Such new elections shall likewise continue in effect and apply to subsequent calendar years until similarly changed.
4. Non-Deferred Compensation. Any Director's Fees not deferred under this Plan shall be paid in accordance with normal Corporation policy.
5. Deferred Compensation Accounts and Notional Investment Directions.

(a) Accounts: At the time a Non-Employee Director elects to defer the receipt of compensation pursuant to Paragraph 3 above, he shall also direct the amount of the deferral to be notionally invested in an Interest-Bearing Account and the amount to be notionally invested in a Harsco Stock Account. Pursuant to such investment direction, the deferral amounts shall be credited to the appropriate accounts as set forth below:

(i) Interest-Bearing Account: To the extent that a Non-Employee Director elects a notional investment in an Interest-Bearing Account, the Corporation shall, on the business day the Director's Fees would have been paid absent the deferral election, credit an Interest-Bearing Account established in his name with the amount of the deferred Director's Fees to be so invested.

(ii) Harsco Stock Account: To the extent that a Non-Employee Director elects a notional investment in a Harsco Stock Account, the Corporation shall, on the business day the Director's Fees would have been paid absent the deferral election, credit a Harsco Stock Account established in his name with units (including fractions), the number of which shall be obtained by dividing the amount of the deferred Director's Fees to be so invested by the Fair Market Value of the Corporation's common stock. These units, thus calculated, are hereinafter referred to as "Stock Equivalents." For purposes of the Plan, Fair Market Value of a share of the Corporation's common stock on any date shall be equal to the mean between the high and low prices at which such shares were traded on the New York Stock Exchange ("NYSE") on such date, or, if no sales were quoted on such date, on the most recent preceding date on which sales were quoted. In the event of any change in the common stock of the Corporation by reason of any stock dividend, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, or a rights offering to purchase common stock at a price substantially below Fair Market Value, or of any similar change affecting the common stock, the value and attributes of each Stock Equivalent shall be appropriately adjusted consistent with such change to the same extent as if such Stock Equivalents were issued and outstanding shares of common stock of the Corporation.

(b) Earnings: The Corporation shall credit earnings to each account as follows:

(i) Interest-Bearing Account: As of the last day of each calendar month, the Corporation shall credit as earnings to each Interest-Bearing Account established on behalf of a Non-Employee Director an amount equal to the Five Year U.S. Treasury Note Percentage Rate multiplied by the average daily balance in such Interest-Bearing Account during such calendar month. Such Five Year U.S. Treasury Note Percentage Rate shall be equal to one twelfth (1/12) of the yield on U.S. Treasury Notes having a maturity date five (5) years hence as listed in The Wall Street Journal or any successor publication, as of market closing on the first day of the calendar quarter which includes that month.

(ii) Harsco Stock Account: As of each quarterly dividend payment date, the Corporation shall credit as earnings to each Harsco Stock Account an amount equal to the cash dividends payable on such date with respect to that number of shares (including fractional shares) of its common stock equal to the number of Stock Equivalents credited to the Harsco Stock Account on the relevant dividend record date. The amount so credited shall then be converted into additional Stock Equivalents in the manner described earlier using the dividend payment date as the valuation date.

6. Deferral Period. At the time a Non-Employee Director elects to defer the receipt of compensation pursuant to Paragraph 3 above, he shall indicate the deferral period applicable to such deferred compensation by specifying the year (the "Payment Year") in which the deferred amounts are to be paid in a lump sum or in which installment payments shall commence; provided, however, that in no event shall the Payment Year be later than the year following the year in which the Non-Employee Director will attain age 72.

7. Form of Payment of Deferred Compensation. Initial payments made under the Plan shall be based upon the aggregate balance in a Non-Employee Director's account(s) determined on the first business day of the Payment Year. The balance in the Non-Employee Director's Interest-Bearing Account shall be the dollar amount credited to such account as of the first business day of the Payment Year. The balance in the Non-Employee Director's Harsco Stock Account shall be the dollar amount determined by multiplying the Stock Equivalents credited to such account on the first business day of the Payment Year by the Fair Market Value of a share of common stock of the Corporation on such date. The aggregate balance as thus determined shall be paid to him in cash either in a lump sum within 30 days following the first business day of the Payment Year or in up to ten (10) annual installments commencing with the Payment Year as specified in the election to defer made pursuant to Paragraph 3 above. If an election to receive installment payments is made, the Non-Employee Director shall receive the first installment within 30 days following the first business day of the Payment Year in an amount equal to the aggregate balance in his account(s) divided by the number of years in the installment payment period. Subsequent installments shall be computed and paid in similar fashion; provided, however, that pending distributions in the second through final years of the installment payment period, the aggregate balance in the Non-Employee Director's account(s) shall be deemed to be invested in an Interest-Bearing Account and in a Harsco Stock Account, as applicable, in the same proportion as deferred amounts under the Plan were notionally invested on the first business day of the Payment Year, and increased by earnings accordingly. Exhibit A attached hereto presents an example illustrating how such a calculation is made.

8. Change in Control.

(a) In the event of a "Change in Control" of the Corporation followed by a Non-Employee Director's cessation of service to the Corporation as a Director, all amounts credited to the account(s) of the Non-Employee Director under the Plan shall be immediately due and payable to the Non-Employee Director in a single lump sum notwithstanding the deferral period and form of payment specified pursuant to Paragraph 3 above.

(b) For purposes of the Plan, a "Change in Control" shall have occurred if:

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

(ii) Change in Board. During any period of two consecutive years, individuals who at the beginning of such period were members of the Board of Directors, and any new director whose election by the Board or nomination for election by the Corporation's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board of Directors. Such a Change in Control shall be deemed to have occurred on the date upon which the requisite majority of directors fails to be elected by the stockholders of the Corporation.

(iii) Other Events. There occurs a change in control of the Corporation of a nature that would be required to be reported as such in response to Item 1(a) of the Current Report on Form 8-K pursuant to Section 13 or 15(d) of the Exchange Act, or any successor provision to such Item relating to a "change in control," or in any other filing under the Exchange Act.

9. Designation of Beneficiary. If a Non-Employee Director dies prior to receiving the entire balance of his accounts(s) under the Plan, any balance remaining in his account(s) shall be paid in a lump sum as soon as practicable to the Non-Employee Director's designated beneficiary or, if the Non-Employee Director has not designated a beneficiary or the designated beneficiary is dead, then to his estate. Any designation of a beneficiary may be revoked or modified at any time by the Non-Employee Director, except that no designation shall be recognized as valid unless properly filed with the Pension Committee during the lifetime of the Non-Employee Director while he is legally competent.

10. Withholding of Taxes. The rights of a Non-Employee Director to payments or credits under this Plan shall be subject to the Corporation's obligations, if any, to withhold income or other taxes from such payments.

11. Status of Plan. This Plan is a nonqualified deferred compensation plan covering no employees of the Corporation. As such, the Plan is exempt from the requirements of the Employee Retirement Income Security Act of 1974, as amended. The Corporation intends that the Plan shall at all times be maintained on an unfunded basis for federal income tax purposes. Hence, all payments from this Plan shall be made from the general assets of the Corporation. This Plan shall not require the Corporation to set aside, segregate, earmark, pay into a trust or special account or otherwise restrict the use of its assets in the operation of its business. A Non-Employee Director (or, if applicable, his designated beneficiary) shall have no greater right or status than as an unsecured general creditor of the Corporation with respect to any amounts owed hereunder.

12. Rights Nonassignable. All payments to persons entitled to benefits hereunder shall be made to such persons and shall not be grantable, transferable or otherwise assignable in anticipation of payment thereof, in whole or in part, by the voluntary or involuntary acts of any such persons or by operation of law subject to garnishment, execution, attachment or any other similar legal process of creditors of such persons.

13. Administration. Full power and authority to construe, interpret and administer this Plan shall be vested in the Corporation's Pension Committee. The Pension Committee shall have full power and authority to make each determination provided for in this Plan. All determinations made by the Pension Committee shall be conclusive and binding upon the Company and any other party claiming rights hereunder.

14. Termination. The Board of Directors may, in its discretion, terminate this Plan at any time. Upon termination of the Plan, benefits shall be paid in accordance with the deferral elections made by the Non-Employee Director; provided, however, that the Pension Committee shall have the right to determine the total amount payable to each Non-Employee Director (or, if applicable, his beneficiary) and to cause the amount so determined to be paid in lump sum, thereby discharging the Corporation from any further liability or obligation under this Plan.

15. Amendment. The Board of Directors may, in its discretion, amend this Plan from time to time. In addition, the Pension Committee may from time to time amend this Plan to make such administrative changes as it may deem necessary or desirable. No such amendment shall divest any Non-Employee Director (or person claiming through him) of any rights to amounts previously credited to his accounts hereunder.

16. Incompetency. If the person to receive payment hereunder is deemed by the Pension Committee or is adjudged to be legally incompetent, the payments shall be made to the duly appointed guardian of such incompetent, or they may be made to such person or persons who the Pension Committee believes are caring for or supporting such incompetent; and the receipt thereof by such person or persons shall constitute complete satisfaction of the Company's obligations under this Plan.

17. Expenses. The expenses of administering this Plan shall be borne by the Corporation.

18. Gender. The masculine pronoun shall be deemed to include the feminine, and the singular to include the plural, unless a different meaning is plainly required by context.

19. Governing Law. This Plan shall be construed, administered and enforced according to the laws of the Commonwealth of Pennsylvania.

20. Effective Date. The effective date of this Plan is January 1, 1995 and shall apply with respect to Director's Fees payable by the Corporation in respect of services performed on or after such date.

Executed this _____ day of _____, 1995.

ATTEST: HARSCO CORPORATION

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

Derek Hathaway
Chairman, President and
Chief Executive Officer

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

	YEARS ENDED				
	1994	1993	1992	1991	1990
Net income	\$ 86,553	\$ 87,618	\$ 84,332	\$ 76,543	\$ 72,504
Average shares of common stock outstanding used to compute primary earnings per common share	25,114,874	25,036,893	25,966,755	26,278,384	26,217,027
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	105,388	149,408	198,220	118,208	28,355
Shares used to compute dilutive effect of stock options	25,220,262	25,186,301	26,164,975	26,396,592	26,245,382
Fully diluted net income per common share	\$ 3.43	\$ 3.48	\$ 3.22	\$ 2.90	\$ 2.76
Net income per common share as reported in report to shareholders	\$ 3.45	\$ 3.50	\$ 3.25	\$ 2.91	\$ 2.77

HARSCO CORPORATION
 Exhibit 12
 Computation of Ratios of Earnings to Fixed Charges

(In Thousands of Dollars)

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

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

Includes amortization of debt discount and expense.

No fixed charges were associated with debt of less than fifty percent owned companies guaranteed by Harsco during the five year period 1990 through 1994.

HARSCO CORPORATION
CONSOLIDATED BALANCE SHEETS
December 31, 1994 and 1993
(In thousands, except share amounts)

	1994	1993
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 43,550	\$ 58,740
Notes and accounts receivable, less allowance for uncollectible accounts (\$7,285 and \$13,479)	350,578	322,894
Inventories	121,199	202,426
Other	21,432	16,045
Total current assets	536,759	600,105
Property, plant and equipment, net	434,968	491,655
Cost in excess of net assets of businesses acquired, less accumulated amortization (\$25,912 and \$13,995)	213,480	221,082
Investments	43,711	61,079
Investment in unconsolidated entities	32,312	5,920
Other assets	53,419	47,771
	\$1,314,649	\$1,427,612
LIABILITIES		
Current liabilities:		
Short-term borrowings	\$ 14,236	\$ 51,884
Current maturities of long-term debt	11,502	11,625
Accounts payable	92,166	98,021
Accrued compensation	37,837	45,546
Advances on long-term contracts	-	88,518
Income taxes	10,971	14,905
Dividends payable	9,317	8,739
Other current liabilities	106,392	98,111
Total current liabilities	282,421	417,349
Long-term debt	340,246	364,869
Deferred income taxes	29,217	33,424
Insurance related liabilities	44,560	49,350
Other liabilities	36,983	39,536
	733,427	904,528
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock		
Series A junior participating cumulative preferred stock	-	-
Common stock, par value \$1.25, issued 32,343,553 and 32,114,499 shares, respectively	40,429	40,143
Additional paid-in capital	94,070	86,436
Cumulative translation adjustments	(16,020)	(16,059)
Cumulative pension liability adjustments	(99)	(107)
Retained earnings	653,996	603,158
	772,376	713,571
Treasury stock, at cost (7,161,303 and 7,146,698 shares, respectively)	(191,154)	(190,487)
	581,222	523,084
	\$1,314,649	\$1,427,612

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
for the years 1994, 1993 and 1992
(In thousands, except per share)

	1994	1993	1992
Revenues:			
Net sales	\$1,357,715	\$1,422,308	\$1,624,939
Equity in income of unconsolidated entities	64,120	2,415	3,626
Gain on sale of investments	5,966	17,555	-
Other revenues	37,980	2,018	2,093
Total revenues	1,465,781	1,444,296	1,630,658

Costs and expenses:			
Cost of sales	1,060,695	1,107,187	1,297,090
Selling, administrative and general expenses	199,837	180,375	175,092
Research and development	5,463	5,167	4,590
Facilities discontinuance and reorganization costs	17,143	2,419	445
Other	6,158	(493)	2,251
Total costs and expenses	1,289,296	1,294,655	1,479,468
Income before interest, taxes, minority interest and cumulative effect of accounting changes	176,485	149,641	151,190
Interest income	6,403	7,586	8,198
Interest expense	(34,048)	(19,974)	(18,882)
Income before taxes, minority interest, and cumulative effect of accounting changes	148,840	137,253	140,506
Provision for income taxes	59,536	56,335	49,060
Income before minority interest and cumulative effect of accounting changes	89,304	80,918	91,446
Minority interest	2,751	102	(70)
Income before cumulative effect of accounting changes	86,553	80,816	91,516
Cumulative effect of accounting changes	-	6,802	(7,184)
Net income	\$ 86,553	\$ 87,618	\$ 84,332
Average shares of common stock outstanding	25,115	25,036	25,967
Earnings per common share:			
Income before cumulative effect of accounting changes	\$3.45	\$3.23	\$3.52
Cumulative effect of accounting changes	-	0.27	(0.27)
Net income per common share	\$3.45	\$3.50	\$3.25

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
for the years 1994, 1993 and 1992

(In thousands)	1994	1993	1992
Cash flows from operating activities:			
Net income	\$ 86,553	\$ 87,618	\$ 84,332
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	90,179	69,558	57,064
Amortization	9,410	5,250	2,007
Cumulative effect of accounting changes	-	(6,802)	7,184
Gain on sale of investments	(5,966)	(17,555)	-
Equity in earnings of unconsolidated entities	(64,120)	(2,415)	(3,626)
Dividends or distributions from equity companies	71,845	1,348	3,517
Other, net	1,525	689	(2,508)
Changes in assets and liabilities, net of acquisitions and dispositions of businesses and formation of a partnership:			
Notes and accounts receivable	(34,263)	66,562	(43,878)
Inventories	(7,302)	9,189	13,566
Accounts payable	14,191	10,371	(26,271)
Advances on long-term contracts	(9,636)	13,673	25,030
Other assets and liabilities	8,979	(5,266)	(8,283)
Net cash provided by operating activities	161,395	232,220	108,134
Cash flows from investing activities:			
Expenditures for property, plant and equipment	(90,928)	(83,395)	(42,720)
Purchase of businesses, net of cash acquired*	-	(337,062)	(28,404)
Proceeds from sale of businesses	2,444	-	44,466
Proceeds from sale of property, plant and equipment	8,222	3,302	2,079
Proceeds from sale of investment held available-for-sale	7,617	22,555	-
Investments held-to-maturity:			
Purchases	(15,750)	-	-
Maturities	24,740	-	-
Other investing activities	(9,495)	(3,066)	61
Net cash (used) by investing activities	(73,150)	(397,666)	(24,518)
Cash flows from financing activities:			
Short-term borrowings, net	(35,303)	28,339	(5,444)
Current maturities and long-term debt:			
Additions	123,445	224,248	-
Reductions	(164,662)	(8,222)	(82,948)

Cash dividends paid on common stock	(35,137)	(35,089)	(34,373)
Common stock issued-options	7,241	4,450	7,734
Common stock acquired for treasury	-	(36,322)	(37,587)
Other financing activities	1,376	(3,849)	(34)
Net cash provided (used) by financing activities	(103,040)	173,555	(152,652)
Effect of exchange rate changes on cash	(395)	265	(796)
Net increase (decrease) in cash and cash equivalents	(15,190)	8,374	(69,832)
Cash and cash equivalents at beginning of year	58,740	50,366	120,198
Cash and cash equivalents at end of year	\$ 43,550	\$ 58,740	\$ 50,366
*Purchase of businesses, net of cash acquired:			
Working capital, other than cash	\$ -	\$ 5,748	\$ (11,863)
Property, plant and equipment	-	(202,241)	(16,513)
Cost in excess of net assets of companies acquired, net	-	(215,428)	-
Other assets	-	(7,789)	(1,155)
Long-term debt	-	29,655	-
Noncurrent liabilities	-	52,993	1,127
Net cash used to acquire businesses	\$ -	\$ (337,062)	\$ (28,404)

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
for the years 1994, 1993 and 1992
(In thousands, except share amounts)

	Common Stock		Additional Paid-in Capital	Cumulative Adjustments		Retained Earnings
	Issued	Treasury		Translation	Pension Liability	
Balances, January 1, 1992	\$ 39,471	\$ (126,044)	\$ 70,564	\$ (3,864)	\$ (1,153)	\$ 500,752
Net income						84,332
Cash dividends declared, \$1.34 per share						(34,598)
Translation adjustments				(4,191)		
Pension liability adjustments, net of \$309 deferred income taxes					520	
Acquired during the year, 1,256,662 shares		(42,474)				
Stock options exercised, 348,606 shares	436		9,504			
Distribution of common stock under incentive program, 51,663 shares		1,836	1			
Other, 335 shares		10	1			
Balances December 31, 1992	39,907	(166,672)	80,070	(8,055)	(633)	550,486
Net income						87,618
Cash dividends declared, \$1.40 per share						(34,946)
Translation adjustments				(8,004)		
Pension liability adjustments, net of \$311 deferred income taxes					526	
Acquired during the year, 901,557 shares		(34,975)				
Stock options exercised, 189,076 shares	236		5,546			
Acquisition of a company, 300,297 shares		11,143	818			
Other, 426 shares		17	2			
Balances, December 31, 1993	40,143	(190,487)	86,436	(16,059)	(107)	603,158
Net income						86,553
Cash dividends declared, \$1.42 per share						(35,715)
Translation adjustments				39		
Pension liability adjustments, net of \$5 deferred income taxes					8	
Acquired during the year, 14,991 shares		(677)				
Stock options exercised, 229,054 shares	286		7,627			
Other, 386 shares		10	7			
Balances, December 31, 1994	\$ 40,429	\$ (191,154)	\$ 94,070	\$ (16,020)	\$ (99)	\$ 653,996

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary Of Significant
Accounting Policies

Consolidation Principles:

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

Cash and Cash Equivalents:

The Company's policy is to maintain its uninvested cash at minimal levels. Cash and cash equivalents include highly liquid debt instruments purchased with a maturity of three months or less.

Investments in Debt and Equity Securities:

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

Marketable debt securities held by the Company's wholly-owned captive insurance subsidiary are classified as held-to-maturity. Management determines the appropriate classification of debt securities at the time of purchase. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Interest on securities classified as held-to-maturity is included in investment income.

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

Inventory Valuation:

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

Property, Plant and Equipment:

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

Cost in Excess of Net Assets of Businesses Acquired:

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

Long-term Defense Contracts:

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

Income Taxes:

All U.S. federal and state income taxes and foreign taxes are provided currently on the undistributed earnings of foreign subsidiaries and unconsolidated affiliated companies, giving recognition to current tax rates and applicable foreign tax credits. Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109). The adoption of SFAS 109 changed the Company's method of accounting for income taxes from the deferred method under Accounting Principles Board Opinion No. 11 to an asset and liability approach. Deferred income taxes are recognized for all temporary differences between the tax and financial reporting bases of the Company's assets and liabilities based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income.

Employee Benefits:

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

to amortize prior service costs over the average future service period of active plan participants.

The Company has postretirement life insurance benefits for a majority of employees, and postretirement health care benefits for a limited number of employees mainly under plans related to acquired companies. Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106, "Employer's Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106) for its domestic plans. Effective January 1, 1993, the Company adopted SFAS 106 for its foreign plans, the effect of which was immaterial. This accounting standard requires accrual accounting for all postretirement benefits other than pensions. Under the prescribed accrual method, the Company's obligation for these postretirement benefits is to be fully accrued by the date employees attain full eligibility for such benefits. Prior to the adoption of SFAS 106, the cost of these benefits was recognized on the pay-as-you-go method. Under SFAS 106, the cost of life insurance and health care benefits for current and future retirees are recognized as determined under the projected unit credit actuarial method. The Company's postretirement health care and life insurance plans are unfunded.

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

Environmental Compliance and Remediation:

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

Casualty Insurance:

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

Property Insurance:

The Company generally insures its property on an all-risk basis through conventional insurers with a minor deductible applicable to each loss. For certain foreign operations, the Company has a second wholly-owned captive insurance company for the payment of its claims under such risk retention program. The captive is funded for expected losses.

Foreign Currency Translation:

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

Foreign Exchange Contracts:

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

The Company has significant foreign investments. It is the Company's policy to reduce substantially the effects of fluctuations in foreign currency exchange rates associated with these investments by managing its currency exposure which includes foreign currency hedging activities. The Company enters into foreign exchange forward contracts to hedge the effect of foreign currency fluctuations on the financial statements.

The Company enters into contracts to buy and sell foreign currencies in the future only to protect the U.S. dollar value of certain investments and future foreign currency transactions. The Company does not engage in speculation. The gains and losses on these contracts are included in income when the operating revenues and expenses are recognized and, for assets and liabilities, in the period in which the exchange rates change. The cash flows from forward contracts accounted for as hedges of identifiable transactions are classified consistent with the cash flows from the transactions being hedged.

The Company also enters into foreign exchange contracts that are used to exchange the proceeds from U.S. commercial paper borrowings into foreign currency, and simultaneously enters into a forward foreign exchange contract to exchange such foreign currency back into U.S. dollars at the maturity date of

the U.S. commercial paper borrowing. These forward contracts do not qualify as hedges for financial reporting purposes, and accordingly are carried in the financial statements at the current foreign exchange rates, with the changes in rates recognized directly in operations. The Company does not hold or issue financial instruments for trading purposes.

Reclassifications:

To conform to the single step format in 1994, the Consolidated Statements of Income for the years 1993 and 1992 were reclassified to more appropriately report the Company's business results and revenues and expenses. Certain other amounts in the 1993 and 1992 financial statements and related notes have been reclassified to conform with the 1994 presentation.

2. Formation of Defense Business Partnership and Acquisition of MultiServ International, N.V.

Formation of Defense Business Partnership:

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

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

The following amounts were contributed by the Company to United Defense, L.P.:

(In thousands)

Cash	\$	5,200	
Accounts receivable		6,779	
Inventories		86,815	
Property, plant and equipment, net		50,597	
Other		624	
Total assets			\$ 150,015
Accounts payable		17,007	
Accrued expenses		15,413	
Advances on long-term contract		78,882	
Pension liability		4,452	
Postretirement benefits liability		4,661	
Total liabilities			120,415
Net assets contributed	\$		29,600

Acquisition of MultiServ International, N.V.:

MultiServ International, N.V. was acquired by the Company on August 31, 1993. The acquisition of MultiServ has been accounted for by the purchase method of accounting, and operating results of this acquisition are included in the Company's Consolidated Financial Statements since the date of acquisition. The total consideration paid by the Company was approximately \$384,000,000 and consisted of: (i) approximately \$333,000,000 in cash, (ii) approximately \$12,000,000 in Company Common Stock from treasury, and (iii) the assumption of certain project financing indebtedness of MultiServ in the amount of

approximately \$39,000,000. Approximately \$8,000,000 in closing and acquisition costs were also incurred. The funds used by the Company to complete the acquisition consisted of approximately \$83,000,000 from cash balances of the Company, and approximately \$250,000,000 borrowed from a financial institution.

Pro Forma Results of Operations:

The following represents the unaudited pro forma results of operations as if the United Defense, L.P. and MultiServ International, N.V. combinations had occurred at the beginning of 1993:

(Unaudited) (In thousands, except per share amounts)	Pro Forma Year Ended December 31, 1993
Total Revenues	\$1,385,302
Income before provision for income taxes, minority interest, extraordinary item and cumulative effect of accounting change	140,865
Provision for income taxes	66,775
Minority interest	818
Income before extraordinary item and cumulative effect of accounting change	73,272
Extraordinary item, net of taxes	(2,277)
Cumulative effect of accounting change for income taxes	6,802
Net income	\$ 77,797
Average shares of common stock outstanding	25,337
Earnings per common share:	
Income before extraordinary item and cumulative effect of accounting change	\$2.89
Extraordinary item	(.09)
Cumulative effect of accounting change	.27
Net income per share	\$3.07

MultiServ's preacquisition extinguishment of debt.

Pro forma information relative to United Defense, L.P. and MultiServ International, N.V. presented for the year ended December 31, 1993, include adjustments to reflect additional expenses of MultiServ associated with the amortization of the created goodwill and the write-up of fixed assets to fair market value. The pro forma results also include additional provisions for interest and debt expenses on the MultiServ acquisition borrowings, the elimination of BMV-CSD and accounting for the 40% ownership interest of the Company in United Defense, L.P. on the equity method of accounting. The pro forma operating results are not necessarily indicative of what would have occurred had the combinations actually taken place on January 1, 1993. Also, no adjustments have been made to operations for the impact of certain anticipated operational and administrative efficiencies.

3. Investments

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

(In thousands)	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	\$ 31,685	\$ -	\$ 1,089	\$ 30,596
NonU.S. Government debt securities	17,555	-	682	16,873
	\$ 49,240	\$ -	\$ 1,771	\$ 47,469

The amortized cost and fair market value of fixed income debt securities at December 31, 1994, by contractual maturity, are shown below. Expected maturities will differ from contractual maturities because the borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

(In thousands)	Amortized Cost	Fair Value
Held to Maturity		
Due in one year or less	\$ 5,529	\$ 5,438
Due after one year through five years	43,711	42,031
	\$ 49,240	\$ 47,469

Proceeds from fixed income debt securities which matured during 1994 amounted to \$24,740,045.

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

4. Inventories

Inventories are summarized as follows:

(In thousands)	1994	1993
Classification:		
Finished goods	\$ 25,641	\$ 23,543
Work in process	28,625	25,612
Raw materials and purchased parts	53,338	52,608
Stores and supplies	13,595	12,171
	121,199	113,934
Long-term contract costs (including general and administrative costs of \$7,576)	-	110,133
Contract loss reserves	-	-
(4,979)	-	-
Progress payments - U.S. Government	-	-
(16,662)	-	-
	\$ 121,199	\$ 202,426
Valued at lower of cost or market:		
LIFO basis	\$ 86,722	\$ 80,786
FIFO basis	16,938	16,133
Average cost basis	17,539	105,507
	\$ 121,199	\$ 202,426

No current year amounts are shown under long-term contract costs as these costs were contributed to United Defense, L.P.

The Company had incurred costs that are assignable to units not yet produced as of the end of 1993. The aggregate amount incurred, exclusive of raw materials and purchased parts included in long-term contract costs, was \$12,069,000 as of December 31, 1993. These costs related primarily to U.S. Government contracts for certain tracked vehicles.

Inventories valued on the LIFO basis at December 31, 1994 and 1993 were approximately \$36,564,000 and \$33,878,000, respectively, less than the amounts of such inventories valued at current costs.

As a result of reducing certain inventory quantities valued on the LIFO basis, profits from liquidation of inventories were recorded which increased net income by \$276,000, \$246,000 and \$3,316,000 in 1994, 1993 and 1992, respectively.

5. Property, Plant and Equipment

Property, plant and equipment, net, consists of the following:

(In thousands)	1994	1993
Land and improvements	\$ 24,955	\$ 27,205
Buildings and improvements	110,190	142,971
Machinery and equipment	820,868	857,941
Uncompleted construction	28,917	32,612
	984,930	1,060,729
Less allowance for depreciation	549,962	569,074
	\$ 434,968	\$ 491,655

The following table shows the estimated useful lives of different types of assets:

Classification	Expected Useful Lives
Land improvements	10 years
Buildings and improvements	10 to 50 years
Certain plant, buildings and installations (Principally Metal Reclamation and Mill Services Group.)	5 to 25 years
Machinery and equipment	3 to 25 years

6. Investment in Unconsolidated Entities

The Company has a 40% interest in United Defense, L.P. which principally manufactures ground combat vehicles for the U.S. and international governments (see Note 2). The Company's other equity investments are in the Metal Reclamation and Mill Services group. Summary information is not shown for 1993 or 1992 as it is immaterial to the Consolidated Financial Statements. The following table presents summarized financial information on a combined 100% basis of the companies accounted for by the equity method:

(In thousands)	1994
Current assets	\$ 321,596
Noncurrent assets	187,896
Current liabilities	315,983
Noncurrent liabilities	56,485
Net sales	1,129,528
Costs and expenses	983,955
Net income	134,441

The Company's share of income of all unconsolidated entities for 1994 was \$64,120,000.

7. Employee Benefit Plans

Pensions:

The actuarially computed net pension cost includes the following components:

(In thousands)	1994	1993	1992
Defined benefit plans:			
Service cost	\$ 10,604	\$ 12,077	\$ 11,521
Interest cost	14,160	15,468	14,945
Actual return on plan assets	(7,885)	(33,984)	(18,072)
Net amortization and deferral	(12,909)	8,547	(6,134)
Net periodic pension cost	3,970	2,108	2,260
Multi-employer and defined contribution plans	7,250	5,110	4,649
Total pension cost	\$ 11,220	\$ 7,218	\$ 6,909

The Company participates in multi-employer plans, providing defined benefits for certain unionized employees, the cost of which totaled \$3,285,000, \$2,474,000 and \$2,426,000, for 1994, 1993 and 1992, respectively.

The following tables sets forth the financial status and amounts recognized in the Company's Consolidated Statements of Financial Position at December 31, 1994 and 1993:

(In thousands)	Assets Exceed Accumulated Benefits		Accumulated Benefits Exceed Assets	
	1994	1993	1994	1993
Actuarial present value of benefit obligations:				
Vested	\$130,826	\$152,412	\$ 12,751	\$ 30,492
Non-vested	6,696	3,881	823	995
Accumulated benefit obligation	137,522	156,293	13,574	31,487
Effect of increase in compensation	33,438	47,757	1,204	3,717
Projected benefit obligation	170,960	204,050	14,778	35,204
Plan assets at fair value	234,489	256,786	9,628	32,858
Plan assets in excess of (less than) projected benefit obligations	63,529	52,736	(5,150)	(2,346)
Unrecognized prior service costs	12,512	13,553	1,202	5,647
Unrecognized net loss (gain)	(25,868)	(19,127)	589	(443)
Unrecognized net asset	(24,926)	(29,367)	(192)	(3,225)
Minimum liability adjustment	-	-	(1,106)	(1,142)
Prepaid pension asset (liability)	\$ 25,247	\$ 17,795	\$ (4,657)	\$ (1,509)

Plan assets include equity and fixed-income securities. At December 31, 1994 and 1993, 366,320 Harsco common shares with a fair market value of \$14,973,000 and \$14,882,000, respectively are included in plan assets. Dividends paid on Harsco Common Stock amounted to \$512,000 in 1994 and in 1993.

The actuarial assumptions used for the defined benefit pension plans, including foreign plans, are as follows:

	1994	1993	1992
Weighted average assumed discount rates	7.5%	7.4%	
6.9%			
Weighted average expected long-term rate of return on plan assets	8.6%	9.0%	
9.2%			
Rates of compensation increase	5.3%	5.3%	
5.9%			

The change in the assumed discount rate in 1994 had the effect of decreasing the projected benefit obligation by \$13,641,000. The changes in the assumed discount and compensation rates had the effect of decreasing the projected benefit obligation by \$31,956,000 in 1993, and increasing the projected benefit obligation by \$20,699,000 in 1992.

Postretirement Benefits:

Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions" (SFAS 106), for its domestic plans. In conjunction with the adoption of SFAS 106, the Company elected to immediately recognize the accumulated postretirement benefit obligations for current and future retirees, and recognized accrued postretirement benefit cost (transition obligation), in the amount of \$7.2 million, (\$.27 per share) net of a deferred income tax benefit of \$4.3 million. Effective January 1, 1993, the Company adopted SFAS 106 for its foreign plans, the effect of which was immaterial.

The postretirement benefit expense (health care and life insurance) for 1994, 1993 and 1992 included the following components:

(In thousands)	Health Care	Life Insurance	Total
1994			
Service cost	\$ 46	\$ 52	\$ 98
Interest cost	292	244	536
Amortization (Gain)	(154)	(29)	(183)
Total postretirement benefit costs	\$ 184	\$ 267	\$ 451
1993			
Service cost	\$ 235	\$ 73	\$ 308
Interest cost	532	324	856
Amortization (Gain)	(319)	-	(319)
Total postretirement benefit costs	\$ 448	\$ 397	\$ 845
1992			
Service cost	\$ 289	\$ 80	\$ 369
Interest cost	560	334	894
Amortization (Gain)	-	-	-
Total postretirement benefit costs	\$ 849	\$ 414	\$ 1,263

The 1994 and 1993 postretirement benefit liability recorded in the Consolidated Balance Sheets included the following components:

(In thousands)	1994			1993		
	Health Care	Life Ins.	Total	Health Care	Life Ins.	Total
Current retirees	\$3,398	\$2,765	\$6,163	\$3,786	\$3,250	\$ 7,036
Future retirees	329	769	1,098	4,489	1,202	5,691
Total	3,727	3,534	7,261	8,275	4,452	12,727
Unrecognized gain	998	945	1,943	295	938	1,233
Accumulated postretirement benefit liability	\$4,725	\$4,479	\$9,204	\$8,570	\$5,390	\$13,960

The actuarial assumptions used for plans under SFAS 106 are as follows:

(In thousands)	1994	1993	1992
Assumed discount rate	7.5%	7.0%	7.2%
Health care cost trend rate	12.4%	13.0%	13.0%
Decreasing to ultimate rate	6.0%	6.0%	6.0%
Effect of one percent increase in health care cost trend rate:			
On cost components	\$ 25	\$110	\$127
On accumulated benefit obligation	\$364	\$937	\$645

It is anticipated that the health care cost trend rate will be achieved in 2004.

Savings Plans:

The Company has defined contribution savings plans designed to comply with the requirements of the Employee Retirement Income Security Act of 1974 ("ERISA") and Section 401(k) of the Internal Revenue Code. The plans cover substantially all employees with the exception of any such employees represented by a collective bargaining agent, unless the collective bargaining agreement expressly provides otherwise. Employee contributions are generally determined as a percentage of covered employee's compensation received. The expense for contributions to the plans by the Company were \$2,825,000, \$4,213,000 and \$3,744,000 for 1994, 1993 and 1992, respectively.

8. Debt and Credit Agreements

The Company amended and restated its two committed credit facilities during the year with a group of banks to take advantage of favorable terms and pricing, to modify the facilities so that they are suitable for back-up to commercial paper borrowings and eliminate or modify numerous covenants. The first agreement, the 364-Day Facility, allows the Company to borrow up to \$150 million, expires in June, 1995 and is subject to successive annual renewals thereafter. The second agreement, the 5-Year Facility, permits the Company to borrow up to \$150 million and expires in June, 1999. Borrowings under both facilities may be denominated in either U.S. dollars, British pounds, French francs, Belgian francs, German marks or other currencies. Interest rates are either a negotiated rate, a rate based upon the U.S. federal funds interbank market, prime rate, or a rate based upon the London Interbank Offered Rate (LIBOR). The Company pays facility fees based upon the full amount of each facility that vary based upon its Moody's and Standard & Poor's credit ratings. At December 31, 1994, the 364-Day Facility fee was .08% per annum, while the 5-Year Facility fee was .125% per annum. At December 31, 1994, there were no borrowings outstanding under these facilities.

Also during the year, the Company instituted a commercial paper borrowing program under which it can issue up to \$150 million of short-term notes in the U.S. commercial paper market. The commercial paper program is also supported by the two credit facilities. The Company limits the aggregate commercial paper and credit facility borrowings at any one time to a maximum \$300 million. Interest rates are based upon market conditions, but are generally lower than comparable borrowings under the committed bank credit facilities. At December 31, 1994, the Company had outstanding \$24.1 million in commercial paper. Commercial paper is classified as long-term debt because the Company has the ability and intent to refinance it on a long-term basis through existing long-term credit facilities.

Short-term debt consists of the following:

(In Thousands)	1994	1993
Revolving Credit Facility	\$ -	\$ 30,000
Overdraft facilities and other short-term borrowings	14,236	21,884
	\$ 14,236	\$ 51,884

The weighted average interest rate for short-term borrowings at December 31, 1994 and 1993 was 7.6% and 4.9%, respectively.

Long-term debt consists of the following:

(In thousands)	1994	1993
8.75% Notes due May 15, 1996	\$ 100,000	\$ 100,000
6.0% Notes due September 15, 2003	150,000	150,000
Commercial Paper Borrowings supported by bank credit facility with interest up to 6.2%	24,139	-
Eurocurrency Facility, varying short-term interest rates	-	68,792
Industrial Development Bonds, payable in varying amounts to 2004 with interest up to 8.25%	10,750	10,890
Project financing and other, payable in varying amounts to 2003 with interest up to 17.74%	66,859	46,812
	351,748	376,494
Less current maturities	11,502	11,625
	\$ 340,246	\$ 364,869

The committed bank credit facilities and certain notes payable agreements contain covenants restricting, among other things, the amount of issuance of new debt as defined. At December 31, 1994, the Company was in compliance with these covenants.

The maturities of long-term debt for the four years following December 31, 1995, are as follows:

(In thousands)				
	1996	\$ 123,614	1998	\$33,372
	1997	\$ 9,484	1999	\$12,629

Cash payments for interest on all debt, net of capitalized interest, were \$33,544,000, \$15,165,000 and \$20,465,000 in 1994, 1993 and 1992, respectively.

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

9. Leases

The Company leases certain property and equipment under noncancelable operating leases. Rent expense under all operating leases was \$10.9 million, \$10.7 million and \$9.6 million in 1994, 1993 and 1992, respectively.

Future minimum lease payments under leases are as follows:

(In Thousands)	Operating Leases
1995	\$ 7,328
1996	6,234
1997	4,834
1998	3,376
1999	2,803
Later years	17,958

10. Commitments and Contingencies

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

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

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

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

In a related matter, the Internal Revenue Service is reviewing Harsco's position that certain cargo truck models are not taxable due to a provision in the tax law that exempts trucks having a gross vehicle weight of 33,000 pounds or less, and has tentatively concluded that they appear to be

taxable. If the Internal Revenue Service asserts that tax is due on these vehicles, the total claim could be \$39 million plus interest and penalty, if any. The Company plans to vigorously contest any such tax deficiency. Although there is risk of an adverse outcome, the Company and its counsel believe that these trucks are not taxable. Even if they are held to be taxable, the Company and its counsel believe the Government would be obligated to reimburse the Company for the majority of the tax, because it would constitute an after-imposed tax that would be subject to the ruling of the Armed Services Board of Contract Appeals discussed above, resulting in a net maximum liability for Harsco of \$16 million plus interest and penalty, if any.

The Company had filed other nonFET claims relating to the five-ton truck contract totalling in excess of \$55 million plus interest, with respect to contract changes, inadequate technical data package, and delays and disruptions. On August 26, 1994, the Company and the Government signed a modification to the five-ton truck contract resolving all outstanding contractual matters concerning that agreement with certain limited exceptions including FET related matters. The contract modification includes resolution of the Company's claims described in earlier Company filings for contract changes, inadequate technical data package, and delays and disruptions. The modification provides for an increase of \$12.5 million in the contract price and payment has been received. The price increase yielded net revenue to the Company of approximately \$12.0 million after related excise tax and other associated costs, which is included in other revenues in the Consolidated Statements of Income.

M9 Armored Combat Earthmover Claim:

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

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

Government Furnished Equipment Overcharge Claim:

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

Other Litigation:

On March 13, 1992, the U.S. Government filed a counterclaim against the Company in a civil suit alleging violations of the False Claims Act and breach of a contract to supply M109A2 Self-Propelled Howitzers. The counterclaim was filed in the United States Claims Court along with the Government's answer to the Company's claim of approximately \$5 million against the Government for costs incurred on this contract relating to the same issue. The Government claims breach of contract damages of \$7.3 million and in addition seeks treble that amount under the False Claims Act plus unquantified civil penalties which the Company estimates to be approximately \$3.3 million. The Company and its counsel believe it is unlikely that resolution of these claims will have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

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

In 1992, the United States Government through its Defense Contract Audit Agency commenced an audit of certain contracts for sale of tracked vehicles by the Company to foreign governments, which were financed by the United States Government through the Defense Security Assistance Agency. The Company cooperated with the audit and responded to a number of issues raised by the audit. In September 1994, the Company received a subpoena issued by

the Department of Defense Inspector General seeking various documents relating to sale contracts between the Company and foreign governments which were funded by the Defense Security Assistance Agency. The Company is continuing to cooperate and is responding to the subpoena. Although the Government has not clearly identified to the Company the focus of its investigation, based on discussions with the agent in charge, it appears that it focuses on whether the Company received progress payments in advance of the schedule permitted by the Defense Security Assistance Agency regulations and Company certifications. The Company's management and its counsel believe it is unlikely that this issue will have a material adverse effect on the Company's financial position or results of operations.

In June 1994, the shareholder of the Ferrari Group, a Belgium holding company involved in steel mill services and other activities, filed a legal action in Belgium against Hekett MultiServ, S.A. and S.E.A.E., subsidiaries of MultiServ International N.V. (a subsidiary of Harsco Corporation). The action alleges that these two subsidiaries breached contracts arising from letters of intent signed in 1992 and 1993 concerning the possible acquisition of the Ferrari Group, claiming that the subsidiaries were obligated to proceed with the acquisition and failed to do so. The action seeks damages of 504 million Belgian Francs (approximately U.S. \$16 million). The Company intends to vigorously defend against the action and believes that based on conditions contained in the letters of intent and other defenses it will prevail. The Company and its counsel believe that it is unlikely that these claims will have a material adverse effect on the Company's financial position or results of operations.

On August 29, 1994, the Company filed a legal action in the United States District Court for the Southern District of New York against certain former shareholders of MultiServ International N.V. seeking recovery of damages arising from misrepresentations which the Company claims were made to it in connection with its purchase of the MultiServ International N.V. stock on August 31, 1993. The Complaint seeks damages in an amount to be determined.

Environmental:

The Company is involved in a number of environmental remediation investigations and clean-ups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Consolidated Balance Sheets at December 31, 1994 and 1993, include an accrual of \$6.2 million and \$10.1 million, respectively, for environmental matters. The amounts charged to earnings on a pre-tax basis related to environmental matters totaled \$1.2 million, \$3.2 million and \$3.5 million for 1994, 1993 and 1992, respectively.

The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse effect on its financial position or results of operations.

Other:

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

11. Income Taxes

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

(In thousands)	1994	1993	1992
Income before income taxes:			
Domestic	\$ 129,225	\$ 126,521	\$ 120,179
Foreign	19,615	10,732	20,327
	<u>\$ 148,840</u>	<u>\$ 137,253</u>	<u>\$ 140,506</u>
Provision for income taxes:			
Currently payable:			
Federal	\$ 37,193	\$ 38,053	\$ 34,607
Foreign	12,271	8,882	6,906
State	6,697	7,395	6,527
	<u>56,161</u>	<u>54,330</u>	<u>48,040</u>

Deferred federal and state	3,503	4,195	27
Deferred foreign	(128)	(2,190)	993
	\$ 59,536	\$ 56,335	\$ 49,060

Cash payments for income taxes were \$49,151,000, \$55,431,000 and \$50,526,000, for 1994, 1993 and 1992, respectively.

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

	1994	1993	1992
U.S. federal income tax rate	35.0%	35.0%	34.0%
State income taxes, net of federal income tax benefit	3.2	3.9	3.0
Export sales corporation benefit	(1.1)	(1.0)	(1.2)
Foreign losses for which no tax benefit was recorded	2.4	2.1	.5
Difference in effective tax rates on foreign earnings and remittances	(1.4)	(.5)	(2.3)
Nondeductible acquisition costs	2.0	1.0	.5
Other, net	(.1)	.5	.4
Effective income tax rate	40.0%	41.0%	34.9%

Effective January 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" (SFAS 109). The cumulative effect of this change in accounting principle increased net income in the first quarter of 1993 by \$6,802,000, or \$.27 per share. Prior years' financial statements have not been restated.

The tax effects of the primary temporary differences giving rise to the Company's deferred tax assets and liabilities for the years ended December 31, 1994 and 1993 are as follows:

(In thousands)	1994		1993	
	Asset	Liability	Asset	Liability
Deferred Income Taxes				
Depreciation	\$ -	\$ 38,301	\$ -	\$ 50,111
Expense accruals	35,027	-	39,413	-
Inventories	5,710	-	5,110	-
Provision for receivables	-	30,863	-	22,144
Postretirement benefits	3,564	-	5,637	-
Deferred revenue	-	1,330	-	7,384
Unrelieved foreign tax losses	20,767	-	19,714	-
Unrealized translation adjustments	6,229	-	6,247	-
Pensions	-	7,461	-	6,502
Investment in United Defense, L.P.	3,783	-	-	-
Other	-	2,152	578	-
Subtotal	75,080	80,107	76,699	86,141
Valuation allowance	(23,215)	-	(25,251)	-
Total Deferred Income Taxes	\$ 51,865	\$ 80,107	\$ 51,448	\$ 86,141

At December 31, 1994, certain of the Company's foreign subsidiaries had total available net operating loss carryforwards (NOL's) of approximately \$54,000,000 of which approximately \$11,800,000 will expire by 1998, \$9,400,000 will expire by 1999 and the balance may be carried forward indefinitely. Included in the total are \$27,900,000 of preacquisition NOL's relating to the MultiServ acquisition.

During 1994 and 1993, \$13,500,000 and \$8,500,000, respectively, of the MultiServ preacquisition NOLs were utilized by the Company resulting in tax

benefits of \$3,774,000 and \$2,764,000, respectively, which were allocated to reduce goodwill related to the acquisition.

The valuation allowance of \$23,215,000 relates principally to cumulative unrelieved foreign tax losses and unrealized translation adjustments which are uncertain as to realizability at December 31, 1994. To the extent that the preacquisition NOLs, are utilized in the future and the associated valuation allowance reduced, the tax benefit thereof will be allocated to reduce goodwill related to the acquisition.

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

Overall, the net change in the valuation allowance relates to a decrease from the utilization of preacquisition NOL's, net of increases applicable to the creation of NOL's in 1994 and the effect of foreign currency translation adjustments.

12. Capital Stock

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

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

Common Stock Summary

Balances	Shares Issued	Treasury Shares	Shares Outstanding
December 31, 1991	31,576,817	5,341,200	26,235,617
December 31, 1992	31,925,423	6,545,864	25,379,559
December 31, 1993	32,114,499	7,146,698	24,967,801
December 31, 1994	32,343,553	7,161,303	25,182,250

13. Stock Options

The Company has granted stock options to officers, directors and key employees for the purchase of its common stock under two shareholder approved plans, one of which expired in 1985. In April 1993, stockholders approved an increase in the number of shares that may be issued under the plan from 1,500,000 to 2,500,000. At December 31, 1994 and 1993, 1,016,284 and 1,204,560 shares, respectively, were available for granting of incentive stock options, nonqualified stock options or stock appreciation rights. Options are granted at fair market value at date of grant and become exercisable commencing one year later.

At December 31, 1994, options to purchase 298,246 shares were exercisable. Changes during 1994 and 1993 in options outstanding were as follows:

	Shares Under Option	Option Price Range per Share
Outstanding, January 1, 1993	687,204	\$15.75 to \$35.44
Granted	220,680	40.94 to 41.56
Exercised	(189,076)	23.44 to 32.13

Terminated and expired	(4,390)	41.56		
Outstanding, December 31, 1993	714,418	15.75	to	41.56
Granted	232,480	42.00	to	43.25
Exercised	(229,054)	15.75	to	41.56
Terminated and expired	(44,204)	41.56	to	43.25
Outstanding, December 31, 1994	673,640	23.44	to	43.25

During 1994 and 1993, the Company had non-cash transactions related to stock option exercises of \$677,000 and \$1,333,000, respectively, whereby old shares are exchanged for new shares.

14. Financial Instruments

Off-Balance Sheet Risk:

As collateral for performance and advances on long-term contracts and to ceding insurers, the Company is contingently liable under standby letters of credit and bonds in the amount of \$64.7 million and \$220.1 million at December 31, 1994 and 1993, respectively. These standby letters of credit and bonds are generally in force from one to three years for which the Company pays fees to various banks and insurance companies that generally range from .25 to 1 percent per annum of their face value. If the Company were required to obtain replacement standby letters of credit and bonds as of December 31, 1994 for those currently outstanding, it is the Company's opinion that the replacement costs for such standby letters of credit and bonds would not significantly vary from the present fee structure.

At December 31, 1994 and 1993, the Company had \$40.6 million and \$35.4 million, respectively, of forward foreign currency exchange contracts outstanding. These contracts are part of a worldwide program to minimize foreign currency exchange operating income and balance sheet exposure. The unsecured contracts generally mature within 12 months and are principally with banks. The Company is exposed to credit loss in the event of non-performance by the other parties to the contracts. The Company evaluates the creditworthiness of the counterparties' financial condition and does not expect default by the counterparties.

Foreign Exchange Risk Management:

Foreign currency exchange contracts are generally used to hedge commitments, such as foreign currency debt, the purchase of equipment, and foreign currency cash flows for certain anticipated export sales transactions. Also, as discussed in Note 1, the Company enters into foreign exchange contracts that are used to exchange the proceeds from U.S. commercial paper borrowings into foreign currency, and simultaneously enters into a forward foreign exchange contract to exchange such foreign currency back into U.S. dollars at the maturity date of the U.S. commercial paper borrowings. These forward foreign exchange contracts allow the Company to finance certain foreign operations at effective interest rates that are generally lower than in the foreign country. These forward contracts do not qualify as hedges for financial reporting purposes.

The table below summarizes by currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars as of December 31, 1994. The "sell" amounts represent the U.S. dollar equivalent of commitments to sell foreign currencies, and the "buy" amounts represent the U.S. dollar equivalent of commitments to purchase foreign currencies.

(In Thousands)	Type	\$ U.S. Equivalent	Maturity	Recognized Gain (Loss)	Unrealized Gain (Loss)
Forward exchange contracts:					
Belgian francs	Sell	\$19,120	1-12-95	\$(290)	-
French francs	Sell	11,740	1-12-95	(187)	-
French francs	Buy	6,980	1-12-95	132	-
German marks	Buy	2,606	Various to 1998	-	\$244
Finnish markka	Buy	158	9-1-95	-	4
		\$40,604		\$(345)	\$248

At December 31, 1994 the Company had forward exchange contracts for Belgian and French francs to exchange those currencies to U.S. dollars at the time of maturity of the commercial paper debt. Also, the Company had a forward exchange contract for U.S. dollars to settle the French francs forward exchange contract. These forward contracts do not qualify as hedges for

financial reporting purposes; therefore, gains and losses on these contracts are included in income. At December 31, 1994, the Company had gains of \$132,000 and losses of \$477,000 on these contracts. The Company also had forward exchange contracts in Finnish markka and German marks which were used to hedge a product cost transaction. The counterparties of these agreements are major financial institutions; therefore, management believes the risk of incurring losses related to these contracts is remote.

The table below summarizes by major currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars as of December 31, 1993.

(In Thousands)	Type	\$ U.S. Equivalent	Maturity	Recognized Gain (Loss)	Unrealized Gain (Loss)
Forward exchange contracts:					
Swedish kroner	Sell	\$10,000	3-21-94	-	\$ (144)
Belgian francs	Sell	25,000	1-31-94	-	291
Italian lire	Buy	60	9-1-94	-	(2)
Italian lire	Buy	363	8-1-94	-	(16)
		\$35,423		-	\$ 129

At the end of 1993, the Company had forward exchange contracts in Swedish kroner, Belgian francs and Italian lire. The Swedish kroner and Belgian francs forward exchange contracts were used to hedge a foreign currency debt. The Italian lire forward exchange contracts were used to hedge a product cost transaction.

Concentrations of Credit Risk:

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of temporary cash investments, investments and accounts receivable. The Company places its temporary cash investments (\$28.6 million at December 31, 1994 and \$49.3 million at December 31, 1993) and investments (\$49.2 million at December 31, 1994 and \$61.1 million at December 31, 1993) with high quality institutions and, by policy, limits the amount of credit exposure to any one institution. Except for U.S. and foreign government agencies, concentrations of credit risk with respect to accounts receivable are limited, due to the large number of customers comprising the Company's customer base and their dispersion across many different industries and geographies. The Company generally does not require collateral or other security to support customer receivables.

Fair Value of Financial Instruments:

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

Cash and cash equivalents

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

Investments

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

Long-term debt

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

Foreign currency exchange contracts

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

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 1994 and 1993:

(In thousands)	1994		1993	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 43,550	\$ 43,55	\$ 58,74	\$ 58,740
Investments:				
Marketable equity securities	-	-	1,750	7,766
Marketable debt securities	49,240	47,469	59,329	59,507
Long-term debt	351,748	329,580	376,494	379,415
Foreign currency exchange contracts	40,604	41,558	35,423	35,066

15. Facilities Discontinuance and Reorganization Costs

In 1994, the Company recorded a net charge of \$17.1 million on the Consolidated Statements of Income primarily for the asset impairment of the school bus business assets, costs associated with the military truck contract close-out and the discontinuance and rationalization of administrative facilities at several foreign metal reclamation and mill service locations.

During the second and third quarters of 1994, the Company recognized a total charge of \$5.7 million relating to the discontinuance and rationalization of administrative facilities in the Metal Reclamation and Mill Services Group. This charge was principally composed of termination costs and lease costs. The Company also recognized a \$4.7 million charge in the third quarter for costs associated with closing-out the military truck contract.

In November 1994, the Board of Directors authorized the Company to exit from the school bus business. In the fourth quarter of 1994, the Company recognized an asset impairment charge of \$8.0 million for the write-down of the bus business assets to their net realizable value. The Company expects to recognize certain exit costs, termination costs as well as operating losses in 1995 until operations are completed.

16. Information by Industry Group and Geographic Area

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

Financial information by Industry Group and geographic area for the years 1994, 1993 and 1992 is presented below:

INDUSTRY GROUP (In millions)	1994	1993	1992
Net Sales to Unaffiliated Customers			
Metal Reclamation and Mill Services	\$ 523.4	\$ 268.1	\$ 165.1
Infrastructure, Construction and Transportation	391.5	306.3	303.8
Process Industry Products	442.8	385.8	382.5
	1,357.7	960.2	851.4
Defense	-	462.1	773.5
Total	\$1,357.7	\$1,422.3	\$1,624.9
Pre-Tax Income			
Group Operating Profit			
Metal Reclamation and Mill Services	\$ 43.5	\$ 28.8	\$ 30.8
Infrastructure, Construction and Transportation	11.3	17.9	20.2
Process Industry Products	42.0	33.2	27.8
	96.8	79.9	78.8
Defense	-	67.0	83.8
Facilities discontinuance and reorganization costs	96.8	146.9	162.6
Gain on sale of investments	64.1	2.4	3.6
Claim settlements	6.0	17.6	-
Interest expense	36.2	-	-
Unallocated expense	(34.0)	(20.0)	(18.9)
	(2.9)	(8.1)	(7.0)
Pre-tax income	\$ 148.8	\$ 137.3	\$ 140.5
Identifiable Assets			
Metal Reclamation and Mill Services	\$ 658.9	\$ 638.2	\$ 118.9
Infrastructure, Construction and Transportation	278.7	190.9	182.8
Process Industry Products	186.4	170.7	160.0
	1,124.0	999.8	461.7
Defense	-	265.0	353.4
Corporate	1,124.0	1,264.8	815.1
Investments in unconsolidated companies	158.3	156.9	170.9
	32.3	5.9	5.2
Total assets	\$1,314.6	\$1,427.6	\$ 991.2

Depreciation			
Metal Reclamation and Mill Services	\$ 63.1	\$ 32.1	\$ 18.6
Infrastructure, Construction and Transportation	17.7	16.9	16.8
Process Industry Products	8.6	8.6	9.2
	89.4	57.6	44.6
Defense	-	11.3	11.7
Corporate	.8	.7	.8
Total depreciation	\$ 90.2	\$ 69.6	\$ 57.1

Capital Expenditures			
Metal Reclamation and Mill Services	\$ 61.6	\$ 51.7	\$ 19.9
Infrastructure, Construction and Transportation	18.1	10.8	9.0
Process Industry Products	10.9	10.8	8.3
	90.6	73.3	37.2
Defense	-	9.2	5.4
Corporate	.3	.9	.1
Total capital expenditures	\$ 90.9	\$ 83.4	\$ 42.7

Includes \$6.0 million foreign currency translation loss due to the maxi devaluation of Mexican peso incurred in December, 1994.

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

The year ended December 31, 1994, includes \$5.7 million for discontinuance and rationalization of administrative facilities and termination costs related to Metal Reclamation and Mill Services Group, and a provision of \$4.7 million relating to the net realizable value of the investment in the five-ton truck business and future anticipated costs associated with contract close-out and related issues and a provision for asset impairment of the school bus business of \$8.0 million under the Infrastructure, Construction and Transportation Group.

Includes equity in income of United Defense, L.P. of \$61.9 million for the year ended December 31, 1994.

Excludes property, plant and equipment from acquired companies of \$202.2 million in 1993 of which \$197.1 million related to Metal Reclamation and Mill Services, \$4.0 million to Infrastructure, Construction and Transportation and \$1.1 million to Defense, and in 1992, \$16.5 million related to Infrastructure, Construction and Transportation.

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

GEOGRAPHIC AREA

(In millions)	1994	1993	1992
Net Sales to Unaffiliated Customers			
United States	\$ 863.3	\$ 1,181.0	\$ 1,468.1
Europe	308.9	140.9	92.3
All Other	185.5	100.4	64.5
Total	\$ 1,357.7	\$ 1,422.3	\$ 1,624.9
Geographic Operating Profit			
United States	\$ 57.1	\$ 133.1	\$ 146.3
Europe	4.9	7.7	13.3
All Other	17.4	4.6	3.2
Total	\$ 79.4	\$ 145.4	\$ 162.8
Identifiable Assets			
United States	\$ 543.9	\$ 655.8	\$ 708.8
Europe	392.9	376.6	61.5
All Other	187.2	232.4	44.8
Total	\$ 1,124.0	\$ 1,264.8	\$ 815.1

Export Sales and Major Customer Information:

Export sales from the United States			
Asia	\$ 22.3	\$ 242.3	\$ 467.8
Africa	2.0	56.3	3.4
North America (Excluding USA)	60.1	32.4	25.9
All Others	10.7	12.5	88.3
Total	\$ 95.1	\$ 343.5	\$ 585.4

Sales to U.S. Government agencies, principally by Defense Group in 1993 and 1992	\$	1.1	\$	303.3	\$	563.6
<hr/>						
Foreign Military Sales through U.S. Government Agencies						
Asia	\$	0.1	\$	88.7	\$	274.1
Africa		-		49.0		2.5
North America (Excluding USA)		-		0.2		-
All Others		-		-		2.7
<hr/>						
Total		0.1	\$	137.9	\$	279.3
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Includes Foreign Military Sales through U.S. Government agencies.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of Harsco Corporation:

We have audited the accompanying consolidated balance sheets of Harsco Corporation and Subsidiary Companies as of December 31, 1994 and 1993, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in the first two paragraphs of Note 10 to the consolidated financial statements, the Company is involved in disputes relating to the "after-imposed" Federal Excise Tax and related claims.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Harsco Corporation and Subsidiary Companies as of December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

In addition to the matters referred to in the third paragraph above, as discussed in Note 10 to the consolidated financial statements, the Company is involved in various disputes regarding Federal Excise Tax and other contract matters primarily relating to the five-ton truck contract. Also, the Company has filed or is in the process of filing various claims relating to certain contracts. The ultimate outcome of these additional matters cannot presently be determined. Accordingly, no provision for such potential additional losses or recognition of possible recovery from such claims has been reflected in the accompanying financial statements.

As discussed in Notes 1, 7 and 11 to the consolidated financial statements, the Company changed its method of accounting for income taxes in 1993, and its method of accounting for postretirement benefits other than pensions in 1992.

Philadelphia, Pennsylvania
February 7, 1995, except as
to the first paragraph of Note 10,
for which the date is February 23, 1995

MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition

Cash provided by operating activities was \$161.4 million for the year 1994, reflecting, among other things, a \$71.8 million distribution of earnings from unconsolidated entities, principally United Defense, L.P., a \$34.3 million increase in accounts receivable and a \$14.2 million increase in accounts payable. As previously reported, included in receivables is \$62.4 million for amounts expended, or income not received, related to the Federal Excise Tax (FET) and related claims for the completed five-ton truck contract. Final resolution of the FET and related claims in favor of the Company would not result in the recording of additional income other than any interest received, but would have a positive cash flow effect. To the extent that any portion of the FET and related claims is not recovered,

additional losses on the contract will have to be recognized, but there would be little impact on cash outflows.

Cash flows from investing activities included capital expenditures of \$90.9 million and \$7.6 million of proceeds from the sale of the remaining shares of an investment in a marketable equity security. Investment activity also included the cash contribution of \$5.2 million for a portion of the initial capitalization of United Defense, L.P. and \$8.2 million proceeds from the sale of property, plant and equipment. Cash flows from financing activities included a net decrease in long-term debt of \$41.2 million, a \$35.3 million reduction in short-term debt, and \$35.1 million of cash dividends paid on common stock. Cash and cash equivalents decreased \$15.2 million to \$43.6 million at December 31, 1994.

In conjunction with the formation of United Defense, L.P., in which Harsco holds a 40% equity interest, the Company contributed to the Partnership net assets of \$29.6 million, which included \$5.2 million in cash. During the first 12 months of the Partnership, the Company received a \$70.1 million in cash distributions. The Partnership agreement stipulates, among other things, that cash distributions of earnings will be made at certain minimum amounts of income in the quarter subsequent to the quarter in which income is earned. However, special distributions, as allowed by the agreement, were received during June and December 1994, due to strong cash flows of the Partnership.

Other matters which could significantly affect cash flows in the future are discussed in the 1994 Annual Report to Shareholders under Note 10, "Commitments and Contingencies." During the first quarter, the Company negotiated a settlement with the U. S. Government on a small portion of the outstanding issues concerning the M9 Armored Combat Earthmover (ACE) contract referred to in Note 10. Under this settlement, the Government paid the Company \$3.8 million. The Company's claim in excess of \$60 million against the Government on this contract for untimely exercise of contract options has not yet been resolved. During the third quarter, the Company reached a negotiated settlement with the U.S. Government concerning contract changes, inadequate technical data package, and delays and disruptions related to the five-ton truck contract and was paid a gross amount of \$12.5 million. This settlement resolves all outstanding contractual matters concerning the five-ton truck agreement with certain limited exceptions, which include Federal Excise Tax related matters. During the fourth quarter of 1994, the Company reached an agreement with the U.S. Government concerning Harsco being overcharged by the U.S. Government in the sale of government furnished equipment on various contracts. Under the terms of the settlement, the Government will pay the Company approximately \$20.4 million in the first quarter of 1995.

Harsco continues to maintain a good financial position, with net working capital of \$254.3 million, up from the \$182.8 million at December 31, 1993, principally due to the conversion of \$30.2 million of short-term debt to long-term debt and the contribution of certain current assets and liabilities to the formation of United Defense, L.P. Current assets amounted to \$536.7 million, and current liabilities were \$282.4 million, resulting in a current ratio of 1.9 to 1, higher than the 1.4 to 1 at year-end 1993. With total debt at \$366.0 million and equity at \$581.2 million at December 31, 1994, total debt as a percent of capital was 38.6%, which is lower than the 45.0% at December 31, 1993.

The stock price range during 1994 was \$46 3/8 - 38 3/8. Harsco's book value per share at December 31, 1994, was \$23.08, compared with \$20.95 at year-end 1993. The Company's return on equity for 1994 was 15.7%, compared with 17.3% for 1993. The return on assets was 13.5%, compared with the 13.4% for 1993.

The Company has available through a syndicate of banks a \$150 million, 364-day revolving line of credit and a \$150 million, multi-currency five-year term line of credit. During the second quarter, the Company amended and restated its two committed credit facilities, to extend maturity, update pricing for favorable bank market dynamics, eliminate and/or modify certain covenants, make certain technical adjustments to the documents and allow more flexibility to borrow in additional currencies and provide back-up for a commercial paper program, which the Company implemented during the fourth quarter, in lieu of borrowing from the bank lines of credit. As of December 31, 1994, no balances were outstanding under the syndicated credit facilities, \$24.1 million was outstanding under the commercial paper program. Harsco's outstanding notes are rated A by Standard & Poor's and Baa1 by Moody's. Harsco's commercial paper is rated A-1 by Standard & Poor's, F-1 by Fitch Investors Service and P-2 by Moody's. The Company, also has on file with the Securities and Exchange Commission, a Form S-3 shelf registration for the possible issuance of up to an additional \$200 million of new debt securities, preferred stock or common stock.

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

RESULTS OF OPERATIONS 1994 Compared with 1993

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

Sales increased in 1994 for our three operating groups, due to acquisitions in 1993, principally MultiServ International, N.V., as of August 31, 1993,

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

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

Income before taxes, minority interest, and cumulative effect of accounting changes was up 8% from the comparable period last year, which included overall increased operating profits in 1994 for the three operating groups reflecting growth for the Company's core businesses, as well as results of cost containment efforts which improved operating efficiencies. Income benefited significantly from \$36.2 million of pre-tax income resulting from negotiated settlements with the U.S. Government concerning several completed contracts, which were partially offset by significantly higher interest expense, due to the debt incurred in conjunction with the acquisition and operations of MultiServ International, N.V. Also unfavorably affecting income was an \$8.0 million pre-tax charge recorded for the impaired value of certain assets in conjunction with the Company's exit from the school bus business, a \$4.7 million pre-tax provision recorded for the realizable value of the Company's investment in the 5-ton truck business (including costs to complete certain contract close-out and related issues), and a \$5.7 million pre-tax charge for the discontinuance and rationalization of administrative facilities at several foreign metal reclamation and mill services locations. Results in 1994 were unfavorably impacted by the school bus business, which incurred a loss of \$16.0 million during the year from a lower than anticipated volume of production associated with the business, as compared to income recorded for military trucks last year, for which production was suspended in June 1993. Also, results were unfavorably affected by a \$6.0 million foreign currency translation loss which was recorded for the Company's operations in Mexico, as a result of the maxi devaluation of the peso in December 1994, and profits from the sale of our remaining holdings of an investment in a marketable equity security were lower than the prior year principally due to fewer shares being sold in 1994. On a comparative basis, scaffolding, shoring and forming equipment recorded income in 1994 as compared with a loss in 1993. Additionally, higher earnings in 1994 were recorded for gas control and containment equipment, process equipment, roofing granules, and abrasives, pipe fittings and railway maintenance equipment. Income from the Company's equity investment in United Defense, L. P., was slightly below amounts recorded in 1993 from military tracked vehicles.

Net income of \$86.6 million (\$3.45 per share) was slightly below 1993, a record which included an unusual after-tax gain of \$10.7 million (\$.43 per share) on the partial sale of an investment in a marketable equity security and the favorable effect of an accounting change of \$6.8 million (\$.27 per share). Excluding unusual items, 1994 income was \$76.3 million after-tax (\$3.03 per share) compared to 1993 which income was \$70.1 million after-tax (\$2.80 per share). Results for 1994 were favorably affected by higher earnings from operations for our three groups overall, as well as the net favorable effect of unusual items that included after-tax negotiated settlements of \$21.7 million (\$.87 per share) of claims with the U.S. Government and an after-tax gain of \$3.5 million (\$.14 per share) on the sale of the remaining shares of an investment in a marketable equity security, partially offset by after-tax provisions of \$14.9 million (\$.59 per share) for the unusual items of expense for the school bus, the military truck contract, metal reclamation and mill service businesses, and the maxi devaluation of the Mexican peso, as discussed above. The effective income tax rate before minority interest for 1994 was 40%, versus 41% in 1993.

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

Operating profit, excluding the impact of the unusual expense items relating to the discontinuance and rationalization of administrative facilities at several foreign locations and the maxi devaluation of the Mexican peso, for the Metal Reclamation and Mill Services Group was \$49.5 million, up 72% from 1993, principally due to the acquisition of MultiServ International, N.V. After including the impact of the unusual items of expense, operating profit was \$37.8 million, up 31% from the comparable period. Performance was unfavorably affected in Mexico by the maxi devaluation of the peso and operating losses on a contract which was terminated in December of 1994, the ongoing rationalization of the European steel industry, as well as weak economic conditions experienced principally in the first six months of this

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

RESULTS OF OPERATIONS 1993 Compared with 1992

Management's discussion and analysis have been updated from last year's to reflect the reclassification of the Consolidated Statement of Income and new Operating Groups formed in 1994, necessitated by the strategic refocusing of the Company, as discussed in Notes 1 and 16 to the Consolidated Financial Statements.

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

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

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

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

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

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

RESULTS OF OPERATIONS

1992 Compared with 1991

Management's discussion and analysis have been updated from last year's to reflect the reclassification of the Consolidated Statement of Income and new Operating Groups formed in 1994, necessitated by the strategic refocusing of the Company, as discussed in Notes 1 and 16 to the Consolidated Financial Statements.

Revenues for 1992 were \$1.63 billion, and sales for the year were \$1.62 billion, both down 16% from 1991. The decreases are due to lower sales of five-ton trucks in the Defense Group, reflecting the previously announced reduced production levels. Also contributing to the decline was the divestiture of a division and a product line in the first quarter of 1992, as well as lower sales of grating, scaffolding equipment, and process equipment which continue to be affected by weaknesses in the economy. These declines were partially offset by increased sales recorded for tracked vehicles in the Defense Group, railway maintenance equipment, gas control and containment equipment, metal reclamation and mill services, roofing granules and slag abrasives, and the inclusion of product sales from an acquisition made in the second quarter of 1992.

Cost of sales decreased at a rate greater than revenues, due to the improvement in profit margins of five-ton truck sales, lower charges in 1992 for product liability insurance, and the favorable impact of profit improvement measures, including divestitures of a loss and a marginally profitable operation. Selling and administrative expenses increased as a result of higher costs associated with sales in the Defense Group and the inclusion of an acquisition in 1992. The higher costs, however, were partially offset by the divestiture of certain operations, lower compensation costs, and decreased commissions.

Income before taxes, minority interest, and the cumulative effect of accounting changes was significantly higher than last year. Favorably affecting profits were improved results for both tracked vehicles and wheeled vehicles in the Defense Group. On a comparative basis, results were favorably affected by certain nonrecurring expenses incurred in 1991 in conjunction with the Company's unsuccessful bid on a contract for initial production of the Family of Medium Tactical Vehicles with the U.S. Government, as well as abnormally high charges for product liability insurance, which were recorded particularly in the fourth quarter of 1991. Also contributing to the increase in profits were higher levels of income for railway maintenance equipment, metal reclamation and mill services, and roofing granules and slag abrasives, as well as lower net expenses for facility discontinuances, due principally to profits related to the divestiture of the Company's plastic pipe division and the hydraulic tool product line. Earnings benefited from income arising from an acquisition in the second quarter of 1992. Grating and pipe fittings recorded lower income in 1992. Interest income decreased, due to lower investment rates available for funds. Interest expense approximated the amount recorded in 1991. Equity in net income of unconsolidated companies decreased as a result of discontinuing operations at a foreign location.

Net income, after a \$7.2 million one-time, non-cash after-tax charge for the effect of an accounting change, to adopt Statement of Financial Accounting Standards No. 106, was \$84.3 million, a record, up 10% from last year's record, as a result of the foregoing. The effective income tax rate of 35% in 1992 was down from 36% in 1991, due to utilization of tax loss carryforwards at a foreign subsidiary, and benefits related to export sales. Earnings for the first quarter of 1992 have been restated by \$.27 per share to reflect the additional expense associated with Statement of Financial Accounting Standards No. 106, which was adopted retroactive to January 1, 1992.

Sales of the Metal Reclamation and Mill Services Group, at \$165.1 million, were slightly higher than 1991. The Infrastructure, Construction and Transportation Group sales were down 10% from 1991 due to the divestiture of an unprofitable division in the first quarter of 1992. The decrease was partially offset by sales from an acquisition made in the second quarter of 1992. Process Industry Products Group sales approximated 1991 levels.

Sales in the Defense Group were \$773.5 million versus \$1.1 billion for 1991, as a result of decreased sales of five-ton trucks, which more than offset a sizable increase in sales of tracked vehicles.

Operating profit for the Metal Reclamation and Mill Services Group increased slightly from last year. Operating profit for the Infrastructure, Construction and Transportation Group increased from last year. The improvement reflects income arising from an acquisition made during the second quarter of 1992 and the divestiture of a division which operated at a loss in 1991. The Process Industry Products Group's operating profit was up from 1991 which included abnormally high charges for product liability insurance. The Defense Group's operating profit was significantly above last year, as a result of higher levels of profits on sales of five-ton trucks and tracked vehicles, as well as the inclusion in 1991 of certain nonrecurring expenses incurred in conjunction with the Company's unsuccessful bid on a contract for initial production of the Family of Medium Tactical Vehicles with the U.S. Government.

ELEVEN-YEAR STATISTICAL SUMMARY
(In thousands, except per share)

SUMMARY OF OPERATIONS	1994	1993	1992	1991
Net sales	\$1,357,715	\$1,422,308	\$1,624,939	\$1,943,083
Equity in income of unconsolidated entities	64,120	2,415	3,626	3,838
Gain on sale of investments and other revenues	43,946	19,573	2,093	2,230
Costs and expenses excluding facilities discontinuance and reorganization costs	1,272,153	1,292,236	1,479,023	1,819,379
Facilities discontinuance and reorganization costs	17,143	2,419	445	1,664
Income before interest, taxes, minority interest, and cumulative effect of accounting changes	176,485	149,641	151,190	128,108
Interest expense	34,048	19,974	18,882	18,925
Income before cumulative effect of accounting changes	86,553	80,816	91,516	76,543
Net income	86,553	87,618	84,332	76,543
Return on net sales	6.4%	5.7%	5.6%	3.9%
Return on average equity	15.7%	17.3%	17.2%	16.9%
Return on average assets	13.5%	13.4%	15.2%	13.5%

FINANCIAL DATA

Shareholders' Equity	581,222	523,084	495,103	479,726
Cash Dividends Declared	35,715	34,946	34,598	32,319
Depreciation	90,179	69,558	57,064	57,664
Capital Expenditures	90,928	83,395	42,720	53,846
Cash provided by operating activities	161,395	232,220	108,134	151,485
Cash provided (used) by investing activities	(73,150)	(397,666)	(24,518)	(58,184)
Cash provided (used) by financing activities	(103,040)	173,555	(152,652)	16,897
Working Capital	254,338	182,756	316,918	284,699
Current Ratio ¹ .	9:1	1.4:1	2.1:1	1.8:1
Total Assets	1,314,649	1,427,612	991,225	1,059,708
Long-term Debt	340,246	364,869	119,841	120,451
Total Debt	365,984	428,378	131,068	221,652
Percent of Total Debt to Capital	38.6%	45.0%	20.9%	31.6%

PER SHARE DATA

Income Before Cumulative Effect of Accounting Changes	3.45	3.23	3.52	2.91
Shareholders' Equity	23.08	20.95	19.51	18.29
Cash Dividends Declared	1.42	1.40	1.34	1.23
Price/Earnings Ratio, High-Low	13-11	13-10	12-9	10-8
Market Price of Common Stock High - Low, by Quarter				
1st	46 3/8 - 40 5/8	45 - 36 7/8	39 1/2 - 27 3/4	27 3/4 - 22 3/4
2nd	44 5/8 - 39 3/4	44 1/2 - 35	38 - 33 5/8	30 3/8 - 25 1/4
3rd	43 1/4 - 38 1/2	44 5/8 - 37 1/2	37 5/8 - 28	29 5/8 - 26 3/4

4th	44 1/8 - 38 3/8	43 3/8 - 39 1/4	38 3/4 - 28 1/8	30 1/8 - 23 5/8
Dividends Paid, by Quarter				
1st	.3500	.3500	.3300	.3000
2nd	.3500	.3500	.3300	.3000
3rd	.3500	.3500	.3300	.3000
4th	.3500	.3500	.3300	.3000

OTHER INFORMATION

Average Number of Shares Outstanding	25,114,874	25,036,893	25,966,755	26,278,384
Number of Shareholders of Record	7,674	8,069	8,415	8,767
Number of Employees	13,000	14,200	9,600	10,500
Backlog	\$160,703	\$146,751	\$190,914	\$1,229,688

"Return on Net Sales" is calculated by dividing Net Income by Net Sales.

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

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

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

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

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

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

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

Excludes extraordinary charge of \$3,212 or \$.11 per share.

ELEVEN-YEAR STATISTICAL SUMMARY (Years con't)

SUMMARY OF OPERATIONS	1990	1989	1988	1987
Net sales	\$1,759,507	\$1,351,213	\$1,278,987	\$1,169,225
Equity in income of unconsolidated entities	(360)	(2,698)	1,202	2,683
Gain on sale of investments and other revenues	1,860	1,493	4,955	1,153
Costs and expenses excluding facilities discontinuance and reorganization costs	1,639,621	1,325,078	1,218,628	1,063,278
Facilities discontinuance and reorganization costs	(4,471)	(6,538)	1,862	821
Income before interest, taxes, minority interest, and cumulative effect of accounting changes	125,857	31,468	64,654	108,962
Interest expense	17,506	16,412	16,180	8,004
Income before cumulative effect of accounting changes	72,504	11,362	31,103	63,289
Net income	72,504	11,362	31,103	63,289
Return on net sales	4.1%	0.8%	2.4%	5.4%
Return on average equity	17.5%	2.8%	7.1%	13.5%
Return on average assets	13.1%	4.1%	8.3%	15.1%

FINANCIAL DATA

Shareholders' Equity	437,111	394,480	421,266	443,985
Cash Dividends Declared	31,463	31,464	30,197	29,371
Depreciation	56,574	56,229	53,768	56,135
Capital Expenditures	71,127	67,613	69,000	60,564
Cash provided by operating activities	63,635	129,547	67,261	86,535
Cash provided (used) by investing activities	(50,147)	(50,540)	(76,724)	(49,457)
Cash provided (used) by financing activities	(15,375)	(78,720)	(11,736)	(24,019)

Working Capital	226,522	211,130	235,289	276,555
Current Ratio ¹ .	1.6:1	1.5:1	1.8:1	2.5:1
Total Assets	990,960	978,200	893,060	802,273
Long-term Debt	122,695	127,345	131,341	135,866
Total Debt	170,732	151,175	193,815	150,023
Percent of Total Debt to Capital	28.1%	27.7%	31.5%	25.3%

PER SHARE DATA

Income Before Cumulative Effect of Accounting Changes	2.77	.43	1.17	2.20
Shareholders' Equity	16.67	15.05	15.94	16.34
Cash Dividends Declared	1.20	1.20	1.14	1.03
Price/Earnings Ratio, High-Low	10-6	72-52	30-21	18-11

Market Price of Common Stock
High - Low, by Quarter

1st	28 3/4 - 21 1/8	29 1/2 - 24 1/4	35 1/2 - 26 1/2	33 5/8 - 25 5/8
2nd	26 1/2 - 22 5/8	27 - 23 7/8	35 5/8 - 30	34 1/4 - 31 1/8
3rd	24 1/2 - 20 1/4	26 3/4 - 22 1/2	34 3/4 - 30 1/2	39 3/8 - 33 5/8
4th	26 1/4 - 17 3/4	31 1/8 - 23	31 1/2 - 25	37 3/8 - 23 1/2

Dividends Paid, by Quarter

1st	.3000	.3000	.2800	.2500
2nd	.3000	.3000	.2800	.2500
3rd	.3000	.3000	.2800	.2500
4th	.3000	.3000	.2800	.2500

OTHER INFORMATION

Average Number of Shares Outstanding	26,217,027	26,261,017	26,619,026	28,793,048
Number of Shareholders of Record	9,308	9,620	9,991	9,975
Number of Employees	10,300	11,200	11,600	11,000
Backlog	\$1,197,126	\$1,538,331	\$1,342,292	\$1,019,404

"Return on Net Sales" is calculated by dividing Net Income by Net Sales.

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

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

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

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

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

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

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

Excludes extraordinary charge of \$3,212 or \$.11 per share.

ELEVEN-YEAR STATISTICAL SUMMARY (Years con't)

SUMMARY OF OPERATIONS	1986	1985	1984
Net sales	\$1,130,253	\$1,261,193	\$1,101,271
Equity in income of unconsolidated entities	2,319	1,267	1,700
Gain on sale of investments and other revenues	1,195	910	931
Costs and expenses excluding facilities discontinuance and reorganization costs	1,035,052	1,138,243	1,015,233

Facilities discontinuance and reorganization costs	10,286	14,965	6,868
Income before interest, taxes, minority interest, and cumulative effect of accounting changes	88,429	110,162	80,801
Interest expense	12,685	13,981	14,439
Income before cumulative effect of accounting changes	49,613	60,458	47,550
Net income	49,613	60,458	47,550
Return on net sales	4.4%	4.8%	4.3%
Return on average equity	9.8%	13.4%	11.5%
Return on average assets	12.3%	15.1%	12.4%

FINANCIAL DATA

Shareholders' Equity	473,393	467,687	432,347
Cash Dividends Declared	27,903	25,952	24,425
Depreciation	51,930	49,801	47,475
Capital Expenditures	52,604	55,842	41,504
Cash provided by operating activities	111,521	148,814	58,371
Cash provided (used) by investing activities	(61,257)	(119,477)	(100,814)
Cash provided (used) by financing activities	(104,609)	(25,941)	7,695
Working Capital	258,230	285,214	283,308
Current Ratio ¹ .	2.5:1	2.5:1	2.3:1
Total Assets	754,837	823,898	824,684
Long-term Debt	63,027	118,650	125,887
Total Debt	76,571	136,573	136,813
Percent of Total Debt to Capital	13.9%	22.6%	24.0%

PER SHARE DATA

Income Before Cumulative Effect of Accounting Changes	1.67	2.03	1.60
Shareholders' Equity	16.13	15.67	14.52
Cash Dividends Declared	.94	.87	.81
Price/Earnings Ratio, High-Low	19-13	12-8	10 - 8

Market Price of Common Stock High - Low, by Quarter

1st	26 1/4 - 20 7/8	19 1/8 - 15 5/8	16 5/8 - 13 5/8
2nd	28 7/8 - 24	19 5/8 - 17 3/8	15 1/8 - 12 5/8
3rd	27 1/2 - 23 1/4	20 1/8 - 18 5/8	16 - 13
4th	27 - 23	23 3/8 - 18 7/8	16 1/4 - 14 5/8

Dividends Paid, by Quarter

1st	.2300	.2133	.2000
2nd	.2300	.2133	.2000
3rd	.2300	.2133	.2000
4th	.2300	.2133	.2000

OTHER INFORMATION

Average Number of Shares Outstanding	29,763,561	29,811,366	29,697,894
Number of Shareholders of Record	9,989	9,866	10,114
Number of Employees	10,800	12,000	11,800
Backlog	\$985,100	\$575,680	\$763,338

"Return on Net Sales" is calculated by dividing Net Income by Net Sales.

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

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

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

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

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

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

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

Excludes extraordinary charge of \$3,212 or \$.11 per share.

TWO-YEAR SUMMARY OF QUARTERLY RESULTS
(In millions, except per share)

1994	First	Second	Third	Fourth
Net Sales	\$318.7	\$338.1	\$348.1	\$352.9
Gross Profit	64.7	67.9	68.4	73.4
Income, before interest, taxes, and minority interest	41.0	39.5	47.5	48.4
Net Income	18.6	17.5	22.3	28.2
Net Income per Common Share	.74	.70	.89	1.12
1993	First	Second	Third	Fourth
Net Sales	\$345.8	\$354.6	\$314.9	\$407.0
Gross Profit	70.9	79.5	71.8	85.3
Income, before interest, taxes, minority interest, and cumulative effect of accounting change	41.9	37.4	37.7	32.7
Net Income	31.0	22.2	18.3	16.1
Net Income per Common Share	1.22	.89	.74	.65

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

Notes:

The first quarter of 1993 includes the cumulative effect of the adoption of SFAS 109 for Accounting for Income Taxes (see Notes 1 and 11 to consolidated financial statements) which increased net income by \$6.8 million (\$.27 per share) and the after-tax gain of \$5.4 million (\$.21 per share) on the partial sale of a marketable equity security.

The third quarter of 1993 includes the after-tax gain of \$5.3 million (\$.22 per share) on the partial sale of a marketable equity security.

The fourth quarters of 1994 and 1993 reflect after tax LIFO income of \$0.6 million and \$1.4 million, respectively, representing final determination of price changes and liquidations of inventories which occurred during the year.

The fourth quarters of 1994 and 1993 reflect reduction in income taxes of \$4.0 million and \$1.1 million, respectively, resulting from final determination of income taxes to be provided for the year.

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

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

The third quarter of 1994 includes after-tax charges of \$2.7 million (\$.11 per share) and \$2.0 million (\$.08 per share) relating to the realizable value of the investment in the 5-ton truck business and costs associated with contract close-out and related issues, and for the discontinuance and rationalization of administrative facilities and termination costs related to Metal Reclamation and Mill Services Group, respectively. The third quarter also includes claim settlement of \$6.8 million after-tax (\$.27 per share)

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

Partners
United Defense, L.P.

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

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

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

ERNST & YOUNG LLP

Washington, D.C.
January 23, 1995

United Defense, L.P.
Balance Sheet
December 31, 1994
(In thousands)

Assets:

Current assets:

Cash and marketable securities	\$ 32,000
Trade receivables	81,251
Inventories (Note 3)	182,965
Other current assets	9,600
Total current assets	<u>305,816</u>
Investments in affiliated companies	8,412
Property, plant and equipment	478,853
Less -- accumulated depreciation	356,805
Net property, plant and equipment (Note 4)	<u>122,048</u>
Patents and deferred charges (Note 5)	11,686
Prepaid pension cost (Note 6)	31,935
Total assets	<u>\$ 479,897</u>

Liabilities and Partners' Capital

Current liabilities:

Accounts payable, trade and other	\$ 75,058
Advanced payments	165,417
Accrued and other liabilities	58,660
Due to FMC Corporation for current services	2,513
Total current liabilities	<u>301,648</u>
Accrued pension cost (Note 6)	12,346
Accrued postretirement benefit cost (Note 7)	42,207
Total liabilities	<u>356,201</u>
Commitments and contingencies (Notes 9, 11 and 12)	
Partners' capital	
FMC Corporation	104,359
Harsco Corporation	19,337
Total partners' capital	<u>123,696</u>
Total liabilities and partners' capital	<u>\$ 479,897</u>

See Accompanying Notes to Financial Statements

United Defense, L.P.
Statement of Income

Year ended December 31, 1994

(In thousands)

Revenue:	
Sales and other revenue	\$1,088,730
Costs and expenses:	
Cost of sales	815,045
Selling, general and administrative expenses	122,303
Research and development	16,311
	<u>953,659</u>
Income from operations	135,071
Other income (expense)	
Interest	2,569
Miscellaneous, net	(4,235)
	<u>133,405</u>
Income before income taxes	133,405
Provision for income taxes (Note 2)	3,878
Net income	<u>\$ 129,527</u>

See Accompanying Notes to Financial Statements

United Defense, L.P.
Statement of Partners' Capital

Year ended December 31, 1994

(In thousands)

	FMC	Harsco	Total
Initial partnership contributions	\$124,740	\$ 29,600	\$154,340
Tax distributions	(29,861)	(29,883)	(59,744)
Net income distributions	(60,256)	(40,171)	(100,427)
1994 net income	69,736	59,791	129,527
Balance, December 31, 1994	<u>\$104,359</u>	<u>\$ 19,337</u>	<u>\$123,696</u>

See Accompanying Notes to Financial Statements

United Defense, L.P.
Statement of Cash Flows
Year ended December 31, 1994
(In thousands)

Operating activities	
Net Income	\$129,527
Adjustments for non-cash components of net income:	
Depreciation	28,993
Other	(6,966)
Changes in assets and liabilities:	
Trade receivables	7,401
Inventories	(2,609)
Other current assets	(964)
Prepaid pension cost	(5,898)
Accounts payable, trade and other	(2,290)
Advanced payments	(8,613)
Accrued and other liabilities	21,912
Due to FMC Corporation for current services	2,513
Accrued pension cost	6,072
Accrued other postretirement benefit costs	(3,069)
Cash provided by operating activities	<u>166,009</u>
Investing activities	
Capital spending	(18,259)
Disposal of property, plant and equipment	1,138
Cash used in investing activities	<u>(17,121)</u>
Financing activities	
Cash contributions from partners	41,670
Partner distributions	(160,171)
Cash used in financing activities	<u>(118,501)</u>

Increase in cash and marketable securities	<u>30,387</u>
Cash and marketable securities, beginning of year	1,613
Cash and marketable securities, end of year	<u>\$ 32,000</u>

See Accompanying Notes to Financial Statements

UNITED DEFENSE, L.P.
NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands)

Note 1 Formation of United Defense, L.P.

On January 28, 1994, FMC Corporation ("FMC") and Harsco Corporation ("Harsco") announced completion of a series of agreements, first announced in December 1992, to combine certain assets and liabilities of FMC's Defense Systems Group ("DSG") and Harsco's BMY Combat Systems Division ("BMY"). The effective date of the combination was January 1, 1994. The combined company, United Defense, L. P. ("the partnership"), will operate as a limited partnership. FMC is the Managing General Partner with a 60 percent equity interest and Harsco Defense Holding is a Limited Partner holding a 40 percent equity interest.

Note 2 Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

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

Significant Accounting Policies

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

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

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

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

Investments in affiliated companies Investments in affiliated companies, primarily foreign joint ventures, are carried primarily at cost, with income recognized as dividends are received. Investments in majority-owned foreign joint ventures are not consolidated since there is uncertainty regarding the partnership's ability to control these ventures or repatriate earnings, and because of the extreme volatility of foreign exchange rates in countries in which these ventures are active. Dividends received were \$12.4 million during 1994 and are included in sales and other revenue.

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

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

Advanced payments received from customers Amounts advanced by customers as deposits on orders not yet billed and progress payments on contracts-in-progress are recorded as current liabilities.

Financial instruments The fair values of financial instruments approximated

their carrying values at December 31, 1994. Fair values have been determined through information obtained from market sources and management estimates.

Environmental Under the Participation Agreement between FMC and Harsco each partner generally is financially accountable to the partnership for environmental conditions occurring prior to formation of the partnership at facilities or properties previously operated or used in their respective businesses, to the extent that costs incurred are not recovered from third parties or not covered by environmental accruals contributed by the parties at formation. At December 31, 1994, \$4.5 million of the FMC contributed accruals and \$2.5 million of the Harsco contributed accruals are unused.

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

Cash flows Marketable securities consists of investments with initial maturities of three months or less.

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

Accounting standards not adopted The Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position (SOP) 94-6 on December 30, 1994. This SOP, Disclosure of Certain Significant Risks and Uncertainties, will be effective for the partnership's 1995 financial statements. The disclosures required by the SOP focus primarily on the nature of an entity's operations, the use of estimates in the preparation of financial statements and on risks and uncertainties that could significantly affect the amounts reported in the financial statements. Management has not yet determined what additional disclosures may be necessary as a result of this new statement.

Note 3 Inventories

The current replacement cost of LIFO inventories exceeded their recorded values by approximately \$19.5 million at December 31, 1994 (\$13.9 million as of January 1, 1994). Inventories on long-term contracts carried at actual production cost total approximately \$9.6 million at December 31, 1994.

Note 4 Property, Plant and Equipment

Property, plant and equipment is as follows:

	December 31, 1994
Buildings	\$ 58,342
Machinery and Equipment	398,573
Land and Improvements	16,526
Construction in Progress	5,412
	<u>478,853</u>
Less: Accumulated Depreciation	356,805
	<u>\$122,048</u>

Note 5 Advance Agreement

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

Note 6 Retirement Plans

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

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

The following table summarizes the assumptions used and the components of the net pension cost:

Year ended December 31, 1994

Assumptions:	
Weighted average discount rate	8.00%
Rates of increase in future compensation levels	5.00%
Weighted average expected long-term asset return	9.60%

Components:

Service cost	\$ 9,976
Interest cost on projected benefit obligation	16,967
Actual return on plan assets:	
Investment (gains) losses, net	(6,106)
Net amortization and deferral:	
Net transition asset amortization	(1,733)
Prior service cost amortization	2,954
Net gain amortization	(1,226)
Loss from special termination benefits	3,792
Net asset gain (loss) deferred	(20,025)
Net pension cost	\$ 4,599

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

Pension expense includes a \$3.8 million charge related to special termination benefits (early retirement incentive) and a \$0.9 million curtailment charge included in prior service cost amortization relating to the elimination of employees in selected hourly plans.

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

Actuarial present value of benefits for service rendered to date:	
Accumulated benefit obligation based on salaries to date, including vested benefits of \$182,001	\$(192,341)
Additional benefits based on estimated future salary levels	(42,965)
Projected benefit obligation	(235,306)
Plan assets at fair market value	274,139
Plan assets in excess of projected benefit obligation	38,833
Unrecognized net transition asset	(10,798)
Unrecognized prior service cost	12,089
Unrecognized net gain	(20,535)
Net prepaid pension cost	\$ 19,589

Primarily equities, bonds and fixed income securities.

Note 7 Postretirement Health Care and Life Insurance Benefits

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

The partnership funds a trust for retiree health and life benefits for employees previously covered under the FMC benefit plans. Benefits for employees formerly covered under the Harsco plan are not funded. At December 31, 1994 the projected benefit obligation for the partnership's employees included in this latter postretirement plan category amounts to \$3.4 million.

Actuarial assumptions used to determine costs and the benefit obligation include a discount rate of 8 percent and weighted average expected return on long-term assets of 9 percent. The assumed rate of future increases in per capita cost of health care benefits was 10 percent in 1994, decreasing gradually to 6 percent by the year 2001 and after. Increasing the health care cost trend rates by one percentage point would increase the accumulated benefit obligation by approximately \$3.4 million and would increase annual service and interest costs by \$0.3 million.

The following table summarizes the components of net postretirement benefit cost for 1994:

Service cost	\$ 1,372
Interest cost on accumulated postretirement benefit obligation	4,576
Actual return on plan assets - investment (gains) losses	364
Net amortization and deferral:	

Net gain amortization	(129)
Loss from special termination benefits	380
Net asset gain (loss) deferred	(2,454)
<hr/>	
Net periodic postretirement benefit cost	\$ 4,109
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The funded status of the plans and accrued postretirement benefit cost recognized in the partnership's financial statements as of December 31, 1994 are as follows:

Accumulated post retirement obligation:	
Retirees	\$(44,054)
Fully eligible active participants	(6,209)
Other active participants	(15,793)
<hr/>	
Accumulated postretirement benefit obligation	(66,056)
Plan assets at fair market value	24,491
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Accumulated postretirement benefit obligation in excess of plan assets	(41,565)
Unrecognized net gain	(642)
<hr/>	
Accrued postretirement benefit cost	\$(42,207)
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Primarily equities and fixed income securities.

Note 8 Employees' Thrift And Stock Purchase Plan

Based on their prior employment with FMC or Harsco, the partnership's employees may be eligible to participate in the partners' defined contribution savings plans designed to comply with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 401(k) of the Internal Revenue Code. Charges against income for matching contributions to the plans were \$6.2 million in 1994.

Note 9 Commitments and Contingent Liabilities

The partnership leases office space, plants and facilities, and various types of manufacturing, data processing and transportation equipment. Rent expense for 1994 was \$10.8 million. Minimum future rentals under noncancellable leases, excluding a related party lease (Note 12) are estimated to be payable \$6.2 million in 1995, \$5.2 million in 1996, \$3.0 million in 1997, \$2.6 million in 1998, \$1.7 million in 1999. The real estate leases generally provide for payment of property taxes, insurance and repairs by the partnership.

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

Note 10 Partners' Capital

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

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

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

Note 11 Significant Customer and Export Sales

Sales to various agencies of the U.S. Government aggregated \$614.9 million during 1994. At December 31, 1994 trade accounts receivable from the U.S. Government totalled \$63.7 million. Export sales, including sales to foreign governments transacted through the U.S. Government, were \$280.6 million during 1994.

Note 12 Related Party Transactions

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

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

Sales of inventory to FMC during 1994 amounted to \$2.8 million. Management believes that such transactions were consumated on terms substantially similar to those that would arise in transactions with third parties.

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

HARSCO CORPORATION

Subsidiaries of the Registrant:

Name	Country of Incorporation	Ownership Percentage
Heckett MultiServ SAIC	Argentina	100%
MetServ (Australia) Pty. Ltd.	Australia	70%
MetServ Victoria Pty. Ltd.	Australia	70%
MetServ Pty. Ltd.	Australia	55%
Harsco (Australia) Pty. Limited	Australia	100%
Tamper (Australia) Pty. Limited	Australia	100%
Taylor-Wharton (Australia) Pty. Limited	Australia	100%
WRG MultiServ GmbH	Austria	90%
Alu Serv Middle East W.L.L.	Bahrain	75%
Heckett MultiServ S.A.	Belgium	100%
MultiServ Russia S.A.	Belgium	100%
Loyquip Holdings S.A.	Belgium	100%
Societe D'Etudes et D'Administration des Entreprises S.A.	Belgium	100%
Somafer Benelux Interim S.A.	Belgium	100%
Finauxa S.A.	Belgium	100%
Fortuna Insurance Limited	Bermuda	100%
Harsco (Bermuda) Limited	Bermuda	100%
Sociedade Brasileira de Recuperacao de Metais (Sobremetal) Ltda	Brazil	100%
Comercio de Rejeitos Industriais Ltda	Brazil	100%
Harsco Canada Limited	Canada	100%
Heckett Technology Services Canada, Inc.	Canada	100%
Heckett MultiServ S.A.	Chile	100%
MultiServ Wuhan Ltd.	China	100%
MultiServ Jiangxi Ltd.	China	100%
MultiServ s.r.o.	Czech Republic	100%
Heckett MultiServ Holding S.A.	France	100%
Floyequip S.A.	France	100%
Heckett MultiServ S.A.	France	100%
ASVID S.A.	France	100%
Chimimeca S.A.	France	100%
PyroServ	France	100%
Societe Francais D'Interim S.A.	France	100%
Heckett MultiServ Sud S.A.	France	100%
Heckett MultiServ GmbH	Germany	100%
Harsco GmbH	Germany	100%
Axil International Ltd.	Ireland	100%
IMS Servizi Spa	Italy	100%
MultiServ Spa	Italy	100%
ILSERV	Italy	65%
Luxequip Holdings S.A.	Luxembourg	100%
Heckett MultiServ S.A.	Luxembourg	100%
Societe Luxembourgoise D'Interim S.A.	Luxembourg	100%
Taylor-Wharton Asia (M) SDN. BHD.	Malaysia	70%
Irving, S.A. de C.V.	Mexico	100%
Heckett Mexicana, S.A. de C.V.	Mexico	100%
Andamios Patentados, S.A. de C.V.	Mexico	100%
Servicios Industriales Siderurgicos, S.A. de C.V.	Mexico	100%
Electroforjados Nacionales, S.A. de C.V.	Mexico	100%
Heckett MultiServ International N.V.	Netherlands	100%
Heckett MultiServ Finance B.V.	Netherlands	100%
Heckett MultiServ China B.V.	Netherlands	100%
Heckett MultiServ Far East B.V.	Netherlands	100%
Harsco Europa B.V.	Netherlands	100%
Heckett (Holland) B.V.	Netherlands	100%
Heckett MultiServ AS	Norway	100%
Heckett Saudi Arabia Limited	Saudi Arabia	55%
MultiServ Slovensko s r.o.	Slovakia Republ	100%
FerroServ (Pty.) Limited	South Africa	100%
FerroServ Operations (Pty.) Ltd.	South Africa	100%
MultiServ Lycrete S.A.	Spain	95%
Serviequipo S.A.	Spain	95%
MultiServ Intermetal S.A.	Spain	100%
MultiServ Iberica S.A.	Spain	100%
Heckett MultiServ Reclamet S.A.	Spain	100%
Gestion Materias Ferricas, S.A.	Spain	100%
Heckett MultiServ Nordiska AB	Sweden	100%
Heckett MultiServ AB	Sweden	100%
Heckett MultiServ plc	U.K.	100%
MultiServ Ltd.	U.K.	100%
MultiServ Overseas Ltd.	U.K.	100%
Quipco Ltd.	U.K.	100%
Harsco (U.K.) Ltd.	U.K.	100%
The Permanent Way Equipment Company Limited	U.K.	100%
Harsco Ltd.	U.K.	100%
Tamper Corp. (U.K.) Limited	U.K.	100%
Heckett International Services Limited	U.K.	100%
Heckett Limited	U.K.	100%
Heckett MultiServ Inc.	U.S.A.	100%
Heckett MultiServ U.S. Corp.	U.S.A.	100%
Heckett MultiServ Operations Ltd.	U.S.A.	100%
Heckett MultiServ General Corp.	U.S.A.	100%
Heckett MultiServ Intermetal Inc.	U.S.A.	100%
Heckett Technology Services Inc.	U.S.A.	100%
Harsco Investment Corporation	U.S.A.	100%
Harsco Defense Holding, Inc.	U.S.A.	100%
Harsco Foreign Sales Corporation	U.S. Virgin Isl	100%

Heckett MultiServ MV + MS
Heckett Yugoslavia Ltd.

Venezuela
Yugoslavia

100%
100%

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

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

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the following Registration Statements of Harsco Corporation and in the related Prospectuses of our report dated January 23, 1995 with respect to the financial statements of United Defense, L.P. included in this Annual Report (Form 10-K) for the year ended December 31, 1994:

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

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

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

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

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

ERNST & YOUNG LLP

Washington, D.C.
March 22, 1995

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the following Registration Statements of Harsco Corporation and Subsidiary Companies (the "Company") of our report dated February 7, 1995, except as to the first paragraph of Note 10, for which the date is February 23, 1995 on our audits of the consolidated financial statements and consolidated financial statement schedule of the Company as of December 31, 1994 and 1993 and for each of the three years in the period ended December 31, 1994. Our reports, which include (A) an emphasis of a matter paragraph regarding the Company's involvement in disputes relating to the "after-imposed" Federal Excise Tax and related claims and (B) explanatory paragraphs regarding (i) the Company's involvement in various disputes regarding Federal Excise Tax and other contract matters primarily relating to the five-ton truck contract and claims relating to certain contracts and (ii) changes in the Company's methods of accounting for income taxes and postretirement benefits other than pensions appear on page 58 of the 1994 Annual Report to Shareholders of Harsco Corporation and on page 27 of this Annual Report on Form 10-K, respectively:

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

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

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

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

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

COOPERS & LYBRAND L.L.P.

Philadelphia, Pennsylvania
March 24, 1995

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	DEC-31-1994
	DEC-31-1994
	43,550
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	(7,285)
	121,199
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	(549,962)
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86,553	
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	86,553
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	3.43