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

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

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, 1997   Commission file number 1-3970

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

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

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

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

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

Securities registered pursuant to Section 12(g) of the Act:
NONE
(Title of class)

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

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

YES /X/   NO / /

The aggregate market value of the Company's voting stock held by non-affiliates of the Company as of February 28, 1998 was $1,957,477,988.

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

Classes	Outstanding at February 28, 1998
Common stock, par value $1.25 per share	46,745,743
Preferred stock purchase rights	46,745,743

Documents Incorporated by Reference

Selected portions of the Notice of 1998 Meeting and Proxy Statement are Incorporated by Reference in Part III of this Report.

The Exhibit index (Item No. 14) is located on pages 72 to 76.

HARSCO CORPORATION AND SUBSIDIARY COMPANIES

INFORMATION REQUIRED IN REPORT

PART I

Item 1. Business:

(a) Description of Business:

Harsco Corporation ("the Company") is a diversified industrial services and engineered products company. The principal lines of business are: industrial mill services that are provided to steel producers in 30 countries, including the United States; scaffolding services to the industrial maintenance and construction markets primarily in North America; railway maintenance of way equipment and services that are provided to worldwide railroads; gas control and containment products for customers worldwide; and several other lines of business including, but not limited to, industrial grating and bridge decking, industrial pipe fittings, process equipment, slag abrasives and roofing granules. The Company's operations fall into three Operating Groups: Metal Reclamation and Mill Services; Process Industry Products and Infrastructure and Construction. The Company has over 300 locations in 31 countries, including the United States.

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

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

In 1997, the Company sold its 40% interest in United Defense, L.P., completing its strategic exit from the Defense business. The sale resulted in pre-tax cash proceeds to the Company of $344 million and resulted in an after tax gain on the sale of $150 million after taking into account certain retained liabilities from the partnership and estimated post closing net worth adjustments, as well as pre-partnership formation contingencies and other defense business contingencies.

The operations of the Company in any one country, except the United States, do not account for more than 10% of sales. No single customer or group under common control represented 10% or more of the Company's sales during 1997, 1996, and 1995. There are no significant intergroup sales.

(b) Financial Information about Industry Groups:

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

(c) Narrative Description of Business:

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

Metal Reclamation and Mill Services

This Group provides specialized services to steel producers and non-ferrous metallurgical industries worldwide. The services provided include metal reclamation; slag processing, marketing, and disposal; scrap management and handling; cleaning of slag pits; handling of raw material, steel slabs, 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, general plant services, and recycling technology. Similar services are also provided to non-ferrous metallurgical industries, such as aluminum, copper, and nickel.

This Group includes the Eastern and Western Regions of the Heckett MultiServ Division, which operates in 30 countries on six continents.

For 1997, the percentage of consolidated net sales for metal reclamation and mill services was 38%.

Process Industry Products

Major product classes in this Group are gas containment and control equipment, industrial pipe fittings and process equipment.

Gas containment products include cryogenic equipment, such as bulk storage tanks, refrigerators, dewars and freezers, and liquid cylinders; high pressure cylinders; propane tanks; and composite pressure vessels such as self-contained breathing apparatus and natural gas fuel tanks. Gas control products include brass valves and regulators serving a variety of markets including the recreational diving market and the barbecue grill industry.

Under the valves and regulators product line, an innovative propane cylinder valve for 20-pound cylinders on gas grills continues to gain in the market place. This propane valve is the barbecue grill standard for the industry, because of its improved safety and convenience. The Sherwood line of scuba equipment is among the world's most respected and reliable diving equipment for both professional and vacation divers.

The Company's diverse product class of process equipment includes heat and mass transfer equipment; air-cooled heat exchangers; fractionation trays; process equipment, blenders, dryers and mixers; industrial and institutional boilers and hot water heaters; and wear-resistant steels used in the heavy-duty industrial requirements of mining, steelmaking, and paper production, as well as the ballistic armor protection of military and commercial vehicles.

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

At the end of 1997, the Company acquired an emerging firm which specializes in providing advanced technologies and services for the handling and disposal of medical wastes.

For 1997, percentages of consolidated net sales of certain product classes were as follows: gas containment and control, 21%; process equipment, 8%; and industrial pipe fittings, 7%.

Infrastructure and Construction

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

The Group's scaffolding, shoring and concrete forming operations include steel and aluminum support systems that are leased or sold to customers through a North American network of some 40 branch offices. Also, the New Orleans-based Plant Services unit provides cost-effective scaffolding and erection/dismantling services to refineries and the petrochemical sector.

The Company's product class of railway maintenance of way equipment and services includes specialized track maintenance equipment used by private and government-owned railroads and urban transit systems worldwide. The equipment manufactured by the Company includes ballast tamping machines; ballast regulators and brooms; tie inserters and removers; spike drivers, pullers, and reclaimers; and other systems used in the construction and maintenance of track and railbeds. The Company's railway maintenance of way services include the Tie Masters(TM)program, which provides day-to-day management and equipment for the railway's tie renewal and equipment maintenance work, including training the railway's tie and surface gang personnel to operate the equipment.

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

The Company's slag abrasives and roofing granules are produced from utility coal slag at a number of locations throughout the United States. Slag abrasives are used for industrial surface preparation, such as rust removal and cleaning of bridges, ship hulls, and various structures. Roofing granules are sold to residential roofing shingle manufacturers.

For 1997, percentages of consolidated net sales of certain product classes were as follows: scaffolding, shoring and concrete forming equipment, 8%; railway maintenance of way services and equipment, 8%; industrial grating and bridge decking, 7%; and roofing granules and slag abrasives, 3%.

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

	1997	1996	1995
Metal Reclamation and Mill Services	38%	39%	40%
Gas Control and Containment Equipment	21%	19%	18%

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

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

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

(1) (v) Harsco furnishes building products and materials and a wide variety of specialized equipment for commercial, industrial, public works and residential construction which are seasonal in nature. In 1997, construction related operations accounted for 12% 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.

(1) (viii) Backlog of orders stood at $225,575,000 and $211,734,000 as of December 31, 1997 and 1996, respectively. It is expected that approximately 20% of the total backlog at December 31, 1997, will not be filled during 1998. There is no significant seasonal aspect to the Company's backlog. Backlog for scaffolding, shoring and forming equipment, and for roofing granules and slag abrasives are not included in the total backlog, because they are generally not quantifiable. Contracts for the Metal Reclamation and Mill Services Group are also excluded from the total backlog.

(1) (ix) At December 31, 1997, the Company had no material contracts that were subject to renegotiation of profits or termination of the contracts at the election of the Government.

(1) (x) The various fields in which the Company 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 $6,090,000, $5,108,000, and $4,876,000 in 1997, 1996, and 1995, respectively.

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

(1) (xiii) As of December 31, 1997, the Company had approximately 14,600 employees.

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

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

Item 2. Properties:

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

Location	Floor Space (Sq. Ft.)	Principal Products
Infrastructure and Construction:		
Fairmont, Minnesota	312,000	Railroad Equipment
West Columbia, South Carolina	224,000	Railroad Equipment
Nottingham, England	30,000	Railroad Equipment
Brendale, Australia	20,000	Railroad Equipment
Nashville, Tennessee	246,000	Grating
Nashville, Tennessee	87,000	Grating
Charlotte, North Carolina	23,000	Grating
Madera, California	48,000	Grating
Leeds, Alabama	51,000	Grating
Cheswick, Pennsylvania	56,000	Grating
Channelview, Texas	86,000	Grating
Marlboro, New Jersey	30,000	Grating
Queretaro, Mexico	63,000	Grating
Marion, Ohio	135,000	Construction Equipment
Moundsville, West Virginia	11,000	Roofing Granules/Abrasives
Drakesboro, Kentucky	38,000	Roofing Granules
Gary, Indiana	15,000	Roofing Granules/Abrasives

Item 2. Properties (continued):

Location	Floor Space (Sq. Ft.)	Principal Products
Process Industry Products:		
West Jefferson, Ohio	148,000	Pipe Fittings
Crowley, Louisiana	172,000	Pipe Fittings
Houston, Texas	26,000	Pipe Fittings
Chicago, Illinois	35,000	Pipe Fittings
Hamden, Connecticut	47,000	Pipe Fittings
Vanastra, Ontario, Canada	55,000	Pipe Fittings
East Stroudsburg, Pennsylvania	172,000	Process Equipment
Port of Catoosa, Oklahoma	131,000	Heat Exchangers
Tulsa, Oklahoma	41,000	Fractionation Trays
Tulsa, Oklahoma	13,000	Fractionation Trays
Sapulpa, Oklahoma	68,000	Heat Exchangers
Birmingham, Alabama	133,000	Wear Products
Bilston, England	39,000	Fractionation Trays
Lockport, New York	104,000	Valve Manufacturing
Niagara Falls, New York	66,000	Valve Manufacturing
Jessup, Georgia	43,000	Propane Tanks
Jessup, Georgia	62,000	Propane Tanks
Bloomfield, Iowa	40,000	Propane Tanks
West Jordan, Utah	30,000	Propane Tanks
Pomona, California	56,000	Composite Pressure Vessels
Gardena, California	26,000	Composite Pressure Vessels
Harrisburg, Pennsylvania	317,000	Cylinders
Huntsville, Alabama	270,000	Acetylene Tanks
Theodore, Alabama	305,000	Cryogenic Storage Vessels
Husum, Germany	61,000	Cryogenic Storage Vessels
Shah Alam, Malaysia	25,000	Cryogenic Storage Vessels
Shah Alam, Malaysia	29,000	Cylinders
Beijing, China	134,000	Cryogenic Storage Vessels

The Company also operates the following plants which are leased:

Location	Floor Space (Sq. Ft.)	Principal Products	Expiration Date of Lease
Infrastructure and Construction:			
Tulsa, Oklahoma	10,000	Grating	02/28/99
Process Industry Products:			
Lansing, Ohio	67,000	Pipe Fittings	01/31/03
Cleveland, Ohio	50,000	Brass Castings	09/30/98
Harrisburg, Pennsylvania	110,000	Medical Waste Disposal	05/31/07

The Company operates from a number of other plants, branches, warehouses and offices in addition to the above. In particular, the Company has over 185 locations related to metal reclamation in thirty countries, however since these facilities are on the property of the steel mill being serviced they are not listed. The Company considers all of its properties to be in satisfactory condition.

Item 3. Legal Proceedings:

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

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

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

PART II

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

On November 19, 1996, the Board of Directors declared a two-for-one stock split on the Company's common stock. One additional share was issued for each share of common stock held by shareholders of record as of the close of business on January 15, 1997. New shares were distributed on February 14, 1997.

Harsco common stock is traded on the New York, Pacific, Boston, and Philadelphia Stock Exchanges under the symbol HSC. At the end of 1997, there were 46,976,130 shares outstanding on a post-split basis. In 1997, the stock traded in a range of $47 7/8 - $33 1/4 (on a post-split basis) and closed at $43 1/8 at year-end. At December 31, 1997 there were approximately 19,000 shareholders. For additional information regarding Harsco common stock market price and dividends declared, see the Common Stock Price and Dividend Information under Part II, Item 8, "Financial Statements and Supplementary Data".

Item 6. Selected Financial Data

FIVE-YEAR STATISTICAL SUMMARY
(ALL DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	1997	1996	1995	1994	1993(DELTA)
INCOME STATEMENT INFORMATION					
Net sales	$ 1,627,478	$ 1,557,643	$ 1,495,466	$ 1,357,715	$ 960,176(e)
Income from continuing operations before interest, income taxes, minority interest, and cumulative effect of accounting changes	179,888	166,057	131,019	114,593	82,504
Income from continuing operations before cumulative effect of accounting changes	100,400	83,903	61,318	46,111	39,046(a)
Income from discontinued defense business	28,424(g)	35,106	36,059	40,442	41,770
Gain on disposal of discontinued defense business	150,008	--	--	--	--
Net income	278,832	119,009	97,377	86,553	87,618
FINANCIAL POSITION INFORMATION					
Working capital	$ 341,160	$ 214,519	$ 145,254	$ 254,338	$ 182,756
Total assets	1,477,188	1,324,419	1,310,662	1,314,649	1,427,612
Long-term debt	198,898	227,385	179,926	340,246	364,869
Total debt	225,375	253,567	288,673	365,984	428,378
Depreciation and amortization	116,539	109,399	104,863	99,589	74,808
Capital expenditures	143,444	150,294	113,895	90,928	83,395
Cash provided by operating activities	148,541(f)	217,202	258,815	161,395	232,220
Cash provided (used) by investing activities	196,545(f)	(153,225)	(97,331)	(73,150)	(397,666)
Cash provided (used) by financing activities	(167,249)	(92,944)	(128,068)	(103,040)	173,555
RATIOS					
Return on net sales(1)	7.9%	7.6%	6.5%	6.4%	5.7%(a)
Return on average equity(2)	18.4%	18.2%	15.9%	15.7%	17.3%
Return on average assets(3)	17.1%	16.8%	14.6%	13.5%	13.4%(a)
Current ratio	1.9:1	1.7:1	1.4:1	1.9:1	1.4:1
Percent of total debt to capital(4)	22.4%	27.1%	31.6%	38.6%	45.0%
PER SHARE INFORMATION (c)					
Income from continuing operations	$ 2.06	$ 1.68	$ 1.21	$ .92	$ .78(a)
Income from discontinued defense business	.58(g)	.71	.72	.80	.83
Gain on disposal of discontinued defense business	3.08	--	--	--	--
Income before cumulative effect of accounting changes	5.72	2.39	1.93	1.72	1.61(a)
Shareholders' equity	16.64	13.73	12.49	11.54	10.48
Cash dividends declared	.82	.77	.75	.71	.70
OTHER INFORMATION					
Average number of shares outstanding (c) .	48,754,212	49,894,515	50,504,707	50,230,321	50,072,646
Number of employees	14,600	14,200	13,200	13,000	14,200
Backlog(d)	$ 225,575	$ 211,734	$ 157,129	$ 160,703	$ 146,751(b)

[DELTA] Includes MultiServ International, N.V. since date of acquisition, August 31, 1993.

(a) Excludes cumulative effect of change in method of accounting for income taxes, which increased net income by $6.8 million, ($.14 per share).

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

(c) Reflects two-for-one stock split to shareholders of record January 15, 1997.

(d) Excludes the estimated value of long-term mill service contracts, which had an estimated value of $2.7 billion at December 31, 1997.

(e) Excludes the results of discontinued defense business. No restatement of net sales is required for 1994-1996 results because the discontinued operation was accounted for under the equity method during those years.

(f) Cash provided by operating activities for 1997 includes approximately $100 million of income taxes paid related to the gain on the disposal of the defense business, whereas the pre-tax cash proceeds are included under investing activities.

(g) Includes income through August 1997 (the measurement date) from discontinued defense business.

(1) "Return on net sales" is calculated by dividing income excluding the gain on disposal of discontinued defense business by net sales.

(2) "Return on average equity" is calculated by dividing income excluding the gain on disposal of discontinued defense business by quarterly weighted average equity.

(3) "Return on average assets" is calculated by dividing income excluding the gain on disposal of discontinued defense business before interest expense, income taxes and minority interest by quarterly weighted average assets.

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

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

FINANCIAL CONDITION

The major change in the Company's financial condition and liquidity in 1997 was the October 6, 1997 sale of its 40% limited partnership interest in United Defense, L.P. The sale resulted in pre-tax cash proceeds of $344 million which were recorded as investing activity. Net cash provided by operating activities was $148.5 million in 1997 compared with $217.2 million in 1996. This decrease is due to the approximately $100 million of income taxes paid under operating activities, related to the gain on the sale of the defense business, whereas the proceeds from the sale are required to be presented as a pretax amount under investing activity. During 1997, cash distributions, which were principally from the divested share of the Company's defense interest, of $49.1 million were received from unconsolidated entities compared with $38.5 million in 1996. After adjusting for taxes related to the sale of the discontinued defense business, cash provided by operating activities would have been approximately $249 million in 1997.

Capital expenditures for 1997 were $143.4 million, compared with the record of $150.3 million in 1996, reflecting the Company's continuing program to support internal growth, and to improve productivity and product quality. Capital expenditures during the past three years averaged $135.9 million. Proceeds from the sale of property, plant and equipment in 1997 provided $14.4 million in cash compared with $4.9 million in 1996. Cash from investing activity also included $8.5 million expended for the acquisition at year end of Bio-Oxidation Inc., a provider of advanced technologies and management services for the disposal of medical waste. Cash used for financing activities for 1997 included a net decrease in debt of $18.9 million and $39.1 million of cash dividends paid on common stock.

The Company has maintained a policy of reacquiring its common stock in unsolicited open market or privately-negotiated transactions at prevailing market prices for several years. In January 1997, the Board of Directors authorized the purchase, over a one-year period, of up to 2,000,000 shares of the Company's common stock. In November 1997, the Board authorized the purchase of an additional 2,000,000 shares. The total number of shares purchased under these programs in 1997 was 2,938,741 shares of common stock for approximately $120.5 million. Cash and cash equivalents increased $175.7 million to $221.6 million at December 31, 1997.

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

The Company continues to maintain a good financial position, with net working capital of $341.2 million, an increase from the $214.5 million at December 31, 1996. Current assets amounted to $713.7 million, and current liabilities were $372.5 million, resulting in a current ratio of 1.9 to 1, up from 1.7 to 1 at December 31, 1996. With total debt of $225.4 million and equity of $781.7 million at December 31, 1997, the total debt as a percent of capital was 22.4%, compared with 27.1% at December 31, 1996.

The stock price range during the year was 33 1/4 - 47 7/8. The Company's book value per share at December 31, 1997 was $16.64, compared with $13.73 at December 31, 1996. The Company's return on average equity, excluding the gain on the disposal of the discontinued defense business, for 1997 was 18.4%, compared with 18.2% for the year 1996. The return on average assets, excluding the gain, was 17.1%, compared with 16.8% for the year 1996. The return on average capital, excluding the gain, for 1997 was 14.6%, compared with 14.1% for the year 1996.

The Company has available through a syndicate of banks a $400 million multi-currency five-year revolving credit facility, extending through July 2001. This facility serves as a back-up to the Company's commercial paper program. As of December 31, 1997, there were no borrowings outstanding under this facility.

The Company has a U.S. commercial paper borrowing program under which it can issue up to $300 million of short-term notes in the U.S. commercial paper market. In addition, the Company has a 3 billion Belgian franc program, equivalent to approximately U.S. $81 million. The Belgian program will be used to borrow a variety of Eurocurrencies in order to fund the Company's European operations. The Company limits the aggregate commercial paper and syndicated credit facility borrowings at any one time to a maximum of $400 million. At December 31, 1997, the Company had $30.8 million of commercial paper debt outstanding under the commercial paper programs.

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

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

RESULTS OF OPERATIONS
1997 COMPARED WITH 1996

Revenues from continuing operations for 1997 were $1.63 billion, 4% above 1996. The increase was due principally to higher product sales of gas control and containment equipment, which included an acquisition in April of 1996. Higher product sales were also recorded for process equipment, pipe fittings, grating, and railway maintenance of way equipment. In addition, service sales in metal reclamation and mill services increased despite being adversely affected by the strengthening of the U.S. dollar, particularly against European currencies, as well as the divesting of certain non-core businesses in Europe in April of 1996. Service sales for scaffolding, shoring and forming equipment, as well as railway maintenance contract services, also increased. Excluding the adverse effect of the strengthening U.S. dollar, revenues from continuing operations for 1997 were 7% above 1996.

Cost of products sold increased, principally due to higher volume which included an acquisition in 1996. Cost of services sold also increased as a result of increased sales of services. Selling, general and administrative expenses increased, as a result of higher compensation costs and sales commissions, as well as the inclusion of an acquired company.

Income from continuing operations before income taxes and minority interest was up 13% from 1996 due to improved performance. Higher earnings from continuing operations in 1997 were due principally to higher results for metal reclamation and mill services, as well as gas control and containment equipment. Income from grating also increased, but to a lesser extent. These items were partially offset by lower results for process equipment and railway maintenance of way equipment and contract services, as well as a $1.4 million pre-tax provision ($.02 earnings per share) for an impairment loss arising from the disposal of the Company's shell and tube business. Interest expense decreased as a result of the continued reduction of the Company's outstanding debt and average interest rate. The effective income tax rate for continuing operations for 1997 was 38%, versus 41% in 1996. The reduction in the income tax rate is primarily due to lower effective tax rates on United States earnings.

Income from continuing operations of $100.4 million for 1997 was up 20% from 1996. Income per common share from continuing operations was $2.06, up 23% from the $1.68 recorded in 1996.

Income from discontinued operations, which is the after-tax results of the Company's divested defense business through August 1997, was below the results recorded in 1996, which reflected a full year's results. Income per common share from discontinued operations was $.58, which was below 1996. A $150.0 million after-tax gain ($3.08 earnings per share) was recorded in conjunction with the disposal of the Company's defense business.

Net income of $278.8 million, which included the gain on the disposal of the Company's defense business was up significantly from 1996, which had been the highest performance in the history of the Company. Net income per common share was $5.72, up significantly from 1996.

Sales of the Metal Reclamation and Mill Services Group, at $616.5 million, were above 1996, despite the strengthening of the U.S. dollar, principally against certain European currencies, and the divesting of certain non-core businesses in Europe in April of 1996. Sales for the Process Industry Products Group, at $586.5 million, were higher than 1996 due principally to increased sales of gas control and containment equipment, which included an acquisition in April of 1996. Sales for the Infrastructure and Construction Group, at $424.5 million, which included higher sales for most product classes, were above last year.

Operating profit, excluding the effect of items relating to facilities discontinuance and reorganization costs, for the Metal Reclamation and Mill Services Group, at $93.3 million, exceeded 1996 despite the adverse effects of the strong U.S. dollar. Operating profit in 1997 of $93.5 million, including the effect of facilities discontinuance and reorganization costs, for the Group was up 11% from 1996. Operating profit, excluding the effect of items relating to facilities discontinuance and reorganization costs, for the Process Industry Products Group, at $59.0 million, was above the prior year and reflected principally higher results for gas control and containment equipment, which included an acquisition and more than offset lower income for process equipment. Operating profit in 1997 of $57.2 million, including the effect of facilities discontinuance and reorganization costs, for the Group was up 3% from 1996. The Infrastructure and Construction Group posted an operating profit, excluding the effect of items relating to facilities discontinuance and reorganization costs, of $41.5 million, which was below the $42.8 million recorded in 1996, due principally to lower results for railway maintenance of way equipment and contract services. After including the effect of facilities discontinuance and reorganization costs, operating profit of $41.2 million was slightly below the amount recorded in 1996.

In addition to the Group reporting noted above, the Company views itself as a diversified industrial services and engineered products company. Total industrial service sales, which include the Metal Reclamation and Mill Services Group and Infrastructure and Construction Group service businesses, principally scaffolding services and railway maintenance of way services, were $782.4 million in 1997 and $761.5 million in 1996, or approximately 48% and 49% of net sales, respectively. The total engineered products sales for 1997 were $845.1 million or approximately 52% of net sales, which includes sales from the Infrastructure and Construction Group and the Process Industry Products Group. The total engineered products sales for 1996 were $796.1 million or approximately 51% of net sales.

The operating profit, excluding the effect of items relating to facilities discontinuance and reorganization costs, for industrial services for 1997 was $107.1 million compared with $100.4 million in 1996, which is approximately 55% of total Group operating profit for each year. The operating profit, excluding the effect of items relating to facilities discontinuance and reorganization costs, from engineered products for 1997 was $86.7 million compared with $83.4 million in 1996, which is approximately 45% of total Group operating profit for each year.

The operating profit, including the effect of expense items relating to facilities discontinuance and reorganization costs, for industrial services for 1997 was $107.8 million compared with $99.1 million in 1996, or approximately 56% and 55%, respectively, of total Group operating profit. The operating profit, including the effect of expense items relating to facilities discontinuance and reorganization costs, from engineered products for 1997 was $84.1 million compared with $82.3 million in 1996, which is approximately 44% and 45%, respectively, of total Group operating profit.

1996 COMPARED WITH 1995

Revenues from continuing operations for 1996 were $1.56 billion, 4% above 1995. The increase was due principally to higher sales for gas control and containment equipment and metal reclamation and mill services, which included the consolidation of a subsidiary in South Africa that had previously been reflected as an equity investment. The Company acquired a majority ownership of the subsidiary in the fourth quarter of 1995. More than offsetting the South Africa consolidation was the divesting of certain non-core European businesses in the Metal Reclamation and Mill Services Group during the fourth quarter of 1995 and April 1996. In addition, higher sales were recorded for railway maintenance of way equipment and services, scaffolding, shoring and forming equipment, roofing granules and slag abrasives, pipe fittings and to a lesser extent grating. Increased sales were also due in part to an acquisition made in 1996. These increases were partially offset by the effect of ceasing school bus operations in June 1995. Sales also decreased, but to a lesser extent, due to the strengthening of the U.S. dollar, principally against certain European currencies.

Cost of sales increased primarily due to higher volume, but at a rate less than the increase in sales. Selling, general and administrative expenses increased, principally as a result of higher compensation costs and the inclusion of acquired companies.

Income from continuing operations before income taxes and minority interest for 1996 was up 38% from 1995. Higher earnings in 1996 reflect higher operating results for pipe fittings, gas control and containment equipment, roofing granules and abrasives, railway maintenance of way equipment and services, and metal reclamation and mill services. Increased income was also due in part to an acquisition made in 1996. Scaffolding, shoring and forming equipment recorded lower earnings in 1996. On a comparative basis, unfavorably affecting 1995's results were losses arising from the school bus business, which ceased operations in June that year. The Company recorded in 1995 a pre-tax provision of $2.1 million for the valuation of the remaining school bus operation plant and equipment and $3 million in termination and other exit costs. 1995 also included a $13.5 million non-cash pre-tax charge ($0.16 after-tax earnings per share) arising from the settlement of a Federal Excise Tax reimbursement claim with the U.S. Government. Income benefited in 1995 from the effect of a pre-tax $6.6 million net foreign currency translation exchange gain arising from the decline in the U.S. dollar against certain European currencies, which more than offset a pre-tax $3.4 million foreign currency translation exchange loss due to the devaluation of the Mexican peso. Interest expense decreased as a result of the continued reduction of the Company's outstanding debt and average interest rate. The effective income tax rate for 1996 at 41% was lower than the 1995 rate of 42%.

Income from continuing operations of $83.9 million for 1996 was up 37% from 1995. Income per common share from continuing operations was $1.68, up 39% from the $1.21 which was recorded in 1995.

Income from discontinued operations which is the after-tax results of the Company's divested defense business was $.71 per common share in 1996, down slightly from $.72 in 1995.

Net income of $119 million was up 22% from 1995. This net income was the highest performance in the history of the Company.

Sales of the Metal Reclamation and Mill Services Group, at $607.7 million, were slightly above 1995. The rate of increase was unfavorably affected by the strengthening of the U.S. dollar, principally against certain European currencies. Sales for the Infrastructure and Construction Group, at $408.8 million, were above last year, which included $15.7 million for the school bus business that ceased operation in June 1995. Higher sales were recorded for all other product classes, particularly railway maintenance of way equipment and services and scaffolding in 1996. Sales for the Process Industry Products Group, at $541.1 million, were higher than last year and were led by gas control and containment equipment, which included an acquisition made in 1996. The Process Industry Products Group also included increased sales for pipe fittings, as well as wear products and process equipment.

Operating profit in 1996 of $85.2 million, excluding the effect of expense items relating to facilities discontinuance and reorganization costs for the Metal Reclamation and Mill Services Group, was ahead of 1995, which included $3.4 million of foreign currency translation exchange losses due to the devaluation of the Mexican peso. The increase also includes higher income in 1996 due to the consolidation of a subsidiary in South Africa, beginning October 1995. Operating profit in 1996 of $84.2 million, including the effect of facilities discontinuance and reorganization costs, for the Group was up 9% from 1995. The Infrastructure and Construction Group posted an operating profit of $42.8 million, excluding the effect of expense items relating to facilities discontinuance and reorganization costs. Operating profit increased from 1995, which included losses arising from the school bus operation. Additionally, improved results for roofing granules and slag abrasives, as well as railway maintenance of way equipment and services, contributed to the higher operating profit of the Group. After including the effect of facilities discontinuance and reorganization costs, operating profit of $41.8 million was more than two times the amount recorded in 1995, which included $17.6 million of pre-tax facilities discontinuance and reorganization costs due principally to a $13.5 million non-cash pre-tax charge arising from the settlement of a Federal Excise Tax reimbursement claim with the U.S. Government. Operating profit for the Process Industry Products Group, at $55.8 million, was up 21% from last year, and reflected higher earnings for all product classes, principally gas control and containment equipment, which included an acquisition made in 1996, and pipe fittings.

In addition to the Group reporting noted above, the Company views itself as a diversified industrial services and engineered products company. Total industrial service sales, which include Metal Reclamation and Mill Services Group and Infrastructure and Construction Group service businesses, principally scaffolding services and railway maintenance of way services, were $761.5 million in 1996 and $745.3 million in 1995, or approximately 49% and 50% of net sales in 1996 and 1995, respectively. The total engineered products sales for 1996 were $796.2 million or approximately 51% of net sales, which includes sales from the Infrastructure and Construction Group and the Process Industry Products Group. The total engineered products sales for 1995 were $750.1 million, approximately 50% of net sales.

The operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, for industrial services for 1996 was $100.4 million compared with $96.5 million in 1995, or approximately 55% and 59%, respectively, of total Group operating profit. The operating profit, excluding the effect of expense items relating to facilities discontinuance and reorganization costs, from engineered products for 1996 was $83.4 million compared with $65.8 million in 1995, which is approximately 45% and 41%, respectively, of total Group operating profit.

The operating profit, including the effect of expense items relating to facilities discontinuance and reorganization costs, for industrial services for 1996 was $99.1 million compared with $93.8 million in 1995, or approximately 55% and 66%, respectively, of total Group operating profit. The operating profit, including the effect of expense items relating to facilities discontinuance and reorganization costs, from engineered products for 1996 was $82.3 million compared with $47.8 million in 1995, which is approximately 45% and 34%, respectively, of total Group operating profit.

RESEARCH AND DEVELOPMENT

The Company invested $6.1 million in internal research and development programs in 1997. Internal funding for the Infrastructure and Construction Group amounted to $3.2 million, primarily for railway maintenance of way equipment and services. Expenditures for the Metal Reclamation and Mill Services and Process Industry Products Groups were $1.5 million and $1.4 million, respectively. Total internal research and development spending of $6.1 million increased 20% above the $5.1 million spent in 1996.

BACKLOG

The Infrastructure and Construction Group backlog at December 31, 1997 was $116.9 million which increased 24% over December 31, 1996, due principally to increases in railway maintenance of way services and equipment. The year-end backlog for the Process Industry Products Group was $108.6 million, down 7% from December 31, 1996, due primarily to decreases in gas control and containment, and to a lesser extent, process equipment. Backlog for scaffolding, shoring and forming equipment, and for roofing granules and slag abrasives are not included in the Infrastructure and Construction Group's total backlog, because they are generally not quantifiable. Contracts for the Metal Reclamation and Mill Services Group are also excluded from the total backlog. These contracts, have an estimated value of $2.7 billion at year-end, which increased approximately 4% over December 31, 1996.

OUTLOOK FOR 1998

The record results for 1997 met the Company's internal goals and forecasts, as well as the consensus estimates of the broader financial community. We fully expect to meet our 1998 objectives through the ongoing growth of our repositioned core businesses. The continued strength of the U.S. dollar and, while minimal for Harsco, the current economic uncertainties of the Asian markets, do not undermine our confidence.

Central to Harsco's objectives for growth is our increasing concentration on long-term, service-based relationships. Foremost is the metal reclamation and mill services business, where our leadership in this highly competitive industry continues to be built on long-term, renewable contracts.

We expect metal reclamation and mill services to expand further in 1998, with both new customers and broader product service offerings to existing customers. This revenue growth, combined with ongoing cost saving and productivity initiatives, should again yield improved results. We expect to offer more scaffolding services to the construction and industrial maintenance markets as our new Sprint(R) scaffolding line becomes more recognized in the industry. Further, we anticipate the expansion of services in the railway maintenance of way market, led by a broadening of our Tie Masters(TM) program with a fourth operating crew to be added in 1998. We anticipate growth from our engineered products businesses, led by the rapid expansion of our gas containment and control business through acquisitions and internal growth programs. The process equipment businesses should also be a major contributor. Capital expenditures in 1998 are expected to exceed $150 million, as we further pursue internal growth opportunities.

Subject to major economic, political and foreign currency changes, we believe that our operations will achieve our goals for returns on capital, assets and equity. Cash flows from operating activities are expected to reach approximately $220 million. We expect to further improve our debt-to-capital ratio, excluding the impact of major acquisitions, and fulfill our other stated financial objectives, while investing appropriately for sustainable growth in our businesses.

DIVIDEND ACTION

The Company paid four quarterly cash dividends of $.20 cents per share in 1997, for an annual rate of $.80. At the November meeting, the Board of Directors increased the dividend 10% to an annual rate of $.88 per share. On February 14, 1997, new shares were distributed as a result of the November 1996 meeting, at which the Board approved a two-for-one common stock split. The Board normally reviews the dividend periodically during the year and annually at its November meeting. There are no material restrictions on the payment of dividends.

Harsco is proud of its history of paying dividends. The Company has paid dividends each year since 1939. The February 1998 payment marked the 191st consecutive quarterly dividend paid at the same or at an increased rate. During the five-year period ended December 31, 1997, dividends paid were increased four times. In 1997, the dividend payout rate was 30.4%, excluding the $150 million gain on disposal of the discontinued defense business. Harsco is philosophically committed to maintaining or increasing the dividend at a sustainable level.

ENHANCING SHAREHOLDER VALUE

A guiding principle of the Company is to build a tradition of creating shareholder value. To that end, Harsco is striving to achieve a Return on Capital ("ROC") of 14% in 1998. Each Division's performance is also evaluated using the ROC measurement, which is calculated by dividing net income excluding after-tax interest expense charges by quarterly weighted average total debt and equity. In 1997, the Company's ROC was 14.6%, excluding the gain on disposal of the discontinued defense business. In addition to this key earnings-related measurement, incentive programs for both Division and Corporate managements are based on sales growth, operating cash flow and earnings per share goals. Harsco also has two other Corporate goals for 1998 - to consistently achieve a Return on Equity ("ROE") of 17% - 18% and a Return on Assets ("ROA") of 15% - 16%. In 1997, the Company's ROE was 18.4% and ROA was 17.1%, excluding the gain on disposal of the discontinued defense business. Enhanced shareholder value will be obtained by developing and maintaining lead industry positions in the markets served through the delivery of products and services that provide the best value to the customer.

YEAR 2000

The Company is taking steps to ensure its operations will not be adversely impacted by potential Year 2000 software failures. The Company has completed an initial assessment of its software and has identified software that is currently not Year 2000 ready. The majority of the software which is not Year 2000 ready will be updated through normal software upgrades and replacements. The Company is also working with external organizations that interact with the Company's business, such as suppliers and customers, to ensure that their systems are also Year 2000 ready. Based on its assessment, the Company believes that it is unlikely that the Year 2000 issues will have a material effect on the Company's operations, and that the cost of becoming Year 2000 ready will not have a material adverse effect on the Company's financial position or results of operations.

SAFE HARBOR STATEMENT

The nature of the Company's operations and the many countries in which it operates subject it to changing economic, competitive, regulatory, and technological conditions, risks, and uncertainties. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors which, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. These include statements about our management confidence and strategies for performance; expectations for new and existing products, technologies, and opportunities; and expectations for market segment and industry growth.

These factors include, but are not limited to: (1) changes in the world-wide business environment in which the Company operates, including import, licensing and trade restrictions, currency exchange rates, interest rates, and capital costs; (2) changes in governmental laws and regulations, including taxes; (3) market and competitive changes, including market demand and acceptance for new products, services, and technologies; (4) effects of unstable governments and business conditions in emerging economies; and (5) other risk factors listed from time to time in the Company's SEC reports. The Company does not intend to update this information and disclaims any legal liability to the contrary.

PART II

Item 8. Financial Statements and Supplementary Data:

Index to Consolidated Financial Statements and Supplementary Data

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, 1997 and 1996, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Harsco Corporation and Subsidiary Companies as of December 31, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

/s/ Coopers & Lyband L.L.P.
Philadelphia, Pennsylvania
January 29, 1998, except as to Note 4 and
paragraph 6 of Note 10, for which the
date is March 4, 1998.

HARSCO CORPORATION
CONSOLIDATED BALANCE SHEET

(In thousands, except share amounts) December 31	1997	1996
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 221,565	$ 45,862
Investments in debt securities	43,867	29,180
Accounts receivable, net	259,565	268,230
Inventories	135,154	126,018
Other current assets	53,501	39,256
TOTAL CURRENT ASSETS	713,652	508,546
Property, plant and equipment, net	511,913	513,112
Cost in excess of net assets of businesses acquired, net	187,666	195,387
Net assets of discontinued operations	-	54,376
Other assets	63,957	52,998
	$ 1,477,188	$ 1,324,419
LIABILITIES		
CURRENT LIABILITIES		
Short-term borrowings	$ 22,847	$ 16,856
Current maturities of long-term debt	3,630	9,326
Accounts payable	120,148	111,912
Accrued compensation	42,652	44,501
Income taxes	30,572	9,860
Dividends payable	10,335	9,920
Other current liabilities	142,308	91,652
TOTAL CURRENT LIABILITIES	372,492	294,027
Long-term debt	198,898	227,385
Deferred income taxes	36,954	34,182
Insurance liabilities	33,389	38,876
Other liabilities	53,753	48,662
	695,486	643,132
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Preferred stock, Series A junior participating cumulative preferred stock	-	-
Common stock, par value $1.25, issued 65,854,087 and 65,458,202 shares, respectively	82,318	81,823
Additional paid-in capital	79,360	69,151
Cumulative translation adjustments	(49,677)	(25,476)
Unrealized investment (losses), net of deferred income taxes	(28)	-
Cumulative pension liability adjustments	(1,269)	(619)
Retained earnings	1,033,770	794,473
	1,144,474	919,352
Treasury stock, at cost (18,877,957 and 15,855,850 shares, respectively)	(362,772)	(238,065)
	781,702	681,287
	$ 1,477,188	$ 1,324,419

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION

CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share amounts) Years ended December 31	1997	1996	1995
REVENUES			
Product sales	$ 845,072	$ 796,161	$ 750,138
Service sales	782,406	761,482	745,328
Other	1,643	1,495	4,393
TOTAL REVENUES	1,629,121	1,559,138	1,499,859
COSTS AND EXPENSES			
Cost of products sold	645,044	604,144	576,404
Cost of services sold	584,290	573,047	566,045
Selling, general and administrative expenses	211,231	207,502	198,706
Research and development expenses	6,090	5,108	4,876
Facilities discontinuance and reorganization costs	2,578	3,280	22,809
TOTAL COSTS AND EXPENSES	1,449,233	1,393,081	1,368,840
INCOME FROM CONTINUING OPERATIONS BEFORE INTEREST, INCOME TAXES AND MINORITY INTEREST	179,888	166,057	131,019
Interest income	8,464	6,949	7,472
Interest expense	(16,741)	(21,483)	(28,921)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND MINORITY INTEREST	171,611	151,523	109,570
Provision for income taxes	65,213	62,081	45,755
INCOME FROM CONTINUING OPERATIONS BEFORE MINORITY INTEREST	106,398	89,442	63,815
Minority interest in net income	5,998	5,539	2,497
INCOME FROM CONTINUING OPERATIONS	100,400	83,903	61,318
Discontinued operations:			
Equity in income of defense business (net of income taxes of $14,082, $14,255, and $18,099, respectively)	28,424	35,106	36,059
Gain on disposal of defense business (net of income taxes of $100,006)	150,008	-	-
NET INCOME	$ 278,832	$ 119,009	$ 97,377
Basic earnings per common share:			
Income from continuing operations	$ 2.06	$ 1.68	$ 1.21
Income from discontinued operations	.58	.71	.72
Gain on disposal of discontinued operations	3.08	-	-
BASIC EARNINGS PER COMMON SHARE	$ 5.72	$ 2.39	$ 1.93
Average shares of common stock outstanding	48,754	49,895	50,505
Diluted earnings per common share:			
Income from continuing operations	$ 2.04	$ 1.67	$ 1.20
Income from discontinued operations	.58	.70	.71
Gain on disposal of discontinued operations	3.05	-	-
DILUTED EARNINGS PER COMMON SHARE	$ 5.67	$ 2.37	$ 1.91

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands) Years ended December 31	1997	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 278,832	$ 119,009	$ 97,377
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	107,350	100,137	95,033
Amortization	9,189	9,262	9,830
Gain on disposal of defense business	(250,014)	-	-
Equity in income of unconsolidated entities	(43,549)	(50,083)	(57,031)
Dividends or distributions from unconsolidated entities	49,142	38,474	38,400
Deferred income taxes	(8,175)	(829)	(19,018)
Write-off of federal excise tax receivable	-	-	13,455
Other, net	(5,614)	5,429	(1,890)
Changes in assets and liabilities, net of acquisitions and dispositions of businesses:			
Accounts receivable	(1,812)	(138)	73,732
Inventories	(13,042)	3,100	(1,583)
Accounts payable	4,840	4,086	4,955
Other assets and liabilities	21,394	(11,245)	5,555
NET CASH PROVIDED BY OPERATING ACTIVITIES (1)	148,541	217,202	258,815
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(143,444)	(150,294)	(113,895)
Purchase of businesses, net of cash acquired*	(8,508)	(21,062)	(4,145)
Proceeds from sale of businesses	345,189	1,793	3,821
Proceeds from sale of property, plant and equipment	14,433	4,890	11,491
Purchases of investments available-for-sale	(39,346)	-	-
Investments held-to-maturity: Purchases	(42,241)	(14,300)	(3,067)
Maturities	71,469	26,561	5,475
Other investing activities	(1,007)	(813)	2,989
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	196,545	(153,225)	(97,331)
CASH FLOWS FROM FINANCING ACTIVITIES			
Short-term borrowings, net	8,291	10,911	(13,998)
Current maturities and long-term debt: Additions	61,310	187,319	27,076
Reductions	(88,523)	(229,914)	(95,884)
Cash dividends paid on common stock	(39,120)	(37,921)	(37,397)
Common stock issued-options	5,939	5,726	5,660
Common stock acquired for treasury	(113,161)	(30,657)	(14,130)
Other financing activities	(1,985)	1,592	605
NET CASH (USED) BY FINANCING ACTIVITIES	(167,249)	(92,944)	(128,068)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(2,134)	(1,840)	(297)
Net increase (decrease) in cash and cash equivalents	175,703	(30,807)	33,119
Cash and cash equivalents at beginning of year	45,862	76,669	43,550
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 221,565	$ 45,862	$ 76,669
*PURCHASE OF BUSINESSES, NET OF CASH ACQUIRED			
Working capital, other than cash	$ 2,807	$ (7,625)	$ 5,139
Property, plant and equipment	(833)	(12,315)	(8,263)
Other noncurrent assets and liabilities, net	(10,482)	(1,122)	(1,021)
NET CASH USED TO ACQUIRE BUSINESSES	$ (8,508)	$ (21,062)	$ (4,145)

(1) Cash provided by operating activities for 1997 includes approximately $100 million of income taxes paid related to the gain on the disposal of the defense business, whereas the pre-tax cash proceeds are included under investing activities.

See accompanying notes to consolidated financial statements

HARSCO CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(In thousands, except share amounts)	COMMON STOCK ISSUED	COMMON STOCK TREASURY	ADDITIONAL PAID-IN CAPITAL	CUMULATIVE ADJUSTMENTS TRANSLATION	CUMULATIVE ADJUSTMENTS NET UNREALIZED INVESTMENT (LOSSES)	CUMULATIVE ADJUSTMENTS PENSION LIABILITY
BALANCES, JANUARY 1, 1995	$ 40,429	$ (191,154)	$ 94,070	$ (16,020)	$ -	$ (99)
Net income						
Cash dividends declared, $.745 per share						
Translation adjustments				(3,832)		
Pension liability adjustments, net of $200 deferred income taxes						(314)
Acquired during the year, 651,722 shares		(18,245)				
Stock options exercised, 388,654 shares	243		7,092			
Other, 1,666 shares		26	21			
BALANCES, DECEMBER 31, 1995	40,672	(209,373)	101,183	(19,852)	-	(413)
Net income						
Cash dividends declared, $.77 per share						
Translation adjustments				(5,624)		
Pension liability adjustments, net of $157 deferred income taxes						(206)
Acquired during the year, 944,942 shares		(29,875)				
Stock options exercised, 382,442 shares	239		8,038			
Restricted stock, net, 60,366 shares		1,159	824			
Other, 1,388 shares		24	18			
Two-for-one stock split at par value*	40,912		(40,912)			
BALANCES, DECEMBER 31, 1996	81,823	(238,065)	69,151	(25,476)	-	(619)
Net income						
Cash dividends declared, $.82 per share						
Translation adjustments				(24,201)		
Unrealized investment (losses), net of $18 deferred income taxes					(28)	
Pension liability adjustments, net of $412 deferred income taxes						(650)
Acquired during the year, 3,080,642 shares		(125,841)	34			
Stock options exercised, 395,885 shares	495		9,299			
Restricted stock, net, 57,487 shares		1,117	846			
Other, 1,048 shares		17	30			
BALANCES, DECEMBER 31, 1997	$ 82,318	$ (362,772)	$ 79,360	$ (49,677)	$ (28)	$ (1,269)

(In thousands, except share amounts)	RETAINED EARNINGS
BALANCES, JANUARY 1, 1995	$ 653,996
Net income	97,377
Cash dividends declared, $.745 per share	(37,599)
Translation adjustments	
Pension liability adjustments, net of $200 deferred income taxes	
Acquired during the year, 651,722 shares	
Stock options exercised, 388,654 shares	
Other, 1,666 shares	
BALANCES, DECEMBER 31, 1995	713,774
Net income	119,009
Cash dividends declared, $.77 per share	(38,310)
Translation adjustments	
Pension liability adjustments, net of $157 deferred income taxes	
Acquired during the year, 944,942 shares	
Stock options exercised, 382,442 shares	
Restricted stock, net, 60,366 shares	
Other, 1,388 shares	
Two-for-one stock split at par value*	
BALANCES, DECEMBER 31, 1996	794,473
Net income	278,832
Cash dividends declared, $.82 per share	(39,535)
Translation adjustments	
Unrealized investment (losses), net of $18 deferred income taxes	

Pension liability adjustments, net of $412 deferred income taxes.........................	
Acquired during the year, 3,080,642 shares	
Stock options exercised, 395,885 shares	
Restricted stock, net, 57,487 shares	
Other, 1,048 shares..............................	
BALANCES, DECEMBER 31, 1997......................	$1,033,770

* See Note 2 to the consolidated financial statements.

See accompanying notes to consolidated financial statements.

HARSCO CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION
The consolidated financial statements include the accounts of Harsco Corporation and its majority-owned subsidiaries ("Company"). Investments in unconsolidated entities are accounted for under the equity method.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents includes cash on hand, demand deposits, and short-term investments which are highly liquid in nature and have an original maturity of three months or less.

INVESTMENTS IN DEBT SECURITIES
Marketable debt securities are classified as available-for-sale or held-to-maturity. Management determines the appropriate classification of debt securities at the time of purchase. Debt securities classified as available-for-sale are stated at fair value, with unrealized gains and losses reported in a separate component of shareholders' equity, net of deferred income taxes. Realized gains and losses on sales of investments are included in other revenues. 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 debt securities is included in interest income.

INVENTORIES
Inventories are stated at the lower of cost or market. Inventories in the United States are accounted for using principally the last-in, first-out (LIFO) method. All other inventories are accounted for using the first-in, first-out (FIFO) method and average cost.

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

INTANGIBLE ASSETS
Intangible assets consist principally of cost in excess of net assets of businesses acquired, which is amortized on a straight line basis over a period not to exceed 30 years. Accumulated amortization was $47.3 and $42.7 million at December 31, 1997 and 1996, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, including cost in excess of net assets of businesses acquired and other intangible assets, used in the Company's operations are reviewed for impairment when events and circumstances indicate that the carrying amount of an asset may not be recoverable. The primary indicators of recoverability are the associated current and forecasted undiscounted operating cash flows. The Company's policy is to record an impairment loss when it is determined that the carrying amount of the asset may not be recoverable.

REVENUE RECOGNITION

Revenue is recognized for product sales when title transfers. Service sales are recognized over the contractual period or as services are performed.

INCOME TAXES

All U.S. federal and state income taxes and non-U.S. income taxes are provided currently on the undistributed earnings of international subsidiaries and unconsolidated affiliated entities, giving recognition to current tax rates and applicable foreign tax credits. Deferred taxes are provided using the asset and liability method for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

ACCRUED INSURANCE AND LOSS RESERVES

The Company retains a portion of the risk for workers' compensation, automobile, general, and product liability losses. Reserves have been recorded which reflect the undiscounted estimated liabilities including claims incurred but not reported. Changes in the estimates of the reserves are included in net income in the period determined. Amounts estimated to be paid within one year have been classified as Other current liabilities, with the remainder included in Insurance liabilities.

FOREIGN CURRENCY TRANSLATION

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

Effective January 1997, the Company's operations in Mexico were accounted for as a highly inflationary economy due to the three-year cumulative rate of inflation at December 31, 1996 exceeding 100%. The functional currency for the Company's operations in Mexico was changed from the peso to the U.S. dollar.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective January 1998, the Company's operations in Brazil will no longer be accounted for as a highly inflationary economy, because the three-year cumulative rate of inflation is below 100%. The Company will measure the financial statements of its Brazilian entity using the Brazilian real as the entity's functional currency.

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

The Company enters into forward foreign exchange contracts to hedge transactions of its non-U.S. subsidiaries, for firm commitments to purchase equipment and for export sales denominated in foreign currencies. These contracts generally are for 90 to 180 days or less. For those contracts that hedge an identifiable transaction, gains or losses are deferred and accounted for as part of the underlying transactions. The cash flows from these contracts are classified consistent with the cash flows from the transaction being hedged. The Company also enters into forward foreign exchange contracts for intercompany foreign currency commitments. These foreign exchange contracts do not qualify as hedges, and they are recognized in income based on their fair market value.

OPTIONS FOR COMMON STOCK
The Company uses the intrinsic value based method to account for options granted for the purchase of common stock. No compensation expense is recognized on the grant date since, at that date, the option price equals the market price of the underlying common stock. The Company discloses the pro-forma effect of accounting for stock options under the fair value method.

EARNINGS PER SHARE
In February 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share" (SFAS 128). This statement establishes standards for computing and presenting earnings per share. Basic earnings per share is calculated using the average shares of common stock outstanding, while diluted earnings per share reflects the potential dilution that could occur if stock options were exercised. The Company adopted SFAS 128 in the fourth quarter of 1997.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECLASSIFICATIONS

Certain reclassifications have been made to prior years amounts to conform with current year classifications.

NEW FINANCIAL ACCOUNTING STANDARDS NOT YET ADOPTED

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income" (SFAS 130), which is effective for years beginning after December 15, 1997. This statement establishes standards for the reporting and display of comprehensive income and its components. Comprehensive income is defined to include all changes in equity during a period except those resulting from investments by owners and distributions to owners. The Company will adopt SFAS 130 and begin reporting comprehensive income in the first quarter of 1998.

In June 1997, the Financial Accounting Standards Board also issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), which is effective for fiscal years beginning after December 15, 1997. This statement establishes standards for the disclosure of segment results. It requires that segments be determined using the "management approach," which means the way management organizes the segments within the enterprise for making operating decisions and assessing performance. The Company will adopt SFAS 131 in the fourth quarter of 1998, and is still evaluating its impact on the Company's segment disclosures.

2. COMMON STOCK SPLIT

On November 19, 1996, the Board of Directors declared a two-for-one stock split on the Company's common stock. One additional share was issued for each share of common stock held by shareholders of record as of the close of business on January 15, 1997. New shares were distributed on February 14, 1997. Common stock and additional paid-in capital as of December 31, 1996 reflect this split. All references to the number of common shares and per share amounts in the consolidated financial statements and related notes reflect the effect of the split for all prior periods presented.

3. DISCONTINUED DEFENSE BUSINESS

On August 25, 1997, the Company and FMC Corporation signed an agreement to sell United Defense, L.P. for $850 million, and the sale was completed on October 6, 1997. Prior to the sale, FMC had been the managing general partner and 60% owner of United Defense, L.P., while the Company owned the balance of 40% as the limited partner. United Defense supplies ground combat and naval weapons systems for the U.S. and military customers around the world.

On the Consolidated Statement of Income under Discontinued Operations, "Equity in income of defense business" includes equity income through August 1997 (the measurement date) from the Company's 40% interest in United Defense, L.P. The sale resulted in pre-tax cash proceeds to the Company of $344 million and resulted in an after tax gain on the sale of $150 million or $3.08 per share after taking into account certain retained liabilities from the partnership and estimated post closing net worth adjustments, as well as pre-partnership formation contingencies and other defense business contingencies.

The Consolidated Balance Sheet as of December 31, 1996 has been restated to segregate the Company's investment in the defense business. On the Consolidated Statement of Cash Flows, equity in income of the defense business and distributions from the defense business through the measurement date are included in "Equity in income of unconsolidated entities" and "Dividends or distributions from unconsolidated entities", respectively.

4. PENDING ACQUISITIONS

On February 2, 1998, the Company signed a definitive agreement with Charter plc to acquire Charter's Pandrol Jackson railway track maintenance business in a cash transaction. Pandrol Jackson manufactures, markets worldwide, and provides under contract a wide range of equipment and services used in railway track maintenance. Pandrol Jackson had 1997 sales of approximately $71 million.

On February 17, the Company acquired EFI Corporation (EFIC) from Racal Electronics Plc for approximately $7.2 million in cash. EFIC produces lightweight composite cylinders used extensively in firefighter breathing apparatus as well as other industrial and commercial applications. EFIC is expected to contribute annual sales of approximately $10 million.

On February 20, 1998, the Company signed a definitive agreement to acquire Chemi-Trol Chemical Co. for approximately $46 million. Chemi-Trol's principal business is the production and distribution of steel pressure tanks for the storage of propane gas and anhydrous ammonia. Chemi-Trol had sales of approximately $50 million in 1997.

On March 4, 1998, the Company and Faber Prest Plc announced that they have agreed to a recommended tender offer under which the Company would acquire Faber Prest, a UK-based provider of services to worldwide steel producers and integrated logistics services to the steel industry and other market sectors. For the year ended September 30, 1997, Faber Prest recorded sales of (British pound)84 million (approximately U.S. $137 million). The Company's cash offer is valued at approximately (British pound)58 million (U.S. $95 million), and is subject to the tender of 90% of the outstanding shares of Faber Prest's common stock, as well as certain other conditions and regulatory approvals.

5. INVESTMENTS IN DEBT SECURITIES

The debt securities held at December 31, 1997 and 1996 consist of:

(In thousands)	1997			
AVAILABLE-FOR-SALE	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Corporate debt securities	$39,903	$-	$ 46	$39,857
HELD-TO-MATURITY				
Corporate debt securities	$ 3,007	$5	$ --	$ 3,012
Government debt securities non-U.S	1,003	1	--	1,004
	$ 4,010	$6	$ --	$ 4,016

(In thousands)	1996			
HELD-TO-MATURITY	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
Corporate debt securities	$23,468	$ 63	$ 14	$23,517
Government debt securities non-U.S	9,770	45	7	9,808
	$33,238	$108	$ 21	$33,325

There were no debt securities held as available-for-sale at December 31, 1996.

At December 31, 1997 and 1996, $43.9 million and $29.2 million, respectively, of debt securities were due in one year or less, and included on the Consolidated Balance Sheet as Investments in debt securities. At December 31, 1996, $4.0 million were due in over one year, and included in Other assets.

For the years ended December 31, 1997, 1996, and 1995, there were no gains or losses on sales of available-for-sale debt securities.

6. ACCOUNTS RECEIVABLE AND INVENTORIES

Accounts receivable are net of an allowance for doubtful accounts of $6.8 million and $8.5 million at December 31, 1997 and 1996, respectively.

Inventories consist of:

(In thousands)	1997	1996
Finished goods	$ 27,639	$ 24,743
Work in process	27,979	25,843
Raw materials and purchased parts	60,982	57,581
Stores and supplies	18,554	17,851
	$ 135,154	$ 126,018
Valued at lower of cost or market:		
LIFO basis	$ 101,184	$ 90,445
FIFO basis	23,989	24,663
Average cost basis	9,981	10,910
	$ 135,154	$ 126,018

Inventories valued on the LIFO basis at December 31, 1997 and 1996 were approximately $35.5 million and $37.1 million, respectively, less than the amounts of such inventories valued at current costs.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of:

(In thousands)	1997	1996
Land and improvements	$ 22,847	$ 26,479
Buildings and improvements	119,679	129,930
Machinery and equipment	1,005,613	981,384
Uncompleted construction	54,644	49,659
	1,202,783	1,187,452
Less accumulated depreciation	690,870	674,340
	$ 511,913	$ 513,112

The estimated useful lives of different types of assets are:

Land improvements	10 years
Buildings and improvements	10 to 50 years
Certain plant, buildings and installations (Principally Metal Reclamation and Mill Services Group)	5 to 15 years
Machinery and equipment	3 to 20 years

8. DEBT AND CREDIT AGREEMENTS

The Company has a $400 million Five-Year Competitive Advance and Revolving Credit Facility ("credit facility") maturing in July, 2001. Borrowings under this agreement are available in U.S. dollars or Eurocurrencies and serve as back-up to the Company's U. S. commercial paper program. Interest rates are either negotiated, based upon the U.S. federal funds interbank market, prime, or based upon the London Interbank Offered Rate (LIBOR) plus a margin. The Company pays a facility fee (currently 0.08% per annum) that varies based upon its credit ratings. At December 31, 1997 and 1996, there were no borrowings outstanding.

The Company can also issue up to $300 million of short-term notes in the U.S. commercial paper market. In addition, the Company has a 3 billion Belgian franc commercial paper program (approximately U.S. $81 million) which is used to borrow a variety of Eurocurrencies to fund the Company's European operations. The Company limits the aggregate commercial paper and credit facility borrowings at any one time to a maximum of $400 million. Interest rates, which are based on market conditions, have been lower than on comparable borrowings under the credit facility. At December 31, 1997 and 1996, $30.8 million and $36.6 million of commercial paper was outstanding, respectively. Commercial paper is classified as long-term debt at December 31, 1997 and 1996, because the Company has the ability and intent to refinance it on a long-term basis through existing long-term credit facilities.

Short-term debt, including overdraft facilities, amounted to $22.8 million and $16.9 million at December 31, 1997 and 1996, respectively. The weighted average interest rate for short-term borrowings at December 31, 1997 and 1996 was 5.8% and 6.9%, respectively.

8. DEBT AND CREDIT AGREEMENTS (CONTINUED)

Long-term debt consists of:

(In thousands)	1997	1996
6.0% Notes due September 15, 2003	$ 150,000	$ 150,000
Commercial Paper Borrowings, with a weighted average interest rate of 3.8%	30,757	36,614
Industrial Development Bonds, payable in varying amounts from 2001 to 2005 with a weighted average interest rate of 6.0%	11,400	11,400
Project financing and other, payable in varying amounts to 2001 with a weighted average interest rate of 9.7%	10,371	38,697
	202,528	236,711
Less current maturities	3,630	9,326
	$ 198,898	$ 227,385

The credit facility and certain notes payable agreements contain covenants restricting, among other things, the amount of debt that can be issued as defined. At December 31, 1997, the Company was in compliance with these covenants.

The maturities of long-term debt for the four years following December 31, 1998, are:

(In thousands)

1999	$ 2,759	2001	$37,950
2000	$ 2,494	2002	$ 486

Cash payments for interest on all debt were (in millions) $16.3, $20.3 and $28.8 in 1997, 1996 and 1995, 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 million of new debt securities, preferred stock or common stock.

9. LEASES

The Company leases certain property and equipment under noncancelable operating leases. Rental expense under all operating leases was (in millions) $13.5, $13.7 and $12.2 in 1997, 1996 and 1995, respectively.

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

(In thousands)	1998	1999	2000	2001	2002	AFTER 2002
Minimum Lease Payments	$11,027	$7,594	$5,830	$4,917	$4,012	$13,868

10. COMMITMENTS AND CONTINGENCIES

DISCONTINUED DEFENSE BUSINESS - CONTINGENCIES

FEDERAL EXCISE TAX AND OTHER MATTERS RELATED TO THE FIVE-TON TRUCK CONTRACT
In 1995, the Company, the United States Army, and the United States Department of Justice concluded a settlement of Harsco's previously reported claims against the Army relating to Federal Excise Tax ("FET") arising under a completed 1986 contract for the sale of five-ton trucks to the Army. On September 27, 1995, the Army paid the Company $49 million in accordance with the settlement terms. The Company released the Army from any further liability for those claims, and the Department of Justice released the Company from a threatened action for damages and civil penalties based on an investigation conducted by the Department's Commercial Litigation Branch that had been pending for several years. During the performance of the five-ton truck contract, the Company recorded an account receivable of $62.5 million for its claims against the Army relating to Federal Excise Tax. As a result of accepting the $49 million in settlement, the Company recorded a non-recurring, pre-tax, non-cash charge of $13.5 million (after-tax charge of $8.2 million, $.16 per share) in 1995.

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

The settlement does not resolve the claim by the Internal Revenue Service that, contrary to the Company's position, certain cargo truck models sold by the Company should be considered to have gross vehicle weights in excess of the 33,000 pound threshold under the Federal Excise Tax law, are not entitled to an exemption from the Federal Excise Tax under any other theory, and therefore are taxable. On December 19, 1996, the District Director of the Internal Revenue Service issued a 30-day letter and examination report (the "Report") that proposed an increase in Federal Excise Tax of $33.7 million plus penalties of $6.9 million and applicable interest currently estimated by the Company to be $35.8 million, primarily on the grounds that those cargo truck models are subject to the Federal Excise Tax. This proposed increase in Federal Excise Tax takes into account offsetting credits of $9.2 million, based on a partial allowance of the Company's $23.4 million claim that certain truck components are exempt from the Federal Excise Tax. The Report disallowed in full the Company's additional claim that it is entitled to the entire $52 million of Federal Excise Tax (plus applicable interest currently estimated by the Company to be $31.3 million) the Company has paid on the five-ton trucks, on the grounds that such trucks qualify for the Federal Excise Tax exemption applicable to certain vehicles specially designed for the primary function of off-highway transportation. In the event that the Company ultimately receives from the Internal Revenue Service a refund of tax (including applicable interest) with respect to which the Company has already received reimbursement from the Army, the refund would be allocated between the Company and the Army. The Company plans to vigorously contest the findings of the District Director. On March 19, 1997, the Company filed its formal written protest to these findings with the Internal Revenue Service Office of the Regional Director of Appeals. Currently the Company is engaged in discussions concerning these findings with the IRS Appeals Officer assigned to this case. Although

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

there is risk of an adverse outcome, the Company believes that the cargo trucks are not taxable. No recognition has been given in the accompanying financial statements for the Company's claim with the Internal Revenue Service.

The settlement agreement with the Army preserves the Company's right to seek reimbursement of after-imposed tax from the Army in the event that the cargo trucks are determined to be taxable, but the agreement limits the reimbursement to a maximum of $21 million. Additionally, in an earlier contract modification, the Army accepted responsibility for $3.6 million of the potential tax, bringing its total potential responsibility up to $24.6 million.

Under the settlement, the Army agreed that if the cargo trucks are determined to be taxable, the 1993 decision of the Armed Services Board of Contract Appeals (which ruled that the Company is entitled to a price adjustment to the contract for reimbursement of FET paid on vehicles that were to be delivered after October 1, 1988) will apply to the question of the Company's right to reimbursement from the Army for after-imposed taxes on the cargo trucks. In the Company's view, application of the 1993 decision will favorably resolve the principal issues regarding any such future claim by the Company. Therefore, the Company believes that even if the cargo trucks are ultimately held to be taxable, the Army would be obligated to reimburse the Company for a majority of the tax, (but not interest or penalty, if any), resulting in a net maximum liability for the Company of $9.1 million plus penalties of $6.9 million and applicable interest currently estimated by the Company to be $35.8 million. The Company believes it is unlikely that resolution of this matter will have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

M9 ARMORED COMBAT EARTHMOVER CLAIM
The Company and its legal counsel are of the opinion that the U.S. Government did not exercise option three under the M9 Armored Combat Earthmover (ACE) contract in a timely manner, with the result that the unit prices for options three, four and five are subject to renegotiation. Claims reflecting the Company's position were filed with respect to all options purported to be exercised, totaling in excess of $60 million plus interest. In February 1998, the Armed Services Board of Contract Appeals denied the Company's claims. The Company intends to appeal the decision to the United States Court of Appeals for the Federal Circuit. No recognition has been given in the accompanying financial statements for any recovery on these claims.

OTHER DEFENSE BUSINESS LITIGATION
In 1992, the U.S. Government filed a counterclaim against the Company in a civil suit alleging violations of the False Claims Act and breach of a contract to supply M109A2 Self-Propelled Howitzers. The counterclaim was filed in the United States Claims Court in response to the Company's claim of approximately $5 million against the Government for costs incurred on this contract relating to the same issue. In May 1997, the Court issued a decision in the first phase of the case, denying the Company's claim for reimbursement and granting the Government's counterclaim for breach of contract and penalties under the False Claims Act. The Court will consider the amount of damages and penalties in the

next phase of the case, and the decision will then be subject to the right of appeal. The Government has filed a brief seeking penalties and treble damages totaling $26 million. The Company intends to vigorously oppose this claim. The Company and its counsel believe that resolution of these claims will not have a material adverse effect on the Company's financial position, however, it could have a material effect on quarterly or annual results of operations.

In 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 Government document requests. Based on discussions with the agent in charge and the Government auditors, it appears that the investigation focuses on whether the Company made improper certifications to the Defense Security Assistance Agency and other government contract accounting matters. The Government has not asserted any claims at this time and it is too early to know whether a claim will be asserted or what the nature of any such claim would be, however, 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.

In the fourth quarter of 1997, the Supreme Court of Switzerland upheld an International Court of Arbitration award to Iran's Ministry of Defense of a net amount of approximately $1.2 million. This consists of an award of $7.5 million to Iran, offset by an award of $6.3 million to the Company for damages and legal costs. The net liability for this award had been previously provided for by the Company.

CONTINUING OPERATIONS - CONTINGENCIES

In June 1994, the shareholder of the Ferrari Group, a Belgium holding company involved in steel mill services and other activities, filed a legal action in Belgium against Heckett MultiServ, S.A. and S.E.A.E., subsidiaries of MultiServ International N.V. (a subsidiary of the Company). The action alleges that these two subsidiaries breached contracts arising from letters of intent signed in 1992 and 1993 concerning the possible acquisition of the Ferrari Group, claiming that the subsidiaries were obligated to proceed with the acquisition and failed to do so. The action seeks damages of 504 million Belgian francs (approximately U.S. $13.6 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.

10. COMMITMENTS AND CONTINGENCIES (CONTINUED)

ENVIRONMENTAL

The Company is involved in a number of environmental remediation investigations and clean-ups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Consolidated Balance Sheet at December 31, 1997 and 1996, includes an accrual of $3.4 million and $3.9 million respectively for environmental matters. The amounts charged to earnings on a pre-tax basis related to environmental matters totaled $1.7 million for the year 1997 and $1.2 million for the each of the years 1996 and 1995.

The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. The Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse effect on its financial position 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. EMPLOYEE BENEFIT PLANS

PENSION BENEFITS

The Company has pension and profit sharing retirement plans, most of which are noncontributory, covering substantially all its employees. 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 multi-employer plans which the Company participates in provide benefits to certain unionized employees. 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.

Pension expense consists of:

(In thousands)	1997	1996	1995
Defined benefit plans:			
Service cost	$ 9,519	$ 9,690	$ 9,232
Interest cost	15,129	15,165	13,958
Actual return on plan assets	(61,105)	(29,911)	(35,944)
Curtailment gain	(5,468)	-	-
Net amortization and deferral	28,895	5,724	14,921
	(13,030)	668	2,167
Multi-employer plans	4,457	3,789	3,610
Defined contribution plans	4,131	5,910	4,530
Pension (income) expense	$ (4,442)	$ 10,367	$ 10,307

In 1997, the curtailment gain of $5.5 million was the result of a sizable reduction in the number of employees under a plan related to a discontinued facility. This gain, along with certain costs, was recorded under facilities discontinuance and reorganization costs in the Consolidated Statement of Income.

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

The financial status of the pension plans and amounts recognized in the Consolidated Balance Sheet at December 31, 1997 and 1996 are:

	ASSETS EXCEED ACCUMULATED BENEFITS		ACCUMULATED BENEFITS EXCEED ASSETS	
(In thousands)	1997	1996	1997	1996
Actuarial present value of benefit obligations:				
Vested	$ 150,930	$ 143,517	$ 32,971	$ 18,322
Non-vested	7,167	6,116	1,587	1,308
Accumulated benefit obligation	158,097	149,633	34,558	19,630
Effect of increase in compensation	23,972	32,947	3,801	3,051
Projected benefit obligation	182,069	182,580	38,359	22,681
Plan assets at fair value	311,500	282,536	23,606	9,662
Plan assets in excess of (less than) projected benefit obligation	129,431	99,956	(14,753)	(13,019)
Unrecognized prior service cost	9,911	11,183	2,835	2,590
Unrecognized net (gain) loss	(77,784)	(59,490)	3,266	2,101
Unrecognized net asset	(18,099)	(23,529)	(9)	70
Minimum liability adjustment	-	-	(4,678)	(3,146)
Prepaid pension asset (liability)	$ 43,459	$ 28,120	$ (13,339)	$ (11,404)

Plan assets include equity and fixed-income securities. At December 31, 1997 and 1996, 732,640 shares of the Company's common stock with a fair market value of $31.6 million and $25.1 million, respectively, are included in plan assets. Dividends paid on such stock amounted to $0.6 million and $0.6 million in 1997 and in 1996, respectively.

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

	1997	1996	1995
Weighted average assumed discount rates	7.4%	7.8%	7.5%
Weighted average expected long-term rates of return on plan assets	9.1%	9.3%	9.0%
Rates of compensation increase	4.5%	5.2%	4.8%

The change in the assumed discount rate in 1997 increased the projected benefit obligation by $7.6 million. The change in the assumed discount rate had the effect of decreasing the projected benefit obligation by $9.7 million in 1996. In 1995, changes in the assumed discount and compensation rates had the effect of increasing the projected benefit obligation by $4.6 million.

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

POSTRETIREMENT BENEFITS

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

The postretirement benefit expense (health care and life insurance) was $0.2 million for each of the years 1997, 1996 and 1995. The components of these expenses are not shown separately as they are not material.

The 1997 and 1996 postretirement benefit liability recorded in the Consolidated Balance Sheet consists of:

(In thousands)	1997			1996		
	HEALTH CARE	LIFE INSURANCE	TOTAL	Health Care	Life Insurance	Total
Current retirees	$ 2,235	$ 2,677	$ 4,912	$ 2,550	$ 2,584	$ 5,134
Future retirees	399	909	1,308	415	849	1,264
Accumulated benefit obligation	2,634	3,586	6,220	2,965	3,433	6,398
Unrecognized gain	977	1,239	2,216	888	1,276	2,164
Accumulated postretirement benefit liability	$ 3,611	$ 4,825	$ 8,436	$ 3,853	$ 4,709	$ 8,562

The actuarial assumptions used for postretirement benefit plans are:

(DOLLARS IN THOUSANDS)	1997	1996	1995
Assumed discount rate....................................	7.25%	7.5%	7.0%
Health care cost trend rate	8.7%	9.1%	9.5%
Decreasing to ultimate rate..............................	5.5%	5.5%	5.5%
Effect of one percent increase in health care cost trend rate:			
On cost components..............................	$ 47	$ 29	$ 32
On accumulated benefit obligation................	$ 192	$ 223	$ 241

It is anticipated that the health care cost trend rate will decrease from 8.3% in 1998 to 5.5% in the year 2005.

11. EMPLOYEE BENEFIT PLANS (CONTINUED)

SAVINGS PLAN

The Company has a 401(k) savings plan which covers substantially all U.S. employees with the exception of any such employees represented by a collective bargaining agreement, unless the agreement expressly provides otherwise. Employee contributions are generally determined as a percentage of covered employee's compensation. The expense for contributions to the plan by the Company was (in millions) $4.5, $3.8 and $3.6 for 1997, 1996 and 1995, respectively.

EXECUTIVE INCENTIVE COMPENSATION PLAN

Under the 1995 Executive Incentive Compensation Plan, the Management Development and Compensation Committee awards 60% of the value of any earned performance to be paid to participants in the form of cash and 40% in the form of restricted shares of the Company's common stock. Upon the request of the participant, the Committee may make the incentive award payable all in cash, subject to a 25% reduction in the total amount of the award. Awards are made in February of the following year. The Company accrues amounts based on performance reflecting the value of cash and common stock which is anticipated to be earned for the current year. Compensation expense relating to these awards was (in millions) $5.1, $5.5, and $5.2 in 1997, 1996, and 1995, respectively.

12. INCOME TAXES

Income from continuing operations before income taxes and minority interest in the Consolidated Statement of Income consists of:

(In thousands)	1997	1996	1995
Income from continuing operations before income taxes:			
United States	$ 93,386	$ 81,063	$ 51,138
International	78,225	70,460	58,432
	$ 171,611	$ 151,523	$ 109,570
Provision for income taxes:			
Currently payable:			
Federal	$ 21,627	$ 28,965	$ 34,903
State	4,309	6,602	8,081
International	30,538	24,931	23,882
	56,474	60,498	66,866
Deferred federal and state	9,426	1,082	(22,398)
Deferred international	(687)	501	1,287
	$ 65,213	$ 62,081	$ 45,755

Cash payments for income taxes were (in millions) $167.0, $85.4 and $75.5, for 1997, 1996 and 1995, respectively. Approximately $100.0 million of the taxes paid in 1997 related to the gain on the disposal of the defense business.

12. INCOME TAXES (CONTINUED)

The following is a reconciliation of the normal expected statutory U.S. federal income tax rate to the effective rate as a percentage of Income from continuing operations before income taxes and minority interest as reported in the Consolidated Statement of Income:

	1997	1996	1995
U.S. federal income tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	2.1	2.8	3.2
Export sales corporation benefit	(.4)	(.4)	(.5)
International losses for which no tax benefit was recorded	.4	.9	2.8
Difference in effective tax rates on international earnings and remittances	(.2)	(.6)	(.7)
Nondeductible acquisition costs	1.8	1.9	2.6
Other, net	(.7)	1.4	(.6)
Effective income tax rate	38.0%	41.0%	41.8%

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, 1997 and 1996 are:

(In thousands)	1997		1996	
Deferred income taxes	ASSET	LIABILITY	Asset	Liability
Depreciation	$ --	$ 38,676	$ --	$ 40,997
Expense accruals	46,783	--	34,799	--
Inventories	3,314	--	3,598	--
Provision for receivables	2,089	--	2,238	--
Postretirement benefits	3,385	--	3,453	--
Deferred revenue	--	5,039	--	4,985
Unrelieved foreign tax losses	6,047	--	12,854	--
Unrelieved domestic tax losses	2,400	--	--	--
Pensions	--	10,324	--	8,478
Investment in United Defense, L.P.	--	--	553	--
Other	--	50	--	61
	64,018	54,089	57,495	54,521
Valuation allowance	(8,039)	--	(9,471)	--
Total deferred income taxes	$ 55,979	$ 54,089	$ 48,024	$ 54,521

At December 31, 1997 and 1996, Other current assets included deferred income tax benefits of $38.7 million and $22.2 million, respectively.

12. INCOME TAXES (CONTINUED)

At December 31, 1997, certain of the Company's subsidiaries had total available net operating loss carryforwards ("NOLs") of approximately $26.2 million, of which approximately $12.5 million may be carried forward indefinitely and $13.7 million have varying expiration dates. Included in the total are $14.2 million of preacquisition NOLs.

During 1997 and 1996, $2.6 million and $3.7 million, respectively, of preacquisition NOLs were utilized by the Company, resulting in tax benefits of $1.0 million and $1.4 million, respectively.

The valuation allowance of $8.0 million and $9.5 million at December 31, 1997 and 1996, respectively, relates principally to cumulative unrelieved tax losses which are uncertain as to realizability. To the extent that the preacquisition NOLs are utilized in the future and the associated valuation allowance reduced, the tax benefit will be allocated to reduce the cost in excess of net assets of businesses acquired.

The change in the valuation allowances for 1997 and 1996 results primarily from the utilization of international tax loss carryforwards and the release of valuation allowances in certain international jurisdictions based on the Company's reevaluation of the realizability of future benefits resulting from tax planning strategies. Further, the 1997 change was also affected by the expiration of tax loss carryforwards in certain international jurisdictions and loss carryforwards acquired in a domestic acquisition. The release of valuation allowances in certain jurisdictions is allocated to reduce the cost in excess of net assets of businesses acquired. There was no reduction in 1997 or 1996.

13. CAPITAL STOCK

The authorized capital stock consists of 150,000,000 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. None of the preferred stock has been issued. On June 24, 1997, the Company adopted a revised Shareholder Rights Plan to replace the Company's 1987 Plan which expired on September 28, 1997. Under the new Plan, the Board declared a dividend to shareholders of record on September 28, 1997, of one Right for each share of common stock. The rights may only be exercised if, among other things, a person or group has acquired 15% or more, or intends to commence a tender offer for 20% or more, of the Company's common stock. Each right entitles the holder to purchase 1/100th share of a new Harsco Junior Participating Cumulative Preferred Stock at an exercise price of $150. Once the rights become exercisable, if any person acquires 20% or more of the Company's common stock, the holder of a right will be entitled to receive common stock calculated to have a value of two times the exercise price of the right. The rights, which expire on September 28, 2007, 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 15% or more of the Company's common stock. At December 31, 1997, 750,000 shares of $1.25 par value preferred stock were reserved for issuance upon exercise of the rights.

In November 1997, the Board of Directors authorized the purchase, over a one-year period, of up to 2,000,000 shares of the Company's common stock. Through December 31, 1997, 938,741 shares of common stock have been purchased under this plan.

COMMON STOCK SUMMARY

BALANCES	SHARES ISSUED	TREASURY SHARES	SHARES OUTSTANDING
DECEMBER 31, 1994	64,687,106	14,322,606	50,364,500
DECEMBER 31, 1995	65,075,760	14,972,662	50,103,098
DECEMBER 31, 1996	65,458,202	15,855,850	49,602,352
DECEMBER 31, 1997	65,854,087	18,877,957	46,976,130

The following is a reconciliation of the average shares of common stock used to compute basic earnings per common share to the shares used to compute diluted earnings per common share as shown on the Consolidated Statement of Income:

(Dollars in thousands, except per share data)	1997	1996	1995
Income from continuing operations	$ 100,400	$ 83,903	$ 61,318
Average shares of common stock outstanding used to compute basic earnings per common share	48,754,212	49,894,515	50,504,707
Additional common shares to be issued assuming exercise of stock options, net of shares assumed reacquired	437,660	423,149	352,222
Shares used to compute dilutive effect of stock options	49,191,872	50,317,664	50,856,929
Basic earnings per common share from continuing operations	$ 2.06	$ 1.68	$ 1.21
Diluted earnings per common share from continuing operations	$ 2.04	$ 1.67	$ 1.20

14. STOCK-BASED COMPENSATION

The Company's net income and net income per common share would have been reduced to the pro forma amounts indicated below if compensation cost for the Company's stock option plan had been determined based on the fair value at the grant date for awards in accordance with the provisions of SFAS 123.

(In thousands, except per share)	1997	1996	1995
Net income - as reported	$ 278,832	$ 119,009	$ 97,377
Net income - pro forma	277,101	117,622	96,108
Net income per common share - as reported	5.72	2.39	1.93
Net income per common share - pro forma	5.68	2.36	1.90

The fair value of the options granted during 1997, 1996 and 1995 is estimated on the date of grant using the binomial option pricing model. The major assumptions used and the estimated fair value are listed as follows:

	EXPECTED TERM	EXPECTED STOCK VOLATILITY	RISK FREE INTEREST RATE	DIVIDEND	RATE OF DIVIDEND INCREASE	FAIR VALUE
1997						
Incentive Stock Options	4 years	16.0%	6.46%	$.80	5%	$6.52
Nonqualified Stock Options	4 years	16.0%	6.50%	$.80	5%	$7.24
1996						
Incentive Stock Options	4 years	16.0%	5.14%	$.76	5%	$4.545
Nonqualified Stock Options	4 years	16.0%	6.30%	$.76	5%	$6.340
1995						
Incentive Stock Options	4 years	16.0%	7.69%	$.74	5%	$3.740
Nonqualified Stock Options	4 years	16.0%	7.07%	$.74	5%	$4.005

The Company has granted stock options to Officers and Directors for the purchase of its common stock under two shareholder approved plans.

The 1995 Executive Incentive Compensation Plan authorizes the issuance of up to 4,000,000 shares of the Company's common stock for use in paying incentive compensation awards in the form of restricted stock and stock options. The 1995 Non-Employee Directors' Stock Plan authorizes the issuance of up to 300,000 shares of the Company's common stock for stock option awards. Options are granted at fair market value at date of grant and become exercisable commencing one year later. The options expire ten years from the date of grant. The award of shares and options under the 1995 Executive Incentive Compensation Plan commenced in 1996, while the awards of options under the 1995 Non-Employee Directors' Stock Plan commenced in May 1995. Upon shareholder approval of these two plans in 1995, the Company terminated the use of the 1986 stock option plan for granting of stock option awards. At December 31, 1997, there were 3,316,302 and 254,000 shares available for granting restricted stock and stock options under the 1995 Executive Incentive Compensation Plan and the 1995 Non-Employee Directors' Stock Plan, respectively.

14. STOCK-BASED COMPENSATION (CONTINUED)

Restricted stock awards entitle the participant to full dividends, paid in shares of restricted stock, and voting rights. Restricted stock awards generally vest over a three year period. Unvested shares are restricted as to disposition and subject to forfeiture under certain circumstances.

At December 31, 1997, options to purchase 793,061 shares were exercisable. Changes during 1997, 1996 and 1995 in options outstanding were:

	SHARES UNDER OPTION	OPTION PRICE RANGE PER SHARE			WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, January 1, 1995	1,347,280	$11.72	to	$21.625	$18.247
Granted	362,000	21.6875	to	23.8125	21.793
Exercised	(388,654)	11.72	to	21.625	17.134
Terminated and expired	(35,708)	13.78	to	21.6875	20.435
Outstanding, December 31, 1995	1,284,918	11.72	to	23.8125	19.522
Granted	311,150	29.47	to	34.6875	29.705
Exercised	(382,442)	12.44	to	29.47	18.954
Terminated and expired	(11,600)		29.47		29.470
Outstanding, December 31, 1996	1,202,026	11.72	to	34.6875	22.243
Granted	294,600	34.28	to	37.06	34.412
Exercised	(395,885)	11.72	to	29.47	20.811
Terminated and expired	(15,280)	20.78	to	34.28	22.902
OUTSTANDING, DECEMBER 31, 1997	1,085,461	$11.72	TO	$37.06	$26.058

The following table summarizes information concerning currently outstanding and exercisable options.

	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISABLE PRICES	NUMBER OUTSTANDING	REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE	WEIGHTED AVERAGE EXERCISE PRICE
$11.72 - $17.625	122,936	3.1	$ 14.371	122,936	$ 14.371
20.69 - 23.8125	424,867	6.3	21.549	424,867	21.549
29.47 - 37.06	537,658	8.6	32.294	245,258	29.768
	1,085,461			793,061	

During 1997 and 1996, the Company had non-cash transactions related to stock option exercises of $2.3 million and $1.5 million, respectively, whereby old shares are exchanged for new shares.

14. STOCK-BASED COMPENSATION (CONTINUED)

The following table summarizes the restricted stock activity:

	1997	1996
Restricted shares awarded	57,622	60,660
Restricted shares forfeited	135	294
Weighted average market value of stock on grant date	$36.6875	$32.6875

During 1997, 1996 and 1995, the Company recorded $1.9 million, $2.1 million and $2.0 million, respectively, in compensation expense related to restricted stock.

15. FINANCIAL INSTRUMENTS

OFF-BALANCE SHEET RISK

As collateral for performance and to ceding insurers, the Company is contingently liable under standby letters of credit and bonds in the amount of $42.0 million and $47.3 million at December 31, 1997 and 1996, respectively. These standby letters of credit and bonds are in force from one to three years, for which the Company pays fees to various banks and insurance companies that range from 0.2 to 1.0 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, 1997 for those currently outstanding, it is the Company's opinion that the replacement costs for such standby letters of credit and bonds would not vary significantly from the present fee structure.

At December 31, 1997 and 1996, the Company had $8.4 million and $10.9 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 mature within 12 months and are principally with major financial institutions. The Company is exposed to credit loss in the event of non-performance by the other parties to the contracts. The Company evaluates the creditworthiness of the counterparties' financial condition and does not expect default by the counterparties.

FOREIGN EXCHANGE RISK MANAGEMENT

The Company has foreign currency exposures in 30 countries. The Company's primary foreign currency exposures are in France, Belgium, United Kingdom, Brazil, South Africa and Mexico.

Forward foreign currency exchange contracts are used to hedge commitments, such as foreign currency debt, the purchase of equipment, and foreign currency cash flows for certain export sales transactions.

15. FINANCIAL INSTRUMENTS (CONTINUED)

The following tables summarize by major currency the contractual amounts of the Company's forward exchange contracts in U.S. dollars as of December 31, 1997 and 1996. 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)			1997		
	TYPE	$ U.S. EQUIVALENT	MATURITY	RECOGNIZED GAIN (LOSS)	UNREALIZED GAIN (LOSS)
Forward exchange contracts:					
Australian dollars	Sell	$2,368	1-30-98	$194	$ -
Belgian francs	Buy	268	1-15-98	-	-
British pounds	Buy	3,536	Various in 1998	60	-
German marks	Buy	564	Various in 1998	(28)	-
German marks	Sell	842	1-15-98	-	10
South African rand	Sell	814	Various in 1998		3
		$8,392		$226	$13

(In thousands)			1996		
	TYPE	$ U.S. EQUIVALENT	MATURITY	RECOGNIZED GAIN (LOSS)	UNREALIZED GAIN (LOSS)
Forward exchange contracts:					
British pounds	Buy	$ 2,934	Various in 1997	$172	$ -
French francs	Buy	2,239	1-30-97	(2)	-
German marks	Buy	1,186	Various to 1998	125	-
Italian lire	Sell	164	1-10-97	-	(2)
Spanish pesetas	Buy	1,452	Various in 1997	-	-
South African rand	Sell	2,904	Various in 1997	-	191
		$10,879		$295	$189

At December 31, 1997, the Company had entered into forward exchange contracts in Australian dollars, Belgium francs, British pounds, and German marks, which were used to hedge certain future payments between the Company and its various subsidiaries. These forward contracts do not qualify as hedges for financial reporting purposes. At December 31, 1997, the Company had recorded net gains of $0.2 million on these contracts. The Company also had forward exchange contracts in German marks and South African rand which were used to hedge equipment purchases and receivables. Since these contracts hedge identifiable foreign currency firm commitments, the gain was deferred.

15. FINANCIAL INSTRUMENTS (CONTINUED)

At December 31, 1996, the Company had entered into forward exchange contracts in British pounds, French francs, and German marks, which were used to hedge certain future payments between the Company and its various subsidiaries. These forward contracts do not qualify as hedges for financial reporting purposes. At December 31, 1996, the Company had recorded net gains of $0.3 million on these contracts. The Company also had forward exchange contracts in Italian lire, Spanish pesetas and South African rand which were used to hedge equipment purchases. Since these contracts hedge identifiable foreign currency firm commitments, the gain of $0.2 million was deferred.

The counterparties of these agreements are major financial institutions; therefore, management believes the risk of incurring losses related to these contracts is remote.

CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, investments and accounts receivable. The Company places its cash and cash equivalents with high quality financial institutions and, by policy, limits the amount of credit exposure to any one institution. For investments, the Company purchases investment grade debt securities and limits the amount of credit exposure to any one government or commercial issuer. Concentrations of credit risk with respect to accounts receivable are limited, due to the large number of customers in the Company's customer base and their dispersion across many different industries and geographies. The Company generally does not require collateral or other security to support customer receivables.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The major methods and assumptions used in estimating the fair values of financial instruments are:

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.

15. FINANCIAL INSTRUMENTS (CONTINUED)

The carrying amounts and estimated fair values of the Company's financial instruments as of December 31, 1997 and 1996 are:

(In thousands)	1997		1996	
	CARRYING AMOUNT	FAIR VALUE	Carrying Amount	Fair Value
Cash and cash equivalents	$ 221,565	$ 221,565	$ 45,862	$ 45,862
Investments in debt securities	43,867	43,873	33,238	33,325
Long-term debt	202,528	200,319	236,711	230,037
Foreign currency exchange contracts	8,392	8,661	10,879	11,520

16. INFORMATION BY INDUSTRY GROUP AND GEOGRAPHIC AREA

The Company is a diversified industrial services and engineered products company. Its operations are classified among three Operating Groups: Metal Reclamation and Mill Services, Process Industry Products, and Infrastructure and Construction. The Company has over 300 locations in 31 countries, including the United States. The major products and services included in each Industry Group and other information follows:

METAL RECLAMATION AND MILL SERVICES. This Group provides metal reclamation and mill services primarily for the global steel industry in 30 countries. Steel mill services include slag processing, marketing and disposal; slab management systems; materials handling and scrap management programs; in-plant transportation; and a variety of environmental services. Similar services are also provided to non-ferrous metallurgical industries, such as aluminum, nickel and copper.

PROCESS INDUSTRY PRODUCTS. Major products are industrial pipe fittings; process equipment, including industrial blenders, dryers and mixers; heat transfer equipment; boilers; air-cooled heat exchangers; wear resistant steels; valves, regulators and gauges, including scuba and life support equipment; and gas containment cylinders and tanks, including cryogenic equipment.

Major customers include various industrial markets; hardware, plumbing and petrochemical sectors; chemical, food processing and pharmaceutical industries; institutional building and retrofit markets; natural gas and process industries; propane, compressed gas, life support, scuba and refrigerant gas industries; gas equipment companies, welding distributors; medical laboratories; beverage carbonation users; and the animal husbandry industry.

INFRASTRUCTURE AND CONSTRUCTION. Major products and services include railway maintenance of way equipment and services; bridge decking and industrial grating; scaffolding, shoring and concrete forming products along with their erection and dismantling; granules for asphalt roofing shingles; and slag abrasives for industrial surface preparation.

Products and services are provided to private and government-owned railroads worldwide; urban mass transit operators; public utilities; industrial plants; the oil, chemical, petrochemical and process industries; bridge repair companies; commercial and industrial construction firms; infrastructure repair and maintenance markets; and the residential roofing industry.

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

OTHER INFORMATION. The operations of the Company in any one country, except the United States, do not account for more than 10% of sales and no single customer or group under common control represented 10% or more of the Company's sales, during 1997, 1996 and 1995.

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

INDUSTRY GROUP INFORMATION

INDUSTRY GROUP	NET SALES TO UNAFFILIATED CUSTOMERS			OPERATING PROFIT		
(In millions)	1997	1996	1995	1997	1996	1995
Metal Reclamation and Mill Services(1)	$ 616.5	$ 607.7	$ 604.2	$ 93.3	$ 85.2	$ 80.0
Process Industry Products	586.5	541.1	491.6	59.0	55.8	46.0
Infrastructure and Construction(2)	424.5	408.8	399.7	41.5	42.8	36.3
	1,627.5	1,557.6	1,495.5	193.8	183.8	162.3
Facilities discontinuance and reorganization costs(3)				(1.9)	(2.4)	(20.7)
Industry group totals	$1,627.5	$1,557.6	$1,495.5	191.9	181.4	141.6
Equity in income of unconsolidated entities				1.0	.7	2.9
Interest expense				(16.7)	(21.5)	(28.9)
General corporate expenses (4)				(4.6)	(9.1)	(6.0)
Income from continuing operations before income taxes and minority interest				$ 171.6	$ 151.5	$ 109.6

	IDENTIFIABLE ASSETS			DEPRECIATION AND AMORTIZATION			CAPITAL EXPENDITURES		
(In millions)	1997	1996	1995	1997	1996	1995	1997	1996	1995
Metal Reclamation and Mill Services	$ 674.6	$ 698.3	$ 687.8	$ 83.2	$ 76.6	$ 73.7	$ 86.5	$ 108.9	$ 73.0
Process Industry Products	258.6	229.3	211.9	11.8	10.6	9.5	20.2	12.4	13.4
Infrastructure and Construction	251.7	230.5	228.7	20.3	21.0	20.4	35.2	28.3	27.2
	1,184.9	1,158.1	1,128.4	115.3	108.2	103.6	141.9	149.6	113.6
Corporate	290.0	108.6	136.7	1.2	1.2	1.3	1.5	.7	.3
Investments in unconsolidated entities	2.3	3.3	2.6						
Net assets of discontinued operations	-	54.4	43.0						
Total	$ 1,477.2	$ 1,324.4	$ 1,310.7	$ 116.5	$ 109.4	$ 104.9	$ 143.4	$ 150.3	$ 113.9

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

GEOGRAPHIC AREA INFORMATION

GEOGRAPHIC AREA	NET SALES			OPERATING PROFIT			IDENTIFIABLE ASSETS		
(In millions)	1997	1996	1995	1997	1996	1995	1997	1996	1995
United States	$ 1,044.8	$ 974.0	$ 916.9	$ 112.0	$ 106.7	$ 81.7	$ 569.4	$ 508.8	$ 462.8
Europe	308.9	332.4	365.8	34.5	26.0	28.8	363.4	400.7	423.8
Latin America	113.8	98.9	97.8	18.2	18.6	12.5	125.2	117.3	123.7
Asia-Pacific	55.4	60.2	50.6	11.4	14.2	9.4	45.6	59.6	59.6
All Other	104.6	92.1	64.4	15.8	15.9	9.2	81.3	71.7	58.5
Total	$ 1,627.5	$ 1,557.6	$ 1,495.5	$ 191.9	$ 181.4	$ 141.6	$ 1,184.9	$ 1,158.1	$ 1,128.4

	EXPORT SALES		
(In millions)	1997	1996	1995
Canada	$ 58.7	$ 42.4	$ 40.7
Latin America	34.1	25.2	21.8
Asia-Pacific	25.3	19.7	19.6
Europe	3.4	6.5	4.5
All Others	3.9	4.0	4.1
Total	$ 125.4	$ 97.8	$ 90.7

(1) For the year ended December 31, 1997, the Group realized a foreign currency gain of $.4 million, and for the years ended December 31, 1996 and 1995, the Group realized foreign currency losses of (in millions) $1.1 and $2.3, respectively. These currency losses include $3.4 million in 1995 related to the devaluation of the Mexican peso.

(2) Under the Infrastructure and Construction Group, the Company ceased all bus operations in June, 1995. For 1995, the school bus operation had $15.7 million in sales and an operating loss of $6.2 million.

(3) The year ended December 31, 1995 includes a non-cash charge of $13.5 million relating to the settlement of the Federal Excise Tax reimbursement on the completed five-ton truck contract, a $2.1 million provision for asset impairment and $3.0 million in termination and other exit costs for the school bus business related to the Infrastructure and Construction Group. The year 1995 also includes $2.8 million relating to the discontinuance of certain international facilities related to the Metal Reclamation and Mill Services Group, and in 1996 this amounted to $1 million.

(4) General corporate expenses for the year 1995 include a $5.8 million foreign currency translation exchange gain. For the years 1997 and 1996, foreign currency translation exchange losses were immaterial.

TWO-YEAR SUMMARY OF QUARTERLY RESULTS
(Unaudited)

(In millions, except per share)

1997 QUARTERLY	FIRST	SECOND	THIRD	FOURTH
Net Sales	$390.7	$426.3	$407.0	$403.5
Gross Profit(1)	88.2	102.6	98.3	100.4
Income from continuing operations	18.1	24.8	27.7	29.8
Equity in income of discontinued defense business	12.0	11.6	5.5	(.7)
Gain on disposal of discontinued defense business	-	-	-	150.0
Net Income	30.1	36.4	33.2	179.1
Basic Earnings Per Share:				
Income from continuing operations	.37	.50	.57	.62
Income from discontinued operations	.24	.24	.11	(.01)
Gain on disposal of discontinued operations (2)	-	-	-	3.14
Net Income (2)	.61	.74	.68	3.75

1996 QUARTERLY	FIRST	SECOND	THIRD	FOURTH
Net Sales	$366.7	$387.7	$395.8	$407.4
Gross Profit(1)	85.2	94.8	93.2	98.9
Income from continuing operations	15.6	22.4	22.5	23.4
Equity in income of discontinued defense business	15.5	6.9	6.6	6.1
Net Income	31.1	29.3	29.1	29.5
Basic Earnings Per Share:				
Income from continuing operations	.31	.45	.45	.47
Income from discontinued operations	.31	.13	.14	.13
Net Income	.62	.58	.59	.60

Notes:

(1) Gross Profit is defined as Net Sales less Cost of Sales, Facilities Discontinuance and Reorganization Costs and Research and Development Expenses.

(2) The sum of the quarterly earnings per share data does not equal the full year amount in the Consolidated Statement of Income due to changes in the average shares outstanding.

COMMON STOCK PRICE AND DIVIDEND INFORMATION

	MARKET PRICE PER SHARE		DIVIDENDS DECLARED
	HIGH	LOW	PER SHARE
1997			
First Quarter...........................	$ 37 5/8	$ 33 1/4	$ .20
Second Quarter..........................	40 1/2	34 1/8	.20
Third Quarter...........................	47 7/8	39 11/16	.20
Fourth Quarter..........................	46 9/16	39 5/16	.22
1996			
First Quarter...........................	$ 34	$ 29	$ .19
Second Quarter..........................	35	32 3/8	.19
Third Quarter...........................	33 1/2	29 1/4	.19
Fourth Quarter..........................	35 1/8	29 3/4	.20

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 1998 Proxy Statement.

(b) Identification of Executive Officers:

Set forth below, as of March 6, 1998, 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 30, 1997, or at various times during the year as noted. All terms expire on April 30, 1998. There are no family relationships between any of the officers.

Name	Age	Principal Occupation or Employment
Corporate Officers:		
D. C. Hathaway	53	Chairman and Chief Executive Officer effective January 1, 1998. Served as Chairman, President and Chief Executive Officer from April 1, 1994 to December 31, 1997, and President and Chief Executive Officer from January 1, 1994 to April 1, 1994. Director since 1991. From 1991 to 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 1984.

Name	Age	Principal Occupation or Employment
L. A. Campanaro	49	President, Chief Operating Officer and Director of the Corporation effective January 1, 1998. Served as Senior Vice President and Chief Financial Officer from December 1992 to December 1997, and as Vice President and Controller from April 1992 to November 1992. Served as Vice President of the BMY-Wheeled Vehicles Division from February 1992 to March 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	47	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	45	Senior Vice President and Chief Financial Officer of the Corporation effective January 1, 1998. Served as Vice President and Controller from January 1994 to December 1997 and as Controller from January 1993 to January 1994. Previously served as Director of Auditing from 1985 to 1993, and served in various auditing positions from 1980 to 1985.

(c) Beneficial Ownership Reporting Compliance

Information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated by reference to the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" of the 1998 Proxy Statement.

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 1998 Proxy Statement.

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

Information regarding security ownership of certain beneficial owners and management is incorporated by reference to the section entitled "Share Ownership of Management" of the 1998 Proxy Statement.

Item 13. Certain Relationships and Related Transactions:

Information regarding certain relationships and related transactions is incorporated by reference to the section entitled "Employment Agreements with Officers of the Company" of the 1998 Proxy Statement.

PART IV

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

(a) 1. The Consolidated Financial Statements are listed in the index to Item 8, "Financial Statements and Supplementary Data," on page 22.

(a) 2. The following financial statement schedule should be read in conjunction with the Consolidated Financial Statements (see Item 8, "Financial Statements and Supplementary Data"):

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 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 from continuing operations before income taxes of such companies does not exceed 20% of the total consolidated income from continuing operations before income taxes.

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"), is included on page 23 of this Form 10-K. In connection with our audits of such consolidated financial statements, we have also audited the related consolidated financial statement schedule listed in the index (Item 14(a) 2.) on page 71 of this Form 10-K.

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

/s/Coopers & Lybrand L.L.P.
Philadelphia, Pennsylvania
January 29, 1998, except as to Note 4 and
paragraph 6 of Note 10, for which the
date is March 4, 1998.

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

COLUMN A	COLUMN B	COLUMN C	COLUMN D		COLUMN E
		Additions	Deductions		
Description	Balance at Beginning of Period	Charged to Cost and Expenses	Due to Currency Translation Adjustments	Other (1)	Balance at End of Period
For the year 1997:					
Deducted from Receivables:					
Uncollectible accounts	$ 8,549	$ 1,916	$ (188)	$ (3,443)	$ 6,834
Deducted from Inventories:					
Inventory valuations	$ 5,381	$ 1,645	$ (129)	$ (3,210)	$ 3,687
For the year 1996:					
Deducted from Receivables:					
Uncollectible accounts	$ 8,256	$ 4,969	$ (74)	$ (4,602)	$ 8,549
Deducted from Inventories:					
Inventory valuations	$ 3,596	$ 3,260	$ (57)	$ (1,418)	$ 5,381
For the year 1995:					
Deducted from Receivables:					
Uncollectible accounts	$ 7,285	$ 2,966	$ 54	$ (2,049)	$ 8,256
Deducted from Inventories:					
Inventory valuations	$ 16,106	$ 1,689	$ 32	$ (14,231)	$ 3,596

(1) Amounts charged to valuation account during the year. During 1995, the reduction in inventory reserves is due principally to the write off of inventory related to the school bus business.

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

Exhibit Number	Data Required	Location in 10-K
2(a)	Joint Venture with FMC Corporation Combining Harsco's BMY-Combat Systems Division with FMC Defense Systems Group - Participation Agreement Dated as of January 1, 1994 - Partnership Agreement Dated as of January 1, 1994 - Registration Rights Agreement Dated as of January 1, 1994	Incorporated by reference to Form 8-K dated February 14, 1994
2(b)	Agreements for sale of 40% limited partnership interest in United Defense L.P.	Incorporated by reference to Form 8-K filed October 16, 1997, and related Form 8-K/A
3(a)	Articles of Incorporation as amended April 24, 1990	Exhibit volume, 1990 10-K
	Certificate of Designation filed September 25, 1997	Exhibit volume, 1997 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 28, 1997, with Chase Mellon Shareholder Services L.L.C.	Incorporated by reference to Form 8-A, filed September 26, 1997
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 (6% Notes)	Incorporated by reference to Form S-3, Registration No. 33-42389 dated August 23, 1991

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

Exhibit Number	Data Required	Location in 10-K
4(e)	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(f)	Debt and Equity Securities Registered	Incorporated by reference to Form S-3, Registration No. 33-56885 dated December 15, 1994, effective date January 12, 1995
	Material Contracts - Credit facility	
10(a)	Amendment Agreement dated July 16, 1996 to the amended and restated Credit Agreement dated as of August 24, 1993, as amended and restated as of June 21, 1994, and as amended by an Amendment Agreement dated as of June 20, 1995 and a second Amendment Agreement dated as of February 29, 1996 among Harsco Corporation, the lenders named therein and Chase Manhattan Bank.	Exhibit to 10-Q for the period ended June 30, 1996
10(b)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between J.P. Morgan Securities, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(c)	Commercial Paper Dealer Agreement Dated October 11, 1994, Between Lehman Brothers, Inc. and Harsco Corporation	Exhibit volume, 1994 10-K
10(d)	Issuing and Paying Agency Agreement, Dated October 12, 1994, Between Morgan Guaranty Trust Company of New York and Harsco Corporation	Exhibit volume, 1994 10-K

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

Exhibit Number	Data Required	Location in 10-K
10(e)	Commercial Paper Agreement with Banque Bruxelles Lambert S.A./Bank Brussel Lambert N.V. dated September 25, 1996.	Exhibit to 10-Q for the period ended September 30, 1996
	Material Contracts - Underwriting	
10(f)	Underwriting Agreement for Debt Securities dated October 22, 1987	Exhibit volume, 1987 10-K
	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 January 27, 1998	Exhibit volume, 1997 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	Exhibit volume, 1990 10-K
10(m)	1995 Executive Incentive Compensation Plan	Proxy Statement dated March 22, 1995 on Exhibit A pages A-1 through A-12

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

Exhibit Number	Data Required	Location in 10-K
10(n)	Authorization, Terms and Conditions of the Annual Incentive Awards, as amended and Restated November 19, 1996, under the 1995 Executive Incentive Compensation Plan	Exhibit volume, 1996 10-K
	Employment Agreements -	
10(o)	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	" "
"	S. D. Fazzolari	" "
10(p)	Consulting Agreement for W. D. Etzweiler dated as of March 1, 1998	Exhibit volume, 1997 10-K
10(q)	Special Supplemental Retirement Benefit Agreement for D. C. Hathaway	Exhibit Volume, 1988 10-K
	Director Indemnity Agreements -	
10(r)	R. F. Nation	Exhibit volume, 1989 10-K Uniform agreement, same as shown for J. J. Burdge
"	A. J. Sordoni, III	" "
"	R. C. Wilburn	" "
"	R. L. Kirk	" "
"	N. H. Prater	" "
"	D. C. Hathaway	" "
"	J. I. Scheiner	" "
"	J. E. Marley	" "
"	C. F. Scanlan	" "
10(s)	Harsco Corporation Directors Retirement Plan (terminated effective December 31, 1996)	Exhibit volume, 1990 10-K

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

Exhibit Number	Data Required	Location in 10-K
10(t)	Harsco Corporation Deferred Compensation Plan for Non-Employee Directors	Exhibit volume, 1994 10-K
10(u)	Harsco Corporation 1995 Non-Employee Directors' Stock Plan	Proxy Statement dated March 22, 1995 on Exhibit B pages B-1 through B-6
10(v)	Settlement Agreement dated September 19, 1995, among the Company, the United States Army and the United States Department of Justice	Exhibit (b) to 10-Q for period ended September 30, 1995
12	Computation of Ratios of Earnings to Fixed Charges	Exhibit volume, 1997 10-K
21	Subsidiaries of the Registrant	Exhibit volume, 1997 10-K
23	Consent of Independent Accountants	Exhibit volume, 1997 10-K
27.1	Financial Data Schedule	Exhibit volume, 1997 10-K
27.2	Restated Financial Data Schedules	Exhibit volume, 1997 10-K
27.3	Restated Financial Data Schedules	Exhibit volume, 1997 10-K

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

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

(b) Reports on Form 8-K:

A report on Form 8-K dated October 6, 1997 was filed October 16, 1997 related to the completion of the sale of United Defense L.P.

A report on Form 8-K/A was filed on January 5, 1998, amending the Form 8-K (dated October 6, 1997 and filed by the Registrant on October 16, 1997) by providing the full text of two exhibits with respect to which the Registrant had previously sought confidential treatment.

A report on Form 8-K dated March 4, 1998 was filed March 13, 1998 related to the announced tender off by Harsco Corporation for UK-based Faber Prest Plc.

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 3-19-98

By /s/ Salvatore D. Fazzolari
Salvatore D. Fazzolari
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 & Chief Executive Officer	3-19-98
/S/ Leonard A. Campanaro (Leonard A. Campanaro)	President, Chief Operating Officer and Director	3-19-98
/S/ Salvatore D. Fazzolari (Salvatore D. Fazzolari)	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	3-19-98
/S/ Robert L. Kirk (Robert L. Kirk)	Director	3-19-98
/S/ James E. Marley (James E. Marley)	Director	3-19-98
/S/ Robert F. Nation (Robert F. Nation)	Director	3-19-98
/S/ Nilon H. Prater (Nilon H. Prater)	Director	3-19-98
/S/ Carolyn F. Scanlan (Carolyn F. Scanlan)	Director	3-19-98
/S/ James I. Scheiner (James I. Scheiner)	Director	3-19-98
/S/ Andrew J. Sordoni III (Andrew J. Sordoni III)	Director	3-19-98
/S/ Robert C. Wilburn (Dr. Robert C. Wilburn)	Director	3-19-98

Item 14(a) 3. Exhibits

Exhibit Number		Document Pages
3(a)	Certificate of Designation filed September 25, 1997	1 - 8
10(h)	Harsco Corporation Supplemental Retirement Benefit Program as amended January 27, 1998	1 - 14
10(p)	Consulting Agreement for W.D.Etzweiler dated as of March 1, 1998	1 - 6
12	Computation of Ratios of Earnings to Fixed Charges	1
21	Subsidiaries of the Registrant	1 - 3
23	Consent of Independent Accountants	1
27.1	Financial Data Schedule	1
27.2	Restated Financial Data Schedules	1
27.3	Restated Financial Data Schedules	1

AMENDED CERTIFICATE OF DESIGNATION,
PREFERENCES AND
RIGHTS OF SERIES A JUNIOR PARTICIPATING
CUMULATIVE PREFERRED STOCK
($1.25 PAR VALUE)

of

Harsco Corporation

Pursuant to Section 151 of the General Corporation Law
of the State of Delaware

We, Derek C. Hathaway, Chairman of the Board, and Paul C. Coppock, Secretary, of Harsco Corporation, a corporation organized and existing under the General Corporation Law of the State of Delaware, in accordance with the provisions of Section 103 thereof, DO HEREBY CERTIFY:

That pursuant to the authority conferred upon the Board of Directors by the Restated Certificate of Incorporation of the said Corporation, the said Board of Directors on September 29, 1987, adopted a resolution creating a series of 400,000 shares of Cumulative Preferred Stock designated as Series A Junior Participating Cumulative Preferred Stock with the preferences and rights as provided in the Certificate of Designation adopted by the Board; and on June 24, 1997, the said Board of Directors adopted a resolution amending the Certificate of Designation as follows:

RESOLVED, that pursuant to the authority vested in the Board of Directors of this Corporation in accordance with the provisions of its Restated Certificate of Incorporation, the Certificate of Designation adopted by the Board of Directors on September 29, 1987, is hereby amended effective September 28, 1997 as follows:

SECTION 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated as "Series A Junior Participating Cumulative Preferred Stock" and the number of shares constituting such series shall be 750,000.

SECTION 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the prior and superior rights of the holders of any shares of any series of Preferred Stock ranking prior and superior to the shares of Series A Junior Participating Cumulative Preferred Stock with respect to dividends or distributions, the holders of shares of Series A Junior Participating

Cumulative Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the fifteenth day of February, May, August and November in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Cumulative Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $5.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock, par value $1.25 per share, of the Corporation (the "Common Stock") since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Cumulative Preferred Stock. In the event the Corporation shall at any time after September 28,1997 (the "Rights Declaration Date") (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a small number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Cumulative Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The corporation shall declare a dividend or distribution on the Series A Junior Participating Cumulative Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $5.00 per share on the Series A Junior Participating Cumulative Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating cumulative Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Cumulative Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly

Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for determination of holders of shares of Series A Junior Participating Cumulative Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Cumulative Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Cumulative Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 45 days prior to the date fixed for the payment thereof.

SECTION 3. VOTING RIGHTS. In addition to the voting rights set forth in Article FOURTH of the Restated Certificate of Incorporation or otherwise required by law, the holders of shares of Series A Junior Participating Cumulative Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Cumulative Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Cumulative Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Cumulative Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Cumulative Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Cumulative Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Cumulative Preferred Stock (including holders of the Series A Junior Participating Cumulative Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class, irrespective of series, shall have the right to elect two (2) Directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Cumulative Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of stockholders, and thereafter at annual meetings of Stockholders, provided that neither such voting right nor the right of the holders of any other series of Cumulative Preferred Stock, if any, to increase, in certain cases, the authorized number of Directors shall be exercised unless the holders of ten percent (10%) in number of shares of Cumulative Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Stock shall not affect the exercise by the holders of Cumulative Preferred Stock of such voting right. At any meeting at which the holders of Cumulative Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect Directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) Directors or, if such right is exercised at an annual meeting, to elect two (2) Directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Cumulative Preferred Stock shall have the right to make such increase in the number of Directors as shall be necessary to permit the election by them of the required number. After the holders of the Cumulative Preferred Stock shall have exercised their right to elect Directors in any default period and during the continuance of such period, the number of Directors shall not be increased or decreased except by vote of the holders of Cumulative Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Cumulative Preferred Stock.

(iii) Unless the holders of Cumulative Preferred Stock shall, during an existing default period, have previously exercised their right to elect Directors, the Board of Directors may order, or any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Cumulative Preferred Stock outstanding, irrespective of series, may request, the calling of a special meeting of the holders of Cumulative Preferred Stock, which meeting shall thereupon be called by the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Cumulative Preferred Stock are entitled to vote pursuant to this paragraph (C)(iii) shall be given to each holder of record of Cumulative Preferred Stock by mailing a copy of such notice to him at his last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any stockholder or stockholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Cumulative Preferred Stock outstanding. Notwithstanding the provisions of this paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the stockholders.

(iv) In any default period, the holders of Common Stock, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of Directors until the holders of Cumulative Preferred Stock shall have exercised their right to elect two (2) Directors voting as a class, after the exercise of which right (x) the Directors so elected by the holders of Cumulative Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in paragraph (C)(ii) of this Section (3) be filled by vote of a majority of the remaining Directors theretofore elected by the holders of the class of stock which elected the Director whose office shall have become vacant.

References in this paragraph (C) to Directors elected by the holders of a particular class of stock shall include Directors elected by such Directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Cumulative Preferred Stock as a class to elect Directors shall cease, (y) the term of any Directors elected by the holders of Cumulative Preferred Stock as a class shall terminate, and (z) the number of Directors shall be such number as may be provided for in the certificate of incorporation or by-laws irrespective of any increase made pursuant to the provisions of paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the certificate of incorporation or by-laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining Directors.

(D) Except as set forth herein, holders of Series A Junior Participating Cumulative Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

SECTION 4. REACQUIRED SHARES. Any shares of Series A Junior Participating Cumulative Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Cumulative Preferred Stock and may be reissued as part of a new series of Cumulative Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

SECTION 5. LIQUIDATION, DISSOLUTION OR WINDING UP.

(A) Upon any voluntary liquidation, dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking (either as to dividends or upon liquidation, dissolution or winding up) junior to the Series A Junior Participating Cumulative Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Cumulative Preferred Stock shall have received $150 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Cumulative Preferred Stock unless, prior thereto, the holders of shares of Common Stock shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 100 (as appropriately adjusted as set forth in subparagraph C below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Stock) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Cumulative Preferred Stock and Common Stock, respectively, holders of Series A Junior Participating Cumulative Preferred Stock and holders of shares of Common Stock shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Cumulative Preferred Stock and Common Stock, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Cumulative Preferred Stock, if any, which rank on a parity with the Series A Junior Participating Cumulative Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Stock.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 6. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Cumulative Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Stock payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock, or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Cumulative Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7. NO REDEMPTION. The shares of Series A Junior Participating Cumulative Preferred Stock shall not be redeemable.

SECTION 8. RANKING. The Series A Junior Participating Cumulative Preferred Stock shall rank junior to all other series of the Corporation's preferred stock as to the payment of dividends and the distribution of assets.

SECTION 9. AMENDMENT. The Restated Certificate of Incorporation of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Cumulative Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Junior Participating Cumulative Preferred Stock, voting separately as a class.

SECTION 10. FRACTIONAL SHARES. Series A Junior Participating Cumulative Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Cumulative Preferred Stock.

IN WITNESS WHEREOF, we have executed and subscribed this Certificate and do affirm the foregoing as true under the penalties of perjury this 23rd day of September, 1997.

/s/ Derek C. Hathaway

Derek C. Hathaway
Chairman of the Board

Attest:

/s/ Paul C. Coppock
- ---------------------------------
Paul C. Coppock
Secretary

RESTATED SEPTEMBER, 1995

HARSCO CORPORATION
SUPPLEMENTAL RETIREMENT BENEFIT PLAN

ARTICLE I

ESTABLISHMENT OF PLAN

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

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

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

ARTICLE II

DEFINITIONS

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

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

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

2.4 Board. The Board of Directors of the Corporation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

ELIGIBILITY AND VESTING

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

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

ARTICLE IV

SUPPLEMENTAL BENEFITS

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

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

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

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

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

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

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

ARTICLE V

SUPPLEMENTAL PENSION BENEFIT DISTRIBUTION

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

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

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

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

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

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

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

ARTICLE VI

SUPPLEMENTAL SAVINGS BENEFIT DISTRIBUTIONS

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

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

ARTICLE VII

ADMINISTRATION

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

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

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

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

ARTICLE VIII

AMENDMENT AND TERMINATION

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

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

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

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

ARTICLE IX

MISCELLANEOUS

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

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

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

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

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

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

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

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

TABLE A

1998 COVERED COMPENSATION TABLE
UNDER TAX REFORM ACT OF 1986

YEAR OF BIRTH	YEAR OF SOCIAL SECURITY RETIREMENT AGE	COVERED COMPENSATION
1925	1990	$ 18,312
1926	1991	19,728
1927	1992	21,192
1928	1993	22,716
1929	1994	24,312
1930	1995	25,920
1931	1996	27,576
1932	1997	29,304
1933	1998	31,128
1934	1999	32,940
1935	2000	34,752
1936	2001	36,528
1937	2002	38,292
1938	2004	41,748
1939	2005	43,488
1940	2006	45,216
1941	2007	46,908
1942	2008	48,552
1943	2009	50,136
1944	2010	51,684
1945	2011	53,208
1946	2012	54,684
1947	2013	56,136
1948	2014	57,432
1949	2015	58,644
1950	2016	59,760
1951	2017	60,780
1952	2018	61,716
1953	2019	62,592
1954	2020	63,420
1955	2022	64,872
1956	2023	65,544
1957	2024	66,120
1958	2025	66,612
1959	2026	67,044
1960	2027	67,404
1961	2028	67,716
1962	2029	67,944
1963	2030	68,148
1964	2031	68,304
1965	2032 and later	68,400

Table B

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

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

Table C

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

AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO AGE 62	%
YEARS	MONTHS		
65	0	0	100
64	11	0	100
64	10	0	100
64	9	0	100
64	8	0	100
64	7	0	100
64	6	0	100
64	5	0	100
64	4	0	100
64	3	0	100
64	2	0	100
64	1	0	100
64	0	0	100
63	11	0	100
63	10	0	100
63	9	0	100
63	8	0	100
63	7	0	100
63	6	0	100
63	5	0	100
63	4	0	100
63	3	0	100
63	2	0	100
63	1	0	100
63	0	0	100
62	11	0	100
62	10	0	100
62	9	0	100
62	8	0	100
62	7	0	100
62	6	0	100
62	5	0	100
62	4	0	100
62	3	0	100
62	2	0	100
62	1	0	100
62	0	0	100
61	11	1	99.7
61	10	2	99.4
61	9	3	99.1
61	8	4	98.8
61	7	5	98.5

AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO AGE 62	%
YEARS	MONTHS		
61	6	6	98.2
61	5	7	97.9
61	4	8	97.6
61	3	9	97.3
61	2	10	97
61	1	11	96.7
61	0	12	96.4
60	11	13	96.1
60	10	14	95.8
60	9	15	95.5
60	8	16	95.2
60	7	17	94.9
60	6	18	94.6
60	5	19	94.3
60	4	20	94
60	3	21	93.7
60	2	22	93.4
60	1	23	93.1
60	0	24	92.8
59	11	25	92.5
59	10	26	92.2
59	9	27	91.9
59	8	28	91.6
59	7	29	91.3
59	6	30	91
59	5	31	90.7
59	4	32	90.4
59	3	33	90.1
59	2	34	89.8
59	1	35	89.5
59	0	36	89.2
58	11	37	88.9
58	10	38	88.6
58	9	39	88.3
58	8	40	88
58	7	41	87.7
58	6	42	87.4
58	5	43	87.1
58	4	44	86.8
58	3	45	86.5
58	2	46	86.2
58	1	47	85.9

AGE AT WHICH MONTHLY BENEFITS ARE TO BEGIN		# OF MOS PRIOR TO AGE 62	%
YEARS	MONTHS		
58	0	48	85.6
57	11	49	85.3
57	10	50	85
57	9	51	84.7
57	8	52	84.4
57	7	53	84.1
57	6	54	83.8
57	5	55	83.5
57	4	56	83.2
57	3	57	82.9
57	2	58	82.6
57	1	59	82.3
57	0	60	82
56	11	61	81.7
56	10	62	81.4
56	9	63	81.1
56	8	64	80.8
56	7	65	80.5
56	6	66	80.2
56	5	67	79.9
56	4	68	79.6
56	3	69	79.3
56	2	70	79
56	1	71	78.7
56	0	72	78.4
55	11	73	78.1
55	10	74	77.8
55	9	75	77.5
55	8	76	77.2
55	7	77	76.9
55	6	78	76.6
55	5	79	76.3
55	4	80	76
55	3	81	75.7
55	2	82	75.4
55	1	83	75.1
55	0	84	74.8

AMENDMENTS NO. 1 AND 2 TO THE HARSCO CORPORATION SUPPLEMENTAL RETIREMENT BENEFIT PLAN

Sections 1.1, 2.7, and 3.1 of the Harsco Corporation Supplemental Retirement Benefit Plan were amended on January 27, 1997, and Sections 2.5, 2.7 and 5.7 of the Plan were amended on January 26, 1998 to read as follows (new language is in bold):

1.1 Purpose. The Harsco Corporation Supplemental Retirement Plan ("Plan") was established by Harsco Corporation ("Corporation") to provide supplemental retirement benefits to designated corporate and division officers and to compensate them for government-imposed reductions in benefits from and/or contributions to the tax-qualified plans in which they participate. ALSO THE PLAN PROVIDES FOR ANCILLARY AGREEMENTS IN ORDER TO DOCUMENT SPECIAL NONQUALIFIED PENSION BENEFIT COMMITMENTS FOR CORPORATE AND DIVISION OFFICERS AND NONOFFICERS.

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

(a) Stock Acquisition. Any "person" (as such term is used in Sections 13(d) and 14 (d)(2) of the Securities Exchange Act of 1934 ["the 1934 Act"], other than the Company or a corporation, a majority of whose outstanding stock entitled to vote is owned, directly or indirectly, by the Company ("SUBSIDIARY"), who is or becomes, other than by purchase from the Company or such a corporation, the "beneficial owner" (as such term is defined in Rule 13(d)-3 under the 1934 Act) ("BENEFICIAL OWNER"), directly or indirectly, of securities of the Company representing 15 percent or more of the combined voting power of the Company's then outstanding voting securities. Such a Change in Control shall be deemed to have occurred on the first to occur of the date securities are first purchased by a tender or exchange offer, or the date on which the Company first learns of acquisition of 15 percent of such securities, or the EARLIER of the effective date of an agreement for the merger, consolidation or other reorganization of the Company or Company shareholder approval thereof, as the case may be.

(b) THE DATE THAT A TENDER OR EXCHANGE OFFER BY ANY PERSON (OTHER THAN THE COMPANY OR SUBSIDIARY) IS FIRST PUBLISHED OR SENT OR GIVEN WITHIN THE MEANING OF RULE 14E-2(a) OF THE GENERAL RULES AND REGULATIONS UNDER THE EXCHANGE ACT AS MAY BE AMENDED, SUPPLEMENTED OR SUPERSEDED FROM TIME TO TIME, IF UPON CONSUMMATION THEREOF, SUCH PERSON WOULD BE THE BENEFICIAL OWNER OF 20% OR MORE OF THE COMBINED VOTING POWER OF THE COMPANY'S OUTSTANDING VOTING SECURITIES.

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

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

2.7 Compensation. Total base salary plus 100% of nondiscretionary incentive compensation, (INCLUDING THE VALUE OF THE AWARDS MADE UNDER THE 1995 EXECUTIVE INCENTIVE COMPENSATION PLAN IN COMMON STOCK AS OF THE DATE OF THE AWARD, OR IN CASH, AND REGARDLESS OF WHETHER ANY SUCH STOCK AWARD IS LATER FORFEITED) all calculated on a paid basis and payable according to the provision of a regular written plan covering officers as approved by the Board or a Committee thereof.

3.1 Eligibility to Participate in the Plan. All officers of the Corporation, and division officers elected by the Board of Directors shall be eligible to participate in this Plan. ALSO ELIGIBLE TO PARTICIPATE IN THE PLAN THROUGH SPECIFIC ANCILLARY AGREEMENTS THAT MAY BE APPROVED FROM TIME TO TIME WILL BE CERTAIN NONOFFICER EMPLOYEES.

5.7 Change in Control. NOT LATER THAN TEN (10) BUSINESS DAYS AFTER THE DATE ON WHICH A CHANGE IN CONTROL OCCURS, THE COMPANY SHALL BE OBLIGATED TO THE PARTICIPANTS TO CONTRIBUTE AN AMOUNT EQUAL TO THE CUMULATIVE ACCRUED BENEFITS FOR ALL PARTICIPANTS AND BENEFICIARIES UNDER THIS PLAN (TOGETHER WITH AN ADDITIONAL AMOUNT TO COVER ALL ESTIMATED ADMINISTRATION EXPENSES ASSOCIATED WITH THE PAYMENT OF SUCH BENEFITS) INTO THE TRUST ESTABLISHED AS OF JULY 1, 1987 BY AND BETWEEN THE COMPANY AND DAUPHIN DEPOSIT BANK AND TRUST COMPANY (TRUSTEE) (THE "RABBI TRUST"), FOR FUTURE DISTRIBUTION BY THE TRUSTEE, OR ANY SUCCESSOR TRUSTEE, IN ACCORDANCE WITH THE TERMS OF THIS PLAN, AND THE RABBI TRUST. CONTEMPORANEOUS WITH SUCH CONTRIBUTION, THE COMPANY SHALL ALSO PROVIDE TO THE TRUSTEE OR SUCCESSOR TRUSTEE ALL INSTRUCTIONS REGARDING THE PARTICIPANTS, BENEFICIARIES, AND THEIR BENEFITS NECESSARY FOR THE TRUSTEE TO CARRY OUT ITS DUTIES UNDER THE TRUST. NOTHING IN THIS PLAN SHALL PRECLUDE THE COMPANY FROM FUNDING THE RABBI TRUST PRIOR TO A CHANGE IN CONTROL.

Section 4.3 was added to the Harsco Corporation Supplemental Retirement Benefit Plan on January 27, 1997, to read as follows:

4.3 PROVISION FOR HECKETT MULTISERV - EAST DIVISION OFFICERS. THE SUPPLEMENTAL PLAN ALSO PROVIDES THAT OFFICERS OF THE HECKETT MULTISERV-EAST DIVISION WILL RECEIVE SUPPLEMENTAL PAYMENTS TO MAKE UP ANY REDUCTION IN QUALIFIED PLAN PAYMENTS TO THE EXTENT THE VALUE OF THE COMPANY COMMON STOCK AWARD UNDER THE PROVISIONS OF THE EXECUTIVE INCENTIVE COMPENSATION PLAN IS NOT INCLUDABLE IN THE QUALIFIED PLAN'S DEFINITION OF PENSIONABLE EARNINGS.

Section 5.8 was added to the Plan on January 26, 1998, to read as follows:

5.8 DOCUMENTATION OF RETIREMENT BENEFIT. UPON A PARTICIPANT'S EARLY, NORMAL, OR POSTPONED RETIREMENT DATE OR TERMINATION OF EMPLOYMENT WITH A VESTED ACCRUED BENEFIT, THE COMPANY SHALL EXECUTE AND DELIVER TO THE PARTICIPANT, OR IF DECEASED, TO THE BENEFICIARY, AN AGREEMENT CONFIRMING THE COMPANY'S LEGAL DUTY TO PAY THE SUPPLEMENTAL PENSION PLAN BENEFIT IN ACCORDANCE WITH THE FORM OF PAYMENT SELECTED BY THE PARTICIPANT OR BENEFICIARY, AND SUMMARIZING SUCH PAYMENT TERMS.

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

CONSULTING AGREEMENT

THIS AGREEMENT, dated as of the 1st day of March 1998, is made by and between the HARSCO CORPORATION (hereinafter referred to as "Harsco") and WILLIAM D. ETZWEILER (hereinafter referred to as "Consultant").

WHEREAS, effective March 1, 1998, Consultant is retiring as the Senior Vice President and Chief Operating Officer of Harsco Corporation and for a certain period after such retirement, Harsco desires the Consultant to provide certain consulting services to Harsco, and Consultant has agreed to provide such services, all pursuant to the terms of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements and covenants hereinafter set forth, the parties agree as follows:

1. Consulting Services. From March 1, 1998 through February 28, 1999, Consultant will serve as a general advisor and consultant to Harsco regarding matters relevant to the knowledge and expertise which Consultant acquired as an officer of Harsco. During that period, Consultant shall provide such specific services as may be reasonably assigned to him from time to time by the Chief Executive Officer pursuant to a schedule mutually satisfactory to both Consultant and Harsco. Such services will be rendered from Consultant's home including telephone consultations with Harsco on an as-needed basis, and upon the request of the Chief Executive Officer, will be rendered at the Corporate Office and/or other locations.

2. Consulting Fees and Other Compensation.

(a) Harsco shall pay Consultant at the rate of $10,000 for each three month period commencing March 1, 1998, and ending February 28, 1999. Payments will be made in arrears by the 10th day after each three month period. The fee will be prorated for any period of less than three months in the event of early termination of the agreement.

(b) Harsco will provide Consultant with partial reimbursement of COBRA premiums for continuation of group health insurance for Consultant and his qualified dependents (provided that Consultant elects to continue such coverage) for the medical insurance plan that is in effect for Corporate Office employees as such plan may be changed from time to time. Reimbursement will continue until Consultant attains age 65 years on December 26, 2000.

Harsco's COBRA reimbursement payment will be made monthly upon receipt of a check from Consultant in the amount of the COBRA premium (which is currently $490.49). The reimbursement to the Consultant will be in a monthly amount equal to Consultant's premium payment less the amount of the coverage cost being charged at that time by Harsco to Corporate Office employees (currently $126.00 for employee plus spouse).

Amounts payable under this subsection (b) may be considered income to Consultant and be subject to state and local tax obligations at the end of the year in which the amounts are paid.

(c) Harsco will continue Consultant's present level of life insurance coverage in the amount of $500,000 until Consultant attains age 65 years. This benefit will result in income being imputed to Consultant for federal income tax purposes under Internal Revenue Code Section 79. Subsequent to that time, a post-retirement group term life insurance benefit of $5,000 will be continued on Consultant's life at Harsco's expense.

(d) Consultant agrees to indemnify and hold Harsco harmless from any liability for tax payments, required tax withholdings, penalties, additions to tax and/or interest which may arise from compensation and benefits provided under this agreement.

3. Expenses. In addition to the payment of consulting fees pursuant to Section 2 above, Consultant shall be reimbursed by Harsco for reasonable business travel expenses incurred in connection with the performance of services hereunder, provided that prior approval by Harsco for incurring the expenses was obtained, and appropriate receipts are presented to Harsco.

4. Term and Termination. The term of this Agreement shall commence on March 1, 1998 and shall remain in effect until December 31, 2000 (provided, however, that the consulting duties and accrual of fees terminate February 28, 1999). Notwithstanding the foregoing, this Agreement shall terminate upon the death or disability of Consultant, and Harsco may terminate this Agreement for "cause" upon written notice to Consultant. As used in this Agreement, the term "cause" shall include, but not be limited to Consultant's unreasonable refusal to

perform the duties reasonably assigned to him under this Agreement or other breach of this Agreement. Upon termination of this Agreement for any reason, Consultant shall be paid any unpaid consulting fees earned prior to termination. The provisions of Sections 6 and 7 shall survive termination of this Agreement.

5. Relationship. In performing his obligations hereunder, Consultant acknowledges and agrees that he is an independent contractor and not an agent or employee of Harsco. Consultant further acknowledges and agrees that he is responsible for his own estimated and self-employment taxes, and that he shall be treated as an independent contractor for all purposes, including but not limited to federal and state taxation, withholding taxes, unemployment insurance, and workers' compensation and disability insurance.

6. Confidentiality. In consideration of the fees to be received pursuant to Section 2 hereof, Consultant agrees that during the term of this Agreement and at any time thereafter, Consultant will not disclose to any person or use for his own benefit any confidential or proprietary information concerning the strategic plans, customers, suppliers, products, operations, sales techniques or other business related information of Harsco Corporation.

7. Developments. Consultant agrees that all ideas, inventions, trade secrets, know how, documents and data ("Developments") developed pursuant to Consultant's services provided pursuant to this Agreement shall remain and become the exclusive property of Harsco. Consultant agrees to provide all reasonable assistance to Harsco in perfecting and maintaining its rights to the Developments. Harsco shall

have the right to use the Developments for any purpose without any additional compensation to Consultant.

8. Harsco Code of Conduct. A copy of Harsco Corporation's Code of Conduct dated March 1997 (the "Code") is attached hereto and incorporated herein by reference. Consultant acknowledges receipt thereof and expressly agrees to conform to the requirements set forth in the Code.

9. General Provisions. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives; provided, however, that this Agreement is personal to Consultant and neither this Agreement nor Consultant's rights hereunder may be assigned by him. This Agreement may be amended or modified only by a written instrument executed by each of the parties hereto. This Agreement sets forth the entire agreement and understanding of the parties hereto, and supersedes all prior agreements, arrangements and understandings, written or oral, relating to the subject matter hereof. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed entirely within such Commonwealth.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth above.

HARSCO CORPORATION

By: /s/ D.C. Hathaway

Title: Chairman and CEO

/s/William D. Etzweiler

William D. Etzweiler

Exhibit 12

HARSCO CORPORATION

Computation of Ratios of Earnings to Fixed Charges

(In Thousands of Dollars)

	YEARS ENDED DECEMBER 31				
	1997	1996	1995	1994	1993
Consolidated Earnings:					
Pre-tax income from continuing operations	$ 165,613	$ 145,984	$ 107,073	$ 84,197	$ 70,116
Add fixed charges computed below	24,263	26,181	33,121	37,982	23,879
Net adjustments for equity companies	(694)	(181)	(466)	(134)	(363)
Net adjustments for capitalized interest	--	--	--	(274)	(172)
Consolidated Earnings Available for Fixed Charges	$ 189,182	$ 171,984	$ 139,728	$ 121,771	$ 93,460
Consolidated Fixed Charges:					
Interest expense per financial statements (1)	$ 16,741	$ 21,483	$ 28,921	$ 34,048	$ 19,974
Interest expense capitalized	128	131	134	338	332
Portion of rentals (1/3) representing an interest factor	7,394	4,567	4,066	3,596	3,573
Interest expense for equity companies whose debt is guaranteed (2)	--	--	--	--	--
Consolidated Fixed Charges	$ 24,263	$ 26,181	$ 33,121	$ 37,982	$ 23,879
Consolidated Ratio of Earnings to Fixed Charges	7.80	6.57	4.22	3.21	3.91

(1) Includes amortization of debt discount and expense.

(2) No fixed charges were associated with debt of less than fifty percent owned companies guaranteed by the Company during the five year period 1993 through 1997.

HARSCO CORPORATION EXHIBIT 21

Subsidiaries of the Registrant:

Name	Country of Incorporation	Ownership Percentage
Heckett MultiServ SAIC	Argentina	100%
MetServ Holdings Pty. Limited	Australia	55%
MetServ Australasia Pty. Ltd.	Australia	70%
MetServ Victoria Pty. Ltd.	Australia	70%
MetServ Pty. Ltd.	Australia	55%
Harsco (Australia) Pty. Limited	Australia	100%
Fairmont Tamper (Australia) Pty. Limited	Australia	100%
Taylor-Wharton (Australia) Pty. Limited	Australia	100%
AluServ Middle East W.L.L.	Bahrain	65%
Heckett MultiServ S.A.	Belgium	100%
Heckett MultiServ Russia S.A.	Belgium	100%
Loyquip Holdings S.A.	Belgium	100%
Societe D'Etudes et D'Administration des Enterprises S.A.	Belgium	100%
Fortuna Insurance Limited	Bermuda	100%
Harsco (Bermuda) Limited	Bermuda	100%
Sobremetal - Recuperacao de Metais Ltda	Brazil	100%
Comercio de Rejeitos Industriais Ltda	Brazil	100%
Harsco Canada Limited	Canada	100%
Heckett MultiServ S.A.	Chile	100%
EnviroServ Co., Ltd.	China	55%
MultiServ Wuhan Co. Ltd.	China	100%
MultiServ Jiangxi Co. Ltd.	China	100%
Taylor-Wharton (Beijing) Cryogenic Equipment Co. Ltd.	China	51%
MultiServ s.r.o.	Czech Republic	100%
Heckett MultiServ Bahna S.A.E.	Egypt	65%
Metalsider S.A.S.	France	51%
Heckett MultiServ France S.A.	France	100%
Floyequip S.A.	France	100%
PyroServ	France	100%
Heckett MultiServ Sud S.A.	France	100%
Carbofer International GmbH	Germany	100%
MultiServ GmbH	Germany	100%
Harsco GmbH	Germany	100%
IMS Servizi SpA	Italy	100%
MultiServ SrL	Italy	100%
ILSERV SrL	Italy	65%
Luxequip Holding S.A.	Luxembourg	100%
Heckett MultiServ S.A.	Luxembourg	100%
Societe Luxembourgeoise D'Interim S.A.	Luxembourg	100%
Heckett MultiServ Kemaman SDN. BHD.	Malaysia	100%
Taylor-Wharton Gas Equipment SDN. BHD.	Malaysia	100%

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

Name	Country of Incorporation	Ownership Percentage
Harsco Minnesota Corporation	U.S.A.	100%
Harsco UDLP Corporation	U.S.A.	100%
Heckett MultiServ Investment Corporation	U.S.A.	100%
T.J. Egan and Company Inc.	U.S.A.	100%
Harsco Foreign Sales Corporation	U.S. Virgin Islands	100%
Heckett MultiServ MV & MS, C.A.	Venezuela	100%

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

Name	Country of Incorporation/ Organization	Ownership Percentage
Tamper-Holland Welding Services	Australia	50%
Phooltas Tamper Private Limited	India	40%
Ferro Scrap Nigam Ltd.	India	40%
P.T. Purna Baja Heckett	Indonesia	40%
IKG-Salcon SDN. BHD.	Malaysia	50%
Auxihec	Spain	50%

EXHIBIT 23

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 January 29, 1998, except as to Note 4 and paragraph 6 of Note 10, for which the date is March 4, 1998, on our audits, of the consolidated financial statements and consolidated financial statement schedule of the Company as of December 31, 1997 and 1996 and for each of the three years in the period ended December 31, 1997, which reports are included in this Annual Report on Form 10-K, respectively:

- Post Effective Amendment No. 6 to Form S-8 Registration Statement (Registration No. 2-57876), effective May 21, 1982.
- Post Effective Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-5300), dated March 26, 1987.
- Form S-8 Registration Statement (Registration No. 33-14064), dated May 6, 1987.
- Amendment No. 2 to Form S-8 Registration Statement (Registration No. 33-24854), dated October 31, 1988.
- Form S-3 Registration Statement (Registration No. 33-56885) dated December 15, 1994.
- Form S-8 Registration Statement (Registration No. 333-13175), dated October 1, 1996.
- Form S-8 Registration Statement (Registration No. 333-13173), dated October 1, 1996.

COOPERS & LYBRAND L.L.P.

Philadelphia, Pennsylvania
March 23, 1998

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1,000

12-MOS
DEC-31-1997
DEC-31-1997
221,565
43,867
266,399
(6,834)
135,154
713,652
1,202,783
(690,870)
1,477,188
372,492
198,898
0
0
82,318
699,384
1,477,188
1,627,478
1,629,121
1,229,334
1,449,233
0
1,461
16,741
171,611
65,213
100,400
178,432
0
0
278,832
5.72
5.67

5

THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT ON FORM 10-K FOR THE YEAR-ENDED DECEMBER 31, 1997.

1,000

6-MOS	3-MOS	12-MOS
DEC-31-1997	DEC-31-1997	DEC-31-1996
JUN-30-1997	MAR-31-1997	DEC-31-1996
43,945	28,167	45,862
0	0	0
295,499	290,922	276,779
(7,613)	(7,922)	(8,549)
137,671	133,066	126,018
533,833	516,009	508,546
1,199,798	1,186,337	1,187,452
(690,946)	(677,853)	(674,340)
1,334,993	1,325,869	1,324,419
295,661	279,729	294,027
232,404	236,579	227,385
0	0	0
0	0	0
82,134	82,041	81,823
602,277	599,364	599,464
1,334,993	1,325,869	1,324,419
816,963	390,694	1,557,643
817,753	391,074	1,559,138
621,531	299,206	1,176,982
732,826	355,196	1,393,081
0	0	0
846	546	3,661
8,513	3,992	21,483
78,856	33,156	151,523
32,828	13,592	62,081
42,882	18,128	83,903
23,630	11,970	35,106
0	0	0
0	0	0
66,512	30,098	119,009
1.35	.61	2.39
1.34	.60	2.37

5

THIS SCHEDULE CONTAINS RESTATED SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH ANNUAL REPORT ON FORM 10-K FOR THE YEAR-ENDED DECEMBER 31, 1997.

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9-MOS	6-MOS	3-MOS	12-MOS
DEC-31-1996	DEC-31-1996	DEC-31-1996	DEC-31-1995
SEP-30-1996	JUN-30-1996	MAR-31-1996	DEC-31-1995
55,179	43,249	49,963	76,669
0	0	0	0
292,033	292,074	283,588	281,114
(8,841)	(8,259)	(8,376)	(8,256)
134,064	134,590	128,224	123,285
535,336	521,209	517,277	533,766
1,153,106	1,126,010	1,088,737	1,080,267
(661,595)	(644,029)	(628,293)	(620,458)
1,339,413	1,323,719	1,307,460	1,310,662
277,843	276,031	372,831	388,512
282,362	277,278	173,967	179,926
0	0	0	0
0	0	0	0
40,856	40,831	40,804	40,672
619,052	611,225	601,960	585,319
1,339,413	1,323,719	1,307,460	1,310,662
1,150,195	754,419	366,686	1,495,466
1,151,330	755,226	367,195	1,499,859
872,262	571,925	280,528	1,147,467
1,030,452	676,693	332,866	1,368,840
0	0	0	0
2,971	2,120	1,017	3,410
16,881	12,067	6,087	28,921
109,272	70,258	30,270	109,570
44,798	29,947	13,492	45,755
60,565	38,027	15,621	61,318
28,914	22,343	15,489	36,059
0	0	0	0
0	0	0	0
89,479	60,370	31,110	97,377
1.79	1.20	.62	1.93
1.77	1.19	.61	1.91