HARSCO CORP
Form 10-K
February 23, 2010

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

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2009

OR

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

Commission File Number 1-3970

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

Delaware (State or other jurisdiction of incorporation or organization)	23-1483991 (I.R.S. employer identification number)
350 Poplar Church Road, Camp Hill, Pennsylvania (Address of principal executive offices)	17011 (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
Preferred stock purchase rights	

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.YES x NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the

Act.YES o NO 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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES o NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§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. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer x Non-accelerated filer o (Do not check if a smaller reporting company)	Accelerated filer o Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).YES oNO x

The aggregate market value of the Company's voting stock held by non-affiliates of the Company as of June 30, 2009 was $2,272,391,000.

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

Class	Outstanding at January 31, 2010
Common stock, par value $1.25 per share	80,505,994

DOCUMENTS INCORPORATED BY REFERENCE

Selected portions of the 2009 Proxy Statement are incorporated by reference into Part III of this Report.

The Exhibit Index (Item No. 15) located on pages 110 to 115 incorporates several documents by reference as indicated therein.

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PART I

Item 1. Business.

(a) General Development of Business.

Harsco Corporation ("the Company") is a diversified, multinational provider of industrial services and engineered products serving global industries that are fundamental to worldwide economic growth. The Company's operations fall into three reportable segments: Harsco Infrastructure, Harsco Metals and Harsco Rail (formerly included as a part of the "All Other" Category), plus an "All Other" Category labeled Harsco Minerals & Harsco Industrial. The Company has locations in 51 countries, including the United States. The Company was incorporated in 1956.

The Company's executive offices are located at 350 Poplar Church Road, Camp Hill, Pennsylvania 17011. The Company's main telephone number is (717) 763-7064. The Company's Internet website address is www.harsco.com. Through this Internet website (in the "Investor Relations" link) the Company makes available, free of charge, its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and all amendments to those reports, as soon as reasonably practical after those reports are electronically filed or furnished to the Securities and Exchange Commission. Information contained on the Company's website is not incorporated by reference into this Annual Report on Form 10-K, and should not be considered as part of this Annual Report on Form 10-K.

The Company's principal lines of business and related principal business drivers are as follows:

Principal Lines of Business	Principal Business Drivers
· Engineered scaffolding, concrete forming and shoring, and other access-related services, rentals and sales	· Infrastructure and non-residential construction · Industrial plant maintenance requirements
· Outsourced, on-site services to steel mills and other metals producers	· Global metals production and capacity utilization · Outsourcing of services by metals producers
· Railway track maintenance services and equipment	· Global railway track maintenance-of-way capital spending · Outsourcing of track maintenance and new track construction by railroads
· Minerals and recycling technologies	· Demand for high-value specialty steel and ferro alloys
· Industrial grating products	· Industrial plant and warehouse construction and expansion · Off-shore drilling and new rig construction
· Air-cooled heat exchangers	· Natural gas compression, transmission and demand
· Industrial abrasives and roofing granules	· Industrial and infrastructure surface preparation and restoration ·

			Residential roof replacement
·	Heat transfer products	·	Commercial and institutional boiler and water heater requirements

The Company reports segment information using the "management approach," based on the way management organizes and reports the segments within the enterprise for making operating decisions and assessing performance. The Company's reportable segments are identified based upon differences in products, services and markets served. These segments and the types of products and services offered are more fully described in section (c) below.

In 2009, 2008 and 2007, the United States contributed sales of $1.0 billion, $1.3 billion and $1.2 billion, equal to 34%, 32% and 31% of total sales, respectively. In 2009, 2008 and 2007, the United Kingdom contributed sales of $0.4 billion, $0.7 billion and $0.7 billion, equal to 15%, 17% and 20% of total sales, respectively. One customer, ArcelorMittal, represented approximately 10% of the Company's sales during 2009, 2008 and 2007. There were no significant inter-segment sales.

(b) Financial Information about Segments

Financial information concerning industry segments is included in Note 14, Information by Segment and Geographic Area, to the Consolidated Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data."

(c) Narrative Description of Business

(1) A narrative description of the businesses by reportable segment is as follows:

Harsco Infrastructure Segment – 39% of consolidated sales for 2009

The Harsco Infrastructure Segment is one of the world's most complete global organizations for engineered rental scaffolding, shoring, concrete forming and other access-related solutions. The Segment operates from a network of branches throughout the world, including North America, Europe, the Gulf Region of the Middle East, Africa, Asia-Pacific and Latin America. Major services include the rental of concrete shoring and forming systems; scaffolding for non-residential and infrastructure construction projects and industrial maintenance requirements; as well as a variety of other infrastructure services including project engineering and equipment erection and dismantling and, to a lesser extent, equipment sales.

The Company's infrastructure services are provided through branch locations in approximately 40 countries plus export sales worldwide. In 2009, this Segment's revenues were generated in the following regions:

Harsco Infrastructure Segment

Region	2009 Percentage of Revenues
Western Europe	58%
North America	20%
Middle East and Africa	12%
Eastern Europe	6%
Latin America (a) (b)	2%
Asia-Pacific (b)	2%

(a) Including Mexico.
(b) Revenues in these regions are expected to increase in 2010 as a result of recent acquisitions.

For 2009, 2008 and 2007, the Harsco Infrastructure Segment's percentage of the Company's consolidated sales was 39% for each year.

Harsco Metals Segment – 36% of consolidated sales for 2009

The Harsco Metals Segment is the world's largest provider of on-site, outsourced services to the global metals industries. Harsco Metals provides its services and solutions on a long-term contract basis, supporting each stage of the metal-making process from initial raw material handling to post-production by-product processing and on-site recycling, including providing environmental services for the processing of residual by-products. Working as a specialized, value-added services provider, Harsco Metals rarely takes ownership of its customers' raw materials or finished products. This Segment's multi-year contracts had estimated future revenues of $3.6 billion at December 31, 2009. This provides the Company with a substantial base of long-term revenues. Approximately 61% of these revenues are expected to be recognized by December 31, 2012. The remaining revenues are expected to be recognized principally between January 1, 2013 and December 31, 2018.

Harsco Metals operates in over 30 countries. In 2009, this Segment's revenues were generated in the following regions:

Harsco Metals Segment

Region	2009 Percentage of Revenues
Western Europe	49%
North America	16%
Latin America (a)	14%
Middle East and Africa	9%
Asia-Pacific	8%
Eastern Europe	4%

(a) Including Mexico.

For 2009, 2008 and 2007, the Harsco Metals Segment's percentage of the Company's consolidated sales was 36%, 40% and 41%, respectively.

Harsco Rail Segment – 10% of consolidated sales for 2009

The Harsco Rail Segment is a global provider of equipment and services to maintain, repair and construct railway track. The Company's railway track maintenance services, solutions and specialized track maintenance equipment support private and government-owned railroads and urban transit system worldwide.

The Company's rail products are produced in three countries and products and services are provided worldwide. In 2009, 2008 and 2007, export sales from the U.S. for the Harsco Rail Segment were $119.7 million, $68.1 million and $21.8 million, respectively. These represent 39%, 25% and 9% of this Segment's revenues for the years ended December 31, 2009, 2008 and 2007, respectively. In 2009, this Segment's revenues were generated from operations in the following regions:

Harsco Rail Segment

Region	2009 Percentage of Revenues
North America (a)	83%
Western Europe	12%
Asia-Pacific	4%
Middle East and Africa	1%

(a) North America revenues include export sales throughout the world that originate from North America.

For 2009, 2008 and 2007, the Harsco Rail Segment's percentage of the Company's consolidated sales was 10%, 7% and 6%, respectively.

All Other Category - Harsco Minerals & Harsco Industrial – 15% of consolidated sales for 2009

The All Other Category includes the Harsco Minerals, Harsco Industrial IKG, Harsco Industrial Air-X-Changers and Harsco Industrial Patterson-Kelley business units. Approximately 86% of this category's revenues originate in the United States.

Harsco Minerals is a multinational company that extracts high-value metallic content for production re-use on behalf of leading steelmakers and also specializes in the development of minerals technologies for commercial applications, including agriculture fertilizers. It also produces industrial abrasives and roofing granules from power-plant utility coal slag at a number of locations throughout the United States. The Company's BLACK BEAUTY® 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, primarily for the replacement roofing market. This business unit is the United States' largest producer of slag abrasives and third-largest producer of residential roofing granules.

Harsco Industrial IKG manufactures a varied line of industrial grating products at several plants in North America. These products include a full range of bar grating configurations, which are used mainly in industrial flooring, as well as safety and security applications in the power, paper, chemical, refining and processing industries.

Harsco Industrial Air-X-Changers is a leading supplier of custom-designed and manufactured air-cooled heat exchangers for the natural gas industry. The Company's heat exchangers are the primary apparatus used to condition natural gas during recovery, compression and transportation from underground reserves through the major pipeline distribution channels.

Harsco Industrial Patterson-Kelley is a leading manufacturer of heat transfer products such as boilers and water heaters for commercial and institutional applications.

For 2009, 2008 and 2007, the All Other Category's percentage of the Company's consolidated sales was 15%, 14% and 14%, respectively.

(1)(i) The products and services of the Company are generated through a number of product groups. These product groups are more fully discussed in Note 14, Information by Segment and Geographic Area, to the Consolidated Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data." The product groups that contributed 10% or more as a percentage of consolidated sales in any of the last three fiscal years are set forth in the following table:

	Percentage of Consolidated Sales		
Product Group	2009	2008	2007
Services and equipment for infrastructure construction and industrial maintenance	39%	39%	39%
On-site services to metal producers	36%	40%	41%
Railway track maintenance services and equipment	10%	7%	6%

(1)(ii) New products and services are added from time to time; however, in 2009 none required 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 for its limited product manufacturing include principally steel and, to a lesser extent, aluminum, which are usually readily available. The profitability of the Company's manufactured products is affected by changing purchase prices of steel and other materials and commodities. If steel or other material costs associated with the Company's manufactured products increase and the costs cannot be passed on to the Company's customers, operating income would be adversely impacted. Additionally, decreased availability of steel or other materials could affect the Company's ability to produce manufactured products in a timely manner. The Harsco Minerals business unit uses raw materials sourced from boiler slag, which is a coal combustion by-product. If the Company cannot obtain the necessary raw materials for its manufactured products, then revenues, operating income and cash flows will be adversely affected. Certain services performed by the Harsco Minerals business result in the recovery, processing and sale of specialty steel scrap concentrate and ferro alloys to its customers. The selling price of the by-product material is principally market-based and varies based upon the current market value of its components. Therefore, the revenue amounts recorded from the sale of such by-product material varies based upon the market value of the commodity components being sold.

(1)(iv) While the Company 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) The Company furnishes products and materials and certain industrial services within the Harsco Infrastructure and the All Other Category that are seasonal in nature. As a result, the Company's sales and net income for the first quarter ending March 31 are normally lower than the second, third and fourth quarters. Additionally, the Company has historically generated the majority of its cash flows in the second half of the year. This is a result of normally higher income during the latter part of the year. The Company's historical revenue patterns and cash provided by operating activities were as follows:

Historical Pattern of Revenue from Continuing Operations

(In millions)	2009	2008	2007		2006	2005
First Quarter Ended March 31	$696.9	$987.8	$840.0		$682.1	$558.0
Second Quarter Ended June 30	777.0	1,099.6	946.1		766.0	606.0
Third Quarter Ended September 30	744.2	1,044.9	927.4		773.3	599.5
Fourth Quarter Ended December 31	772.5	835.5	974.6		804.2	632.5
Totals	$2,990.6	$3,967.8	$3,688.2	(a)	$3,025.6	$2,396.0

Historical Pattern of Cash Provided by Operations

(In millions)	2009	2008	2007	2006	2005	
First Quarter Ended March 31	$39.6	$32.0	$41.7	$69.8	$48.1	
Second Quarter Ended June 30	116.7	178.5	154.9	114.5	86.3	
Third Quarter Ended September 30	120.4	171.6	175.7	94.6	98.1	
Fourth Quarter Ended December 31	157.8	192.2	99.4	130.3	82.7	
Totals	$434.5	$574.3	$471.7	$409.2	$315.3	(a)

(a) Does not total due to rounding.

(1) (vi) The practices of the Company relating to working capital are similar to those practices of other industrial service providers or manufacturers servicing both domestic and international industrial customers and commercial markets. These practices include the following:

- Standard accounts receivable payment terms of 30 days to 60 days, with progress or advance payments required for certain long-lead-time or large orders. Payment terms are slightly longer in certain international markets.
- Standard accounts payable payment terms of 30 days to 90 days.
- Inventories are maintained in sufficient quantities to meet forecasted demand. Due to the time required to manufacture certain railway track maintenance equipment to customer specifications, inventory levels of this business tend to increase for an extended time during the production phase and then decline when the equipment is sold.

(1) (vii) One customer, ArcelorMittal, represented approximately 10% of the Company's sales in 2009, 2008 and 2007. The Harsco Metals Segment is dependent largely on the global steel industry, and in 2009, 2008 and 2007 there were two customers that each provided in excess of 10% of this Segment's revenues under multiple long-term contracts at numerous mill sites. ArcelorMittal was one of those customers in 2009, 2008 and 2007. The loss of any one of the contracts would not have a material adverse effect upon the Company's financial position or cash flows; however, it could have a significant effect on quarterly or annual results of operations. Additionally, these customers have significant accounts receivable balances. Further consolidation in the global steel industry is possible. Should transactions occur involving some of the Company's larger steel industry customers, it would result in an increase in concentration of revenues and credit risk for the Company. If a large customer were to experience financial difficulty, or file for bankruptcy protection, it could adversely impact the Company's income, cash flows and asset valuations. As part of its credit risk management practices, the Company closely monitors the credit standing and accounts receivable position of its customer base.

(1) (viii)

At December 31, 2009, the Company’s metals services contracts had estimated future revenues of $3.6 billion, compared with $4.1 billion as of December 31, 2008. The decline is primarily attributable to the revenues recognized during 2009 offset by projected volume from new and renewed contracts. At December 31, 2009, the Company’s railway track maintenance services and equipment business had estimated future revenues of $442.3 million, compared with $518.1 million as of December 31, 2008. This is primarily due to shipment of orders during 2009, partially offset by new orders. The railway track maintenance services and equipment business backlog includes a significant portion that will not be realized until late 2010 and 2011 due to the long lead-time necessary to build certain equipment, and the long-term nature of certain service contracts. In addition, as of December 31, 2009, the Company had an order backlog of $48.6 million in its All Other Category (Harsco Minerals & Harsco Industrial). This compares with $121.6 million as of December 31, 2008. The decrease from December 31, 2008 is due principally to lower demand and completion of orders during 2009. Order backlog for scaffolding, shoring and forming services; for roofing granules and slag abrasives; and for the reclamation and recycling services of high-value content from steelmaking slag is excluded from the above amounts. These amounts are generally not quantifiable due to the short order lead times for certain services, the nature and timing of the products and services provided and equipment rentals with the ultimate length of the rental period unknown.

As of December 31, 2009, approximately $252.9 million or 52% of the Company's order backlog is not expected to be filled in 2010. The majority of this backlog is expected to be filled in 2011. This is exclusive of long-term metals industry services contracts, infrastructure-related services, roofing granules and industrial abrasives products, and minerals and metal recovery technologies services.

(1)(ix) At December 31, 2009, the Company had no material contracts that were subject to renegotiation of profits or termination at the election of the U.S. government.

(1)(x) The Company encounters active competition in all of its activities from both larger and smaller companies that produce the same or similar products or services, or that produce different products appropriate for the same uses.

(1)(xi) The expense for product development activities was $3.2 million, $5.3 million and $3.2 million in 2009, 2008 and 2007, respectively. For additional information regarding product development activities, see the Research and Development section included in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(1)(xii) The Company has become subject to, as have others, stringent air and water quality control legislation. In general, the Company has not experienced substantial difficulty complying with these environmental regulations, and does not anticipate making any material capital expenditures for environmental control facilities. While the Company expects that environmental regulations may expand, and that 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, Commitments and Contingencies, to the Consolidated Financial Statements included in Part II, Item 8, "Financial Statements and Supplementary Data."

(1)(xiii) As of December 31, 2009, the Company had approximately 19,600 employees.

(d) Financial Information about Geographic Areas

Financial information concerning foreign and domestic operations is included in Note 14, Information by Segment and Geographic Area, to the Consolidated Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data." Export sales from the United States totaled $149.0 million, $105.7 million and $61.7 million in 2009, 2008 and 2007, respectively.

(e) Available Information

Information is provided in Part I, Item 1 (a), "General Development of Business."

Item 1A. Risk Factors.

Set forth below and elsewhere in this report and in other documents the Company files with the Securities and Exchange Commission are risks and uncertainties that could cause the Company's actual results to materially differ from the results contemplated by the forward-looking statements contained in this report and in other documents the Company files with the Securities and Exchange Commission.

Market risk.

In the normal course of business, the Company is routinely subjected to a variety of risks. In addition to the market risk associated with interest rate and currency movements on outstanding debt and non-U.S. dollar-denominated assets and liabilities, other examples of risk include customer concentration in the Harsco Metals and Harsco Rail Segments and certain businesses of the "All Other" Category; collectibility of receivables; volatility of the financial markets and their effect on pension plans; and global economic and political conditions.

The global financial markets experienced extreme disruption in the last half of 2008 and into 2009, including, among other things, severely diminished liquidity and credit availability for many business entities; declines in consumer confidence; negative economic growth; declines in real estate values; increases in unemployment rates; significant volatility in equities; rating agency downgrades and uncertainty about economic stability. Governments across the globe have taken aggressive actions, including economic stimulus programs, intended to address these difficult market conditions. These economic uncertainties affect the Company's businesses in a number of ways, making it difficult to accurately forecast and plan future business activities.

The continuing disruption in the credit markets has severely restricted access to capital for many companies. If credit markets continue to deteriorate, the Company's ability to incur additional indebtedness to fund operations or refinance maturing obligations as they become due may be significantly constrained. The Company is unable to predict the likely duration and severity of the current disruptions in the credit and financial markets and adverse global economic conditions. While these conditions have not impaired the Company's ability to access credit markets and finance operations at this time, if the current uncertain economic conditions continue or further deteriorate, the Company's business and results of operations could be materially and adversely affected.

Negative economic conditions may adversely impact the demand for the Company's services, the ability of the Company's customers to meet their obligations to the Company on a timely basis and the valuation of the Company's assets.

The continuing tightening of credit in financial markets may lead businesses to postpone spending, which may impact the Company's customers, causing them to cancel, decrease or delay their existing and future orders with the Company. Continuing decline in the economy may further impact the ability of the Company's customers to meet their obligations to the Company on a timely basis and could result in bankruptcy filings by them. If customers are unable to meet their obligations on a timely basis, it could adversely impact the realizability of receivables, the valuation of inventories and the valuation of long-lived assets across the Company's businesses. The risk remains that certain significant Harsco Metals customers may file for bankruptcy protection, be acquired or consolidate in the future. Additionally, the Company may be negatively affected by contractual disputes with customers and attempts by customers to unilaterally change the terms and pricing of certain contracts to their sole advantage without adequate consideration to the Company, which could have an adverse impact on the Company's income and cash flows.

The current tightening of credit in financial markets could also negatively affect the forecasts used in performing the Company's goodwill impairment testing under Generally Accepted Accounting Principles in the United States ("GAAP"). In accordance with these principles, the Company is required to test acquired goodwill for impairment on an annual basis based upon a fair value approach. If the fair market value of the Company's reporting units is less than their book value, the Company could be required to record an impairment charge. The valuation of reporting units requires judgment in estimating future cash flows, discount rates and other factors. The basis of this discount rate calculation is derived from several internal and external factors. These factors include, but are not limited to, the average market price of the Company's stock, the number of shares of stock outstanding, the fair value of the Company's debt, a long-term risk-free interest rate, and both market and size-specific risk premiums. Additionally, assessments of future cash flows would consider, but not be limited to, the following: infrastructure plant maintenance requirements; global metals production and capacity utilization; global railway track maintenance-of-way capital spending; and other drivers of the Company's businesses. Changes in the overall interest rate environment may also impact the fair market value of the Company's reporting units as this would directly influence the rate utilized for discounting operating cash flows, and ultimately determining a reporting unit's fair value. The Company's overall market capitalization is also a factor in evaluating the fair market values of the Company's reporting units. During 2008 the Company's stock price had decreased approximately 57%, but its market capitalization exceeded its book value as of December 31, 2008. During 2009 the Company's stock price increased approximately 16%, and its market capitalization continued to exceed its book value as of December 31, 2009. As a result of this and other factors, the Company concluded that any interim impairment test was not required during 2009 and performed its regular annual test as of October 1, 2009. Any significant declines in the overall market capitalization of the Company could lead to the determination that the book value of one or more of the Company's reporting units exceeds their fair value.

If management determines that goodwill or other assets are impaired or that inventories or receivables cannot be realized at recorded amounts, the Company will be required to record a write-down in the period of determination, which will reduce net income for that period. Although any potential impairment would be a non-cash charge, the amount could be significant and could have a significant adverse effect on the Company's results of operations for the period in which the charge is recorded.

The Company's global presence subjects it to a variety of risks arising from doing business internationally.

The Company operates in 51 countries, including the United States. The Company's global footprint exposes it to a variety of risks that may adversely affect results of operations, cash flows or financial position. These include, but may not be limited to, the following:

- periodic economic downturns in the countries in which the Company does business;
- fluctuations in currency exchange rates;
- imposition of or increases in currency exchange controls and hard currency shortages;
- customs matters and changes in trade policy or tariff regulations;
- changes in regulatory requirements in the countries in which the Company does business;
- changes in tax regulations, higher tax rates in certain jurisdictions and potentially adverse tax consequences including restrictions on repatriating earnings, adverse tax withholding requirements and "double taxation";
- longer payment cycles and difficulty in collecting accounts receivable;
- complexities in complying with a variety of U.S. and international laws and regulations;
- political, economic and social instability, civil unrest, terrorist actions and armed hostilities in the regions or countries in which the Company does business;
- inflation rates in the countries in which the Company does business;
- laws in various international jurisdictions that limit the right and ability of subsidiaries to pay dividends and remit earnings to affiliated companies unless specified conditions are met;
- sovereign risk related to foreign governments and the potential risks that include, but may not be limited to, that those governments stop paying interest or repudiate their debt, that they nationalize their private businesses or that they alter their foreign-exchange regulations; and,
- uncertainties arising from local business practices, cultural considerations and international political and trade tensions. The Company operates in many parts of the world that have experienced governmental corruption to some degree. Accordingly, in certain circumstances, strict compliance with local laws and anti-bribery laws may conflict with local customs and practices.

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

The Company has operations in several countries in the Middle East, including Bahrain, Egypt, Israel, Qatar, Saudi Arabia and the United Arab Emirates, as well as India, which are geographically close to countries with a continued high risk of armed hostilities. During 2009, 2008 and 2007, the Company's Middle East operations contributed approximately $71.8 million, $66.7 million and $44.6 million, respectively, to the Company's operating income. Additionally, the Company has operations in and sales to countries that have encountered outbreaks of communicable diseases (e.g., Acquired Immune Deficiency Syndrome ("AIDS") and others). In countries in which such outbreaks occur, worsen or spread to other countries, the Company may be negatively impacted through reduced sales to and within those countries and other countries impacted by such diseases.

Exchange rate fluctuations may adversely impact the Company’s business.

Fluctuations in foreign exchange rates between the U.S. dollar and the over 40 other currencies in which the Company conducts business may adversely impact the Company’s operating income and income from continuing operations in any given fiscal period. Approximately 66% and 68% of the Company’s sales and approximately 52% and 61% of the Company’s operating income from continuing operations for the years ended December 31, 2009 and 2008, respectively, were derived from operations outside the United States. More specifically, approximately 15% and 17% of the Company’s revenues were derived from operations in the United Kingdom during 2009 and 2008, respectively. Additionally, approximately 27% and 26% of the Company’s revenues were derived from operations with the euro as their functional currency during 2009 and 2008, respectively. Given the structure of the Company’s revenues and expenses, an increase in the value of the U.S. dollar relative to the foreign currencies in which the Company earns its revenues generally has a negative impact on operating income, whereas a decrease in the value of the U.S. dollar tends to have the opposite effect. The Company’s principal foreign currency exposures are to the British pound sterling and the euro.

Compared with the corresponding period in 2008, the average values of major currencies changed as follows in relation to the U.S. dollar during 2009, impacting the Company’s sales and income:

- British pound sterling Weakened by 17%
- euro Weakened by 6%
- South African rand Relatively constant
- Brazilian real Weakened by 9%
- Canadian dollar Weakened by 7%
- Australian dollar Weakened by 7%
- Polish zloty Weakened by 30%

Compared with exchange rates at December 31, 2008, the values of major currencies changed as follows as of December 31, 2009:

- British pound sterling Strengthened by 10%
- euro Strengthened by 2%
- South African rand Strengthened by 21%
- Brazilian real Strengthened by 25%
- Canadian dollar Strengthened by 14%
- Australian dollar Strengthened by 21%
- Polish zloty Strengthened by 3%

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

To illustrate the effect of foreign currency exchange rate changes in certain key markets of the Company, in 2009, revenues would have been approximately 9% or $254.7 million less and operating income would have been approximately 14% or $30.6 million less if the average exchange rates for 2008 were utilized. A similar comparison for 2008 would have decreased revenues approximately 1% or $30.8 million, while operating income would have been approximately 1% or $3.3 million less if the average exchange rates for 2008 would have remained the same as 2007. If the U.S. dollar weakens in relation to the euro and British pound sterling, the Company would generally expect to see a positive effect on future sales and income from continuing operations as a result of foreign currency translation. Currency changes also result in assets and liabilities denominated in local currencies being translated into

U.S. dollars at different amounts than at the prior period end. If the U.S. dollar weakens in relation to currencies in countries in which the Company does business, the translated amounts of the related assets and liabilities, and therefore stockholders' equity, would increase. Conversely, if the U.S. dollar strengthens in relation to currencies in countries in which the Company does business, the translated amounts of the related assets, liabilities, and therefore stockholders' equity, would decrease.

Although the Company engages in foreign currency forward exchange contracts and other hedging strategies to mitigate foreign exchange risk, hedging strategies may not be successful or may fail to completely offset the risk. The Company has a Foreign Currency Risk Management Committee that develops and implements strategies to mitigate these risks.

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

Cyclical industry and economic conditions may adversely affect the Company's businesses.

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

- The Company's Harsco Infrastructure Segment may be adversely impacted by slowdowns in non-residential, multi-dwelling residential or infrastructure construction and annual industrial and building maintenance cycles;

- The Company's Harsco Metals Segment may be adversely impacted by slowdowns in steel mill production, excess capacity, consolidation or bankruptcy of steel producers or a reversal or slowing of current outsourcing trends in the steel industry;

- The Company's Harsco Rail Segment may be adversely impacted by developments in the railroad industry that lead to lower capital spending or reduced maintenance spending;

- The reclamation recycling services business may be adversely impacted by slowdowns in customer production or a reduction in the selling price of its materials, which is market-based and varies based upon the current fair value of the components being sold. Therefore, the revenue amounts generated from the sale of such recycled materials vary based upon the fair value of the commodity components being sold;

- The roofing granules and abrasives business may be adversely impacted by reduced home resales or economic conditions that slow the rate of residential roof replacement, or by slowdowns in the industrial and infrastructure refurbishment industries;

- The industrial grating products business may be adversely impacted by slowdowns in non-residential construction and industrial production;

- The air-cooled heat exchangers business is affected by cyclical conditions present in the natural gas industry. Therefore, a slowdown in natural gas production could adversely affect this business;

- The Company's access to capital and the associated costs of borrowing may be adversely impacted by the tightening of credit markets. Capital constraints and increased borrowing costs may also adversely impact the financial position and operations of the Company's customers across all business segments. Such customer capital constraints may result in cancelled or postponed construction projects negatively affecting the Harsco Infrastructure Segment.

The seasonality of the Company's business may cause its quarterly results to fluctuate.

The Company has historically generated the majority of its cash flows provided by operations in the second half of the year. This is a result of normally higher income during the second half of the year, as the Company's business tends to follow seasonal patterns. If the Company is unable to successfully manage the cash flow and other effects of seasonality on the business, its results of operations may suffer. The Company's historical revenue patterns and net cash provided by operating activities are included in Part I, Item 1, "Business."

The Company may lose customers or be required to reduce prices as a result of competition.

The industries in which the Company operates are highly competitive.

- The Harsco Infrastructure Segment rents and sells equipment and provides erection and dismantling services to principally the non-residential and infrastructure construction and industrial plant maintenance markets. Contracts are awarded based upon the Company's engineering capabilities, product availability and efficiency, safety record, and the ability to competitively price its rentals and services. If the Company is unable to consistently provide high-quality products and services at competitive prices, it may lose customers or operating margins may decline due to reduced selling prices.

- The Harsco Metals Segment is sustained mainly through contract renewals. Historically, the Company has a high contract renewal rate. If the Company is unable to renew its contracts at the historical rates or renewals are at reduced prices, revenue and operating profits may decline. Additionally, the Company has been exiting certain underperforming contracts in an effort to improve overall profitability. The Company will continue to exit underperforming contracts as considered necessary to achieving its strategic initiatives.

- The Harsco Rail Segment and the Company's manufacturing businesses compete with companies that manufacture similar products both internationally and domestically. Certain international competitors export their products into the United States and sell them at lower prices due to lower labor costs and government subsidies for exports. Such practices may limit the prices the Company can charge for its products and services. Additionally, unfavorable foreign exchange rates can adversely impact the Company's ability to match the prices charged by international competitors. If the Company is unable to match the prices charged by international competitors, it may lose customers.

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

Increased customer concentration and credit risk in the Harsco Metals Segment may adversely impact the Company's future earnings and cash flows.

- The Harsco Metals Segment and, to a lesser extent, the Harsco Rail Segment and the All Other Category have several large customers throughout the world with significant accounts receivable balances. Consolidation in the global steel industry has occurred in recent years and additional consolidation is possible. Should additional transactions occur involving some of the steel industry's larger companies which are customers of the Company, it would result in an increase in concentration of credit risk for the Company. If a large customer were to experience financial difficulty, or file for bankruptcy protection, it could adversely impact the Company's income, cash flows and asset valuations. As part of its credit risk management practices, the Company has developed strategies to mitigate, although not eliminate, this increased concentration of credit risk.

- In the Harsco Infrastructure Segment, concentrations of credit risk with respect to accounts receivable are generally limited due to the Company's large number of customers and their dispersion across different geographies. However, continued economic declines in particular regions of the world could result in higher customer defaults and could adversely impact the Company's income, cash flows and asset valuations. The Company has developed strategies to mitigate, but not eliminate, this risk.

- The Company's businesses may be negatively affected by contractual disputes with customers and attempts by major customers to unilaterally change the terms and pricing of certain contracts to their sole advantage without adequate consideration to the Company.

The Company is subject to changes in legislative, regulatory and legal developments involving income taxes.

The Company is subject to U.S. federal, state and international income, payroll, property, sales and use, fuel, and other types of taxes. Changes in tax rates, enactment of new tax laws, revisions of tax regulations, and claims or litigation with taxing authorities could result in substantially higher taxes and, therefore, could have a significant adverse effect on the Company's results of operations, financial condition and liquidity. Currently, a majority of the Company's revenue is generated from customers located outside the United States, and a substantial portion of the

Company's assets and employees are located outside the United States. U.S. income tax and foreign withholding taxes have not been provided on undistributed earnings for certain non-U.S. subsidiaries, because such earnings are intended to be indefinitely reinvested in the operations of those subsidiaries.

Several U.S. legislation proposals have been announced that would substantially reduce (or have the effect of substantially reducing) the Company's ability to defer U.S. taxes on profit permanently reinvested outside the United States. Proposals to date could have a negative impact on the Company's financial position and operating results. Additionally, they could have a negative impact on the Company's ability to compete in the global marketplace. The probability of any of these proposals being enacted cannot be predicted with any certainty. Indications are that reform in 2010 is still likely, but such reform may be structured with more of the business community's concerns in mind. Nonetheless, the Company is working with legislators with the goal of achieving a balanced and fair approach to tax reform. The Company continues to monitor legislation to be in position to structure operations in a manner that will reduce the impact of enacted changes.

The Company's defined benefit net periodic pension cost is directly affected by the equity and bond markets, and a downward trend in those markets could adversely impact the Company's future earnings.

In addition to the economic issues that directly affect the Company's businesses, changes in the performance of equity and bond markets, particularly in the United Kingdom and the United States, impact actuarial assumptions used in determining annual net periodic pension cost, pension liabilities and the valuation of the assets in the Company's defined benefit pension plans. Further financial market deterioration would most likely have a negative impact on the Company's net periodic pension cost and the accounting for pension assets and liabilities. This could result in a decrease to Stockholders' Equity and an increase in the Company's statutory funding requirements.

The Company's earnings may be positively or negatively impacted by the amount of income or expense the Company records for defined benefit pension plans. The Company calculates income or expense for the plans using actuarial valuations that reflect assumptions relating to financial market and other economic conditions. The most significant assumptions used to estimate defined benefit pension income or expense for the upcoming year are the discount rate and the expected long-term rate of return on plan assets. If there are significant changes in key economic indicators, these assumptions may materially affect the Company's financial position, results of operations or cash flows. These key economic indicators would also likely affect the amount of cash the Company would contribute to the defined benefit pension plans. For a discussion regarding how the Company's financial statements can be affected by defined benefit pension plan accounting policies, see the Pension Benefits section of the Application of Critical Accounting Policies in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

In response to adverse market conditions during 2002 and 2003, the Company conducted a comprehensive global review of its defined benefit pension plans in order to formulate a strategy to make its long-term pension costs more predictable and affordable. In 2008 and 2009, as a response to worsening economic conditions, the Company implemented design changes for additional defined benefit plans, of which the principal change involved converting future pension benefits for many of the Company's non-union employees in the United Kingdom from a defined benefit plan to a defined contribution plan.

The Company's pension committee continues to evaluate alternative strategies to further reduce overall net periodic pension cost including: conversion of certain remaining defined benefit plans to defined contribution plans; the ongoing evaluation of investment fund managers' performance; the balancing of plan assets and liabilities; the risk assessment of all multi-employer pension plans; the possible merger of certain plans; the consideration of incremental voluntary cash contributions to certain plans; and other changes that are likely to reduce future net periodic pension cost volatility and minimize risk.

In addition to the Company's defined benefit pension plans, the Company also participates in numerous multi-employer pension plans throughout the world. Within the United States, the Pension Protection Act of 2006 may require additional funding for multi-employer plans that could cause the Company to be subject to higher cash contributions in the future. Additionally, market conditions may affect the funded status of multi-employer plans and consequently any Company withdrawal liability, if applicable. The Company continues to monitor and assess any full and partial withdrawal liability implications associated with these plans.

Further tightening of credit, as well as downgrades in Harsco's credit ratings, could increase Harsco's cost of borrowing and could adversely affect Harsco's future earnings and ability to access the capital markets.

Continued tightening of the credit markets may adversely impact the Company’s access to capital and the associated costs of borrowing; however, this is somewhat mitigated by the Company’s strong financial position. The Company’s cost of borrowing and ability to access the capital markets are affected not only by market conditions but also by the short- and long-term debt ratings assigned to Harsco’s debt by the major credit rating agencies. These ratings are based, in part, on the Company’s financial position and liquidity as measured by credit metrics such as interest coverage and leverage ratios. See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” for further discussion on credit ratings and outlook. An inability to access the capital markets could have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

Restrictions imposed by the Company’s credit facilities and outstanding notes may limit the Company’s ability to obtain additional financing or to pursue business opportunities.

The Company’s credit facilities and certain notes payable agreements contain a covenant stipulating a maximum debt to capital ratio of 60%. Certain notes payable agreements also contain a covenant requiring a minimum net worth of $475 million. In addition, one credit facility limits the proportion of subsidiary consolidated indebtedness to a maximum of 10% of consolidated tangible assets. These covenants limit the amount of debt the Company may incur, which could limit its ability to obtain additional financing or pursue business opportunities. In addition, the Company’s ability to comply with these ratios may be affected by events beyond its control. A breach of any of these covenants or the inability to comply with the required financial ratios could result in a default under these credit facilities. In the event of any default under these credit facilities, the lenders under those facilities could elect to declare all borrowings outstanding, together with accrued and unpaid interest and other fees, to be due and payable, which would cause an event of default under the notes. This could, in turn, trigger an event of default under the cross-default provisions of the Company’s other outstanding indebtedness. At December 31, 2009, the Company was in compliance with these covenants with a debt to capital ratio of 39.5%, a net worth of $1.5 billion and less than 1% of consolidated subsidiary indebtedness to consolidated tangible assets. The Company had $322.7 million in outstanding indebtedness containing these covenants at December 31, 2009.

Failure of financial institutions to fulfill their commitments under committed credit facilities and derivative financial instruments may adversely affect the Company’s future earnings and cash flows.

The Company has committed revolving credit facilities with financial institutions available for its use, for which the Company pays commitment fees. One facility is provided by a syndicate of several financial institutions, with each institution agreeing severally (and not jointly) to make revolving credit loans to the Company in accordance with the terms of the related credit agreement. If one or more of the financial institutions providing these committed credit facilities were to default on its obligation to fund its commitment, the portion of the committed facility provided by such defaulting financial institution would not be available to the Company. The Company periodically evaluates the creditworthiness of financial institution counterparties and does not expect default by them. However, given the current global financial environment, such default remains possible.

The Company has foreign currency forward exchange contracts outstanding as part of a worldwide program to minimize foreign currency exchange operating income and balance sheet exposure. Foreign currency forward exchange contracts are used to hedge commitments, such as foreign currency debt, firm purchase commitments and foreign currency cash flows for certain export sales transactions. The Company may also enter into derivative contracts to hedge commodity exposures. The unsecured contracts outstanding at December 31, 2009 mature at various times within three months and are with major financial institutions. The Company may be exposed to credit loss in the event of non-performance by the other parties to the contracts. The Company evaluates the creditworthiness of the counterparties and does not expect default by them. However, given the current global financial environment, such default remains possible.

The inability of a counterparty to fulfill its obligation under committed credit facilities or derivative financial instruments may have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

See Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” of this report for more information.

The Company’s cash flows and earnings are subject to changes in interest rates.

The Company’s total debt as of December 31, 2009 was $1.0 billion. Of this amount, approximately 6.4% had variable rates of interest and 93.6% had fixed rates of interest. The weighted average interest rate of total debt was approximately 5.8%. At current debt levels, a one percentage point increase/decrease in variable interest rates would increase/decrease interest expense by approximately $0.6 million per year. If the Company is unable to successfully manage its exposure to variable interest rates, its results of operations may be negatively impacted.

A negative outcome on personal injury claims against the Company may adversely impact results of operations and financial condition.

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

Company have been filed in New York. Almost all of the New York complaints contain a standard claim for damages of $20 million or $25 million against the approximately 90 defendants, regardless of the individual plaintiff's alleged medical condition, and without specifically identifying any Company product as the source of plaintiff's asbestos exposure. If the Company is found to be liable in any of these actions and the liability exceeds the Company's insurance coverage, results of operations, cash flows and financial condition could be adversely affected. For more information concerning this litigation, see Note 10, Commitments and Contingencies, to the Consolidated Financial Statements under Part II, Item 8, "Financial Statements and Supplementary Data."

Higher than expected claims under insurance policies, under which the Company retains a portion of the risk, could adversely impact results of operations and cash flows.

The Company retains a significant portion of the risk for property, workers' compensation, U.K. employers' liability, automobile, general and product liability losses. Reserves have been recorded that reflect the undiscounted estimated liabilities for ultimate losses including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. At December 31, 2009 and 2008, the Company had recorded liabilities of $87.2 million and $97.2 million, respectively, related to both asserted and unasserted insurance claims. Included in the balance at December 31, 2009 and 2008 were $6.9 million and $17.8 million, respectively, of recognized liabilities covered by insurance carriers. If actual claims are higher than those projected by management, an increase to the Company's insurance reserves may be required and would be recorded as a charge to income in the period the need for the change was determined. Conversely, if actual claims are lower than those projected by management, a decrease to the Company's insurance reserves may be required and would be recorded as a reduction to expense in the period the need for the change was determined. The Company periodically evaluates the creditworthiness of the insurance providers and does not expect default by them. However, given the current global financial environment, such default remains possible.

The Company is subject to various environmental laws, and the success of existing or future environmental claims against it could adversely impact the Company's results of operations and cash flows.

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

The Company is currently involved in a number of environmental remediation investigations and cleanups and, along with other companies, has been identified as a "potentially responsible party" for certain waste disposal sites under the federal "Superfund" law. At several sites, the Company is currently conducting environmental remediation, and it is probable that the Company will agree to make payments toward funding certain other of these remediation activities. It also is possible that some of these matters will be decided unfavorably to the Company and that other sites requiring remediation will be identified. Each of these matters is subject to various uncertainties, and financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements; the availability and application of technology; the allocation of cost among potentially responsible parties; the years of remedial activity required; and the remediation methods selected. The Company has evaluated its potential liability and the Consolidated Balance Sheets at December 31, 2009 and 2008 include an accrual of $3.1 million and $3.2 million, respectively, for future expenditures related to environmental matters. The amounts charged against pre-tax earnings related to environmental matters totaled $1.5 million, $1.5 million and $2.8 million for the years ended December 31, 2009, 2008 and 2007, respectively. The liability for future remediation costs is evaluated on a quarterly basis. Actual costs to be incurred at identified sites in future periods may be greater than the estimates, given inherent uncertainties in evaluating environmental exposures.

Increases in energy prices could increase the Company's operating costs and reduce its profitability.

Worldwide political and economic conditions, an imbalance in the supply and demand for oil, extreme weather conditions and armed hostilities in oil-producing regions, among other factors, may result in an increase in the volatility of energy costs, both on a macro basis and for the Company specifically. To the extent that increased energy costs cannot be passed on to customers in the future, the financial condition, results of operations and cash flows of the Company may be adversely affected. To the extent that reduced energy costs are not passed on to customers in the future, this may have a favorable impact on the financial condition, results of operations and cash flows of the Company. The Company has established a Risk Management Committee to manage the risk of increased energy prices that affect the Company's operations.

Increases or decreases in purchase prices (or selling prices) or availability of steel or other materials and commodities may affect the Company's profitability.

The profitability of the Company's manufactured products is affected by changing purchase prices of steel and other materials and commodities. If raw material costs associated with the Company's manufactured products increase and the costs cannot be transferred to the Company's customers, operating income would be adversely affected. Additionally, decreased availability of steel or other materials could affect the Company's ability to produce manufactured products in a timely manner. If the Company cannot obtain the necessary raw materials for its manufactured products, then revenues, operating income and cash flows will be adversely affected.

Certain services performed by the Harsco Minerals business result in the recovery, processing and sale of specialty steel and other high-value metal by-products to its customers. The selling price of the by-products material is market-based and varies based upon the current fair value of its components. Therefore, the revenue amounts generated from the sale of such by-products material vary based upon the fair value of the commodity components being sold.

The Company may not be able to manage and integrate acquisitions successfully.

In the past, the Company has acquired businesses and continues to evaluate strategic acquisition opportunities that have the potential to support and strengthen the business. The Company can give no assurances, however, that any acquisition opportunities will arise or, if they do, that they will be consummated, or that additional financing or capital, if needed, will be available on satisfactory terms. In addition, acquisitions involve inherent risks that the businesses acquired will not perform in accordance with the Company's expectations. The Company may not be able to achieve the synergies and other benefits that are expected from the integration of acquisitions as successfully or rapidly as projected, if at all. The Company's failure to effectively integrate newly acquired operations could prevent the Company from recognizing expected rates of return on an acquired business and could have a material and adverse effect on the results of operations, financial condition and cash flows.

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

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

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

Location	Principal Products
Harsco Infrastructure Segment	
Dosthill, United Kingdom	Infrastructure Services, Rentals and Sales
Trevoux, France	Infrastructure Services, Rentals and Sales
Arkel, The Netherlands	Infrastructure Services, Rentals and Sales
Lubna, Poland	Infrastructure Services, Rentals and Sales

Harsco Rail Segment	
Brendale, Australia	Rail Maintenance Equipment
Fairmont, Minnesota	Rail Maintenance Equipment
Ludington, Michigan	Rail Maintenance Equipment
West Columbia, South Carolina	Rail Maintenance Equipment

Location	Principal Products
All Other Category – Harsco Minerals & Harsco Industrial	
Drakesboro, Kentucky	Roofing Granules/Abrasives
Gary, Indiana	Roofing Granules/Abrasives
Channelview, Texas	Industrial Grating Products
Leeds, Alabama	Industrial Grating Products
Queretaro, Mexico	Industrial Grating Products
East Stroudsburg, Pennsylvania	Heat Transfer Products
Catoosa, Oklahoma	Heat Exchangers
Sarver, Pennsylvania	Minerals and Recycling Technologies

The Company also operates at the following principal properties that are leased:

Location	Principal Products
Harsco Infrastructure Segment	
Ratingen, Germany	Infrastructure Services, Rentals and Sales
Berlin, Germany	Infrastructure Services, Rentals and Sales
Darmstadt, Germany	Infrastructure Services, Rentals and Sales
Mitry-Mory, France	Infrastructure Services, Rentals and Sales
Manchester, United Kingdom	Infrastructure Services, Rentals and Sales
Dubai, United Arab Emirates	Infrastructure Services, Rentals and Sales
Abu Dhabi, United Arab Emirates	Infrastructure Services, Rentals and Sales
Al Khor, Qatar	Infrastructure Services, Rentals and Sales
Pittsburgh, Pennsylvania	Infrastructure Services, Rentals and Sales
All Other Category – Harsco Minerals & Harsco Industrial	
Fairless Hills, Pennsylvania	Roofing Granules/Abrasives
Tulsa, Oklahoma	Industrial Grating Products
Garrett, Indiana	Industrial Grating Products
Catoosa, Oklahoma	Heat Exchangers
Sapulpa, Oklahoma	Heat Exchangers
Sorel – Tracy, Canada	Minerals and Recycling Technologies
Timoteo, Brazil	Minerals and Recycling Technologies

The Harsco Metals Segment principally operates on customer-owned sites and has administrative offices in Camp Hill, Pennsylvania, and Leatherhead, United Kingdom.

The above listing includes the principal properties owned or leased by the Company. The Company also operates from a number of other smaller plants, branches, depots, warehouses and offices in addition to the above. The Company considers all of its properties at which operations are currently performed to be in satisfactory condition and suitable for their intended use.

Item 3. Legal Proceedings.

Information regarding legal proceedings is included in Note 10, Commitments and Contingencies, to the Consolidated Financial Statements under Part II, 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 to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the year covered by this report.

Supplementary Item. Executive Officers of the Registrant (Pursuant to Instruction 3 to Item 401(b) of Regulation S-K).

Set forth below, as of February 23, 2010, are the executive officers (this excludes five 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. S. D. Fazzolari, G. D. H. Butler, M. E. Kimmel, S. J. Schnoor, R. C. Neuffer and R. M. Wagner were elected to their respective positions effective April 28, 2009. G. J. Claro was elected to his position effective June 1, 2009. All terms expire on April 27, 2010. There are no family relationships between any of the executive officers.

Name	Age	Principal Occupation or Employment
Executive Officers:		
S. D. Fazzolari	57	Chairman and Chief Executive Officer of the Company since April 22, 2008. Chief Executive Officer of the Company since January 1, 2008. Served as President and Chief Financial Officer of the Company from October 10, 2007 to December 31, 2007. Served as President, Chief Financial Officer and Treasurer of the Company from January 24, 2006 to October 9, 2007 and as a Director since January 2002. Served as Senior Vice President, Chief Financial Officer and Treasurer from August 1999 to January 2006 and as Senior Vice President and Chief Financial Officer from January 1998 to August 1999. Served as Vice President and Controller from January 1994 to December 1997 and as Controller from January 1993 to January 1994.
G. D. H. Butler	63	President of the Company and CEO of the Harsco Infrastructure business group since January 1, 2008. Also served as CEO of the Harsco Metals business group between January 1, 2008 and June 1, 2009. Served as Senior Vice President-Operations of the Company from September 26, 2000 to December 31, 2007 and as a Director since January 2002. Concurrently served as President of the MultiServ and SGB Group Divisions. From September 2000 through December 2003, he was President of the Heckett MultiServ International and SGB Group Divisions. Was President of the Heckett MultiServ-East Division from July 1, 1994 to September 26, 2000. Served as Managing Director-Eastern Region of the Heckett MultiServ Division in 1994. Served in various officer positions within MultiServ International, N. V. prior to 1994 and prior to the Company's acquisition of that company in 1993.
M. E. Kimmel	50	Senior Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary since January 1, 2008. Served as General Counsel and Corporate Secretary from January 1, 2004 to December 31, 2007. Served as Corporate Secretary and Assistant General Counsel from May 1, 2003 to December 31, 2003. Held various legal positions within the Company since he joined Harsco in August 2001. Prior to joining the Company, he was Vice President, Administration and General Counsel, New World Pasta Company from January 1999 to July 2001. Before joining New World Pasta, Mr. Kimmel spent approximately 12 years in various legal positions with Hershey Foods Corporation.
S. J. Schnoor	56	Senior Vice President and Chief Financial Officer since January 1, 2008. Served as Vice President and