



# **Notice of 2000 Meeting and Proxy Statement**



## **Harsco Corporation**

P.O. Box 8888  
Camp Hill, Pennsylvania 17001-8888

March 23, 2000

To Our Stockholders:

You are cordially invited to attend the 2000 Annual Meeting of Stockholders of your Company, which will be held on Tuesday, April 25, 2000, beginning at 10 a.m. at the Radisson Penn Harris Hotel and Convention Center, Camp Hill, Pennsylvania.

Information about the Annual Meeting, including a listing and discussion of the various matters on which you, as our stockholders, will act, may be found in the formal Notice of Annual Meeting of Stockholders and Proxy Statement which follow. We look forward to greeting as many of our stockholders as possible.

For this year's Annual Meeting, the Company is providing stockholders with the opportunity to vote your shares by calling a toll-free number or via the Internet as explained in the instructions on your Proxy Card.

Whether you plan to attend the Annual Meeting or not, we urge you to fill in, sign, date and return the enclosed Proxy Card, in the postage-paid envelope provided, or vote by telephone or via the Internet, in order that as many shares as possible may be represented at the Annual Meeting. The vote of every stockholder is important and your cooperation in returning your executed Proxy promptly will be appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek C. Hathaway".

Derek C. Hathaway  
*Chairman and Chief  
Executive Officer*

## Harsco Corporation

P.O. Box 8888

Camp Hill, Pennsylvania 17001-8888

### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

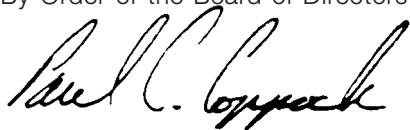
The Annual Meeting of Stockholders of Harsco Corporation will be held on Tuesday, April 25, 2000, at 10 a.m. at the Radisson Penn Harris Hotel and Convention Center, Camp Hill, Pennsylvania to consider and act upon the following matters:

1. Election of two Directors to serve until the 2003 Annual Meeting of Stockholders and the election of one Director to serve until the 2001 Annual Meeting of Stockholders, and until their successors are elected and qualified;
2. Considering the approval of the appointment by the Board of Directors of PricewaterhouseCoopers LLP as independent accountants to audit the accounts of the Company for the fiscal year ending December 31, 2000; and
3. Such other business as may properly come before the Annual Meeting.

The Board of Directors has fixed the close of business on March 6, 2000, as the record date for the determination of stockholders who are entitled to notice of, and to vote at, the Annual Meeting and at any adjournments thereof. The polls will open at 9:30 a.m. on the date of the Annual Meeting and will close at approximately 10:15 a.m. Proxies will be accepted continuously from the time of mailing until the closing of the polls.

**Stockholders who do not expect to attend the Annual Meeting in person are requested to fill in, date, sign and mail the enclosed Proxy Card in the envelope provided, to which no postage need be affixed if mailed in the United States, or vote by telephone or via the Internet, following the instructions on the Proxy Card.**

By Order of the Board of Directors,



Paul C. Coppock  
Senior Vice President, Chief Administrative Officer,  
General Counsel and Secretary  
March 23, 2000

# PROXY STATEMENT

## ANNUAL MEETING OF STOCKHOLDERS

This Proxy Statement has been prepared in connection with the solicitation by the Board of Directors of Harsco Corporation, a Delaware corporation (the "Company"), of Proxies in the accompanying form to be used at the Annual Meeting of Stockholders of the Company, to be held April 25, 2000, or at any adjournment or adjournments of the Annual Meeting.

The record date for stockholders of the Company entitled to notice of, and to vote at, the Annual Meeting is the close of business on March 6, 2000. On the record date, there were issued and outstanding 39,942,800 shares of the Company's common stock, \$1.25 par value (the "common stock"). This figure does not include 26,300,454 shares reacquired and held by the Company as treasury stock which will not be voted. All such shares are one class, with equal voting rights, and each holder thereof is entitled to one vote on all matters voted on at the Annual Meeting for each share registered in such holder's name. The presence, in person or by proxy, of a majority of the issued and outstanding shares of common stock is necessary to constitute a quorum at the Annual Meeting. Assuming that a quorum is present, the affirmative vote by the holders of a plurality of the shares cast at the Annual Meeting will be required to act on the election of directors. Assuming that a quorum is present, the affirmative vote of the holders of at least a majority of the shares of common stock of the Company entitled to vote present in person or by proxy, will be required with respect to the appointment of PricewaterhouseCoopers LLP as independent accountants for the current fiscal year and on all other matters to come before the Annual Meeting.

In certain circumstances, a stockholder will be considered to be present at the Annual Meeting for quorum purposes but will not be deemed to have cast a vote on a matter. Such circumstances exist when a stockholder is present but specifically abstains from voting on a matter or when shares are represented at the Annual Meeting by a proxy conferring authority to vote only on certain matters ("broker non-votes"). In conformity with Delaware law, abstentions and broker non-votes will not be treated as votes cast with respect to election of directors, and therefore will not affect the outcome of such matter. With respect to each other matter presented at the Annual Meeting, abstentions will be treated as negative votes on such matters, while broker non-votes will not be counted in determining the outcome.

The shares of common stock represented by each properly executed proxy received by the Board of Directors will be voted at the Annual Meeting in accordance with the instructions specified therein. If no instructions are specified, such shares of common stock will be voted **FOR** the election of nominees for Directors and **FOR** the adoption of the appointment of PricewaterhouseCoopers LLP as independent accountants for the current fiscal year. The Board of Directors knows of no other business to come before the Annual Meeting. However, if any other matters are properly presented at the Annual Meeting, or any adjournment of the Meeting, the persons voting the proxies will vote them in accordance with their best judgment. Any proxy may be revoked by notifying the Secretary of the Company in writing at any time prior to the voting of the proxy.

The principal executive offices of the Company are located at 350 Poplar Church Road, Wormleysburg, Pennsylvania (mailing address: P.O. Box 8888, Camp Hill, Pennsylvania 17001-8888). This Proxy Statement and accompanying Notice of Meeting and Proxy Card are first being mailed to stockholders on or about March 23, 2000.

## **ELECTION OF DIRECTORS**

The Company currently has nine Directors, of whom three have a term of office which will expire at the 2000 Annual Meeting. The Company's By-laws authorize the Board of Directors to fix the number of Directors from time to time, provided that such number will not be less than five nor more than twelve. In accordance with the By-laws, the Board of Directors has fixed the number of Directors at nine.

At the 1986 Annual Meeting of Stockholders, a classified Board was adopted and elected by the Company's stockholders. Under this system, the Board of Directors is divided into three classes. One class is elected each year for a three-year term. The class whose term will expire at the 2000 Annual Meeting of Stockholders consists of three Directors. The stockholders are asked to vote **FOR** Messrs. Hathaway and Jasinowski, both of whom have been duly nominated by the Board of Directors, upon the recommendation of the Nominating Committee, to serve a term of office until the 2003 Annual Meeting of Stockholders and Mr. Nation to serve a term of office until the 2001 Annual Meeting of Stockholders and until their respective successors have been elected and qualified. However, should any nominee become unavailable or prove unable to serve for any reason, Proxies will be voted for the election of such other person or persons as the Board of Directors may select to replace such nominee. No circumstance is presently known which would render any nominee named herein unavailable to serve.

Each person named as a nominee for Director has advised the Company of the nominee's willingness to serve if elected. The information set forth below states the name of each nominee for Director and of each Director continuing in office, his or her age, a description of present and previous positions, the year in which he or she first became a Director of the Company, business experience, other directorships held and the Committees of the Board on which the individual serves.

The Board of Directors met eight times during the fiscal year ended December 31, 1999. Each of the Directors of the Board attended at least 75% of the meetings of the Board and all Committees on which the Director served.

## **NOMINATING COMMITTEE**

The Nominating Committee recommends periodically to the Board prospective Director candidates in light of resignations, retirements, or other changes in the composition of the Board; proposes to the Board by January of each year a slate of Directors for submission to the stockholders at the Annual Meeting; and represents the Board in discussions with prospective Director candidates. At the present time, the Nominating Committee will accept nominations only from Directors and officers of the Company. The Nominating Committee met one time in 1999.

## **MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE**

The Management Development and Compensation Committee administers the Company's executive compensation policies and programs, advises the Board concerning election of officers and executive salaries, and reviews and consults with appropriate members of management with respect to organizational matters. Areas of responsibility include, but are not necessarily limited to, planning for management succession at the corporate and division level, particularly in senior executive ranks, recommending to the Board the annual base salary of corporate officers and division presidents, authorizing awards under the Company's 1995 Executive Incentive Compensation Plan and advising the Board regarding the institution or amendment of any incentive or contingent compensation plan applicable to officers of the Company. The Management Development and Compensation Committee met seven times in 1999. For additional information regarding the policies and mission of the Compensation Committee see the "Board

Compensation Committee Report on Executive Compensation” which appears beginning on page 8 of this Proxy Statement.

## **AUDIT COMMITTEE**

The Audit Committee meets with members of management, the independent accountants and internal auditors and reviews and approves the scope of audit and non-audit services, reviews the results of the annual audit and any accounting or disclosure questions encountered in the course of the annual audit and reviews the adequacy of internal controls and other financial issues. The Chairman of the Committee or a member of the Committee designated by the Chairman meets quarterly with management and the independent accountants to review financial matters. The Audit Committee met three times in 1999.

## **DIRECTORS' COMPENSATION**


Non-employee Directors (“Outside Directors”) of the Company currently receive compensation of \$27,000 per year plus \$1,000 for participation at each meeting of the Board and \$1,000 for each committee meeting. Outside Directors who are chairmen of the Audit and Nominating Committees receive additional compensation of \$3,000 per year and the Chairman of the Management Development and Compensation Committee receives additional compensation of \$4,000 per year. Certain Outside Directors also receive compensation for special assignments in their capacity as Director at the rate of \$1,000 per day.


Outside Directors are eligible to receive grants of nonqualified stock options. Individuals who are Outside Directors on the first business day of May of each year will automatically be granted on that date a nonqualified stock option to purchase 2,000 shares of the Company’s common stock at a price equal to the market value on the date of grant. The Compensation Committee has no discretion as to the eligibility, exercise price or size of awards to Outside Directors. On May 1, 1999, the Company granted stock options in the amount of 2,000 shares each to the Outside Directors. The options permit the holders to purchase shares at the price of \$32.8125 per share, exercisable in whole or in part commencing one year after the date of grant and expiring on April 30, 2009.

The Company maintains a Deferred Compensation Plan for Non-Employee Directors (“Deferred Compensation Plan”) which allows each Outside Director to elect to defer receipt of all or any portion of the director compensation until a future date selected by the Director. The Director elects to hold the accumulated deferred compensation in either an interest-bearing account or a Harsco phantom share account. The interest-bearing deferred account accumulates notional interest on the account balance at a rate equal to the five-year United States Treasury Note yield rate in effect from time to time. Contributions to the phantom stock account are recorded as notional shares of the Company’s common stock based upon the number of shares of common stock that compensation payable on a given date would have purchased at the market price of the stock on that date. Dividends that would be earned on the phantom shares are credited to the account as additional phantom shares. All phantom shares are non-voting and payments out of the account are made solely in cash based upon the market price of the common stock on the date of payment. Under certain circumstances, the accounts may be paid out early upon termination of directorship following a change in control.

The Company had previously maintained a non-qualified pension plan for Directors but terminated that plan in 1996. Directors who are actively employed by the Company receive no additional compensation for serving as Directors and by policy, the Company does not pay consulting or professional service fees to Directors.

**NOMINEES FOR TERMS EXPIRING IN 2003**



<u>Name</u>	<u>Age</u>	<u>Position with the Company and Prior Business Experience</u>	<u>Director of the Company Since</u>
 D. C. Hathaway	55	Chairman and Chief Executive Officer. Was Chairman, President and Chief Executive Officer from April 1, 1994 to January 1, 1998. President and Chief Executive Officer from January 1, 1994 to April 1, 1994. Was President and Chief Operating Officer of the Company from May 1, 1991 to January 1, 1994. Served as Senior Vice President-Operations from 1986 to May 1991 and as Group Vice President from 1984 to 1986. Prior to 1984, was Chairman and Chief Executive Officer of Dartmouth Investments Limited in the United Kingdom which was acquired by the Company in 1979.  Chairman of the Executive Committee.	1991

 J. J. Jasinowski	61	President of the National Association of Manufacturers (business advocacy and policy association) since 1990, and was its Executive Vice President and Chief Economist from 1980 to 1990. Mr. Jasinowski is also an author and commentator on economic, industrial and governmental issues. Mr. Jasinowski is a director of Phoenix Home Life Insurance and serves on the advisory boards of several e-commerce companies.  Member of the Audit Committee and Nominating Committee.	1999
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**NOMINEE FOR TERM EXPIRING IN 2001**

 R. F. Nation	74	Retired as President of Penn Harris Company (private investment company) in 1995. Mr. Nation has been involved in a variety of activities in community, state and industrial areas.  Chairman of the Management Development and Compensation Committee and member of the Executive Committee.	1983
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**DIRECTORS WHOSE TERMS EXPIRE IN 2001**

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Prior Business Experience</u>	<u>Director of the Company Since</u>
	51	President and Chief Operating Officer since January 1, 1998. Previously was Senior Vice President and Chief Financial Officer from April 1994, prior to which he served as Senior Vice President-Finance from December 1992. Mr. Campanaro joined Harsco in 1980 and served in a number of financial, operating and general management positions at three divisions during a 10 year period as an officer, before returning to the Corporate Office in 1992.	1998
L. A. Campanaro			
	55	President and Chief Operating Officer of Benatec Associates, Inc. (architectural and engineering consulting company). He was President of Stoner Associates, Inc. from 1988 to 1991 and Vice President of Huth Engineers from 1987 to 1988. Served as Secretary of Revenue for the Commonwealth of Pennsylvania from 1983 to 1987, and from 1979 to 1983, served as Deputy Secretary for Administration, Pennsylvania Department of Transportation. He is a Director of Keystone Financial, Inc., a member of the Pennsylvania Chamber of Business and Industry Board and a Trustee of Harrisburg Area Community College.	1995
J. I. Scheiner		Chairman of the Audit Committee and member of the Executive Committee.	

## DIRECTORS WHOSE TERMS EXPIRE IN 2002

<u>Name</u>	<u>Age</u>	<u>Position with the Company and Prior Business Experience</u>	<u>Director of the Company Since</u>
 C. F. Scanlan	52	Since 1996, President and Chief Executive Officer of The Health Alliance of Pennsylvania (representation and advocacy organization) and Executive Vice President and Chief Operating Officer since 1995. President and Chief Executive Officer of The Hospital and Healthsystem Association of Pennsylvania since 1995. Chairman of the Board of PHICO Group (a medical malpractice insurance company) since 1998. Director of Health Forum (knowledge transfer and e-commerce company), a subsidiary of American Hospital Association.  Member of the Management Development and Compensation Committee and the Audit Committee.	1998
 A. J. Sordoni, III	56	Chairman of Sordoni Construction Services, Inc. (building construction and management services company) and has been employed by that company since 1967. Mr. Sordoni is the former Chairman and Director of C-TEC Corporation (telecommunications) and Mercom, Inc. (cable television) and a past Director of Pennsylvania Gas and Water Co. and United Penn Bank.  Member of the Management Development and Compensation Committee and the Nominating Committee.	1988
 J. P. Viviano	61	Vice Chairman of Hershey Foods Corporation (retiring April 1, 2000). Was President and Chief Operating Officer of Hershey Foods Corporation from 1994 to 1998 (confectionery and grocery products). Mr. Viviano is a director of Hershey Foods Corporation, Chesapeake Corporation, Huff Corporation and R. J. Reynolds Tobacco Holdings, Inc.  Member of the Audit Committee.	1999
 R. C. Wilburn	56	Co-Founder and Chief Operating Officer of CompleatBank.Com (Internet company serving the financial services industry) since 1999. Distinguished Service Professor at Carnegie Mellon University. Former President and Chief Executive Officer of the Colonial Williamsburg Foundation (historic preservation and educational outreach organization). Former President of Carnegie Institute and Carnegie Library (educational and cultural complex). He is a Director of Erie Indemnity Company, Erie Family Life, and CoManage.  Chairman of the Nominating Committee; member of the Management Development and Compensation Committee and Executive Committee.	1986

## SHARE OWNERSHIP OF MANAGEMENT

The following table sets forth, as of March 6, 2000, information with respect to the beneficial ownership of the Company's outstanding voting securities, stock options and other stock equivalents by (a) each Director (b) the Company's Chief Executive Officer and the Company's four most highly compensated other executive officers (the "Named Executives") and (c) all Directors and executive officers as a group. All of the Company's outstanding voting securities are common stock.

<u>Name</u>	<u>Number of Shares (1)</u>	<u>Number of Exercisable Options (2)</u>	<u>Number of Other Stock Equivalents</u>
L. A. Campanaro .....	34,714 (3)	96,815	27,610 (6)
P. C. Coppock .....	51,726 (4)	95,000	21,666 (6)
S. D. Fazzolari .....	9,750	64,000	20,549 (6)
D. C. Hathaway .....	101,503	170,000	55,065 (6)
J. J. Jasinowski .....	1,200	2,000	969 (7)
R. W. Kaplan .....	16,916	76,222	21,025 (6)
R. F. Nation .....	27,000	18,000	3,074 (7)
C. F. Scanlan .....	1,200	4,000	-0-
J. I. Scheiner .....	3,526	10,000	1,209 (7)
A. J. Sordoni, III .....	77,500 (5)	20,000	-0-
J. P. Viviano .....	700	2,000	1,043 (7)
R. C. Wilburn .....	1,800	18,000	-0-
All Directors and executive officers as a group. (13 persons in total, including those listed above) .....	329,704	598,817	160,270

- (1) Includes, in the case of Messrs. Campanaro, Coppock, Fazzolari, Hathaway, Kaplan and all Directors and executive officers as a group, 11,731 shares, 9,915 shares, 7,385 shares, 20,889 shares, 10,475 shares and 62,221 shares, respectively, pursuant to the Company's Savings Plan in respect of which such persons have shared voting power.
- (2) Represents all stock options exercisable within 60 days of March 6, 2000 awarded under the 1986 Stock Option Plan, the 1995 Executive Incentive Compensation Plan and the 1995 Non-Employee Directors' Stock Plan. Unexercised stock options have no voting power.
- (3) Includes 1,802 shares owned by his wife and daughter as to which Mr. Campanaro disclaims beneficial ownership.
- (4) Includes 18,480 shares owned by his wife as to which Mr. Coppock disclaims beneficial ownership.
- (5) Includes 14,000 shares owned by his wife and children as to which Mr. Sordoni disclaims beneficial ownership.
- (6) Includes stock options not exercisable within 60 days of March 6, 2000 and non-voting phantom shares held under the Supplemental Retirement Benefit Plan which will ultimately be paid out in cash based upon the value of shares of common stock at the time of the payout.
- (7) Certain Directors have elected to defer a portion of their Directors' fees in the form of credits for non-voting phantom shares under the terms of the Company's Deferred Compensation Plan for Non-Employee Directors. These amounts will ultimately be paid out in cash based upon the value of the shares at the time of payout.

Except as otherwise stated, each individual has sole voting and investment power over the shares set forth opposite his name. As of March 6, 2000, the Directors and executive officers of the Company as a group beneficially owned less than 1% of the Company's outstanding common stock.

**SHARE OWNERSHIP OF CERTAIN BENEFICIAL OWNERS**

Based on information contained on Schedule 13G filings with the Securities and Exchange Commission with respect to beneficial ownership at December 31, 1999, as of March 6, 2000, except as set forth below, no person or group was known by the Board of Directors to own beneficially more than 5% of the outstanding voting securities of the Company.

<u>Title of Class</u>	<u>Name and Address of Beneficial Owners</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common Stock .....	FMR Corp 82 Devonshire Street Boston, MA 02109	5,205,300 Sole Voting Power for 17,300 shares and Sole Dispositive Power for 5,205,300 shares	12.97
Common Stock .....	Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	2,388,600 Sole Voting Power for none of the shares and Sole Dispositive Power for 2,388,600 shares	6.00

**BOARD COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION**

The Company's executive compensation program is administered by the Management Development and Compensation Committee ("Compensation Committee"), a Committee of the Board of Directors composed of the non-employee Directors listed below this Report. The Company considers all of the members of the Compensation Committee to be independent and none of these Directors have any interlocking or other relationships with the Company that are subject to disclosure under the Securities and Exchange Commission rules relating to proxy statements. All decisions of the Compensation Committee relating to the salaries and grade levels of the Company's Executive Officers are approved by the full Board.

Set forth below is a report prepared by the members of the Compensation Committee whose names appear below this report, addressing the Company's compensation policies for 1999 as they affected the Company's executive officers, including the Named Executives.

**Executive Officer Compensation Policies**

The Compensation Committee's executive compensation policies are designed to:

- Provide incentives for achievement of the Company's annual and long-term performance goals;
- Reinforce the common interest of management and the stockholders in enhancing shareholder value;

- Reward individual initiative and achievement;
- Provide levels of compensation that are fair, reasonable and competitive with comparable industrial companies; and
- Attract and retain qualified executives who are critical to the Company's long-term success.

At the 1995 Annual Meeting of Stockholders, the Board of Directors proposed, and the stockholders overwhelmingly approved the 1995 Executive Incentive Compensation Plan which the Board believes has provided an improved basis for achieving these goals. The current compensation program is applicable to all corporate and divisional officers of the Company and is composed primarily of:

- Salary based upon grade levels that reflect the degree of responsibility associated with the executive's position and the executive's past achievement;
- Annual incentive compensation awarded under the 1995 Executive Incentive Compensation Plan, based upon achievement of specific goals established for the relevant business unit which are financial objectives (return on capital, earnings per share, cash flow provided by operations and sales) and for divisional officers, various strategic goals;
- Stock option grants under the 1995 Executive Incentive Compensation Plan made annually by the Compensation Committee on the basis of the Committee's evaluation of each unit's strategic planning and the contribution of the executive, at its discretion with exercise prices equal to the market price at the date of grant; and
- Various retirement and other benefits commonly found in similar companies.

The Compensation Committee believes that the Company benefits from a broad based executive compensation program that extends the program's incentives to approximately 39 division officers in addition to the six executive officers and one other corporate officer. However, as an executive's level of responsibility increases, a greater portion of his or her potential total compensation opportunity should be based on performance incentives and a lesser portion on salary, causing greater variability in the individual's total compensation from year to year. This is achieved under the Company's current 1995 Executive Incentive Compensation Plan by using the executive's numeric grade level and annual salary as multipliers along with the proportion of target achievement when computing annual incentive compensation awards.

The Compensation Committee also believes that as executives rise to positions that can have a greater impact on the Company's performance, the compensation program should place more emphasis on the value of the common stock. This objective is met by granting stock options for the Company's common stock. The quantity of stock options granted to an individual in any year is based upon the executive's grade level and the strategic performance of the executive and the executive's business unit. The Company has not reset the exercise price on any existing stock options in the past, and as a matter of sound compensation policy, does not foresee doing so in the future.

The Omnibus Budget Reconciliation Act of 1993 added a new provision in Section 162(m) of the Internal Revenue Code that limits the deductibility of executive compensation for individuals in excess of \$1 million per year paid by publicly traded corporations to the chief executive officer and the four other executives named in the compensation table of the Proxy Statement. The Company has determined that given the rates of compensation currently in effect and the exemption under Internal Revenue Service regulations applicable to income derived from stock options granted under the Harsco 1986 Stock Option Plan or the 1995 Executive Incentive Compensation Plan, and the exemption applicable to the performance based incentive compensation bonuses under the 1995 Executive Incentive Compensation

Plan, the Company should not be exposed to any nondeductibility of executive compensation expense under Section 162(m) in the 1999 tax year. In 1995, the Company obtained stockholder approval of the 1995 Executive Incentive Compensation Plan, which was designed to preserve the deductibility to the extent possible, of executive compensation resulting from performance based awards under that Plan. The Company obtained renewal of that approval by the stockholders in 1998.

### **Relationship of Performance to Compensation**

The Company currently ties executive pay to corporate performance primarily through the 1995 Executive Incentive Compensation Plan awards that are based upon achievement of objectives adopted by the Compensation Committee, and stock option grants which only provide realizable compensation through increases in the stock price.

#### *Incentive Compensation Plan*

The opportunity for the six executive officers and one other corporate officer to earn compensation under the 1995 Executive Incentive Compensation Plan in effect for 1999 was dependent upon meeting the four equally weighted financial objectives for the Corporation established by the Compensation Committee prior to the beginning of the plan year. For divisional officers, 80% of the total possible award is based on achievement of the business unit's financial objectives established by the Compensation Committee each year, and 20% is based on attainment of the unit's strategic goals. The financial goals for 1999 were based upon return on capital, earnings per share, cash flow provided by operations, and sales.

No award will be made for achievement of only the minimum performance level, but awards will begin to be earned as performance in each of the designated objective categories rises above the minimum. Achieving target levels of performance in all objectives results in an award that is 67% of the award for achieving the maximum level of performance against all objectives, and the award will continue to rise correspondingly as the achieved results approach the maximum objective performance levels set by the Compensation Committee.

The Compensation Committee establishes minimum, target and maximum financial objectives for the corporate office and each division for that year, which will constitute 100% of the annual bonus criteria for the corporate officers and 80% for the divisional officers. The corporate officer financial objectives for minimum, target and maximum achievement are established based upon a consolidation of the financial goals for the operating divisions. Thus, the incentive compensation awards of the corporate officers are closely related to the overall performance of the divisions against their financial goals.

The executive officers attained 70.5% of maximum achievement for the 1999 goals resulting in each of the executive officers earning 70.5% of the maximum annual incentive compensation for 1999.

#### *Stock Options*

As shown in the table that follows, the Compensation Committee granted stock options to the executive officers on January 25, 1999 under the 1995 Executive Incentive Compensation Plan with an exercise price of \$26.66 per share, which was the market price on the date of grant. This Plan was approved by the stockholders in 1995 and is used to make grants to other corporate officers and key employees, division officers as well as the executive officers. The number of options granted to each officer is determined by grade level and the Committee's evaluation of the strategic planning performance of the individual and the individual's unit. Thus, the Chairman and Chief Executive Officer, Mr. Hathaway,

who has the highest grade level, received the largest award. The absolute maximum stock option award as provided in the 1995 Plan is 150,000 shares for any single participant in a calendar year.

The guidelines for the maximum annual number of options granted for each grade level were established in 1995 based upon a recommendation from Towers Perrin, a compensation consulting firm, and that firm's survey of the long-term incentive compensation practices of 130 major United States companies. In determining the January 25, 1999 grants, the Committee considered the number of options previously granted to participants under the 1986 Stock Option Plan and the 1995 Plan, and the increase in the aggregate number that would be outstanding upon approval of the 1999 grants.

#### *Salaries*

The Compensation Committee made its regular annual review of salaries of all corporate and division officers, including the Named Executives, at its November 16, 1998 Committee meeting, and recommended salary increases which the Board then approved for implementation on January 1, 1999.

Each year, the Compensation Committee adjusts the salary of each executive officer based upon the available salary budget, the performance of each officer, comparison to survey data provided by a number of major consulting firms, comparison to other internal salaries and the Company's salary range structure for various grade levels. The salary range structure for various grade levels is also revised from time to time based upon industry survey data provided by a number of major consulting firms. Based on this information, the Committee, at its November 1997 meeting, approved a 3% increase in the salary range structure for all officer grade levels but made no further change in 1998. The various industry compensation surveys considered by the Committee are generally broad based surveys of companies selected by the consulting firms which are not limited to the companies within the Dow Jones Industrial-Diversified Index referenced elsewhere in the Proxy Statement, though some of those companies may have been included in the surveys.

In 1998, compensation consultant Towers Perrin prepared an analysis of competitive compensation levels and total direct compensation (defined as base salary, annual incentives and long-term incentives in the form of cash and stock option awards) for the Company's key executive positions. The analysis was based on competitive data from Towers Perrin 1998 Executive Compensation Data Bank for general industry companies with annual revenues between \$1 and \$3 billion. The salary increases effective January 1, 1999 were based upon that analysis, 1998 compensation survey information prepared by Towers Perrin and three other major consulting firms, and a review of the performance of each officer. The salary for the Chief Executive Officer was substantially below the median in the Towers Perrin analysis and below the median in each of the other compensation surveys even after the increase to \$560,000 per annum which became effective January 1, 1999. The compensation for the other executive officers was also below the Towers Perrin medians for those positions.

In preparation for future compensation adjustments, the Committee intends to periodically review similar detailed survey data. In general, the Committee strives to maintain total compensation packages which range from moderately below to moderately above the industry medians.

#### *Other Compensation*

The Company has certain other broad based employee benefit plans in which the executive officers participate on the same terms as non-executive employees, including health insurance, the Savings Plan and the term life insurance benefit equal to two times the individual's salary. In addition, the executive officers participate in the Supplemental Retirement Benefit Plan as described elsewhere in this Proxy Statement, which supplements both the qualified pension plan and the Company's 401(k) Savings Plan.

## **The Chief Executive Officer's 1999 Compensation**

The incentive plan cash, stock options, and salary awarded or paid to Mr. Hathaway with respect to 1999 are discussed in the Summary Compensation Table on page 13 in this Proxy Statement with respect to amounts, and in this Report with respect to the factors considered by the Compensation Committee. Of the total \$1,246,952 in cash compensation paid to Mr. Hathaway for 1999 as reflected in the Summary Compensation Table, 55.09% was dependent upon achieving performance objectives under the 1995 Executive Incentive Compensation Plan. This is consistent with the Compensation Committee's view that those executives most able to affect the performance of the Company should have a significant portion of their potential total compensation opportunity at risk based upon Company performance. Those Company performance objectives are composed of financial and strategic objectives. The Compensation Committee believes that attainment of specific, measurable financial and strategic goals is an important determinant of total return to stockholders over the long-term and has the advantage of not being subject to period vagaries of the common stock price. However, the Compensation Committee also believes that the Chief Executive Officer and other officers should share in the gains or losses of common stock value experienced by the stockholders in order to reinforce the alignment of their respective interests. Therefore, the Compensation Committee utilizes stock option grants as an important component of compensation. The Compensation Committee believes that the combined effect of these compensation elements is to establish strong incentives to achieve results which will provide stockholders with the investment returns that they seek.

In summary, the Committee believes that the current total compensation program achieves the objective of providing meaningful and appropriate rewards, recognizing both current performance contributions and the attainment of long-term strategic business goals of critical importance to the future growth of Harsco Corporation.

SUBMITTED BY THE MANAGEMENT DEVELOPMENT AND COMPENSATION  
COMMITTEE OF THE BOARD OF DIRECTORS:

R. F. Nation, Chairman  
C. F. Scanlan  
A. J. Sordoni, III  
R. C. Wilburn

## EXECUTIVE COMPENSATION AND OTHER INFORMATION

### Summary of Cash and Certain Other Compensation

The following table sets forth information concerning the compensation awarded to, earned by or paid to the Named Executives for services rendered to the Company in all capacities during each of the last three fiscal years.

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation (\$)(3)
		Salary (\$)	Bonus(\$)	Other Annual Compensation(\$)	Awards		Payouts	
					Restricted Stock Award(s) (\$)(1)	Securities Underlying Options (#)(2)	LTIP Payouts (\$)	
D.C. Hathaway(5) . . . . .	1999	560,000	686,952	-0-	-0-	50,000	-0-	93,475
Chairman &	1998	500,000	522,000(4)	-0-	-0-	40,000	-0-	26,510
Chief Executive Officer	1997	500,000	393,660	-0-	262,440	50,000	-0-	175,099
L.A. Campanaro(5) . . . . .	1999	360,000	380,700	-0-	-0-	25,000	-0-	43,927
President & Chief	1998	325,000	292,500(4)	-0-	-0-	25,000	-0-	12,432
Operating Officer	1997	260,000	174,377	-0-	116,251	20,000	-0-	88,063
P.C. Coppock . . . . .	1999	227,000	220,848	-0-	-0-	20,000	-0-	30,330
Senior Vice President,	1998	221,300	183,236(4)	-0-	-0-	15,000	-0-	8,455
Chief Administrative	1997	217,000	145,538	-0-	97,025	20,000	-0-	85,979
Officer, General Counsel & Secretary								
S.D. Fazzolari(5) . . . . .	1999	205,000	199,445	-0-	-0-	20,000	-0-	19,432
Senior Vice President,	1998	180,000	149,040(4)	-0-	-0-	20,000	-0-	3,433
Chief Financial	1997	130,000	64,444	-0-	42,962	8,000	-0-	35,850
Officer & Treasurer								
R.W. Kaplan(5) . . . . .	1999	205,000	199,445	-0-	-0-	20,000	-0-	21,459
Senior Vice President-	1998	187,200	155,002(4)	-0-	-0-	9,000	-0-	5,256
Operations	1997	167,050	93,505	-0-	62,336	10,000	-0-	66,769

(1) Represents 40% share of total annual incentive compensation award for 1997 under the terms of the 1995 Executive Incentive Compensation Plan. (The other 60% share of the annual incentive compensation awards for 1997 was paid in cash and appears in the column entitled "Bonus"). All stock granted for 1997 had a three year restriction. During the period of restriction, the restricted shares could be voted and dividends were reinvested. The dividend reinvestment shares were restricted for the same period as the underlying shares. The restricted shares awarded for 1997 plan year were issued in February 1998 and restrictions as to all of those shares were originally scheduled to expire in February 2001. The aggregate holdings of restricted shares, and market value as of December 31, 1998, for the Named Executives was as follows: Mr. Hathaway — 13,462.70 shares with a value of \$395,466.81; Mr. Campanaro — 6,388.40 shares with a value of \$187,659.25; Mr. Coppock — 5,445.27 shares with a value of \$159,954.81; Mr. Fazzolari — 2,391.40 shares with a value of \$70,247.38 and Mr. Kaplan — 3,536.11 shares with a value of \$103,873.23. The market value at December 31, 1998, was \$29.375 per share which represents the average of the high and low price on that date. Dividends on restricted holdings were paid at the normal common stock rate. Effective January 1, 1999, the Company terminated the restricted stock payment feature of the annual incentive compensation plan, replacing it with an all-cash payout which commenced with the February 1999 award for the 1998 plan year. In January 1999, the Company also repurchased the restricted shares issued in 1998 for the 1997 plan year along with the related dividend reinvestment shares, and lifted all restrictions on the shares granted for the 1995 and 1996 plan years, including the related dividend reinvestment shares. The repurchase price for the shares issued in 1998 was the original grant value of \$43.22 per share. As a result, the Company repurchased restricted shares from the Named Executives as follows: Mr. Hathaway —

6,176.3070 shares; Mr. Campanaro — 2,735.7590 shares; Mr. Coppock — 2,283.1890 shares; Mr. Fazzolari — 1,011.9256 shares; and Mr. Kaplan — 1,467.5464 shares. Also as a result, restrictions were removed on January 6, 1999 for the Named Executives with respect to the shares issued in 1996 and 1997 as follows: Mr. Hathaway — 7,286.3925 shares; Mr. Campanaro — 3,652.6400 shares; Mr. Coppock — 3,162.0798 shares; Mr. Fazzolari — 1,379.4734 shares; and Mr. Kaplan — 2,068.5597 shares.

- (2) Represents stock options granted in the respective years. The Company granted these options, relating to shares of its common stock, to certain employees, including executive officers, of the Company under its 1995 Executive Incentive Compensation Plan. The Company's Plan authorizes the Compensation Committee to grant stock options as well as stock appreciation rights to certain officers and employees who in the discretion of the Compensation Committee significantly impact upon the profitability of the Company. Options granted during a particular year are not exercisable for twelve months following the date of grant, unless a change in control of the Company occurs, nor are they exercisable ten years after the date of grant. The exercise price per share of options granted under the Plan was one hundred percent (100%) of the fair market value of common stock at the date of grant.
- (3) For the respective years, represents Company Savings Plan contributions and certain Supplemental Retirement Benefit Plan contributions made on behalf of the Named Executives. The Company maintains the Harsco Corporation Savings Plan which includes the "Salary Reduction" feature afforded by Section 401(k) of the Internal Revenue Code. Eligible employees may authorize the Company to contribute from 1% to 16% of their pre-tax compensation to the Savings Plan. The Company makes matching contributions for the purchase of common stock of the Company for the account of each participating employee equal to 50% of the first 1% to 6% of such employee's "Salary Reduction" contribution. Under the Supplemental Savings Benefit portion of the Supplemental Retirement Benefit Plan, if the IRS-imposed limitations on Section 401(k) Savings Plan contributions are reached by a Named Executive for a given year, so that he is unable to make the maximum 6% of pre-tax compensation "Salary Reduction" contribution that would be subject to the Company's matching contributions under the Savings Plan, the Company will make contributions on behalf of such Named Executive to the Supplemental Savings Benefit portion of the Supplemental Retirement Benefit Plan in an amount equal to the amount of the matching contributions that it would have made under the Savings Plan if the Executive could have contributed the full 6% of his pre-tax compensation, less the amount of matching contributions that the Company actually made for his benefit under the Savings Plan. Such Company contributions to the Supplemental Retirement Benefit portion of the Supplemental Retirement Benefit Plan are credited in the form of phantom shares based upon the value of common stock on the date of the Company's contributions. Dividends that would have been paid on common stock are credited as additional phantom shares, and all phantom shares will ultimately be paid out in cash based upon the value of shares of common stock at the time of payment.

As detailed in footnote 1 above, in January 1999, the Company repurchased all restricted shares issued in 1998 for the 1997 plan year. As a result, "All Other Compensation" for each Named Executive in 1999 includes the premium paid by the Company over the market price of the shares at the date of the repurchase.

For 1997, includes a special cash bonus award for successful achievement of the defense business exit strategy.

- (4) Effective January 1, 1999, the Company terminated the restricted stock payment feature of the annual incentive compensation plan, and commencing with the award for the 1998 plan year, is paying the entire value of the award in cash.
- (5) Indicates current titles. Until January 1, 1998, Mr. Hathaway's title was Chairman, President and Chief Executive Officer, Mr. Campanaro's title was Senior Vice President and Chief Financial Officer and Mr. Fazzolari's title was Vice President and Controller. Mr. Kaplan became Senior Vice President-Operations effective July 1, 1998 and was previously President of the Taylor-Wharton Gas Equipment Division.

## STOCK OPTIONS

The following table contains information concerning the number of stock options granted to each Named Executive under the Company's 1995 Executive Incentive Compensation Plan during the last fiscal year:

<b>Name</b>	<b>Option Grants in 1999</b>				
	<b>Individual Grants</b>				
	<b>Number of Securities Underlying Options Granted (#) (1)</b>	<b>% of Total Options Granted to Employees in Fiscal Year</b>	<b>Exercise or Base Price (\$/Sh)</b>	<b>Expiration Date</b>	<b>Grant Date Present Value (\$) (2)</b>
D. C. Hathaway — Chairman & Chief Executive Officer	50,000	12.2	26.66	1/24/09	255,000
L. A. Campanaro — President & Chief Operating Officer	25,000	6.1	26.66	1/24/09	127,000
P. C. Coppock — Senior Vice President, Chief Administrative Officer, General Counsel & Secretary	20,000	4.9	26.66	1/24/09	102,000
S. D. Fazzolari — Senior Vice President, Chief Financial Officer & Treasurer	20,000	4.9	26.66	1/24/09	102,000
R. W. Kaplan — Senior Vice President — Operations	20,000	4.9	26.66	1/24/09	102,000

- (1) The Company granted these options, for shares of its common stock, to certain employees, including executive officers, of the Company under its 1995 Executive Incentive Compensation Plan. The Company's 1995 Executive Incentive Compensation Plan authorizes the Compensation Committee to grant stock options to purchase common stock, as well as stock appreciation rights to certain officers and employees who in the discretion of the Compensation Committee significantly impact the profitability of the Company. Options granted during a particular year are not exercisable for twelve months following the date of grant, unless a change in control of the Company occurs, nor are they exercisable ten years after the grant. The exercise price per share of options granted under the 1995 Executive Incentive Compensation Plan was one hundred percent (100%) of the fair market value of common stock at the date of grant. There were no stock appreciation rights granted in 1999.
- (2) The fair value of the options granted during 1999 is estimated on the date of grant using the binomial option pricing model. This estimate has been developed for purposes of comparative disclosure and does not necessarily reflect the Company's view of the value of the option. The estimated value has been determined based upon the terms of the option grant, the common stock price performance history and the Company's experience that its options, on average, are exercised within four years of grant. Other assumptions are: 25% expected stock volatility, 4.62% risk free interest rate, a \$0.90 dividend and a 5% rate of dividend increase.

## OPTION EXERCISES AND HOLDINGS

The following table sets forth information, with respect to the Named Executives, concerning the exercise of options during fiscal year 1999 and unexercised options at December 31, 1999:

### Aggregated Option Exercises In 1999 And Option Values At 12/31/99

<u>Name</u>	Shares Acquired on		Number of Securities Underlying Unexercised Options at		Value of Unexercised In-the-Money Options at	
	Exercise	Value	12/31/99 (#) (2)		12/31/99 (\$) (3)	
	(#)	(\$)(1)	Exercisable	Unexercisable	Exercisable	Unexercisable
D. C. Hathaway — Chairman & Chief Executive Officer . . . .	-0-	-0-	120,000	50,000	60,900	-0-
L. A. Campanaro — President & Chief Operating Officer . . . .	1,000	7,750	71,815	25,000	115,288	-0-
Paul C. Coppock — Senior Vice President, Chief Administrative Officer, General Counsel & Secretary . . . . .	-0-	-0-	75,000	20,000	236,850	-0-
S. D. Fazzolari — Senior Vice President, Chief Financial Officer & Treasurer . . . . .	-0-	-0-	44,000	20,000	94,740	-0-
R. W. Kaplan — Senior Vice President — Operations . . . .	200	3,287	56,222	20,000	304,257	-0-

- (1) Represents the difference between the exercise price and the market price of common stock on the date of exercise.
- (2) Options granted during a particular year are not exercisable for twelve months following the date of grant unless a change in control of the Company occurs.
- (3) Represents the difference between the exercise price and the market price of common stock on December 31, 1999, multiplied by the number of in-the-money unexercised options contained in the respective category. Average market price at December 31, 1999 was \$31.50 per share. Options are in-the-money when the market price of the underlying securities exceeds the exercise price.

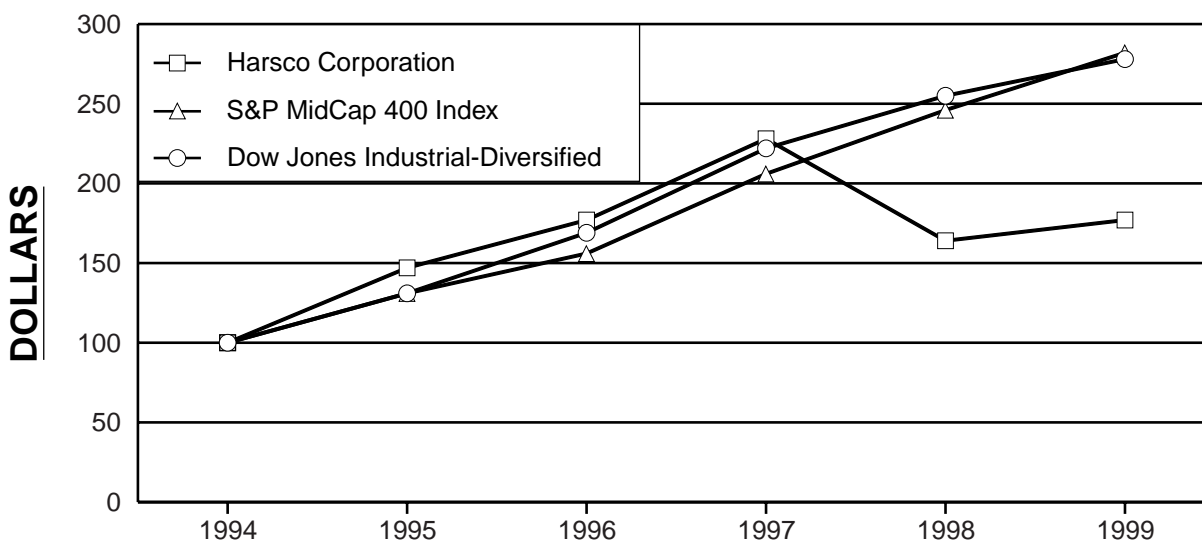
### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's Directors and certain of its officers to send reports of their ownership of Harsco Corporation stock and changes in ownership to the Company and the Securities and Exchange Commission (the "SEC"), The New York Stock Exchange, Inc. and The Pacific Exchange, Inc. SEC regulations also require the Company to identify in this Proxy Statement any person subject to this requirement who failed to file any such report on a timely basis. The Company is aware that Mr. Jasinowski filed a Form 4 two days late reporting a single transaction that occurred in October 1999.

## STOCK PERFORMANCE GRAPH

The following performance graph compares the yearly percentage change in the cumulative total stockholder return (assuming the reinvestment of dividends) on the Company's common stock against the cumulative total return of the Standard & Poor's MidCap 400 Index and the Dow Jones Industrial-Diversified Index for the past five years. The graph assumes an initial investment of \$100 on December 31, 1994 in the Company's common stock or in the underlying securities which comprise each of those market indices. The information contained in the graph is not necessarily indicative of future Company performance.

### COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN Among Harsco Corporation, S&P MidCap 400 Index and Dow Jones Industrial-Diversified Index(1) Fiscal Year Ending December 31



	1994	1995	1996	1997	1998	1999
Harsco Corporation	100	147	177	228	164	177
S&P MidCap 400 Index	100	131	156	206	246	282
Dow Jones Industrial-Diversified	100	131	169	222	255	278

(1) Peer companies included in the Dow Jones Industrial-Diversified Index are: Aeroquip-Vickers Inc., Allied-Signal Inc., Cooper Industries Inc., Crane Company Inc., Danaher Corporation, Dover Corporation, FMC Corporation, Honeywell International Inc., Illinois Tool Works, Inc., Ingersoll-Rand Company, ITT Industries, Inc., National Service Industries, Inc., Parker Hannifin Corporation, PPG Industries Inc., Raychem Corporation, Stanley Works, Tenneco, Inc., The Timken Company and Tyco International Ltd.

## Retirement Plans

The Company provides retirement benefits for each officer under the Supplemental Retirement Benefit Plan (“Supplemental Plan”). All executive officers are covered by the Supplemental Plan. The Supplemental Plan replaces the 401(k) Company match lost due to government limitations on such contributions. The replacement is in the form of phantom shares as more fully described in footnote 3 on page 14. All executive officers are also covered by the qualified pension plan. Each plan is a defined benefit plan providing for normal retirement at age 65. Early retirement may be taken commencing with the first day of any month following the attainment of age 55, provided at least 15 years of service have been completed. Early retirement benefits commencing prior to age 65 are reduced. The Supplemental Plan also provides for unreduced pension benefits if retirement occurs after age 62, provided at least 30 years of service have been completed. The Supplemental Plan contains a provision providing for a preretirement death benefit payable in a monthly benefit to a beneficiary designated by the participant for participants who die after qualifying for benefits. The Supplemental Plan also includes provisions which fully vest participants upon termination of employment following a “change in control” of the Company as defined in the Supplemental Plan.

Total pension benefits are based on final average compensation and years of service. The normal retirement benefit under the Supplemental Plan is equal to a total of .8% of final average compensation up to the “Social Security Covered Compensation” as defined in the Supplemental Plan plus 1.6% of the final average compensation in excess of the “Social Security Covered Compensation” multiplied by up to 33 years of service, reduced by the benefits under the qualified plan. Final average compensation is defined as the aggregate compensation (base salary plus nondiscretionary incentive compensation) for the 60 highest consecutive out of the last 120 months prior to date of retirement or termination of employment for any reason prior to normal retirement date.

The following table shows estimated total annual pension benefits payable to the executive officers of the Company under the qualified pension plan and the Supplemental Plan, including the Named Executives upon retirement at age 65, in various remuneration and year-of-service classifications, assuming the total pension benefit was payable as a straight life annuity guaranteed for ten years and retirement took place on January 1, 2000.

### PENSION PLAN TABLE

Remuneration (1)	Years of Service					
	10	15	20	25	30	35*
100,000 .....	13,192	19,788	26,384	32,980	39,576	43,534
200,000 .....	29,192	43,788	58,384	72,980	87,576	96,334
300,000 .....	45,192	67,788	90,384	112,980	135,576	149,134
400,000 .....	61,192	91,788	122,384	152,980	183,576	201,934
500,000 .....	77,192	115,788	154,384	192,980	231,576	254,734
600,000 .....	93,192	139,788	186,384	232,980	279,576	307,534
700,000 .....	109,192	163,788	218,384	272,980	327,576	360,334
800,000 .....	125,192	187,788	250,384	312,980	375,576	413,134
900,000 .....	141,192	211,788	282,384	352,980	423,576	465,934
1,000,000 .....	157,192	235,788	314,384	392,980	471,576	518,734

\* The Supplemental Plan has a 33 year service maximum

(1) Final average compensation for the Named Executives as of the end of the last calendar year is: Mr. Hathaway: \$1,074,422.80; Mr. Campanaro: \$585,551.40; Mr. Coppock: \$461,469.20; Mr. Fazzolari: \$270,048.20; and Mr. Kaplan: \$341,591.80. The estimated credited years of service

for each Named Executive are as follows: Mr. Hathaway: 33.5 years; Mr. Campanaro: 19.5 years; Mr. Coppock: 18.5 years; Mr. Fazzolari: 19.5 years; and Mr. Kaplan: 20.5 years.

The Company does not provide retiree medical benefits to its executive officers.

### **Employment Agreements with Officers of the Company**

On September 25, 1989, the Board of Directors authorized the Company to enter into employment agreements with certain officers, including Messrs. Hathaway, Coppock and Kaplan, and subsequently with Messrs. Campanaro and Fazzolari (the "Agreements"). Pursuant to those authorizations, the Company entered into individual Agreements with the Named Executive Officers. The Agreements are designed as an inducement to retain the services of the officers and provide for continuity of management during the course of any threatened or attempted change in control of the Company. The Agreements are also intended to ensure that, if a possible change in control should arise and the officer should be involved in deliberations or negotiations in connection with the possible change in control, the officer would be in a position to consider as objectively as possible whether the possible change in control transaction is in the best interests of the Company and its stockholders without concern for his position or financial well-being. Should a change in control occur, the Agreements provide for continuity of management following the change by imposing certain obligations of continued employment on the officers.

Under the Agreements, the Company and the officers agree that in the event of a change in control, such officer will remain in the Company's employ for a period of three years from the date of the change in control (or to such officer's normal retirement date, if earlier), subject to such officer's right to resign during a thirty-day period commencing one year from the date of the change in control or for good reason, as defined in the Agreement. If such officer's employment terminates within three years after a change in control for any reason other than cause as defined in the Agreements, resignation without good reason as defined in the Agreements, or disability or death, such officer will be paid a lump sum amount equal to such officer's average annual gross income reported on Form W-2 for the most recent five taxable years prior to the change in control, multiplied by the lesser of 2.99 or the number of whole and fractional years left to such executive officer's normal retirement date, plus interest. The payment may be subject to reduction to avoid adverse tax consequences.

For purposes of the Agreements, a "change in control" would be deemed to have occurred if (i) any person or group acquires 20% or more of the Company's issued and outstanding shares of common stock; (ii) the members of the Board as of the date of the Agreements (the "Incumbent Board") including any person subsequently becoming a Director whose election, or nomination for election by the Company's shareholders, was approved by a majority of the Directors then comprising the Incumbent Board, cease to constitute a majority of the Board of the Company as a result of the election of Board members pursuant to a contested election; (iii) the stockholders approve of a reorganization, merger or consolidation that results in the stockholders of the Company immediately prior to such reorganization, merger or consolidation owning less than 50% of the combined voting power of the Company; or (iv) the stockholders approve the liquidation or dissolution of the Company or the sale of all or substantially all of the Company's assets.

If such provisions under the applicable Agreements had become operative on January 1, 2000, the Company would have been required to pay Messrs. Hathaway, Campanaro, Coppock, Fazzolari and Kaplan the following termination payments based on compensation information available at December 31, 1999: \$3,252,375, \$1,768,439, \$1,390,918, \$810,609 and \$1,030,044, respectively.

On September 26, 1988, the Company entered into an agreement with Mr. Hathaway which provides that for purposes of calculating his retirement benefits, his years of service will be deemed to have commenced June 20, 1966.

## **APPROVAL OF INDEPENDENT ACCOUNTANTS**

The Board of Directors, upon recommendation of the Audit Committee, has designated PricewaterhouseCoopers LLP as independent accountants to audit the financial statements for the fiscal year ending December 31, 2000, subject to stockholder approval. This firm has audited the financial statements of the Company and its predecessors since 1929. Although neither the Restated Certificate of Incorporation and By-laws nor the General Corporation Law of the State of Delaware, the State of incorporation, requires the election or approval of the selection of independent accountants, the Board of Directors desires that the selection of independent accountants be approved by the stockholders. Such designation of PricewaterhouseCoopers LLP will be submitted to the Annual Meeting for confirmation or rejection, and, in the absence of contrary direction, it is intended that Proxies in the accompanying form will be voted in favor of confirmation. A representative of PricewaterhouseCoopers LLP will attend the Annual Meeting, with the opportunity to make a statement and answer questions of stockholders.

If this proposal is not approved by a majority of the shares entitled to vote at the Annual Meeting present in person or by proxy, the appointment of the independent accountants will be reevaluated by the Board of Directors. However, due to the difficulty and expense of making any substitution of accountants long after the beginning of the current year, it is contemplated that the appointment for the fiscal year ending December 31, 2000, will be permitted to stand unless the Board finds other good reasons for making a change. The Board will then make an independent business judgment as to whether to seek new independent accountants for the fiscal year ending 2001.

The Audit Committee of the Company's Board of Directors, at its meeting held on August 24, 1999, reviewed and approved the fee estimate for the annual audit of the Company's fiscal 1999 financial statements and, taking into consideration the possible effect of non-audit services on the accountants' independence, also approved the type of non-audit services to be rendered in such year.

The Board of Directors unanimously recommends that the stockholders vote **FOR** this proposal.

## **OTHER MATTERS**

The cost of this solicitation of Proxies will be borne by the Company. In addition to solicitation by use of mail, employees of the Company may solicit Proxies personally or by telephone or facsimile but will not receive additional compensation for these services. Arrangements may be made with brokerage houses, custodians, nominees and fiduciaries to send Proxies and Proxy materials to their principals and the Company may reimburse them for their expense in so doing. The Company has retained Morrow & Co. to assist in the solicitation at a cost that is not expected to exceed \$10,000 plus reasonable out-of-pocket expenses.

## STOCKHOLDER PROPOSALS AND NOMINATIONS FOR PRESENTATION AT 2001 ANNUAL MEETING OF STOCKHOLDERS

If a stockholder of the Company wishes to submit a proposal for consideration at the 2001 Annual Meeting of Stockholders, such proposal must be received at the executive offices of the Company no later than November 24, 2000, to be considered for inclusion in the Company's Proxy Statement and Proxy Card relating to the 2001 Annual Meeting. Although a stockholder proposal received after such date will not be entitled to inclusion in the Company's Proxy Statement and Proxy Card, a stockholder can submit a proposal for consideration at the 2001 Annual Meeting in accordance with the Company's By-laws if written notice is given to the Secretary of the Company not less than 60 days nor more than 90 days prior to the Meeting. In the event that the Company gives less than 70 days notice of the Meeting date to stockholders, the stockholder must give notice of the proposal within ten days after the mailing of notice or announcement of the Meeting date. The 2001 Annual Meeting will be held on April 24, 2001. In order to nominate a candidate for election as a Director at the 2001 Annual Meeting, a stockholder must provide written notice and supporting information to the Secretary of the Company by personal delivery or mail not later than January 25, 2001.

HARSCO CORPORATION



Paul C. Coppock  
Senior Vice President,  
Chief Administrative Officer,  
General Counsel and Secretary  
March 23, 2000