

HARSCO CORP
Form 11-K
June 29, 2011
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2010

OR

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

For the transition period from _____ to _____

Commission File Number 001-03970

HARSCO CORPORATION SAVINGS PLAN

HARSCO CORPORATION

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Table of Contents

Harsco Corporation Savings Plan

Financial Statements December 31, 2010 and 2009

And Supplemental Schedule December 31, 2010

Table of Contents

HARSCO CORPORATION SAVINGS PLAN

INDEX

	<u>Page</u>
<u>Report of Independent Auditors</u>	1
Financial Statements: <u>Statements of Net Assets Available for Benefits - December 31, 2010 and 2009</u>	2
<u>Statement of Changes in Net Assets Available for Benefits - For the Year Ended December 31, 2010</u>	3
<u>Notes to Financial Statements</u>	4 - 10
<u>Supplemental Schedule: Schedule of Assets (Held at End of Year) - Schedule H, Line 4(i)*</u>	11

* Refers to item number in Form 5500 (Annual Return/Report of Employee Benefit Plan) for the plan year ended December 31, 2010.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of the Harsco Corporation Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of the Harsco Corporation Savings Plan (the Plan) at December 31, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

June 29, 2011

Table of Contents

HARSCO CORPORATION SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(In thousands)

Assets	December 31 2010	December 31 2009
Participant directed investments, at fair value	\$ 73,018	\$ 75,662
Receivables:		
Employer contributions	358	261
Participant contributions	46	64
Dividends	218	223
Notes receivable from participants	1,741	1,835
Total receivables	2,363	2,383
Net assets available for benefits	\$ 75,381	\$ 78,045

The accompanying notes are an integral part of the financial statements.

Table of Contents

HARSCO CORPORATION SAVINGS PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(In thousands)	For the Year Ended December 31 2010
Investment income:	
Net depreciation in the fair value of investments	\$ (588)
Dividends	1,513
Interest participant loans	142
Total investment income	1,067
Contributions:	
Employer	1,109
Participants	2,258
Total contributions	3,367
Withdrawals	(7,078)
Administrative fees	(24)
Net transfers in due to employee classification change (See Note 1)	4
Net decrease in net assets available for benefits	(2,664)
Net assets available for benefits	
December 31, 2009	78,045
December 31, 2010	\$ 75,381

The accompanying notes are an integral part of the financial statements.

Table of Contents

HARSCO CORPORATION SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

1. Plan Description

The following description of the Harsco Corporation Savings Plan (the Plan) provides only an abbreviated summary of the general provisions of the Plan. Participants should refer to the Summary Plan Description and the Plan document for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution plan providing retirement benefits to eligible employees. The Plan is designed to comply with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) and with the requirements for qualification under Sections 401(a) and 401(k) of the Internal Revenue Code (the Code).

All U.S. hourly employees who are employed by Harsco Corporation (the Company) or any subsidiary of either the Company or a subsidiary which adopts this Plan with the approval of the Company are deemed Eligible Employees. Also eligible are employees covered by a collective bargaining agreement where the agreement provides for the employees eligibility to participate in the Plan and salaried employees of the Company s Harsco Industrial Air-X-Changers division. New employees deemed Eligible Employees under this Plan are eligible to participate in the Plan as of the first payroll of January, April, July or October after the date of hire in the case of full-time employees; or as of the first payroll of January, April, July or October in the case of part-time employees after the date credited with 1,000 hours of service within the first twelve months of employment or any calendar year thereafter.

Throughout the year, employees may be transferred to various positions within the Company, which may result in a transfer between various retirement plans sponsored by the Company. This is shown as Net transfers in due to employee classification change on the Statement of Changes in Net Assets Available for Benefits.

Contributions

To participate in the Plan, an Eligible Employee must elect to contribute to the Plan through payroll deductions each pay period. Contributions are in whole percentages from 1% to 75% of compensation received for services as an employee of the Company or any subsidiary of the Company. The participant designates what percentage of such contributions will be Pre-Tax Contributions and what percentage will be After-Tax Contributions. A participant who makes Matched Pre-Tax and/or Matched After-Tax

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Contributions in an aggregate amount of 6% of his or her compensation may also elect to contribute from 1% to 69% of his or her compensation as an Unmatched Pre-Tax Contribution and from 1% to 16% of his or her compensation as an Unmatched After-Tax Contribution, subject to Internal Revenue Service (IRS) and Plan limitations. In no event during the year may (a) Matched Pre-Tax and Matched After-Tax Contributions exceed 6% of compensation, (b) Unmatched Pre-Tax and Unmatched After-Tax Contribution exceed 69% of compensation or (c) Pre-Tax Contributions exceed the amount specified by the Code, which was \$16,500 for the year ended December 31, 2010, for participants under 50 years of age. For participants who turned 50 on or before the end of the calendar year, the pretax limit was \$22,000 in 2010 as a result of an additional \$5,500 of catch-up contributions allowed by the Code. Pre-Tax Contributions constitute a reduction in the participant s taxable income for purposes of Section 401(k) of the Code. After-Tax Contributions are considered to be the participant s contributions to the Plan and do not constitute a reduction in the participant s taxable income for the purposes of Section 401(k) of the Code. Participants may also contribute amounts representing distributions from other qualified retirement plans.

Pursuant to the Plan, the Company makes contributions in cash to the trustee for the account of each participant in an amount equal to 50% of the first 6% of such participant s compensation designated as Matched Pre-Tax Contributions and/or Matched After-Tax Contributions. These contributions are referred to as Company Matching Contributions .

The Company also makes contributions to the Plan under agreements with certain employee bargaining groups. These contributions, referred to as profit sharing contributions in the agreements, may be based on a percentage of employee earnings or a fixed amount per hour worked by the employee.

Table of Contents

Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching accounts is based on years of vesting service. A participant is 100% vested after three years of credited service. Vesting in the Company's profit sharing contributions is based on years of vested service. A participant is 100% vested after five years of credited service for contributions made for Plan years ending on or before December 31, 2006, and 100% vested after three years of credited service for contributions made for Plan years commencing on and after January 1, 2007.

Administration

The Company pays administrative fees related to maintaining the Plan as a whole. Fees for investment management, which include record keeper fees, are paid by the Plan. Loan setup fees, quarterly loan fees and withdrawal fees are paid by the participant. Transfers in and out of the Harsco Corporation Common Stock Fund are assessed a \$0.023 commission per share transferred, which is paid by the participant.

Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$500 to a maximum of 50% of their vested account balance, not to exceed \$50,000. Loan transactions are treated as a transfer to (from) the respective investment fund(s) from (to) the Participant Loans fund. The participant may choose the loan repayment period, not to exceed five years. However, the term may be for any period not to exceed 15 years if the purpose of the loan is to acquire the participant's principal residence. The loans are collateralized only by the portion of the participant's account from which the loan is made and bear interest at a rate commensurate with local prevailing rates as determined periodically by the Plan administrator. Interest rates on outstanding loans, based on the trustee's prime rate plus one percent, ranged from 4.25% to 9.25% at December 31, 2010, with maturity dates ranging from 2011 to 2025. Principal and interest is paid ratably through payroll deductions.

Payment of Benefits

On termination of service, a participant or beneficiary may elect one of three options. The participant or beneficiary may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account; a portion paid in a lump-sum, and the remainder paid later; or annual installments over not more than fifteen years.

Investment Options

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The Plan, comprised of participant-directed contributions, contains the following investment options at December 31, 2010:

- (1) Harsco Corporation Common Stock Fund a fund consisting of Common Stock of Harsco Corporation purchased in the open market or through privately negotiated transactions to the extent permitted by rules of the New York Stock Exchange and the Securities and Exchange Commission.
- (2) American Funds EuroPacific Growth Fund a long-term growth oriented fund consisting primarily of stocks of issuers located in Europe and the Pacific Basin.
- (3) American Funds Growth Fund of America a long-term growth oriented fund consisting primarily of stocks that American Funds management believes offer superior opportunities for growth of capital.
- (4) Dodge & Cox Stock Fund a fund consisting principally of common stock with a primary objective of long-term growth and income. The fund's secondary objective is to achieve reasonable current income.
- (5) Morgan Stanley Institutional Fund, Inc. U.S. Real Estate Portfolio a fund consisting primarily of equity securities of companies in the U.S. real estate industry, including real estate investment trusts. The fund seeks to provide above average current income and long-term capital appreciation.
- (6) Neuberger Berman Genesis Fund a fund consisting mainly of common stock of small capitalization companies that offer potential for capital growth.

Table of Contents

(7) PIMCO Total Return Fund a fund consisting, under normal circumstances, of at least 65% of its assets in a diversified portfolio of fixed income instruments of varying maturities. The fund seeks maximum total returns, consistent with preservation of capital and prudent investment management.

(8) Putnam Bond Index Fund a fund consisting of a sample of securities included in the Barclay's Aggregate Bond Index. The fund's goal is to achieve a return, before the assessment of any fees that closely approximates the index.

(9) Putnam Money Market Fund a fund seeking as high a rate of current income as Putnam's management believes is consistent with preservation of capital and maintenance of liquidity. The fund consists of short-term high-quality money market securities. Investments in this fund are neither insured nor guaranteed by the U.S. government. The fund is held in a common collective trust that allows for daily liquidity for the participant.

(10) Vanguard Institutional Index Fund a fund consisting of investments in the same stocks and in substantially the same percentages as the S&P 500 Index.

(11) CRM Mid Cap Value Fund a fund seeking long-term capital appreciation. The fund normally invests at least 80% of its total assets in a diversified portfolio of equity or equity-related securities including common and preferred stocks of companies that have a market capitalization equal to those of companies in the Russell Midcap Value Index and those publicly traded on a U.S. securities market.

(12) Thornburg Core Growth Fund a fund consisting primarily of investments in domestic equity securities selected for their growth potential. However, the fund may own a variety of securities including foreign equity securities and debt securities.

(13) T. Rowe Price Retirement Income Fund and T. Rowe Price Retirement Funds (2005-2055) a series of funds employing an asset allocation strategy based on investors' projected retirement year. The fund invests in a combination of T. Rowe Price mutual funds representing different types of stocks and bonds.

Plan Termination

While the Company has not expressed any intent to discontinue the Plan, it reserves the right to terminate the Plan at any time or discontinue contributions thereunder. In the event such discontinuance resulted in the termination of the Plan, the accounts of each affected employee who has not yet incurred a break in service would be fully vested. Complete distributions or withdrawals would be distributed to Plan participants and beneficiaries in proportion to their respective account balances.

Table of Contents

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Plan primarily applies the market approach for fair value measurements and endeavors to utilize the best available information. Accordingly, the Plan utilizes valuation techniques that maximize the use of observable inputs, such as quoted prices in active markets, and minimize the use of unobservable inputs. The Plan is able to classify fair value balances based on the observability of those inputs. The employer common stock fund is valued at its year-end unit closing price (comprised of year-end market price of Company stock plus uninvested portion) and is classified as Level 1. The net asset value of mutual funds are classified as Level 1 fair value based on quoted prices in active markets. The value of the collective trust is determined using the market price of the underlying securities and the value of the investment contracts. The value of the collective trust is classified as Level 2 fair value based on information reported by the investment advisor using the audited financial statements of the common collective trust at year-end. The Plan does not have any unfunded commitments and participants can only redeem their shares in the collective trust on the valuation date of the investment, which is calculated on a monthly basis. At December 31, 2010 and 2009, and for the years then ended, the plan had no assets classified as Level 3.

The Plan recognizes the methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While the Plan believes its valuation methods are appropriate and consistent with other market participants for the Plan, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

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The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

	<u>December 31, 2010</u>		
(In thousands)	Level 1	Level 2	Total
Mutual funds:			
Growth funds	\$ 16,916	\$ -	\$ 16,916
Money market funds	7,304	-	7,304
Balanced funds	8,868	-	8,868
Index funds	6,960	-	6,960
Fixed income funds	2,556	-	2,556
Total mutual funds	42,604	-	42,604
Common stock fund-employer	30,078	-	30,078
Collective trust	-	336	336