

HARSCO CORP
Form DEFA14A
April 16, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 14A
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12.

Harsco Corporation

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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Camp Hill, Pennsylvania

April 16, 2013

Additional Information to Inform

2013 Advisory Vote on

Named Executive Officer Compensation

Security holders of Harsco Corporation (the "Company") should read the Company's definitive proxy statement for its 2013

Stockholders because it contains important information. Security holders may obtain the Company's 2013 definitive proxy statement

Annual Report for free at www.harsco.com. This document may be deemed "soliciting material"

within the meaning of the rules and regulations

of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended.

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Compensation Highlights

Our compensation programs reflect our pay-for-performance (P4P) philosophy:

Our annual incentive program (AIP) ties annual cash incentives to the achievement of pre-established Economic Value Added (EVA ®) performance goals, thereby linking pay directly to the creation of stockholder value

In 2012, we increased the percentage of performance-based equity awards under our long-term incentive program (LTIP) from 50% to approximately 70% through the use of stock appreciation rights (SARs). SARs are inherently performance-based awards as their value is directly tied to the performance of the Company s stock price

ISS,
Glass
Lewis
&
Co.
and
Egan-Jones
ALL
report
that,
for
2012,
the
Company s
pay
was
aligned
with
corporate performance

Under our new CEO, our management team continues to focus our path toward improved performance and stockholder returns

While we have taken reasonable steps to recruit and retain those executives who we

believe will be key to the improved success of our Company, the average level of total direct compensation for 2012 remained below market medians, further reflecting the link between pay and performance

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ISS and Egan-Jones
Recommend a Vote FOR
Say-on-Pay
Advisory Firm
Recommendation on

Proposal 3
P4P Comments
ISS
Yes

P4P quantitative screen resulted
in a low
level of concern

Overall, ISS found no significant
issues
of
concern
regarding
our
executive compensation programs
and practices
Egan-Jones
Yes

No significant comments
Glass Lewis
No

Report notes improved P4P score
and states the Company has
adequately aligned executive pay
and corporate performance

Specific issues raised with regard
to the change in control provisions
for certain equity awards,* certain
one-time payments to a departing
executive and changes made to
the Company's LTIP

* See Slide 6 for a summary of the changes being made to the Company's equity awards in 2013

Harsco Pay and Performance are Aligned
We have taken significant steps to ensure that compensation is commensurate
with
performance,
which
ALL
THREE

proxy

advisors

acknowledge

Realizable compensation in 2012 was below target levels, consistent with our
2012 corporate-level performance

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We Continue to Strengthen Our Executive
Leadership Team

As part of our renewed focus on optimizing financial and operational performance, we have sought talented new executive officers to lead the Company's transformation

We experienced several executive officer transitions during 2012:

Sal Fazzolari departed from his position as Chairman, President and CEO in February 2012 after serving the Company for more than 30 years

Patrick
Decker
commenced
serving
as
our
new
President
and
CEO
in
September
2012

Steve Schnoor departed from his position as SVP, CFO and Treasurer in November 2012 after serving the Company for more than 24 years

Separation pay packages for Messrs. Fazzolari and Schnoor reflect market practices:

We do not maintain employment agreements with our executives

Separation pay packages were developed with the assistance of the Management Development and Compensation Committee's independent compensation consultant (Pearl Meyer & Partners)

to
ensure
alignment
with
current
market
practices

Cash severance amounts were established at or below market levels while still recognizing each executive's significant tenure with the Company

No payout for performance-based LTIP awards that were not earned

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New CIC Acceleration Approach Under
2013 Equity and Incentive Compensation Plan

Based on a strong recommendation from our new CEO, the Management
Development and Compensation Committee has determined that all executive
equity

awards
going
forward
will
contain
double-trigger
change

in
control
(CIC) accelerated vesting provisions, as permitted under the Company's new
2013 Equity and Incentive Compensation Plan and in-line with current market
practice

This new approach to equity awards aligns with the double-trigger
provisions already contained in CIC severance agreements in place with each
of our executive officers

A double-trigger provision generally functions so that, if equity awards are continued,
assumed

or
replaced
after

a
CIC,
a
participant
must
experience

a
qualifying
termination
of
employment
within

a
certain
period
of
time
after

the
CIC
to
vest
in
those
awards

on
an
accelerated basis

The use of double-trigger CIC provisions helps ensure that if a CIC were to be
contemplated, our executive officers involved in deliberations or negotiations would be

positioned to consider as objectively as possible whether the CIC transaction would be in
our
and
our
stockholders
best
interests,
rather
than
being
motivated
solely
by
compensation interests

2012 SAR Grants Link Executive Pay With
Performance (Namely, Stock Price Appreciation)

Prior to 2012, only 50% of LTIP awards were performance-based, and those awards most often utilized the same performance metric as the AIP (EVA achievement)

For 2012, approximately 70% of the LTIP award opportunity was granted in the form of SARs, which are designed to deliver value to our executives only to the extent value is being created for

stockholders,
as
hypothetically
illustrated
in
the
following
table:
This
focus
on
sustained
stock
price
improvement
aligns
well
with
our
stockholders
interests
and complements the AIP's focus on EVA achievement

Base Price = \$23.73

Stock Price

Realized Value

Grant Date

(3/16/12)

12/31/12

4/03/13

Hypothetical Stock Price Point

\$23.73

\$23.50

\$23.41

\$23.73

\$25.00

\$30.00

\$35.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$1.27

\$6.27

\$11.27

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