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HARSCO CORP
Form 11-K
June 28, 2006

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FORM 11-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the fiscal year ended December 31, 2005

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission File Number 1-3970

HARSCO CORPORATION SAVINGS PLAN

(Full title of the Plan)

HARSCO CORPORATION

(Name of issuer of the securities held pursuant to the Plan)

350 Poplar Church Road
Camp Hill, PA 17011

(Address of principal executive office)

Telephone - (717) 763-7064

=====

HARSCO CORPORATION SAVINGS PLAN

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FORM 11-K ANNUAL REPORT

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Exhibit 23 - Consent of Independent Registered Public Accounting Firm

* Refers to item number in Form 5500 (Annual Return/Report of Employee Benefit Plan) for the plan year ended December 31, 2005.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Plan Administrative Committee of
the Harsco Corporation Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement 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, 2005 and 2004, and the changes in net assets available for benefits for the year ended December 31, 2005 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 for investment purposes 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

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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 26, 2006

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HARSCO CORPORATION SAVINGS PLAN STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (dollars in thousands)

December 31, 2005 and December 31, 2004

Assets	December 31 2005	December 31 2004
	-----	-----
Participant directed investments, at fair value	\$ 128,028	\$ 119,190
Contributions Receivable:		
Employer's	50	9
Participants'	212	100
	-----	-----
Total receivables	262	109
	-----	-----
Net assets available for benefits	\$ 128,290	\$ 119,299
	=====	=====

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

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HARSCO CORPORATION SAVINGS PLAN STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (dollars in thousands)

For the Year Ended December 31, 2005

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Additions to net assets attributed to:

Investment income:

Net appreciation in the fair value of investments	\$ 13,502
Dividends	2,546
Interest - money market fund	270
Interest - participant loans	253

	16,571

Contributions:

Employer's	1,173
Participants'	4,346

	5,519

Transfers in from Harsco Retirement Savings and
Investment Plan (HRSIP) due to Employee
classification change

179

Total additions

22,269

Deductions:

Withdrawals	(12,869)
Other transfers out to HRSIP due to employee classification change	(409)

Net increase in net assets available for benefits

8,991

Net assets available for benefits:

December 31, 2004	119,299

December 31, 2005	\$ 128,290
	=====

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

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NOTES TO FINANCIAL STATEMENTS

1. General Description of Plan:

General

The following description of the Harsco Corporation Savings Plan (the

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"Plan") provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

The Plan is a defined contribution plan 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").

As of January 1, 2005, all U.S. hourly and Air-X-Changers salaried 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 shall be covered by, or remain covered by this Plan, 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. Prior to January 1, 2005, in addition to hourly employees, eligible employees also included all U.S. employees (including officers) who received a stated weekly, monthly, or annual rate of compensation. 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.

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 shall designate 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 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 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 Internal Revenue Service (IRS) code which was \$14,000 and \$13,000 for the years ended December 31, 2005 and 2004, respectively, 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 \$18,000 and \$16,000 in 2005 and 2004, respectively, as a result of an additional \$4,000 and \$3,000 of "catch-up contributions" allowed by law in 2005 and 2004, respectively. Pre-Tax Contributions shall constitute a reduction in the participant's taxable income for purposes

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NOTES TO FINANCIAL STATEMENTS, continued

1. General Description of Plan: (continued)

of Section 401(k) of the Code. After-Tax Contributions will be considered to be the participant's contributions to the Plan and shall not constitute a reduction in the participant's taxable income for the purposes of Section 401(k) of the Code. Pursuant to the Plan, the Company will make contributions in cash to the

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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".

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.

Administration

The Company pays administrative fees related to maintaining the Plan as a whole. Fees for investment management are subtracted from fund performance reported by each fund. 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 \$0.03 commission per share transferred.

Participant Loans

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 5.00% to 10.5% at December 31, 2005. Principal and interest is paid ratably through payroll deductions.

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.

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NOTES TO FINANCIAL STATEMENTS, continued

1. General Description of Plan: (continued)

Investment Options

The Plan, comprised of participant directed contributions, contains the following investment options:

- (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

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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) Ariel Appreciation Fund - a long-term growth oriented fund consisting primarily of medium sized company stocks.
- (5) 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 a reasonable current income.
- (6) Morgan Stanley Institutional Fund, Inc. U.S. Real Estate Fund - 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.
- (7) Neuberger Berman Genesis Fund - a fund consisting mainly of common stock of small capitalization companies that offer potential for capital growth. Neuberger.
- (8) 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.
- (9) Putnam Bond Index Fund - a fund consisting of a sample of securities included in the Lehman Brothers Aggregate Bond Index. The fund's goal is to achieve a return, before the assessment of any fees that closely approximates the index.
- (10) Putnam Fund for Growth and Income - a fund consisting primarily of common stocks located mainly in the United States that offer potential for capital growth, current income, or both.

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NOTES TO FINANCIAL STATEMENTS, continued

1. General Description of Plan: (continued)

- (11) Putnam Income Fund - a fund seeking high current income consistent with what Putnam management believes to be prudent risk. The fund includes principally investments in bonds and other debt securities. Bonds include both corporate and government bonds.
- (12) 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

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U.S. government.

- (13) Putnam New Opportunities Fund - a fund consisting primarily of investments in common stock of U.S. companies within certain industry groups that Putnam management believes have high growth potential.
- (14) Putnam Voyager Fund - a fund consisting mainly of investments in stock of mid-sized to large companies expected to grow over time. The fund invests all or a portion of its assets in companies located mainly inside the United States.
- (15) 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.
- (16) Putnam Retirement Ready Funds (2010-2050) - a fund employing an asset allocation strategy based on investors' projected retirement year. The fund seeks capital appreciation and current income.
- (17) T. Rowe Price Retirement Funds (2005-2040) - a fund 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.

The Plan provides for various investment options as described above. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

There were 2,744 participants at December 31, 2005 who participated in one or more of the 35 investment funds. At December 31, 2005 the number of participants selecting each of the investment funds for their contributions was as follows:

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NOTES TO FINANCIAL STATEMENTS, continued

1. General Description of Plan: (continued)

Harsco Corporation Common Stock Fund.....	2,476
Putnam Money Market Fund.....	1,555
Vanguard Institutional Index Fund.....	1,351
Putnam Voyager Fund.....	1,062
Putnam New Opportunities Fund.....	976
American Funds EuroPacific Growth Fund R4.....	754
Putnam Fund for Growth and Income.....	559
Putnam Income Fund.....	372
Neuberger Berman Genesis Fund.....	338
PIMCO Total Return Fund.....	229
Dodge & Cox Stock Fund.....	190
Morgan Stanley Institutional Fund, Inc. U.S. Real Estate Fund.....	161
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Putnam Retirement Ready 2025.....	146
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American Funds Growth Fund of America.....	103
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Ariel Appreciation Fund.....	64
Putnam Bond Index Fund.....	62
Putnam Retirement Ready 2040.....	49
T Rowe Price Retirement 2040.....	24
Putnam Retirement Ready 2045.....	23
T Rowe Price Retirement 2025.....	18
T Rowe Price Retirement 2035.....	17
T Rowe Price Retirement 2015.....	14
Rowe Price Retirement 2030.....	14
T Rowe Price Retirement 2020.....	12
T Rowe Price Retirement 2010.....	9
Putnam Retirement Ready 2050.....	4
T Rowe Price Retirement Income.....	3
T Rowe Price Retirement 2005.....	3
T Rowe Price Retirement 2045.....	0

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NOTES TO FINANCIAL STATEMENTS, continued

1. General Description of Plan: (continued)

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 shall be fully vested. Complete distributions or withdrawals would be distributed to Plan participants and beneficiaries in proportion to their respective account balances.

2. Summary of Significant Accounting Policies:

Basis of Accounting:

The financial statements of the Plan are prepared under the accrual basis of accounting.

Investment Valuation:

The Harsco Corporation Common Stock Fund is stated at market value, which represents the closing price of the stock on the Composite Reporting Tape of the stock exchanges on the last day of trading of the calendar year. Shares in the American Funds EuroPacific Growth Fund, American Funds Growth Fund of America, Ariel Appreciation Fund, Dodge & Cox Stock Fund, Morgan Stanley Institutional Fund, Inc. U.S. Real Estate Fund, Neuberger Berman Genesis Fund, PIMCO Total Return Fund, Putnam Bond Index Fund, Putnam Fund for Growth and Income, Putnam Income Fund, Putnam Money

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Market Fund, Putnam New Opportunities Fund, Putnam Voyager Fund, Vanguard Institutional Index Fund, Putnam Retirement Ready Funds and T. Rowe Price Retirement Funds are valued at net asset value, which represents fair value. Cash, which represents funds held until purchases of common stock are completed, is stated at fair value. Participant loans are valued at cost which approximates fair value

Payment of Benefits:

Benefit payments to participants are recorded when paid.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Income Recognition:

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation (depreciation) in the market value of its investments which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

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NOTES TO FINANCIAL STATEMENTS, continued

2. Summary of Significant Accounting Policies: (continued)

The purchase and sale of investments are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. Both participant contributions and Company matching contributions are accrued in the period of the related payroll deductions. Forfeitures, a result of participant withdrawals prior to their full vesting in the Plan, are used to reduce the amount of future Company matching contributions. In 2005, forfeited amounts of \$33,037 were used to offset Company matching contributions and \$1,326 remained in a money market fund at December 31, 2005 to be used to offset future Company matching contributions.

3. Investments:

The following table separately identifies those investments which represent five percent or more of the Plan's net assets at December 31, 2005 with comparable information for 2004:

(in thousands)	December 31 2005	December 31 2004
	-----	-----
Harsco Corporation Common Stock Fund	\$ 62,753	\$ 56,701
Vanguard Institutional Index Fund	12,488	13,549

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Putnam Money Market Fund	10,298	9,638
Putnam Voyager Fund	7,218	7,813
Putnam New Opportunities Fund (a)	5,744	6,250
Other	29,527	25,239
	-----	-----
	\$ 128,028	\$ 119,190
	=====	=====

(a) Shown for comparative purposes.

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NOTES TO FINANCIAL STATEMENTS, continued

3. Investments: (continued)

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$13,502 (in thousands) as follows:

(in thousands)

Common stock	\$ 11,293
Mutual funds	2,207
Common collective trust	2

	\$ 13,502
	=====

4. Related-Party Transactions:

Certain Plan investments are shares of mutual funds managed by Putnam Investments. Putnam Investments is a sister company of Mercer Human Resource Services which is the trustee and record keeper for the plan. Transactions in these funds qualify as party-in-interest transactions. Transactions in the Harsco Corporation Common Stock Fund also qualify as party-in-interest transactions.

5. Plan Amendments:

The Company amended the Plan effective January 1, 2004, to include rollover contributions when determining whether a Participant's account exceeds \$5,000. This threshold is used to determine if a Participant's balance will be immediately paid-out to the participant upon the participant leaving employment with the Company or if it will remain in the Plan until the Participant chooses to withdraw it.

The Company amended the Plan effective March 28, 2005, to limit the amount that can automatically be paid out in a lump sum payment to \$1,000 and to allow a voluntary election of a lump sum payment of amounts not exceeding \$5,000 without the consent of the Participant's spouse. In addition, the Company amended the Plan effective December 29, 2005, to provide Company contributions as required under collective bargaining

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agreements for the newly acquired participants of the Brambles USA, Inc Company.

6. Federal Income Taxes: -----

The Company received a determination letter from the Internal Revenue Service on May 15, 2003, that the Plan, as amended March 28, 2003, is a qualified plan under Sections 401(a) and 401(k) of the Internal Revenue Code and is therefore exempt from Federal income taxes under the provisions of Section 501(a). The determination letter renewed the IRS's previous favorable determination made on December 26, 2000. The Plan has been amended since the IRS made its latest determination. However, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the Internal Revenue Code.

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NOTES TO FINANCIAL STATEMENTS, continued -----

7. Risks and Uncertainties -----

The plan invests in various investment securities. Investment securities are exposed to various risks such as interest risk, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

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HARSCO CORPORATION SAVINGS PLAN
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FORM 5500

December 31, 2005
(dollars in thousands)

(a) Party In Interest	Shares or Units	(b) & (c) Identity of Issue and Description of Investment	(d) Cost	(e) Current Value
		Common Stock:		
*	929,537	Harsco Corp. Common Stock, par value \$	\$ 26,073	\$ 62,7
	N/A	Participant Loans (1)	4,626	4,6
		Mutual Funds:		
	109,537	Vanguard Institutional Index Fund	11,464	12,4
*	414,820	Putnam Voyager Fund	8,462	7,2
*	10,298,458	Putnam Money Market	10,298	10,2
*	125,847	Putnam New Opportunities Fund	6,187	5,7
	98,907	American Europacific Growth Fund R-4	3,540	4,0
*	118,322	Putnam Fund for Growth and Income	2,173	2,3
	64,671	Neuberger Berman Genesis Trust Fund	2,285	3,1
*	227,065	Putnam Income Fund	1,520	1,5
	135,205	Pimco Total Return Fund	1,447	1,4
	9,879	Dodge & Cox Stock Fund	1,206	1,3
		Morgan Stanley Institutional Fund, Inc. U.S.		
	47,397	Real Estate Fund	982	1,1
	7,311	Ariel Appreciation Fund	315	3
	19,379	Growth Fund of America	531	5
*	10,171	Putnam Bond Index Fund	138	1
*	18,755	Putnam Retirement Ready Maturity	1,053	1,0
*	19,366	Putnam Retirement Ready 2010 Fund	1,106	1,1
*	29,300	Putnam Retirement Ready 2015 Fund	1,851	1,9
*	25,269	Putnam Retirement Ready 2020 Fund	1,560	1,6
*	14,678	Putnam Retirement Ready 2025 Fund	982	1,0
*	8,549	Putnam Retirement Ready 2030 Fund	545	5
*	4,417	Putnam Retirement Ready 2035 Fund	283	3

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HARSCO CORPORATION SAVINGS PLAN
SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
FORM 5500
(Continued)

December 31, 2005
(dollars in thousands)

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(a) Party In Interest	Shares or Units	(b) & (c) Identity of Issue and Description of Investment	(d) Cost	(e) Current Value
*	1,870	Putnam Retirement Ready 2040 Fund	126	1
*	530	Putnam Retirement Ready 2045 Fund	36	
*	23	Putnam Retirement Ready 2050 Fund	1	
	4,996	T Rowe Price Retirement Income	60	
	777	T Rowe Price Retirement 2005	8	
	17,729	T Rowe Price Retirement 2010	240	2
	26,285	T Rowe Price Retirement 2015	283	2
	4,837	T Rowe Price Retirement 2020	74	
	9,520	T Rowe Price Retirement 2025	97	1
	10,405	T Rowe Price Retirement 2030	162	1
	2,493	T Rowe Price Retirement 2035	27	
	3,858	T Rowe Price Retirement 2040	60	
		Total Mutual Funds	59,102	60,6
	N/A	Cash	--	
		Total Assets Held for Investment Purposes	\$ 89,801	\$ 128,0

* Represents party in interest

(1) Participant Loans range up to 15 years to maturity and interest rates on these loans ranged from 5.00% to 10.5%.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrative Committee has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

HARSCO CORPORATION SAVINGS PLAN

BY /S/ Mark E. Kimmel

Mark E. Kimmel
General Counsel & Corporate Secretary

June 26, 2006

