


HARSCO

Insight onsite.™

Q3 2015 Results & Update

Conference Call | November 9, 2015

Administrative Items

Conference Call and Access to Information

More information on Harsco's quarterly earnings, including the Company's earnings press release issued today and this presentation, is available on the Investor Relations portion of Harsco's website. Company management will discuss the Company's financial performance during a conference call today at 9:00 a.m. (ET). Both the presentation and access to the call are available at http://investors.harsco.com. A replay can also be accessed on the site for up to three months after the call.

Safe Harbor

The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, the Company provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the results contemplated by forward-looking statements, including the expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about management's confidence in and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, and earnings. Forward-looking statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe," "likely," "estimate," "plan" or other comparable terms. Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the integration of the Company's strategic acquisitions; (13) the amount and timing of repurchases of the Company's common stock, if any; (14) the prolonged recovery in global financial and credit markets and economic conditions generally, which could result in the Company's customers curtailing development projects, construction, production and capital expenditures, which, in turn, could reduce the demand for the Company's products and services and, accordingly, the Company's revenues, margins and profitability; (15) the outcome of any disputes with customers, contractors and subcontractors; (16) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (17) the Company's ability to successfully implement and receive the expected benefits of cost-reduction and restructuring initiatives, including the achievement of expected cost savings in the expected time frame; (18) the ability to successfully implement the Company's strategic initiatives and portfolio optimization and the impact of such initiatives, such as the Harsco Metals & Minerals Segment's Improvement Plan ("Project Orion"); (19) the ability of the strategic venture between the Company and Clayton, Dubilier & Rice ("CD&R") to effectively integrate the Company's Infrastructure business and the Brand Energy & Infrastructure Services business and realize the synergies contemplated by the transaction; (20) the Company's ability to realize cost savings from the divestiture of the Infrastructure business, as well as the transaction being accretive to earnings and improving operating margins and return on capital; (21) the amount ultimately realized from the Company's exit from the strategic venture between the Company and CD&R and the timing of such exit; (22) implementation of environmental remediation matters; (23) risk and uncertainty associated with intangible assets; and (24) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2014, as revised in the Company's Current Report on Form 8-K filed on June 1, 2015. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

Non-GAAP Measures

Throughout the Company's call and this presentation, the Company refers to certain non-GAAP measures, including, without limitation, adjusted operating income (loss) from continuing operations, adjusted operating income margin, adjusted diluted earnings per share from continuing operations, return on invested capital and free cash flow. For a reconciliation of non-GAAP measures to U.S. GAAP results and the Company's rationale for its usage of non-GAAP measures, see the Company's earnings press release issued today, and the Appendix in this presentation.

CEO Perspective - Strategy

- Committed to unlocking value for shareholders
- Separation is next logical step in portfolio optimization following successful execution of key improvement initiatives
- Separated businesses would provide more targeted and compelling value propositions for respective stakeholders
- All separation options will be considered; transaction structure and timing uncertain
- Will continue to execute against long-term financial targets while evaluation process is ongoing

CEO Perspective - Q3 and Outlook

- Third quarter adjusted earnings above guidance
- 2015 Outlook little changed despite additional challenges within the metals and energy markets
- Unusual items reflect market pressures, resolution of legacy matters and ongoing portfolio review
- Business updates:
  - Metals & Minerals – Considerable Orion progress; focused on site triage efforts and further cost-reduction initiatives as part of Project Orion Phase 3
  - Industrial – Positive performance given external pressures; remains compelling business
  - Rail – Business strong with meaningful growth targeted
  - Brand – Executing well; outlook reflects additional non-cash FX and market impacts
- Dividend adjusted to business conditions and to preserve financial flexibility, while continuing longstanding practice of returning capital to shareholders
- Focused on realizing value potential and key initiatives to achieve targets

Q3 2015 Financial Summary –
Key Performance Indicators[1]

($ - millions, except EPS)	Third Quarter	Change vs. 2014 $	Change vs. 2014 %
Revenues	428	(98)	(19)%
Adjusted Operating Income	35	(14)	(29)%
% of Sales	8.2%		(120)bps
Adjusted Diluted Earnings Per Share	$0.18	$(0.13)	(42)%
Free Cash Flow	23	(42)	(64)%
ROIC (LTM)	6.2%		(100)bps

- **Q3 operating income above guidance of $20-25 million due to M&M and Rail results, partially due to timing; also, lower Corporate costs**
- **Earnings below prior-year in three operating businesses due to market pressures and Rail mix**
- **EPS included Brand Energy JV equity income of $3 million (2c)**
- **Q3 FCF exceeded internal forecast due to cash earnings and capital expenditure; compared with prior-year, fewer contract advances offset lower capital spending**
- **ROIC decreased to 6.2%**

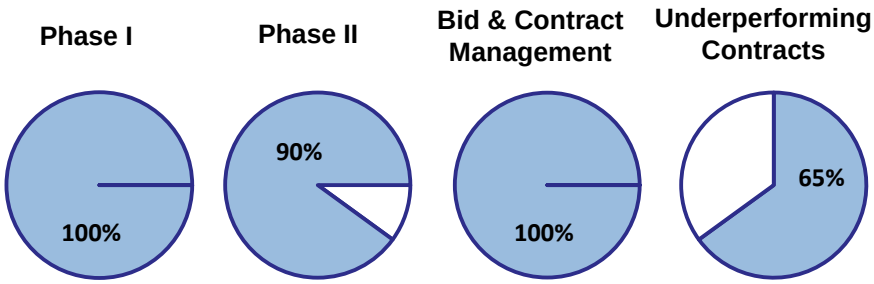
(1) Excludes special items and Infrastructure. Also, 2014 financial information is revised.

Q3 2015 – Metals & Minerals

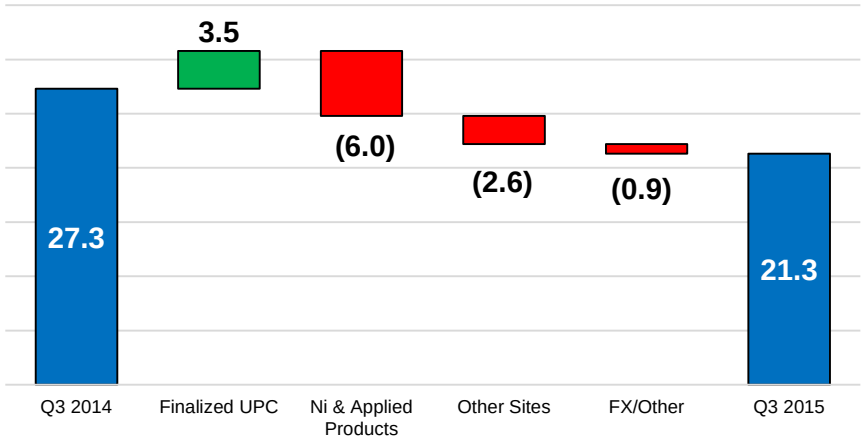
Summary Results (1)

($ in millions)	Q3 2015	Q3 2014	% change
Revenues, as reported	277	348	(20)%
Adjusted operating income	21	27	(22)%
Adjusted operating margin	7.7%	7.9%	
Free cash flow (YTD)	47	6	nmf
ROIC (TTM)	4.0%	4.8%	(80)bps

Project Orion Workstream Progress



Adjusted Operating Income Bridge



Business Highlights

- Revenues impacted by FX, site exits and lower nickel-related sales and reduced LST
- Adjusted operating income declined as above items offset Project Orion savings and other benefits
- FCF improved YTD due to lower capital investment and working capital

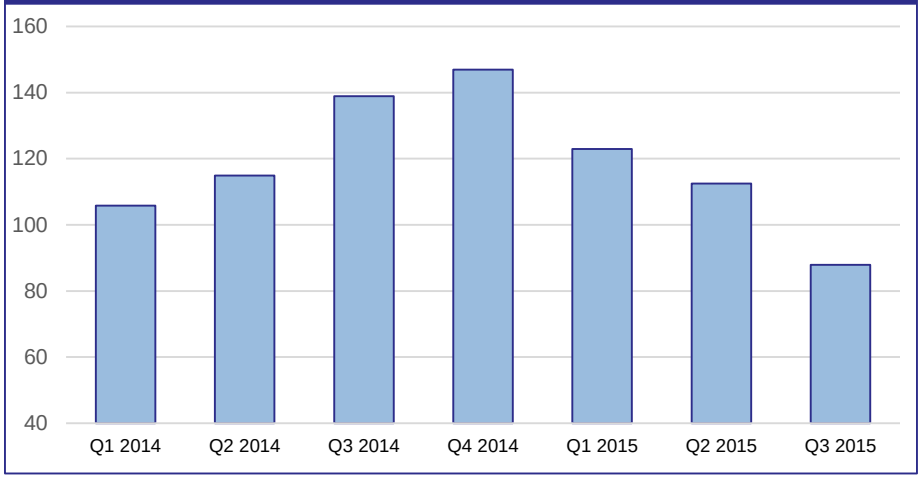
(1) 2014 financial information revised. nmf = not meaningful.

Q3 2015 - Industrial

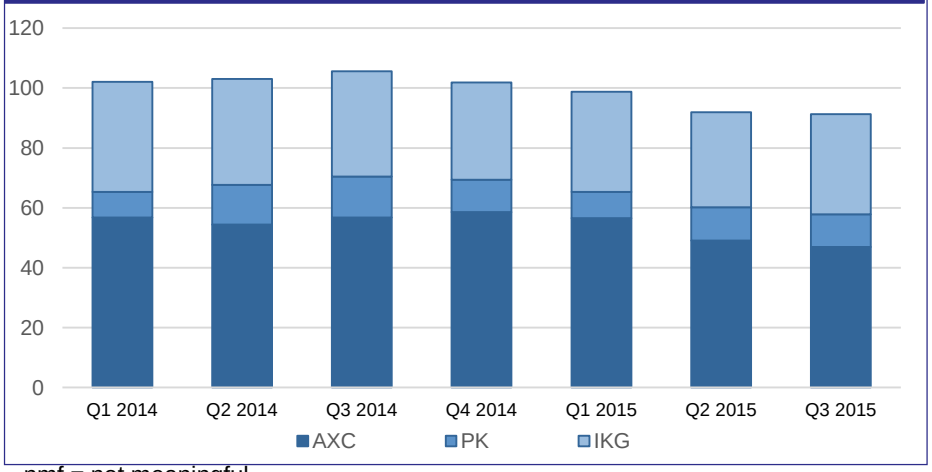
Summary Results

($ in millions)	Q3 2015	Q3 2014	% change
Revenues, as reported	91	106	(14)%
Operating income	14	16	(13)%
Operating margin	15.3%	15.1%	
Free cash flow (YTD)	40	41	(2)%
ROIC (TTM)	40.4%	51.9%	nmf

Backlogs



Revenue Mix



Business Highlights

- Revenues declined due to reduced demand for heat exchanger and commercial boiler products
- Operating income impacted by the above items; offsetting cost initiatives in the quarter
- FCF unchanged YTD as CenterPoint investments have been offset by working capital improvements

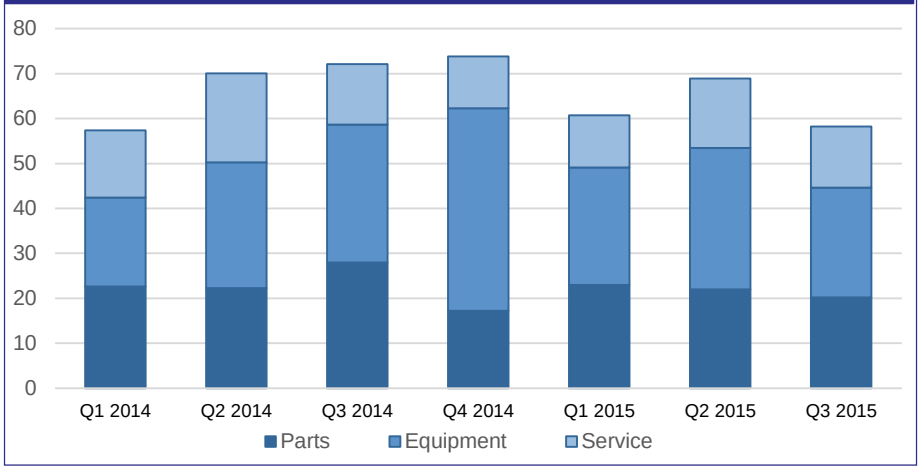
nmf = not meaningful

Q3 2015 - Rail

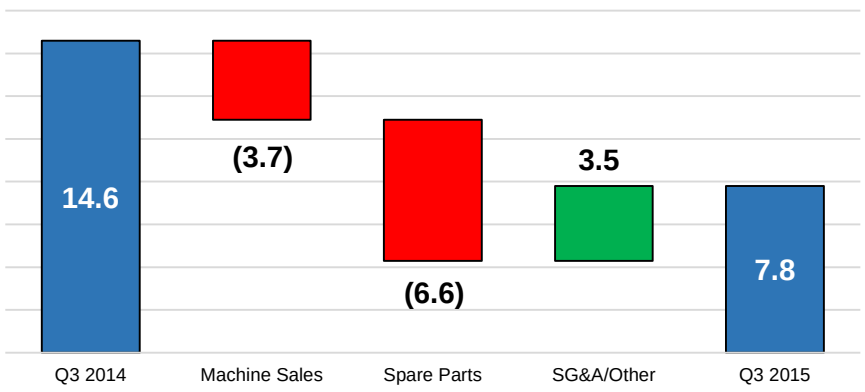
Summary Results

($ in millions)	Q3 2015	Q3 2014	% change
Revenues, as reported	60	73	(18)%
Adjusted operating income	8	15	(47)%
Adjusted operating margin	13.0%	19.9%	
Free cash flow (YTD)	2	109	(98)%
ROIC (TTM)	82.0%	37.5%	nmf

Revenue Mix



Operating Income Bridge



Business Highlights

- Lower equipment and after-market parts sales led to decline in revenues, as expected
- Income exceeded internal forecast due to mix and cost performance; compared to prior-year, income/margin impacted by volume
- Free cash flow change attributable to fewer advances year to date

nmf = not meaningful

2015 Summary Outlook

	2015 Outlook*	2015 Prior*	2014 Actual*
Adjusted Operating Income	**$125 to $130 million**	$120 to $135 million	$155 million
EBITDA – Net Capex	**$160 to $165 million**	$135 to $150 million	$136 million
Free Cash Flow	**$50 million to $60 million**	$60 million to $80 million	$52 million
ROIC	**6.0% to 6.5%**	unchanged	6.8%
Adjusted Diluted Earnings per Share	**$0.46 to $0.50**	$0.41 to $0.55	$0.76

*Excludes special items. Also, 2014 financial information is revised

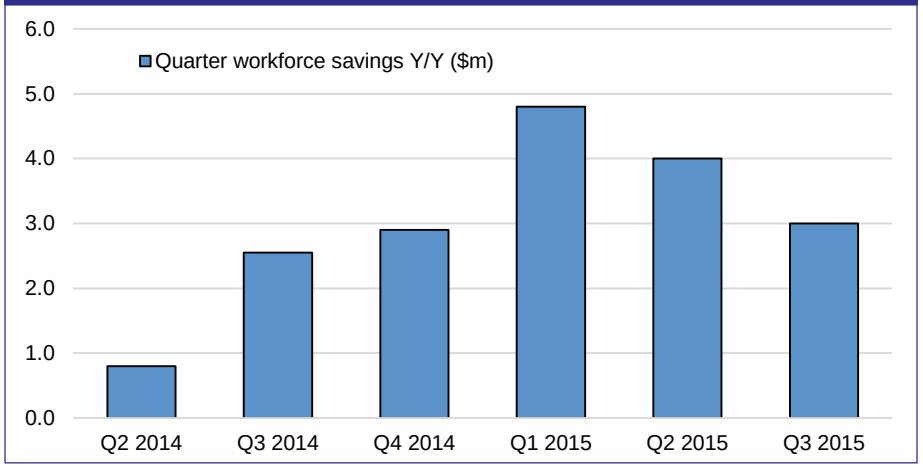
Q4 2015 Outlook

- Adjusted operating income is expected to be between $15 to $20 million versus $29 million in Q4 2014*
- Adjusted diluted earnings per share of up to $0.05
- Year-over-year considerations include:
  - M&M: Project Orion benefits and new sites more than offset by exits (including mill closures), lower LST and commodities
  - Industrial: Weaker demand partially offset by reduction in selling and administrative costs
  - Rail: Higher equipment and spare parts sales
  - Corporate costs below prior-year quarter

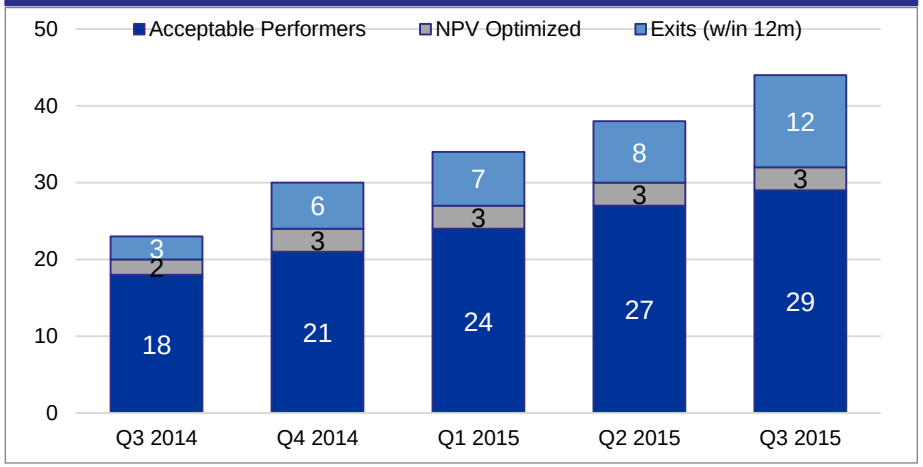
*Excludes special items. Also, 2014 financial information is revised.

Project Orion
Simplification and Underperforming Sites

Simplification Benefits Realized



Distribution of Finalized Outcomes



- Simplification savings approximate $6 million in Q3 2015
  - Nearly all of the workforce actions completed under Phase I and II
  - Ongoing benefits including operational initiatives now approximate $36 million; compared to project target of $35 to $40 million
- 65% of original ‘underperformers’ (UPCs) now addressed or finalized
  - 6 UPCs resolved since August call; 4 exits expected to be margin accretive in 2016
  - Finalized sites continue to show financial improvement despite external pressures; also, margins are now comparable to acceptable performers
- Phase 3 launched: targeted benefits of $20-25 million; majority realized in 2016

Q&A

Appendix

2015 Business Outlook

Excluding special items		2015 versus 2014
Metals & Minerals	Revenues	↓ low double digits
	Operating Income	↓ double digits
	Drivers	+ Simplification, site triage, new sites - FX, site exits, LST, nickel & scrap prices and volumes
Industrial	Revenues	↓ low double digits
	Operating Income	↓ low double digits
	Drivers	+ Efficiency improvements = Facility moving costs offset by asset sales gains - End-market consumption
Rail	Revenues	↑ high single to low double digits
	Operating Income	↑ double digits
	Drivers	+ Core machine volumes and FX gain - Parts sales and service comparisons, global build-out costs
Corporate Costs		↓ due to professional fees and efficiencies
Brand Energy JV		Equity income forecasted to be less than $1 million

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING SPECIAL ITEMS TO DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2015	2014	2015	2014
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.10)**	$ 0.31	**$ 0.17**	$ 0.27
Harsco Metals & Minerals Segment contract termination charges (a)	**0.17**	—	**0.17**	0.14
Harsco Metals & Minerals Segment salt cake processing and disposal charges (b)	**0.06**	—	**0.06**	—
Harsco Metals & Minerals Segment subcontractor settlement charge (c)	**0.04**	—	**0.04**	—
Strategic planning costs (d)	**0.02**	—	**0.02**	—
Harsco Metals & Minerals Segment multi-employer pension plan charge (e)	**0.01**	—	**0.01**	—
Harsco Infrastructure Segment (gain) loss on disposal (f)	**0.01**	(0.01)	**0.01**	0.04
Harsco Metals & Minerals Segment site exit and underperforming contract charges (g)	**(0.02)**	—	**(0.02)**	0.11
Harsco Metals & Minerals Segment Project Orion charges (h)	**—**	—	**—**	0.07
Harsco Infrastructure transaction costs (i)	**—**	—	**—**	0.01
Harsco Metals & Minerals Segment Brazilian labor claim reserves (j)	**—**	—	**—**	—
Harsco Rail Segment grinder impairment charge (k)	**—**	—	**—**	—
Adjusted diluted earnings per share from continuing operations excluding special items	**$ 0.18** (l)	$ 0.31 (l)	**$ 0.45** (l)	$ 0.66 (l)

(a) Harsco Metals & Minerals Segment charges related to a contract terminations (Q3 and nine months 2015 $13.7 million; nine months 2014 $11.6 million pre-tax).

(b) Harsco Metals & Minerals Segment charges incurred in connection with the processing and disposal of salt cakes (Q3 and nine months 2015 $7.0 million pre-tax). The Company's Bahrain operations are operated under a strategic venture for which its strategic venture partner has a 35% minority interest. Accordingly, the net impact of the charge to the Company's Net income (loss) attributable to Harsco Corporation was $4.6 million.

(c) Harsco Metals & Minerals Segment charges related to a settlement with a subcontractor (Q3 and nine months 2015 $4.2 million pre-tax).

(d) Costs associated with strategic planning expenses recorded as Corporate (Q3 and nine months 2015 $1.8 million pre-tax).

(e) Harsco Metals & Minerals Segment charges related to a multi-employer pension plan (Q3 and nine months 2015 $1.1 million pre-tax).

(f) (Gain) loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (Q3 and nine months 2015 $1.0 million; nine months 2014 $2.9 million pre-tax; Q3 2014 consists of related tax adjustments of $0.5 million).

(g) Harsco Metals & Minerals Segment charges primarily attributable to site exit costs and non-cash long lived asset impairment charges associated with strategic actions from Project Orion's focus on underperforming contracts (Q3 and nine months 2015 $1.4 million reversal; nine months 2014 $10.9 million charge pre-tax).

(h) Harsco Metals & Minerals Segment Project Orion restructuring charges (Q3 2014 $0.3 million pre-tax; nine months 2014 $8.8 million pre-tax).

(i) Harsco Infrastructure Transaction costs recorded as Corporate expenses (Q3 2014 $0.1 million pre-tax; nine months 2014 $1.7 million pre-tax).

(j) Brazilian labor claim reserve adjustments in the Harsco Metals & Minerals Segment (nine months 2014 $0.1 million pre-tax).

(k) Asset impairment charge on rail grinder equipment in the Harsco Rail Segment (Q3 and nine months 2014 $0.6 million pre-tax).

(l) Does not total due to rounding.

The Company's management believes Adjusted diluted earnings per share from continuing operations excluding special items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING SPECIAL ITEMS TO DILUTED LOSS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)

	Three Months Ended December 31 2014	Twelve Months Ended December 31 2014
Diluted loss per share from continuing operations as reported	$ (0.55)	$ (0.28)
Harsco Metals & Minerals Segment site exit and underperforming contract charges (a)	0.49	0.60
Harsco Metals & Minerals Segment contract termination charges (b)	—	0.14
Harsco Metals & Minerals Segment Project Orion charges (c)	0.03	0.11
Harsco Metals & Minerals Segment Brazilian labor claim reserves (d)	0.09	0.10
Harsco Infrastructure Segment loss on disposal (e)	0.01	0.05
Strategic transaction review costs (f)	0.04	0.04
Harsco Infrastructure transaction costs (g)	—	0.02
Harsco Rail Segment grinder impairment charge (h)	—	—
Gains associated with exited Harsco Infrastructure operations retained (i)	(0.02)	(0.02)
Adjusted diluted earnings per share from continuing operations excluding special items	$ 0.09	$ 0.76

(a) Harsco Metals & Minerals Segment charges primarily attributable to site exit costs and non-cash long lived asset impairment charges associated with strategic action from Project Orion's focus on underperforming contracts (Q4 $39.4 million pre-tax; Full year $50.1 million pre-tax).

(b) Harsco Metals & Minerals Segment charges incurred in connection with the termination of a contract for a customer in receivership (Full year $11.6 million pre-tax).

(c) Harsco Metals & Minerals Segment Project Orion restructuring charges (Q4 $3.2 million pre-tax; Full year $12.0 million pre-tax).

(d) Brazilian labor claim reserve adjustments in the Harsco Metals & Minerals Segment (Q4 $5.2 million pre-tax; Full year $5.3 million pre-tax).

(e) Loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (Full year $2.9 million pre-tax).

(f) Strategic transaction review costs recorded as Corporate expenses (Q4 and Full year $3.5 million pre-tax).

(g) Harsco Infrastructure Transaction costs record as Corporate expenses (Q4 $0.5 million pre-tax; Full year $2.2 million pre-tax).

(h) Asset impairment charge on rail grinder equipment in the Harsco Rail Segment (Full year $0.6 million pre-tax).

(i) Currency translation gains associated with exited Harsco Infrastructure operations retained recorded as an offset to Corporate expenses (Q4 and Full year $2.2 million pre-tax).

The Company's management believes Adjusted diluted earnings per share from continuing operations, excluding special items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION
REVIEW OF OPERATIONS BY SEGMENT EXCLUDING SPECIAL ITEMS (Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended September 30, 2015:					
Adjusted operating income (loss) excluding special items	**$ 21,326**	**$ 13,934**	**$ 7,786**	**$ (7,908)**	**$ 35,138**
Revenues as reported	**$ 277,367**	**$ 91,199**	**$ 59,768**	**$ —**	**$ 428,334**
Adjusted operating margin (%) excluding special items	**7.7%**	**15.3%**	**13.0%**		**8.2%**
Three Months Ended September 30, 2014:					
Adjusted operating income (loss) excluding special items	$ 27,334	$ 15,955	$ 14,566	$ (8,491)	$ 49,364
Revenues as reported	$ 347,625	$ 105,591	$ 73,161	$ —	$ 526,377
Adjusted operating margin (%) excluding special items	7.9%	15.1%	19.9%		9.4%
Nine Months Ended September 30, 2015:					
Adjusted operating income (loss) excluding special items	**$ 50,508**	**$ 45,380**	**$ 40,819**	**$ (26,959)**	**$ 109,748**
Revenues as reported	**$ 862,901**	**$ 281,883**	**$ 190,876**	**$ —**	**$ 1,335,660**
Adjusted operating margin (%) excluding special items	**5.9%**	**16.1%**	**21.4%**		**8.2%**
Nine Months Ended September 30, 2014:					
Adjusted operating income (loss) excluding special items	$ 73,793	$ 49,955	$ 33,591	$ (31,368)	$ 125,971
Revenues as reported	$ 1,062,208	$ 310,696	$ 201,300	$ —	$ 1,574,204
Adjusted operating margin (%) excluding special items	6.9%	16.1%	16.7%		8.0%

The Company's management believes Adjusted operating margin (%) excluding special items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING SPECIAL ITEMS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT

(Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Three Months Ended September 30, 2015:					
Operating income (loss) as reported	$ (3,331)	$ 13,934	$ 7,786	$ (10,661)	$ 7,728
Harsco Metals & Minerals Segment contract termination charges	13,737	—	—	—	13,737
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000	—	—	—	7,000
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220	—	—	—	4,220
Strategic planning costs	—	—	—	1,753	1,753
Harsco Metals & Minerals Segment multi-employer pension plan charge	1,122	—	—	—	1,122
Harsco Infrastructure Segment loss on disposal	—	—	—	1,000	1,000
Harsco Metals & Minerals Segment site exit and underperforming contract charges	(1,422)	—	—	—	(1,422)
Adjusted operating income (loss), excluding special items	$ 21,326	$ 13,934	$ 7,786	$ (7,908)	$ 35,138
Revenues as reported	$ 277,367	$ 91,199	$ 59,768	$ —	$ 428,334
Three Months Ended September 30, 2014:					
Operating income (loss) as reported	$ 27,058	$ 15,955	$ 13,976	$ (8,545)	$ 48,444
Harsco Rail Segment grinder impairment charge	—	—	590	—	590
Harsco Metals & Minerals Segment Project Orion charges	276	—	—	—	276
Harsco Infrastructure transaction costs	—	—	—	54	54
Adjusted operating income (loss) excluding special items	$ 27,334	$ 15,955	$ 14,566	$ (8,491)	$ 49,364
Revenues as reported	$ 347,625	$ 105,591	$ 73,161	$ —	$ 526,377

The Company's management believes Adjusted operating income (loss) excluding special items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING SPECIAL ITEMS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT

(Unaudited)

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
Nine Months Ended September 30, 2015:					
Operating income (loss) as reported	$ 25,851	$ 45,380	$ 40,819	$ (29,712)	$ 82,338
Harsco Metals & Minerals Segment contract termination charges	13,737	—	—	—	13,737
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000	—	—	—	7,000
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220	—	—	—	4,220
Strategic planning costs	—	—	—	1,753	1,753
Harsco Metals & Minerals Segment multi-employer pension plan charge	1,122	—	—	—	1,122
Harsco Infrastructure Segment loss on disposal	—	—	—	1,000	1,000
Harsco Metals & Minerals Segment site exit and underperforming contract charges	(1,422)	—	—	—	(1,422)
Adjusted operating income (loss), excluding special items	$ 50,508	$ 45,380	$ 40,819	$ (26,959)	$ 109,748
Revenues as reported	$ 862,901	$ 281,883	$ 190,876	$ —	$ 1,335,660
Nine Months Ended September 30, 2014:					
Operating income (loss) as reported	$ 42,430	$ 49,955	$ 33,001	$ (36,021)	$ 89,365
Harsco Metals & Minerals Segment contract termination charges	11,557	—	—	—	11,557
Harsco Metals & Minerals Segment site exit and underperforming contract charges	10,863	—	—	—	10,863
Harsco Metals & Minerals Segment Project Orion charges	8,815	—	—	—	8,815
Harsco Infrastructure Segment loss on disposal	—	—	—	2,911	2,911
Harsco Infrastructure transaction costs	—	—	—	1,742	1,742
Harsco Rail Segment grinder impairment charge	—	—	590	—	590
Harsco Metals & MInerals Segment Brazilian labor claim reserves	128	—	—	—	128
Adjusted operating income (loss) excluding special items	$ 73,793	$ 49,955	$ 33,591	$ (31,368)	$ 125,971
Revenues as reported	$ 1,062,208	$ 310,696	$ 201,300	$ —	$ 1,574,204

The Company's management believes Adjusted operating income (loss) excluding special items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF ADJUSTED OPERATING INCOME EXCLUDING SPECIAL ITEMS TO OPERATING INCOME (LOSS) AS REVISED (Unaudited)

(In thousands)	Three Months Ended March 31 2014	Three Months Ended June 30 2014	Three Months Ended September 30 2014	Three Months Ended December 31 2014	Twelve Months Ended December 31 2014
Operating income (loss) as reported	$ 32,339	$ 6,236	$ 45,738	$ (20,842)	$ 63,471
Revisions to operating income (loss) as reported (a)	(112)	2,458	2,706	764	5,816
Operating income (loss) as revised	32,227	8,694	48,444	(20,078)	69,287
Harsco Metals & Minerals Segment site exit and underperforming contract charges	—	10,863	—	39,248	50,111
Harsco Metals & Minerals Segment Project Orion charges	—	8,539	276	3,177	11,992
Harsco Metals & Minerals Segment contract termination charges	—	11,557	—	—	11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves	128	—	—	5,204	5,332
Strategic transaction review costs	—	—	—	3,531	3,531
Harsco Infrastructure Segment loss on disposal	242	2,669	—	—	2,911
Harsco Infrastructure transaction costs	1,439	249	54	450	2,192
Harsco Rail Segment grinder impairment charge	—	—	590	—	590
Gains associated with exited Harsco Infrastructure operations retained	—	—	—	(2,205)	(2,205)
Adjusted operating income excluding special items	$ 34,036	$ 42,571	$ 49,364	$ 29,327	$ 155,298

(a) During the first quarter of 2015, the Company revised prior years' results due to an out-of-period error identified during the quarter that related to 2012.

The Company's management believes Adjusted operating income excluding special items, which is a non-U.S. GAAP financial measure, is useful to investors because it provides an overall understanding of the Company's historical and future prospects. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	**2015**	**2014**	**2015**	**2014**
Net cash provided by operating activities	**$ 43,884**	$ 109,960	**$ 89,102**	$ 185,290
Less maintenance capital expenditures (a)	**(23,869)**	(31,158)	**(67,314)**	(87,939)
Less growth capital expenditures (b)	**(4,468)**	(21,516)	**(24,269)**	(47,231)
Plus capital expenditures for strategic ventures (c)	**43**	2,212	**310**	3,402
Plus total proceeds from sales of assets (d)	**7,426**	5,033	**20,777**	23,556
Free cash flow	**$ 23,016**	$ 64,531	**$ 18,606**	$ 77,078

(a) Maintenance capital expenditures are necessary to sustain the Company's current revenue streams and include contract renewal.

(b) Growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, expand the Company's revenue base and create additional future cash flow.

(c) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.

(d) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment. For the nine months ended September 30, 2014 this line item also includes proceeds of $12.4 million from the Harsco Infrastructure Transaction net working capital settlement.

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

(In thousands)	Twelve Months Ended December 31 2014
Net cash provided by operating activities	$ 226,727
Less maintenance capital expenditures (a)	(133,231)
Less growth capital expenditures (b)	(75,628)
Plus capital expenditures for strategic ventures (c)	6,876
Plus total proceeds from sales of assets (d)	27,379
Free cash flow	$ 52,123

(a) Maintenance capital expenditures are necessary to sustain the Company's current revenue streams and include contract renewals.

(b) Growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, expand the Company's revenue base and create additional future cash flow.

(c) Capital expenditures for strategic ventures represent the partner's share of capital expenditures in certain ventures consolidated in the Company's financial statements.

(d) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment. For the full year ended December 31, 2014, this line item also includes proceeds of $12.4 million from the Harsco Infrastructure Transaction net working capital settlement.

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF FREE CASH FLOW TO NET CASH PROVIDED BY OPERATING ACTIVITIES (Unaudited)

	Projected Twelve Months Ending December 31	
	2015	
(In millions)	Low	High
Net cash provided by operating activities	$ 171	$ 176
Less capital expenditures (a)	(122)	(118)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	1	2
Free Cash Flow	$ 50	$ 60

(a) Capital expenditures encompass two primary elements: maintenance capital expenditures, which are necessary to sustain the Company's current revenue streams and include contract renewals; and growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, and which expand the Company's revenue base and create additional future cash flow.

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION
RECONCILIATION OF RETURN ON INVESTED CAPITAL EXCLUDING SPECIAL ITEMS AND HARSCO INFRASTRUCTURE SEGMENT TO NET LOSS FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

(In thousands)	Trailing Twelve Months Period Ended September 30 2015	2014
Net income (loss) from continuing operations	$ (28,002)	$ 1,687
Special items:		
Harsco Metals & Minerals Segment site exit and underperforming contract charges	37,826	10,863
Harsco Metals & Minerals Segment contract termination charges	13,737	11,557
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000	—
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,204	104
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220	—
Strategic transaction review costs	3,531	—
Harsco Metals & Minerals Segment Project Orion charges	3,177	8,815
Harsco Metals & Minerals Segment multi-employer pension plan charge	1,122	—
Strategic planning costs	1,753	—
Harsco Infrastructure Segment loss on disposal	1,000	33,838
Harsco Infrastructure transaction costs	450	9,464
Gains associated with exited Harsco Infrastructure operations retained	(2,205)	—
Harsco Rail Segment grinder asset impairment charge	—	9,589
Harsco Metals & Minerals Segment bad debt expense	—	2,592
Harsco Infrastructure Segment depreciation expense reduction on assets classified as held-for-sale	—	(13,900)
Taxes on above special items	185	(9,041)
Non-cash tax impact of Harsco Infrastructure transaction	—	10,912
Net income from continuing operations, as adjusted	48,998	76,480
After-tax interest expense (b)	29,344	29,979
Net operating profit after tax as adjusted	$ 78,342	$ 106,459
Average equity	$ 360,452	$ 576,976
Plus average debt	897,429	872,234
Average capital	$ 1,257,881	$ 1,449,210
Return on invested capital excluding special items	6.2%	7.3%
Net operating profit after tax as adjusted (from above)	$ 78,342	$ 106,459
After-tax income from Harsco Infrastructure Segment excluding special items	—	(1,637)
Net operating profit after tax as adjusted	$ 78,342	$ 104,822
Average capital (from above)	$ 1,257,881	$ 1,449,210
Return on invested capital excluding special items and Harsco Infrastructure Segment	6.2%	7.2%

(a) Return on invested capital excluding special items and the Harsco Infrastructure Segment is net income (loss) from continuing operations excluding special items, after-tax Harsco Infrastructure Segment results, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.

(b) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

The Company's management believes Return on invested capital excluding special items and the Harsco Infrastructure Segment, which are non-U.S. GAAP financial measures, are meaningful in evaluating the efficiency and effectiveness of the capital invested in the Company's business. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. Exclusion of the Harsco Infrastructure Segment provides a basis for comparison of ongoing operations and prospects since the segment was divested in the fourth quarter of 2013.These measures should be considered in addition to, rather than as a substitute for, net income or other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

RECONCILIATION OF RETURN ON INVESTED CAPITAL EXCLUDING SPECIAL ITEMS TO NET LOSS FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

(In thousands)	Trailing Twelve Month Period Ended December 31 2014
Net loss from continuing operations	$ (17,786)
Special items:	
Harsco Metals & Minerals Segment site exit and underperforming contract charges	50,111
Harsco Metals & Minerals Segment contract termination charges	11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,332
Harsco Metals & Minerals Segment Project Orion Charges	11,992
Harsco Infrastructure Segment loss on disposal	2,911
Strategic transaction review costs	3,531
Harsco Infrastructure transaction costs	2,192
Harsco Rail Segment grinder asset impairment charge	590
Gains associated with exited Harsco Infrastructure operations retained	(2,205)
Taxes on above special items	(2,324)
Net income from continuing operations, as adjusted	65,901
After-tax interest expense (b)	29,680
Net operating profit after tax as adjusted	$ 95,581
Average equity	$ 554,381
Plus average debt	857,168
Average capital	$ 1,411,549
Return on invested capital excluding special items	6.8%

(a) Return on invested capital excluding special items is net income from continuing operations excluding special items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.

(b) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

The Company's management believes Return on invested capital excluding special items, which is a non-U.S. GAAP financial measure, is meaningful in evaluating the efficiency and effectiveness of the capital invested in the Company's business. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. These measures should be considered in addition to, rather than as a substitute for, net income or other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION
RECONCILIATION OF ADJUSTED EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION EXCLUDING SPECIAL ITEMS (EBITDA) AND ADJUSTED EBITDA - NET CAPEX TO NET LOSS FROM CONTINUING OPERATIONS AS REPORTED (a) (Unaudited)

(In thousands)	Twelve Months Ended September 30 2015
Net loss from continuing operations	$ (28,002)
Add back:	
Income tax expense	33,232
Equity in income of unconsolidated entities, net	3,011
Change in fair value to unit adjustment liability	8,815
Interest income	(1,391)
Interest expense	46,595
Depreciation and amortization	159,018
Special items:	
Harsco Metals & Minerals Segment site exit and underperforming contract charges	37,826
Harsco Metals & Minerals Segment contract termination charges	13,737
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,204
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220
Strategic transaction review costs	3,531
Harsco Metals & Minerals Segment Project Orion charges	3,177
Strategic planning costs	1,753
Harsco Metals & Minerals multi-employer pension plan charge	1,122
Harsco Infrastructure Segment loss on disposal	1,000
Harsco Infrastructure transaction costs	450
Gains associated with exited Harsco Infrastructure operations retained	(2,205)
ADJUSTED EBITDA	$ 298,093
Less capital expenditures (b)	(165,272)
Plus total proceeds from asset sales	24,600
ADJUSTED EBITDA - Net Capex	$ 157,421
Revenue as reported	1,827,744
ADJUSTED EBITDA - Net Capex Margin	8.6%

(a) Adjusted EBITDA is net income loss from continuing operations; income tax expense; equity in income of unconsolidated entities, net; change in fair value to the unit adjustment liability; interest income; interest expense; depreciation and amortization; and special items. Adjusted EBITDA - Net Capex is Adjusted EBITDA less total capital expenditures plus total proceeds from asset sales. Adjusted EBITDA - Net Capex margin is Adjusted EBITDA - Net Capex divided by revenue as reported.

(b) Capital expenditures encompass two primary elements: maintenance capital expenditures, which are necessary to sustain the Company's current revenue streams and include contract renewals; and growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, and which expand the Company's revenue base and create additional future cash flow.

The Company's management believes that Adjusted EBITDA, Adjusted EBITDA - Net Capex, and Adjusted EBITDA - Net Capex Margin, all of which are non-U.S. GAAP financial measures, are meaningful to investors in evaluating the Company's operating performance. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. These measures should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Reconciliation of Non-GAAP Measures

HARSCO CORPORATION
RECONCILIATION OF EARNINGS BEFORE INTEREST, INCOME TAXES, AND DEPRECIATION AND AMORTIZATION EXCLUDING SPECIAL ITEMS (EBITDA) AND EBITDA - NET CAPEX (a) (Unaudited)

(In thousands)		Twelve Months Ended December 31 2014
Net income (loss) from continuing operations, as reported	$	(17,786)
Addback:		
Income tax expense (benefit)		30,366
Equity in income (loss) of unconsolidated entities, net		1,558
Change in fair value to the unit adjustment liability		9,740
Interest income		(1,702)
Interest expense		47,111
Depreciation and amortization		174,472
Special items:		
Harsco Metals & Minerals Segment site exit and underperforming contract charges		50,111
Harsco Metals & Minerals Segment contract termination charges		11,557
Harsco Metals & Minerals Segment Brazilian labor claim reserves		5,332
Harsco Metals & Minerals Segment Project Orion Charges		11,992
Harsco Infrastructure Segment loss on disposal		2,911
Strategic transaction review costs		3,531
Harsco Infrastructure transaction costs		2,192
Harsco Rail Segment grinder asset impairment charge		590
Gains associated with exited Harsco Infrastructure operations retained		(2,205)
EBITDA	**$**	**329,771**
Less capital expenditures (b)		(208,859)
Plus total proceeds from asset sales		14,976
EBITDA - Net Capex	**$**	**135,888**
Revenue, as reported	$	2,066,289
EBITDA - Net Capex Margin		**6.6%**

(a) Earnings before interest, income taxes, and depreciation and amortization (EBITDA) is operating income (loss), excluding special items, and depreciation and amortization expense. EBITDA - Net Capex is EBITDA less total capital expenditures plus total proceeds from asset sales. EBITDA - Net Capex is EBITDA less total capital expenditures plus total proceeds from asset sales. EBITDA - Net Capex margin is EBITDA - Net Capex divided by total revenue.

(b) Capital expenditures encompass two primary elements: maintenance capital expenditures, which are necessary to sustain the Company's current revenue streams and include contract renewal; and growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, and which expand the Company's revenue base and create additional future cash flow.

The Company's management believes that EBITDA, EBITDA - Net Capex, and EBITDA - Net Capex Margin, all of which are non-U.S. GAAP financial measures, are meaningful to investors in evaluating the Company's operating performance. Exclusion of special items permits evaluation and comparison of results for the Company's core business operations, and it is on this basis that management internally assesses the Company's performance. These measures should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.