


HARSCO
Insight onsite.™

Q4 2015 Results & Outlook

Conference Call | February 26, 2016

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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 two weeks 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 amount ultimately realized from the Company's exit from the strategic venture between the Company and Clayton, Dubilier & Rice and the timing of such exit; (20) implementation of environmental remediation matters; (21) risk and uncertainty associated with intangible assets; (22) the impact of a transaction, if any, resulting from the Company's determination to explore strategic options for the separation of the Harsco Metals & Minerals Segment; and (23) 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 this Annual Report on Form 10-K. 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.

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CEO Perspective - 2015 and Outlook

- 2015 Highlights:
  - Exceeded H2 guidance despite incremental market weakness
  - Key Project Orion initiatives have led to more consistent performance in M&M
  - Industrial performed well despite revenue decline due to proactive cost management
  - Rail completed 2 small acquisitions and executed against organic growth plans
  - Aggressively controlled Corporate costs
  - Completed debt refinancing
- External environment uncertain; 2016 Outlook doesn't anticipate any improvement
  - Suspension of dividend reflects desire to preserve financial flexibility
- Business updates:
  - M&M – Recent end-market weakness to be offset by lower costs, operational improvements and site triage; also free cash flow expected to improve further in 2016
  - Industrial – Reduced energy-market demand reflected in outlook; focused on product capabilities and overhead structure to support margins
  - Rail – Meaningful revenue growth expected in 2016; although U.S. market softness, mix and international expansion costs will impact margins
  - Brand – Expect stable cash earnings as internal actions offset market impacts
- Committed to unlocking value for shareholders and key initiatives to improve returns

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Q4 2015 Financial Summary –
Key Performance Indicators[1]

($ - millions, except EPS)		Change vs. 2014	
	Fourth Quarter	$	%
Revenues	387	(105)	(21)%
Adjusted Operating Income	26	(4)	(13)%
% of Sales	6.6%		60bps
Adjusted Diluted Earnings Per Share	$0.11	$0.02	22%
Free Cash Flow	6	31	nmf
ROIC (LTM)	6.3%		(50)bps

- **Q4 adjusted operating income above guidance of $15-20 million with each business contributing to the favorable result**
- **Earnings below prior-year period due to market pressures in M&M and Industrial; partially offset by increase in Rail**
- **Adjusted EPS included Brand Energy JV equity income of $0.6 million; impacted by FX losses**
- **Q4 FCF improved vs prior-year quarter due to reduced capex; Q4 below internal forecast due to timing of contract advances**
- **ROIC decreased to 6.3%**

(1) Excludes special items.

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FY 2015 Financial Summary –
Key Performance Indicators[1]

($ - millions, except EPS)	2015	Change vs. 2014 $	Change vs. 2014 %
Revenues	1,723	(343)	(17)%
Adjusted Operating Income	135	(20)	(13)%
% of Sales	7.9%		40bps
Adjusted Diluted Earnings Per Share	$0.56	$(0.18)	(24)%
Free Cash Flow	24	(28)	(53)%
ROIC (LTM)	6.3%		(50)bps

- **2015 adjusted operating income impacted by underlying market trends in M&M and Industrial**
- **Lower Corporate costs and higher Rail earnings partially offset the above**
- **Adjusted EPS influenced by intercompany FX losses at Brand Energy JV and a higher tax rate**
- **Free cash flow declined Y/Y mainly due to fewer Rail advances, partially offset by lower capital spending**

(1) Excludes special items.

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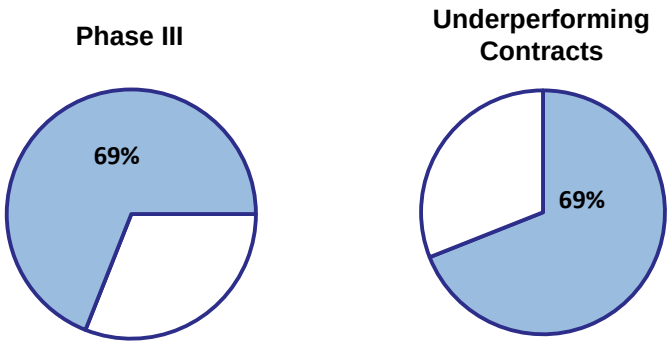
Q4 2015 – Metals & Minerals

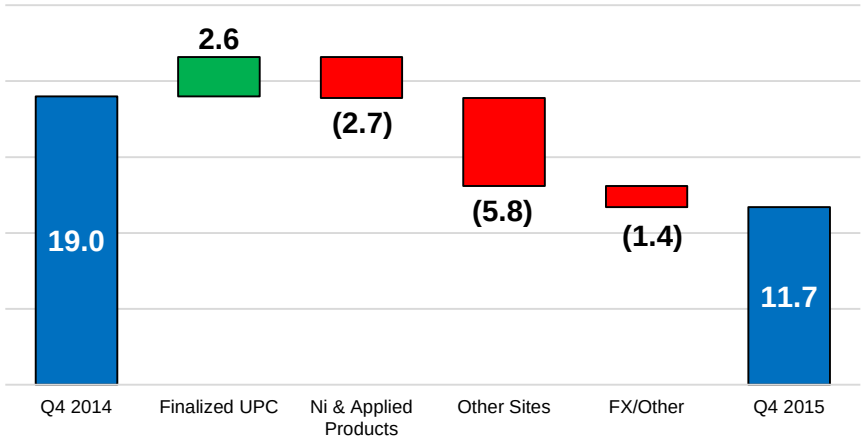
Summary Results

($ in millions)	Q4 2015	Q4 2014	% change
Revenues, as reported	243	316	(23)%
Adjusted operating income	12	19	(39)%
Adjusted operating margin	4.8%	6.0%	
Free cash flow (YTD)	64	2	nmf
ROIC (TTM)	3.7%	4.8%	(100)bps

Project Orion - Current Workstream Progress



Adjusted Operating Income Bridge



Business Highlights

- Revenues impacted by FX, lower LSTs, site exits and lower nickel-related sales
- Adjusted OI declined as cost reductions, UPC improvements and other Orion benefits were offset by LSTs and commodities
- FCF increased in 2015 due to working capital and lower capital spending

nmf = not meaningful.

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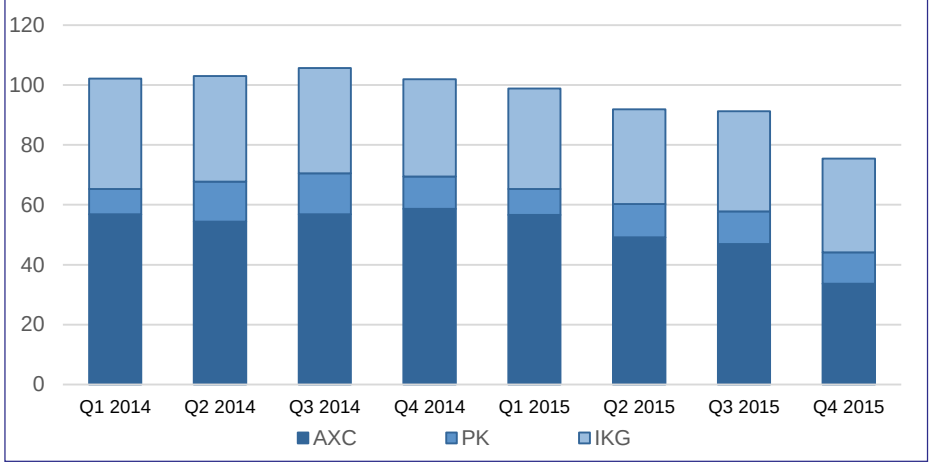
Q4 2015 - Industrial

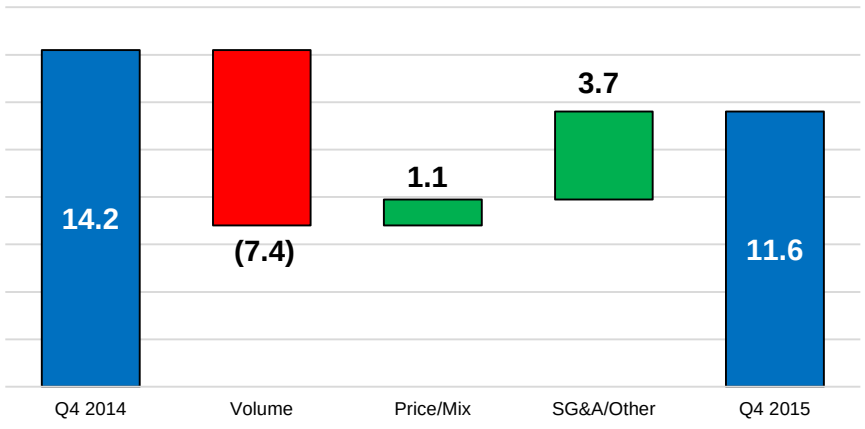
Summary Results

($ in millions)	Q4 2015	Q4 2014	% change
Revenues, as reported	75	102	(26)%
Operating income	12	14	(18)%
Operating margin	15.4%	13.9%	
Free cash flow (YTD)	59	51	16%
ROIC (TTM)	38.8%	49.0%	nmf

Revenue Mix



Operating Income Bridge



Business Highlights

- Revenues declined due to lower demand for heat exchangers compared with prior year
- Operating income impacted by the above item; partially offset by improved mix and cost reductions in the quarter
- FCF increased for the year as working capital gains offset CenterPoint investments and the change in cash earnings

nmf = not meaningful

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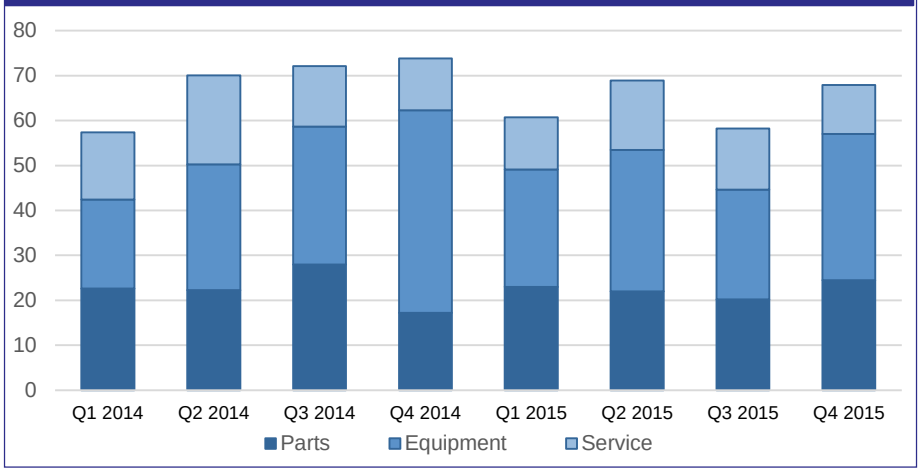
Q4 2015 - Rail

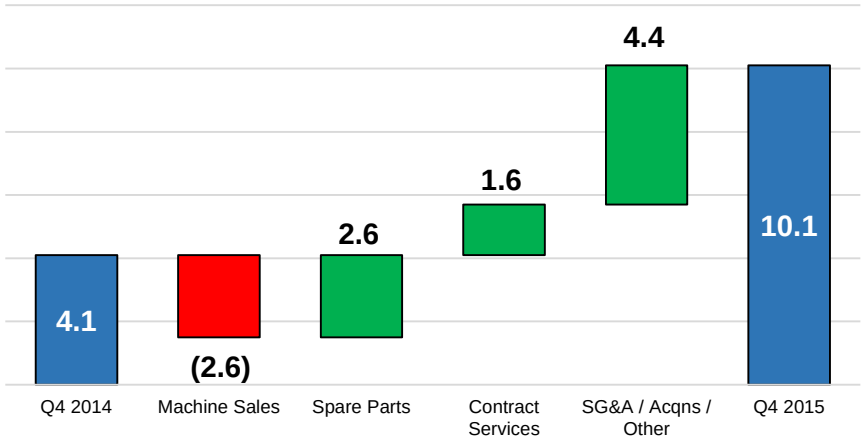
Summary Results

($ in millions)	Q4 2015	Q4 2014	% change
Revenues, as reported	69	74	(7)%
Operating income	10	4	nmf
Operating margin	14.6%	5.6%	
Free cash flow (YTD)	(1)	109	nmf
ROIC (TTM)	70.0%	48.3%	nmf

Revenue Mix



Operating Income Bridge



Business Highlights

- ❑ **Revenues declined due to lower equipment sales, partially offset by higher after-market parts sales**
- ❑ **Income increased on improved parts / services mix, acquisition contributions and lower SG&A costs**
- ❑ **Free cash flow change in 2015 attributable to fewer advances and working capital**

nmf = not meaningful

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2016 Summary Outlook

	2016 Outlook*	2015 Actual*
Adjusted Operating Income	**$80 to $100 million**	$135 million
Free Cash Flow	**$50 million to $70 million**	$24 million
ROIC	**4.0% to 4.5%**	6.3%
Adjusted Diluted Earnings per Share	**$0.13 to $0.33**	$0.56

*Excludes special items.

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2016 Business Outlook

Excluding special items		2016 versus 2015
Metals & Minerals	Revenues	↓ 15-20%
	Operating Income	Unchanged to ↓ double digits
	Drivers	+ Cost / operational savings, site triage, new sites - Site exits, LST, commodities demand
Industrial	Revenues	↓ 30-35%
	Operating Income	~40-50% of 2015 Adjusted OI
	Drivers	+ Efficiency improvements, SG&A reductions, new products - Underlying market demand
Rail	Revenues	↑ 10-15%
	Operating Income	Unchanged to ↓ single digits, excluding 2015 FX gain
	Drivers	+ Machine / spare parts volumes - 2015 FX gain not repeated ($11M), U.S. rail spending, contract services, global build-out costs
Corporate Costs		Lower due to efficiency measures and professional fees
Brand Energy JV		Equity income forecasted to be $3-6 million

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Q1 2016 Outlook

- Adjusted operating income is expected to be between $6 to $11 million versus $39 million in Q1 2015
- Adjusted diluted loss per share of $0.02 to $0.07
- Year-over-year considerations include:
  - M&M: Lower LST and commodities as well as exits to offset cost and operational improvements
  - Industrial: Weak demand from U.S. energy market versus a very strong prior-year quarter
  - Rail: Lower equipment sales and less favorable overall mix; also 2015 FX gain not repeated
  - Corporate costs below prior-year quarter

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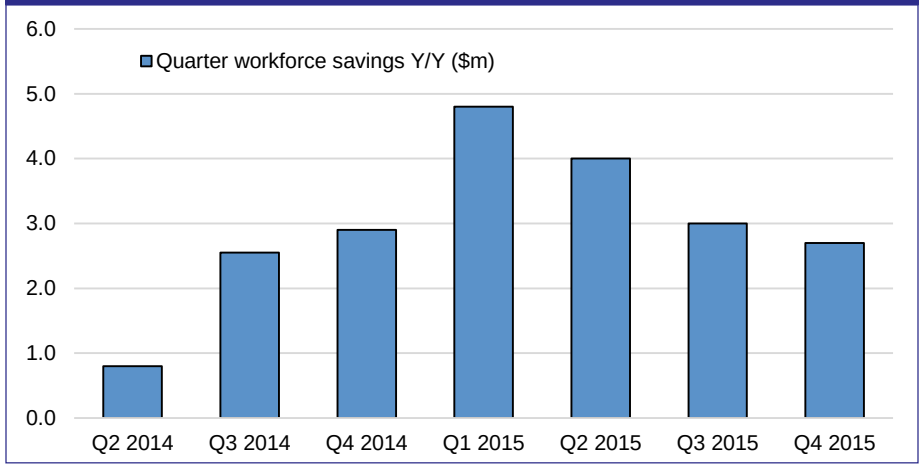
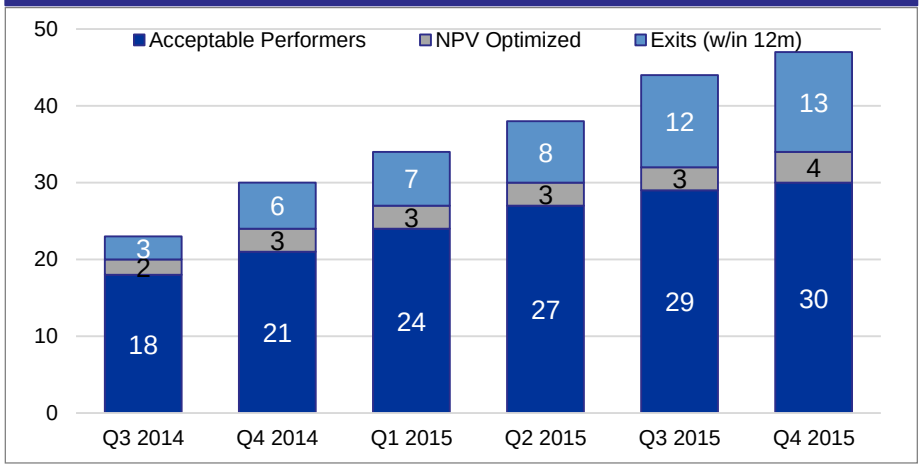
Project Orion
Simplification and Underperforming Sites

Simplification Benefits Realized



Distribution of Finalized Outcomes



- Simplification savings approximated $15 million for the year
- Phase 3 launched late in Q4 with targeted benefits of $20-25 million
  - Majority of simplification actions completed prior to year-end
  - Operational improvements to be captured through 2016
  - Ongoing benefits from total project now estimated at $47 million
- ~70% of original ‘underperformers’ (UPCs) now addressed or finalized
  - Meaningful financial improvements realized at these finalized sites during 2015; significant opportunities exist for further gains in the future

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Q&A

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Appendix

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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 December 31		Twelve Months Ended December 31	
	2015	**2014**	**2015**	**2014**
Diluted earnings (loss) per share from continuing operations as reported	**$ (0.08)**	$ (0.55)	**$ 0.09**	$ (0.28)
Harsco Metals & Minerals Segment contract termination charges (a)	**—**	—	**0.17**	0.14
Harsco Metals & Minerals Segment separation costs (b)	**0.07**	—	**0.09**	—
Harsco Metals & Minerals Segment salt cake processing and disposal charges (c)	**—**	—	**0.06**	—
Harsco Metals & Minerals Segment site exit and underperforming contract charges (d)	**0.07**	0.49	**0.05**	0.59
Harsco Metals & Minerals Segment Project Orion charges (e)	**0.05**	0.03	**0.05**	0.11
Harsco Metals & Minerals Segment subcontractor settlement charge (f)	**—**	—	**0.04**	—
Harsco Metals & Minerals Segment multi-employer pension plan charge (g)	**—**	—	**0.01**	—
Harsco Infrastructure Segment (gain) loss on disposal (h)	**—**	0.01	**0.01**	0.05
Harsco Infrastructure transaction costs (i)	**—**	—	**—**	0.02
Harsco Metals & Minerals Segment Brazilian labor claim reserves (j)	**—**	0.09	**—**	0.10
Harsco Rail Segment grinder impairment charge (k)	**—**	—	**—**	—
Strategic transaction review costs (l)	**—**	0.04	**—**	0.04
Gains associated with exited Harsco Infrastructure operations retained (m)	**—**	(0.02)	**—**	(0.02)
Adjusted diluted earnings per share from continuing operations excluding special items	**$ 0.11**	$ 0.09	**$ 0.56** (n)	$ 0.74 (n)

(a) Harsco Metals & Minerals Segment charges related to a contract terminations (Q4 2015 $0.3 pre-tax income; Full year 2015 $13.5 million pre-tax loss; Full year 2014 $11.6 million, pre-tax).

(b) Costs associated with Harsco Metals & Minerals Segment separation costs recorded as Corporate (Q4 2015 $8.2 million pre-tax; Full year 2015 $9.9 million pre-tax).

(c) Harsco Metals & Minerals Segment charges incurred in connection with the processing and disposal of salt cakes (Full year 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.

(d) 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 (Q4 2015 $6.4 million pre-tax; Full year 2015 $5.0 million pre-tax; Q4 2014 $39.2 million pre-tax; Full year 2014 $50.1 million pre-tax).

(e) Harsco Metals & Minerals Segment Project Orion restructuring charges (Q4 and Full year 2015 5.1 million pre-tax; Q4 2014 $3.2 million pre-tax; Full year 2014 $12.0 million pre-tax).

(f) Harsco Metals & Minerals Segment charges related to a settlement with a subcontractor (Full year 2015 $4.2 million pre-tax).

(g) Harsco Metals & Minerals Segment charges related to a multi-employer pension plan (Full year 2015 $1.1 million pre-tax).

(h) (Gain) loss resulting from the Harsco Infrastructure Transaction, which was consummated in the fourth quarter of 2013 (Full year 2015 $1.0 million pre-tax; Full year 2014 $2.9 million pre-tax).

(i) Harsco Infrastructure Transaction costs recorded as Corporate expenses (Q4 2014 $0.5 million pre-tax; Full year 2014 $2.2 pre-tax).

(j) Brazilian labor claim reserve adjustments in the Harsco Metals & Minerals Segment (Q4 2014 $5.2 million pre-tax; Full year 2014 $5.3 million pre-tax).

(k) Asset impairment charge on rail grinder equipment in the Harsco Rail Segment (Full year 2014 $0.6 million pre-tax).

(l) Strategic transaction review costs recorded as Corporate Expenses (Q4 and Full year 2014 $3.5 million pre-tax).

(m) Currency translation gains associated with exited Harsco Infrastructure operations retained recorded as an offset to Corporate expenses (Q4 and Full year 2014 $2.2 million pre-tax).

(n) 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.

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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 December 31, 2015:					
Adjusted operating income (loss) excluding special items	**$ 11,654**	**$ 11,640**	**$ 10,077**	**$ (7,788)**	**$ 25,583**
Revenues as reported	**$ 243,261**	**$ 75,373**	**$ 68,798**	**$ —**	**$ 387,432**
Adjusted operating margin (%) excluding special items	**4.8%**	**15.4%**	**14.6%**		**6.6%**
Three Months Ended December 31, 2014:					
Adjusted operating income (loss) excluding special items	$ 18,970	$ 14,159	$ 4,136	$ (7,938)	$ 29,327
Revenues as reported	$ 315,934	$ 101,836	$ 74,314	$ —	$ 492,084
Adjusted operating margin (%) excluding special items	6.0%	13.9%	5.6%		6.0%
Twelve Months Ended December 31, 2015:					
Adjusted operating income (loss) excluding special items	**$ 62,162**	**$ 57,020**	**$ 50,896**	**$ (34,747)**	**$ 135,331**
Revenues as reported	**$ 1,106,162**	**$ 357,256**	**$ 259,674**	**$ —**	**$ 1,723,092**
Adjusted operating margin (%) excluding special items	**5.6%**	**16.0%**	**19.6%**		**7.9%**
Twelve Months Ended December 31, 2014:					
Adjusted operating income (loss) excluding special items	$ 92,763	$ 64,114	$ 37,727	$ (39,306)	$ 155,298
Revenues as reported	$ 1,378,142	$ 412,532	$ 275,614	$ —	$ 2,066,288
Adjusted operating margin (%) excluding special items	6.7%	15.5%	13.7%		7.5%

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.

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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 December 31, 2015:					
Operating income (loss) as reported	$ 438	$ 11,640	$ 10,077	$ (15,957)	$ 6,198
Harsco Metals & Minerals Segment separation costs	—	—	—	8,169	8,169
Harsco Metals & Minerals Segment site exit and underperforming contract charges	6,399	—	—	—	6,399
Harsco Metals & Minerals Segment Project Orion charges	5,070	—	—	—	5,070
Harsco Metals & Minerals Segment contract termination charges	(253)	—	—	—	(253)
Adjusted operating income (loss), excluding special items	$ 11,654	$ 11,640	$ 10,077	$ (7,788)	$ 25,583
Revenues as reported	$ 243,261	$ 75,373	$ 68,798	$ —	$ 387,432
Three Months Ended December 31, 2014:					
Operating income (loss) as reported	$ (28,659)	$ 14,159	$ 4,136	$ (9,714)	$ (20,078)
Harsco Metals & Minerals Segment site exit and underperforming contract charges	39,248	—	—	—	39,248
Harsco Metals & Minerals Segment Brazilian labor claim reserves	5,204	—	—	—	5,204
Strategic transaction review costs	—	—	—	3,531	3,531
Harsco Metals & Minerals Segment Project Orion charges	3,177	—	—	—	3,177
Harsco Infrastructure transaction costs	—	—	—	450	450
Gains associated with exited Harsco Infrastructure operations retained	—	—	—	(2,205)	(2,205)
Adjusted operating income (loss) excluding special items	$ 18,970	$ 14,159	$ 4,136	$ (7,938)	$ 29,327
Revenues as reported	$ 315,934	$ 101,836	$ 74,314	$ —	$ 492,084

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.

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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
Twelve Months Ended December 31, 2015:					
Operating income (loss) as reported	$ 26,289	$ 57,020	$ 50,896	$ (45,669)	$ 88,536
Harsco Metals & Minerals Segment contract termination charges	13,484	—	—	—	13,484
Harsco Metals & Minerals Segment separation costs	—	—	—	9,922	9,922
Harsco Metals & Minerals Segment salt cake processing and disposal charges	7,000	—	—	—	7,000
Harsco Metals & Minerals Segment Project Orion charges	5,070	—	—	—	5,070
Harsco Metals & Minerals Segment site exit and underperforming contract charges	4,977	—	—	—	4,977
Harsco Metals & Minerals Segment subcontractor settlement charge	4,220	—	—	—	4,220
Harsco Metals & Minerals Segment multi-employer pension plan charge	1,122	—	—	—	1,122
Harsco Infrastructure Segment loss on disposal	—	—	—	1,000	1,000
Adjusted operating income (loss), excluding special items	$ 62,162	$ 57,020	$ 50,896	$ (34,747)	$ 135,331
Revenues as reported	$ 1,106,162	$ 357,256	$ 259,674	$ —	$ 1,723,092
Twelve Months Ended December 31, 2014:					
Operating income (loss) as reported	$ 13,771	$ 64,114	$ 37,137	$ (45,735)	$ 69,287
Harsco Metals & Minerals Segment site exit and underperforming contract charges	50,111	—	—	—	50,111
Harsco Metals & Minerals Segment Project Orion charges	11,992	—	—	—	11,992
Harsco Metals & Minerals Segment contract termination charges	11,557	—	—	—	11,557
Harsco Metals & MInerals Segment Brazilian labor claim reserves	5,332	—	—	—	5,332
Strategic transaction review costs	—	—	—	3,531	3,531
Harsco Infrastructure Segment loss on disposal	—	—	—	2,911	2,911
Harsco Infrastructure transaction costs	—	—	—	2,192	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 (loss) excluding special items	$ 92,763	$ 64,114	$ 37,727	$ (39,306)	$ 155,298
Revenues as reported	$ 1,378,142	$ 412,532	$ 275,614	$ —	$ 2,066,288

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.

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Reconciliation of Non-GAAP Measures

HARSCO CORPORATION

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

	Three Months Ended December 31		Twelve Months Ended December 31	
(In thousands)	**2015**	**2014**	**2015**	**2014**
Net cash provided by operating activities	**$ 32,405**	$ 41,437	**$ 121,507**	$ 226,727
Less maintenance capital expenditures (a)	**(25,231)**	(45,292)	**(92,545)**	(133,231)
Less growth capital expenditures (b)	**(6,738)**	(28,397)	**(31,007)**	(75,628)
Plus capital expenditures for strategic ventures (c)	**129**	3,473	**439**	6,876
Plus total proceeds from sales of assets (d)	**5,189**	3,823	**25,966**	27,379
Free cash flow	**$ 5,754**	$ (24,956)	**$ 24,360**	$ 52,123

(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 Full year 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.

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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 2016	
(In millions)	**Low**	**High**
Net cash provided by operating activities	$ 154	$ 163
Less capital expenditures (a)	(105)	(95)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	1	2
Free Cash Flow	$ 50	$ 70

(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.

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Reconciliation of Non-GAAP Measures

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

	Year Ended December 31	
(In thousands)	**2015**	**2014**
Net income (loss) from continuing operations	**$ 7,312**	$ (17,786)
Special items:		
Harsco Metals & Minerals Segment contract termination charges, net	**13,484**	11,557
Harsco Metals & Minerals Segment separation costs	**9,922**	—
Harsco Metals & Minerals Segment salt cake processing and disposal charges	**7,000**	—
Harsco Metals & Minerals Segment Project Orion charges	**5,070**	11,992
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	**4,977**	50,111
Harsco Metals & Minerals Segment subcontractor settlement charge	**4,220**	—
Harsco Metals & Minerals Segment multi-employer pension plan charge	**1,122**	—
Harsco Infrastructure Segment loss on disposal	**1,000**	2,911
Harsco Metals & Minerals Segment Brazilian labor claim reserves	**—**	5,332
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	**(6,198)**	(2,324)
Net income from continuing operations, as adjusted	**47,909**	65,901
After-tax interest expense (b)	**29,486**	29,680
Net operating profit after tax as adjusted	**$ 77,395**	$ 95,581
Average equity	**$ 308,320**	$ 554,381
Plus average debt	**910,955**	857,168
Average capital	**$ 1,219,275**	$ 1,411,549
Return on invested capital excluding special items	6.3 %	6.8 %

(a) Return on invested capital excluding special items is net income (loss) 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 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. 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.

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