UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 or 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2014
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-03970

HARSCO CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**23-1483991**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
350 Poplar Church Road, Camp Hill, Pennsylvania	**17011**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code **717-763-7064**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO ☒

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class	Outstanding at July 31, 2014
Common stock, par value $1.25 per share	80,808,779

HARSCO CORPORATION
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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
HARSCO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	June 30 2014	December 31 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 77,467	$ 93,605
Trade accounts receivable, net	384,634	353,181
Other receivables	33,604	46,470
Inventories	176,348	155,689
Assets held-for-sale	—	113,968
Other current assets	88,552	75,842
Total current assets	760,605	838,755
Investments	292,481	298,856
Property, plant and equipment, net	708,611	711,346
Goodwill	440,168	431,265
Intangible assets, net	66,436	53,261
Other assets	115,228	108,265
Total assets	$ 2,383,529	$ 2,441,748
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 6,934	$ 7,489
Current maturities of long-term debt	22,014	20,257
Accounts payable	191,179	181,410
Accrued compensation	55,268	53,113
Income taxes payable	7,908	7,199
Dividends payable	16,565	16,536
Insurance liabilities	12,834	10,523
Advances on contracts	66,006	24,053
Liabilities of assets held-for-sale	—	109,176
Due to unconsolidated affiliate	14,154	24,954
Unit adjustment liability	22,320	22,320
Other current liabilities	140,012	129,739
Total current liabilities	555,194	606,769
Long-term debt	833,825	783,158
Deferred income taxes	6,170	8,217
Insurance liabilities	36,655	41,879
Retirement plan liabilities	218,988	241,049
Due to unconsolidated affiliate	27,152	27,292
Unit adjustment liability	77,881	84,023
Other liabilities	52,179	42,526
Total liabilities	1,808,044	1,834,913
COMMITMENTS AND CONTINGENCIES		
HARSCO CORPORATION STOCKHOLDERS' EQUITY		
Preferred stock	—	—
Common stock	140,435	140,248
Additional paid-in capital	163,279	159,025
Accumulated other comprehensive loss	(369,641)	(370,615)
Retained earnings	1,345,311	1,381,321
Treasury stock	(746,930)	(746,237)
Total Harsco Corporation stockholders' equity	532,454	563,742
Noncontrolling interests	43,031	43,093
Total equity	575,485	606,835
Total liabilities and equity	$ 2,383,529	$ 2,441,748

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In thousands, except per share amounts)	Three Months Ended June 30 2014	Three Months Ended June 30 2013	Six Months Ended June 30 2014	Six Months Ended June 30 2013
Revenues from continuing operations:				
Service revenues	**$ 361,199**	$ 584,908	**$ 712,209**	$ 1,136,063
Product revenues	**173,378**	174,828	**335,067**	339,068
Total revenues	**534,577**	759,736	**1,047,276**	1,475,131
Costs and expenses from continuing operations:				
Cost of services sold	**296,801**	460,305	**590,800**	903,701
Cost of products sold	**120,657**	116,849	**236,123**	237,711
Selling, general and administrative expenses	**77,969**	125,623	**144,763**	250,321
Research and development expenses	**1,983**	2,184	**4,602**	4,380
Loss on disposal of the Harsco Infrastructure Segment and transaction costs	**3,415**	—	**5,553**	—
Other expenses	**27,516**	3,928	**26,860**	2,386
Total costs and expenses	**528,341**	708,889	**1,008,701**	1,398,499
Operating income from continuing operations	**6,236**	50,847	**38,575**	76,632
Interest income	**410**	830	**707**	1,236
Interest expense	**(11,958)**	(12,855)	**(23,379)**	(24,598)
Change in fair value to the unit adjustment liability	**(2,473)**	—	**(5,019)**	—
Income (loss) from continuing operations before income taxes and equity income (loss)	**(7,785)**	38,822	**10,884**	53,270
Income tax expense	**(4,258)**	(11,508)	**(8,753)**	(16,473)
Equity in income (loss) of unconsolidated entities, net	**(3,008)**	595	**(4,238)**	581
Income (loss) from continuing operations	**(15,051)**	27,909	**(2,107)**	37,378
Discontinued operations:				
Income (loss) on disposal of discontinued business	**1,732**	(863)	**1,092**	(1,505)
Income tax (expense) benefit related to discontinued business	**(642)**	330	**(405)**	575
Income (loss) from discontinued operations	**1,090**	(533)	**687**	(930)
Net income (loss)	**(13,961)**	27,376	**(1,420)**	36,448
Less: Net income attributable to noncontrolling interests	**(14)**	(3,578)	**(1,416)**	(5,405)
Net income (loss) attributable to Harsco Corporation	**$ (13,975)**	$ 23,798	**$ (2,836)**	$ 31,043
Amounts attributable to Harsco Corporation common stockholders:				
Income (loss) from continuing operations, net of tax	**$ (15,065)**	$ 24,331	**$ (3,523)**	$ 31,973
Income (loss) from discontinued operations, net of tax	**1,090**	(533)	**687**	(930)
Net income (loss) attributable to Harsco Corporation common stockholders	**$ (13,975)**	$ 23,798	**$ (2,836)**	$ 31,043
Weighted-average shares of common stock outstanding	**80,885**	80,760	**80,850**	80,733
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	**$ (0.19)**	$ 0.30	**$ (0.04)**	$ 0.40
Discontinued operations	**0.01**	(0.01)	**0.01**	(0.01)
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders	**$ (0.17)** (a)	$ 0.29	**$ (0.04)** (a)	$ 0.39
Diluted weighted-average shares of common stock outstanding	**80,885**	81,004	**80,850**	80,967
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	**$ (0.19)**	$ 0.30	**$ (0.04)**	$ 0.39
Discontinued operations	**0.01**	(0.01)	**0.01**	(0.01)
Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders	**$ (0.17)** (a)	$ 0.29	**$ (0.04)** (a)	$ 0.38
Cash dividends declared per common share	**$ 0.205**	$ 0.205	**$ 0.41**	$ 0.41

(a) Does not total due to rounding

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Three Months Ended June 30	
(In thousands)	2014	2013
Net income (loss)	$ (13,961)	$ 27,376
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of deferred income taxes of $(359) and $(1,500) in 2014 and 2013, respectively	3,017	(34,539)
Net gain (loss) on cash flow hedging instruments, net of deferred income taxes of $282 and $1,206 in 2014 and 2013, respectively	2,096	(1,525)
Pension liability adjustments, net of deferred income taxes of $333 and $(457) in 2014 and 2013, respectively	(3,005)	3,220
Unrealized gain on marketable securities, net of deferred income taxes of $(5) in 2014	9	—
Total other comprehensive income (loss)	2,117	(32,844)
Total comprehensive loss	(11,844)	(5,468)
Less: Comprehensive (income) loss attributable to noncontrolling interests	100	(2,946)
Comprehensive loss attributable to Harsco Corporation	$ (11,744)	$ (8,414)

	Six Months Ended June 30	
(In thousands)	2014	2013
Net income (loss)	$ (1,420)	$ 36,448
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of deferred income taxes of $(460) and 7,555 in 2014 and 2013, respectively	1,747	(46,555)
Net gain (loss) on cash flow hedging instruments, net of deferred income taxes of $668 and $769 in 2014 and 2013, respectively	(1,867)	536
Pension liability adjustments, net of deferred income taxes of $(73) and $(4,548) in 2014 and 2013, respectively	676	31,223
Unrealized gain on marketable securities, net of deferred income taxes of $(2) and $(5) in 2014 and 2013, respectively	4	8
Total other comprehensive income (loss)	560	(14,788)
Total comprehensive income (loss)	(860)	21,660
Less: Comprehensive income attributable to noncontrolling interests	(1,002)	(4,595)
Comprehensive income (loss) attributable to Harsco Corporation	$ (1,862)	$ 17,065

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Six Months Ended June 30 2014	Six Months Ended June 30 2013
Cash flows from operating activities:		
Net income (loss)	**$ (1,420)**	$ 36,448
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	**84,333**	121,640
Amortization	**6,046**	8,847
Change in fair value to the unit adjustment liability	**5,019**	—
Deferred income tax expense (benefit)	**2,274**	(2,528)
Equity in (income) loss of unconsolidated entities, net	**4,238**	(581)
Loss on disposal of Harsco Infrastructure Segment	**3,865**	—
Other, net	**16,926**	(2,157)
Changes in assets and liabilities:		
Accounts receivable	**(30,945)**	(47,398)
Inventories	**(12,884)**	(13,363)
Accounts payable	**(7,172)**	9,949
Accrued interest payable	**704**	566
Accrued compensation	**2,072**	(14,782)
Advances on contracts	**32,870**	(9,063)
Harsco Infrastructure Segment 2010 Restructuring Program accrual	—	(295)
Harsco 2011/2012 Restructuring Program accrual	**(2,198)**	(10,950)
Other assets and liabilities	**(29,279)**	(19,964)
Net cash provided by operating activities	**74,449**	56,369
Cash flows from investing activities:		
Purchases of property, plant and equipment	**(81,615)**	(120,191)
Proceeds from the Infrastructure Transaction	**15,699**	—
Proceeds from sales of assets	**6,120**	14,853
Purchases of businesses, net of cash acquired	**(26,046)**	—
Payment of unit adjustment liability	**(11,160)**	—
Other investing activities, net	**(1,926)**	(2,400)
Net cash used by investing activities	**(98,928)**	(107,738)
Cash flows from financing activities:		
Short-term borrowings, net	**(1,570)**	4,188
Current maturities and long-term debt:		
Additions	**108,431**	127,395
Reductions	**(62,595)**	(51,277)
Cash dividends paid on common stock	**(33,146)**	(33,093)
Dividends paid to noncontrolling interests	**(1,586)**	(2,655)
Contributions from noncontrolling interests	—	4,502
Purchase of noncontrolling interests	—	(166)
Common stock issued - options	—	371
Other financing activities, net	**(2)**	—
Net cash provided by financing activities	**9,532**	49,265
Effect of exchange rate changes on cash	**(1,191)**	(4,145)
Net decrease in cash and cash equivalents	**(16,138)**	(6,249)
Cash and cash equivalents at beginning of period	**93,605**	95,250
Cash and cash equivalents at end of period	**$ 77,467**	$ 89,001

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

	Harsco Corporation Stockholders' Equity						
	Common Stock						
(In thousands, except share and per share amounts)	**Issued**	**Treasury**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total**
Balances, January 1, 2013	$ 140,080	$ (745,205)	$ 152,645	$ 1,675,490	$ (411,168)	$ 49,782	$ 861,624
Net income				31,043		5,405	36,448
Cash dividends declared:							
Common @ $0.41 per share				(33,110)			(33,110)
Noncontrolling interests						(2,655)	(2,655)
Total other comprehensive loss, net of deferred income taxes of $3,771					(13,978)	(810)	(14,788)
Contributions from noncontrolling interests						4,502	4,502
Purchase of subsidiary shares from noncontrolling interest			(292)			107	(185)
Stock options exercised, net 20,000 shares	25		362				387
Vesting of restricted stock units and other stock grants, net 60,674 shares	117	(840)	2,059				1,336
Amortization of unearned portion of stock-based compensation, net of forfeitures			2,185				2,185
Balances, June 30, 2013	$ 140,222	$ (746,045)	$ 156,959	$ 1,673,423	$ (425,146)	$ 56,331	$ 855,744

	Harsco Corporation Stockholders' Equity						
	Common Stock						
(In thousands, except share and per share amounts)	**Issued**	**Treasury**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total**
Balances, January 1, 2014	$ 140,248	$ (746,237)	$ 159,025	$ 1,381,321	$ (370,615)	$ 43,093	$ 606,835
Net income (loss)				(2,836)		1,416	(1,420)
Cash dividends declared:							
Common @ $0.41 per share				(33,174)			(33,174)
Noncontrolling interests						(1,719)	(1,719)
Total other comprehensive income (loss), net of deferred income taxes of $130					974	(414)	560
Contributions from noncontrolling interests						1,560	1,560
Noncontrolling interests transferred in the Infrastructure Transaction.						(905)	(905)
Vesting of restricted stock units and other stock grants, net 124,532 shares	187	(693)	1,933				1,427
Amortization of unearned portion of stock-based compensation, net of forfeitures			2,321				2,321
Balances, June 30, 2014	**$ 140,435**	**$ (746,930)**	**$ 163,279**	**$ 1,345,311**	**$ (369,641)**	**$ 43,031**	**$ 575,485**

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation

Harsco Corporation (the “Company”) has prepared these unaudited condensed consolidated financial statements based on Securities and Exchange Commission rules that permit reduced disclosure for interim periods. In the opinion of management, all adjustments (all of which are of a normal recurring nature) that are necessary for a fair presentation are reflected in the unaudited condensed consolidated financial statements. The December 31, 2013 Condensed Consolidated Balance Sheet information contained in this Quarterly Report on Form 10-Q was derived from the 2013 audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (“U.S. GAAP”) for an annual report. The unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

Operating results and cash flows for the three and six months ended June 30, 2014 are not indicative of the results that may be expected for the year ending December 31, 2014.

During the second quarter of 2014, the Company recorded out-of-period adjustments that had the net effect of decreasing after-tax income by $1.7 million, or $0.02 per diluted share, for the second quarter of 2014. The adjustments are primarily the result of correcting expenses that should not have been capitalized in accordance with the Company’s policies and revenue that should not have been recorded in accordance with a customer contract. The Company assessed the individual and aggregate impact of these adjustments on the current year and all prior periods and determined that the cumulative effect of the adjustments was not material to the expected full-year 2014 results, and did not result in a material misstatement to any previously issued annual or quarterly financial statements. Consequently, the Company recorded the $1.7 million net adjustment in the second quarter of 2014 and has not revised any previously issued annual financial statements or interim financial data.

2. Recently Adopted and Recently Issued Accounting Standards

The following accounting standards have been adopted in 2014:

On January 1, 2014, the Company adopted Financial Accounting Standards Board ("FASB") issued changes related to a parent's accounting for the cumulative translation adjustment upon derecognition of certain subsidiaries or groups of assets within a foreign entity or of an investment in a foreign entity. The changes resolve diversity in practice related to these matters. The adoption of these changes did not have a material impact on the Company's consolidated financial statements.

On January 1, 2014, the Company adopted FASB issued changes related to financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists that could be used to offset the liability for an uncertain tax position. The changes resolve diversity in practice related to these matters. The adoption of these changes did not have a material impact on the Company's consolidated financial statements.

The following accounting standards have been issued and become effective for the Company at a future date:

In April 2014, the FASB issued changes related to reporting discontinued operations and disclosure of disposals of components of an entity. The changes modify the criteria related to what transactions constitute discontinued operations and expands disclosure requirements. The changes become effective for the Company, prospectively, on January 1, 2015. Management has determined that these changes will not have a material impact on the Company's consolidated financial statements.

In May 2014, the FASB issued changes related to the recognition of revenue from contracts with customers. The changes clarify the principles for recognizing revenue and develop a common revenue standard. The core principle of the changes is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The changes also require additional disclosures related to revenue recognition. The changes become effective for the Company on January 1, 2017. Management is currently evaluating these changes.

3. Acquisitions and Dispositions

Acquisitions
In January 2014, the Company acquired Hammco Corporation ("Hammco"), a U.S. manufacturer of high specification air-cooled heat exchangers for the natural gas and petrochemical processing markets. Hammco has been included in the results of the Harsco Industrial Segment. Inclusion of pro forma financial information for this transaction is not necessary due to the immaterial size of the acquisition. The purchase price allocation is not yet final for this acquisition.

Dispositions
In November 2013, the Company consummated the previously announced transaction to sell the Company's Harsco Infrastructure Segment into a strategic venture with Clayton, Dubilier & Rice ("CD&R") as part of a transaction that combines the Harsco Infrastructure Segment with Brand Energy & Infrastructure Services, Inc., which CD&R simultaneously acquired (the "Infrastructure Transaction"). The Company has contributed substantially all of the Company's equity interest in, and the net assets of, the Harsco Infrastructure Segment to the strategic venture in exchange for $300 million, subject to working capital and other adjustments, and an approximate 29% equity interest in the resulting entity (the "Infrastructure strategic venture" or "Brand"). The Company's equity interest in the Infrastructure strategic venture is accounted for under the equity method of accounting as prescribed by U.S. GAAP. See Note 5, Equity Method Investments, for additional information on equity method investments.

As a result of the Infrastructure Transaction, the Company recorded an estimated loss on disposal of the Harsco Infrastructure Segment of $271.3 million during 2013 and recorded an additional loss of $3.2 million and $3.9 million during the three and six months ended June 30, 2014, respectively. The Company does not anticipate any further adjustments to the loss on disposal of the Harsco Infrastructure Segment. See Note 1, Summary of Significant Accounting Policies, and Note 3, Acquisitions and Dispositions, to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 for additional information on the Company's policy on impairment of long-lived assets (other than goodwill) and the loss on disposal of the Harsco Infrastructure Segment.

Additionally, the Company incurred $0.2 million and $1.7 million of transaction costs during the three and six months ended June 30, 2014, respectively, in conjunction with the Infrastructure Transaction.

4. Accounts Receivable and Inventories

Accounts receivable consist of the following:

(In thousands)	June 30 2014	December 31 2013
Trade accounts receivable	**$ 398,471**	$ 359,819
Less: Allowance for doubtful accounts	**(13,837)**	(6,638)
Trade accounts receivable, net	**$ 384,634**	$ 353,181
Other receivables (a)	**$ 33,604**	$ 46,470

(a) Other receivables include insurance claim receivables, employee receivables, tax claim receivables, receivables from affiliates and other miscellaneous receivables not included in Trade accounts receivable, net.

The provision for doubtful accounts related to trade accounts receivable was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	2014	2013	2014	2013
Provision for doubtful accounts related to trade accounts receivable	**$ 7,364**	$ 2,621	**$ 7,345**	$ 4,838

The increase in the Allowance for doubtful accounts since December 31, 2013 and the Provision for doubtful accounts related to trade accounts receivable for both the three and six months ended June 30, 2014 relate to two European customers in the Harsco Metals & Minerals Segment.

Inventories consist of the following:

(In thousands)	June 30 2014	December 31 2013
Finished goods	**$ 25,130**	$ 23,112
Work-in-process	**33,022**	25,623
Raw materials and purchased parts	**85,731**	72,118
Stores and supplies	**32,465**	34,836
Inventories	**$ 176,348**	$ 155,689

5. Equity Method Investments

As a result of the Infrastructure Transaction, the Company possessed an approximate 29% equity interest in Brand at June 30, 2014. See Note 3, Acquisitions and Dispositions, for additional information related to the Infrastructure Transaction.

Brand is a leading provider of specialized services to the global energy, industrial and infrastructure markets that combines a global footprint, broad service offerings and rigorous operating processes to support customer required facility maintenance and turnaround needs and capital driven upgrade and expansion plans. Brand's range of services includes work access, corrosion management, atmospheric and immersion coatings, insulation services, fireproofing and refractory, mechanical services, forming and shoring and other complementary specialty services. Brand delivers services through a global network of strategically located branches in six continents with a particular focus on major hydrocarbon and power generation markets globally. In addition, Brand has co-located branches at energy-related customer facilities providing a consistent presence for required maintenance work.

The book value of the Company's investment in Brand at June 30, 2014 was $289.7 million. The Company records the Company's proportionate share of Brand's net income or loss one quarter in arrears. Brand's results of operations for the three month period ended March 31, 2014 and the period from November 27, 2013 through March 31, 2014 are summarized as follows:

(In thousands)	Three Months Ended March 31 2014	Period From November 27 2013 Through March 31 2014 (a)
Summarized Statement of Operations Information of Brand:		
Net revenues	$ 741,763	$ 977,857
Gross profit	147,805	196,637
Net loss attributable to Brand Energy & Infrastructure Services, Inc. and Subsidiaries	(10,366)	(14,607)
Harsco's equity in loss of Brand	(3,009)	(4,239)

(a) The Company's equity method investment in Brand began on November 26, 2013; accordingly, there is only approximately four months of related equity loss. The results of the Harsco Infrastructure Segment from January 1, 2013 through the date of closing are reported in the Company's results of operations for 2013.

As part of the Infrastructure Transaction, the Company is required to make a quarterly payment to the Company's partner in the Infrastructure strategic venture, either (at the Company's election) (i) in cash, with total payments to equal approximately $22 million per year on a pre-tax basis (approximately $15 million per year after-tax), or (ii) in kind through the transfer of approximately 2.5% of the Company's ownership interest in the Infrastructure strategic venture on an annual basis (the "unit adjustment liability"). The resulting liability is reflected in the caption, Unit adjustment liability, on the Company's Condensed Consolidated Balance Sheets. The Company will recognize the change in fair value to the unit adjustment liability each period until the Company is no longer required to make these payments or chooses not to make these payments. The change in fair value to the unit adjustment liability is a non-cash expense. For the three and six months ended June 30, 2014, the Company recognized $2.5 million and $5.0 million, respectively, of change in fair value to the unit adjustment liability.

The Company's obligation to make a quarterly payment will cease upon the earlier of (i) Brand achieving $487.0 million in last twelve months' earnings before interest, taxes, depreciation and amortization for three quarters, which need not be consecutive, or (ii) eight years after the closing of the Infrastructure Transaction. In addition, upon the initial public offering of Brand, the Company's quarterly payment obligation will decrease by the portion of CD&R's ownership interest sold or eliminated completely once CD&R's ownership interest in Brand falls below 20%. In the event of a liquidation of Brand, CD&R is entitled to a liquidation preference of approximately $336 million, plus any quarterly payments that had been paid in kind.

The Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013 include balances related to the unit adjustment liability of $100.2 million and $106.3 million, respectively, in the current and non-current captions, Unit adjustment liability.

The Company intends to make these quarterly payments in cash and will continue to evaluate the implications of making payments in cash or in kind based upon performance of the Infrastructure strategic venture. In the future, should the Company decide not to make the cash payment, the value of both the equity method investment in Brand and the related unit adjustment liability may be impacted, and the change may be reflected in earnings in that period.

Within Brand's equity structure, there exists the ability for the issuance of equity incentive compensation for certain executive employees, which has the potential of diluting the Company's ownership interest in Brand by approximately 2.9% if all such awards are issued and vested.

Balances related to transactions between the Company and Brand are as follows:

(In thousands)	June 30 2014	December 31 2013
Balances due from Brand	**$ 8,872**	$ 85,908
Balances due to Brand	**41,306**	149,325

These balances between the Company and Brand relate primarily to the finalization of the Infrastructure Transaction, including transition services and the funding of certain transferred defined benefit pension plan obligations through 2018. There is not expected to be any significant level of revenue or expense between the Company and Brand on an ongoing basis once all aspects of the Infrastructure Transaction have been finalized.

No instances of impairment were noted on the Company's equity method investments as of June 30, 2014.

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

(In thousands)	June 30 2014	December 31 2013
Land	**$ 18,796**	$ 16,652
Land improvements	**14,245**	13,615
Buildings and improvements	**214,169**	192,346
Machinery and equipment	**2,003,319**	1,969,493
Uncompleted construction	**86,959**	86,508
Gross property, plant and equipment	**2,337,488**	2,278,614
Less: Accumulated depreciation	**(1,628,877)**	(1,567,268)
Property, plant and equipment, net	**$ 708,611**	$ 711,346

7. Goodwill and Other Intangible Assets

The following table reflects the changes in carrying amounts of goodwill by segment for the six months ended June 30, 2014:

(In thousands)	Harsco Metals & Minerals Segment	Harsco Industrial Segment	Harsco Rail Segment	Consolidated Totals
Balance at December 31, 2013	$ 421,955	$ —	$ 9,310	$ 431,265
Changes to goodwill (a)	—	6,717	—	6,717
Foreign currency translation	2,186	—	—	2,186
Balance at June 30, 2014	**$ 424,141**	**$ 6,717**	**$ 9,310**	**$ 440,168**

(a) Changes to goodwill relate to the initial acquisition of Hammco and related purchase price adjustments in accordance with U.S. GAAP occurring during the measurement period. See Note 3, Acquisitions and Dispositions.

The Company tests for goodwill impairment annually or more frequently if indicators of impairment exist or if a decision is made to dispose of a business. The Company performs its annual goodwill impairment test as of October 1 and monitors for triggering events on an ongoing basis. The Company determined that, as of June 30, 2014, no interim goodwill impairment testing was necessary. There can be no assurance that the Company's annual goodwill impairment testing will not result in a charge to earnings. Any impairment could result in the write-down of the carrying value of goodwill to its implied fair value.

Intangible assets consist of the following:

	June 30, 2014		December 31, 2013	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer related	**$ 165,842**	**$ 114,799**	$ 150,307	$ 110,889
Non-compete agreements	**1,125**	**1,040**	1,126	1,024
Patents	**6,285**	**5,441**	6,211	5,273
Technology related	**27,151**	**20,311**	27,185	18,931
Trade names	**7,759**	**3,356**	4,113	2,969
Other	**7,589**	**4,368**	7,753	4,348
Total	**$ 215,751**	**$ 149,315**	$ 196,695	$ 143,434

Amortization expense for intangible assets was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	2014	2013	2014	2013
Amortization expense for intangible assets	**$ 2,593**	$ 3,904	**$ 5,146**	$ 7,852

The estimated amortization expense for the next five fiscal years based on current intangible assets is as follows:

(In thousands)	2014	2015	2016	2017	2018
Estimated amortization expense (b)	$ 10,000	$ 8,750	$ 8,250	$ 5,250	$ 5,000

(b) These estimated amortization expense amounts do not reflect the potential effect of future foreign currency exchange fluctuations.

8. Employee Benefit Plans

	Three Months Ended June 30			
Defined Benefit Pension Plans Net Periodic Pension Cost	U. S. Plans		International Plans	
(In thousands)	2014	2013	2014	2013
Service cost	**$ 558**	$ 642	**$ 411**	$ 900
Interest cost	**3,217**	2,944	**11,012**	10,762
Expected return on plan assets	**(4,196)**	(3,913)	**(12,708)**	(11,800)
Recognized prior service costs	**22**	35	**47**	94
Recognized loss	**838**	1,264	**3,583**	4,149
Settlement/curtailment (gains) losses	**—**	—	**56**	(289)
Defined benefit pension plans net periodic pension cost	**$ 439**	$ 972	**$ 2,401**	$ 3,816

Defined Benefit Pension Plans Net Periodic Pension Cost (In thousands)	Six Months Ended June 30			
	U. S. Plans		International Plans	
	2014	2013	2014	2013
Service cost	**$ 1,116**	$ 1,283	**$ 818**	$ 1,808
Interest cost	**6,434**	5,884	**21,924**	21,545
Expected return on plan assets	**(8,392)**	(7,822)	**(25,296)**	(23,619)
Recognized prior service costs	**44**	72	**93**	184
Recognized loss	**1,676**	2,526	**7,136**	8,300
Settlement/curtailment (gains) losses	**—**	—	**56**	(289)
Defined benefit pension plans net periodic pension cost	**$ 878**	$ 1,943	**$ 4,731**	$ 7,929

Company Contributions (In thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Defined benefit pension plans:				
United States	**$ 582**	$ 565	**$ 1,148**	$ 1,048
International	**4,316**	3,320	**21,737**	20,956
Multiemployer pension plans	**966**	5,699	**1,667**	8,515
Defined contribution pension plans	**2,930**	4,070	**6,999**	8,821

The Company currently anticipates contributing approximately $9 million and $10 million to the U.S. and international defined benefit pension plans, respectively, during the remainder of 2014.

9. Income Taxes

The effective income tax rate related to continuing operations for the three and six months ended June 30, 2014 was (54.7)% and 80.4%, respectively, compared with 29.6% and 30.9% for the three and six months ended June 30, 2013, respectively. The effective income tax rate related to continuing operations and income tax expense from continuing operations changed primarily due to the change in income (loss) from continuing operations and changes in losses generated in certain jurisdictions where no tax benefit can be recognized for both the three and six months ended June 30, 2014 compared with the three and six months ended June 30, 2013.

An income tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, based on technical merits, including resolutions of any related appeals or litigation processes. The unrecognized income tax benefit at June 30, 2014 was $18.5 million, including interest and penalties. Within the next twelve months, it is reasonably possible that up to $0.7 million of unrecognized income tax benefits will be recognized upon settlement of tax examinations and the expiration of various statutes of limitations.

The U.S. Internal Revenue Service completed its audit of the Company's 2010 income tax return in July 2014 and made no changes to the reported tax.

10. Commitments and Contingencies

Environmental

The Company is involved in a number of environmental remediation investigations and cleanups and, along with other companies, has been identified as a “potentially responsible party” for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Condensed Consolidated Balance Sheets as of June 30, 2014 and December 31, 2013 include accruals in Other current liabilities of $1.3 million and $1.2 million, respectively, for environmental matters. The amounts charged against Income (loss) from continuing operations before income taxes and equity income (loss) related to environmental matters totaled $0.7 million and $1.3 million for the three and six months ended June 30, 2014, respectively. The amounts charged against pre-tax income related to environmental matters totaled $0.3 million and $0.6 million for the three and six months ended June 30, 2013, respectively.

The Company evaluates its liability for future environmental remediation costs on a quarterly basis. Although actual costs to be incurred at identified sites in future periods may vary from the estimates (given inherent uncertainties in evaluating environmental exposures), the Company does not expect that any costs that are reasonably possible to be incurred by the Company in connection with environmental matters in excess of the amounts accrued would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Brazilian Tax Disputes

The Company is involved in a number of tax disputes with federal, state and municipal tax authorities in Brazil. These disputes are at various stages of the legal process, including the administrative review phase and the collection action phase, and include assessments of fixed amounts of principal and penalties, plus interest charges that increase at statutorily determined amounts per month and are assessed on the aggregate amount of the principal and penalties. In addition, the losing party at the collection action or court of appeals phase could be subject to a charge to cover statutorily mandated legal fees, which are generally calculated as a percentage of the total assessed amounts due, inclusive of penalty and interest. A large number of the claims relate to value-added ("ICMS") services and social security ("INSS") tax disputes. The largest proportion of the assessed amounts relate to ICMS claims filed by the State Revenue Authorities from the State of São Paulo, Brazil (the "SPRA"), encompassing the period from January 2002 to May 2005.

In October 2009, the Company received notification of the SPRA's final administrative decision regarding the levying of ICMS in the State of São Paulo in relation to services provided to a customer in the State between January 2004 and May 2005. As of June 30, 2014, the principal amount of the tax assessment from the SPRA with regard to this case was approximately $3 million, with penalty, interest and fees assessed to date increasing such amount by an additional $29 million. Any change in the aggregate amount since the Company's Annual Report on Form 10-K for the year ended December 31, 2013 reflects an increase in assessed interest and statutorily mandated legal fees for the period and includes the effect of foreign currency translation.

Another ICMS tax case involving the SPRA refers to the tax period from January 2002 to December 2003. This case is still pending at the administrative phase, where the aggregate amount assessed by the tax authorities in August 2005 was$11.5 million (the amounts with regard to this claim are valued as of the date of the assessment since it has not yet reached the collection phase), composed of a principal amount of $2.7 million, with penalty and interest assessed through that date increasing such amount by an additional $8.8 million. All such amounts include the effect of foreign currency translation.

The Company continues to believe it is not probable that it will incur a loss for these assessments by the SPRA. The Company also continues to believe that sufficient coverage for these claims exists as a result of the Company's customer's indemnification obligations and such customer's pledge of assets in connection with the October 2009 notice, as required by Brazilian procedure.

The Company intends to continue its practice of vigorously defending itself against these tax claims under various alternatives, including judicial appeal. The Company will continue to evaluate its potential liability with regard to these claims on a quarterly basis; however, it is not possible to predict the ultimate outcome of these tax-related disputes in Brazil. No loss provision has been recorded in the Company's consolidated financial statements because the loss contingency is not deemed probable, and the Company does not expect that any costs that are reasonably possible to be incurred by the Company in connection with Brazilian tax disputes would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Customer Disputes

The Company, through its Harsco Metals & Minerals Segment, provides services to ArcelorMittal and/or various of its subsidiaries and affiliates (collectively, "ArcelorMittal") through long-term service contracts on a number of sites worldwide. Currently, ArcelorMittal and the Company are involved in several commercial disputes, some of which may result in legal or other action. Both the Company and ArcelorMittal are working to resolve these matters. Furthermore, the Company, through its Harsco Metals & Minerals Segment, may become involved in commercial disputes with other customers. Although results of operations and cash flows for a given period could be adversely affected by a negative outcome in these or other lawsuits, claims and proceedings, management believes that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Other

In the United States, the Company has been named as one of many defendants (approximately 90 or more in most cases) in legal actions alleging personal injury from exposure to airborne asbestos over the past several decades. In their suits, the plaintiffs have named as defendants, among others, many manufacturers, distributors and installers of numerous types of equipment or products that allegedly contained asbestos.

The Company believes that the claims against it are without merit. The Company has never been a producer, manufacturer or processor of asbestos fibers. Any component within a Company product that may have contained asbestos would have been purchased from a supplier. Based on scientific and medical evidence, the Company believes that any asbestos exposure arising from normal use of any Company product never presented any harmful levels of airborne asbestos exposure, and, moreover, the type of asbestos contained in any component that was used in those products was protectively encapsulated in other materials and is not associated with the types of injuries alleged in the pending suits. Finally, in most of the depositions taken of plaintiffs to date in the litigation against the Company, plaintiffs have failed to specifically identify any Company products as the source of their asbestos exposure.

The majority of the asbestos complaints pending against the Company have been filed in New York. Almost all of the New York complaints contain a standard claim for damages of $20 million or $25 million against the approximately 90 defendants, regardless of the individual plaintiff's alleged medical condition, and without specifically identifying any Company product as the source of plaintiff's asbestos exposure.

As of June 30, 2014, there are 17,458 pending asbestos personal injury claims filed against the Company. Of these cases, 17,108 are pending in the New York Supreme Court for New York County in New York State. The other claims, totaling 350, are filed in various counties in a number of state courts, and in certain Federal District Courts (including New York), and those complaints generally assert lesser amounts of damages than the New York State court cases or do not state any amount claimed.

As of June 30, 2014, the Company has obtained dismissal by stipulation, or summary judgment prior to trial, in 27,386 cases.

In view of the persistence of asbestos litigation nationwide, the Company expects to continue to receive additional claims. However, there have been developments during the past several years, both by certain state legislatures and by certain state courts, which could favorably affect the Company's ability to defend these asbestos claims in those jurisdictions. These developments include procedural changes, docketing changes, proof of damage requirements and other changes that require plaintiffs to follow specific procedures in bringing their claims and to show proof of damages before they can proceed with their claim. An example is the action taken by the New York Supreme Court (a trial court), which is responsible for managing all asbestos cases pending within New York County in the State of New York. This Court issued an order in December 2002 that created a Deferred or Inactive Docket for all pending and future asbestos claims filed by plaintiffs who cannot demonstrate that they have a malignant condition or discernible physical impairment, and an Active or In Extremis Docket for plaintiffs who are able to show such medical condition. As a result of this order, the majority of the asbestos cases filed against the Company in New York County have been moved to the Inactive Docket until such time as the plaintiffs can show that they have incurred a physical impairment. As of June 30, 2014, the Company has been listed as a defendant in 214 Active or In Extremis asbestos cases in New York County. The Court's Order has been challenged by some plaintiffs.

Except with regard to the legal costs in a few limited, exceptional cases, the Company's insurance carrier has paid all legal and settlement costs and expenses to date related to the Company's U.S. asbestos cases. The Company has liability insurance coverage under various primary and excess policies that the Company believes will be available, if necessary, to substantially cover any liability that might ultimately be incurred on these claims.

The Company intends to continue its practice of vigorously defending these claims and cases. It is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation, and no loss provision has been recorded in the Company's consolidated financial statements because a loss contingency is not deemed probable or estimable. Despite this uncertainty, and although results of operations and cash flows for a given period could be adversely affected by asbestos-related lawsuits, claims and proceedings, the Company does not expect that any costs that are reasonably possible to be incurred by the Company in connection with asbestos litigation would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

The Company is subject to various other claims and legal proceedings covering a wide range of matters that arose in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or by established reserves, and, if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position, results of operations or cash flows of the Company.

Insurance liabilities are recorded when it is probable that a liability has been incurred for a particular event and the amount of loss associated with the event can be reasonably estimated. Insurance reserves have been estimated based primarily upon actuarial calculations and reflect the undiscounted estimated liabilities for ultimate losses, including claims incurred but not reported. Inherent in these estimates are assumptions that are based on the Company's history of claims and losses, a detailed analysis of existing claims with respect to potential value, and current legal and legislative trends. If actual claims differ from those projected by management, changes (either increases or decreases) to insurance reserves may be required and would be recorded through income in the period the change was determined. When a recognized liability is covered by third-party insurance, the Company records an insurance claim receivable to reflect the covered liability. Insurance claim receivables are included in Other receivables on the Company's Condensed Consolidated Balance Sheets. See Note 1, Summary of Significant Accounting Policies, to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 for additional information on Accrued Insurance and Loss Reserves.

11. Reconciliation of Basic and Diluted Shares

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands, except per share amounts)	**2014**	**2013**	**2014**	**2013**
Income (loss) from continuing operations attributable to Harsco Corporation common stockholders	**$ (15,065)**	$ 24,331	**$ (3,523)**	$ 31,973
Weighted-average shares outstanding - basic	**80,885**	80,760	**80,850**	80,733
Dilutive effect of stock-based compensation	—	244	—	234
Weighted-average shares outstanding - diluted	**$ 80,885**	$ 81,004	**$ 80,850**	$ 80,967
Earnings (loss) from continuing operations per common share, attributable to Harsco Corporation common stockholders:				
Basic	**$ (0.19)**	$ 0.30	**$ (0.04)**	$ 0.40
Diluted	**$ (0.19)**	$ 0.30	**$ (0.04)**	$ 0.39

The following average outstanding stock-based compensation units were not included in the three and six months ended computation of diluted earnings per share because the effect was antidilutive:

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Restricted stock units	**311**	—	**311**	—
Stock options	**215**	304	**215**	304
Stock appreciation rights	**968**	190	**968**	95
Performance share units	**97**	—	**97**	—

12. Derivative Instruments, Hedging Activities and Fair Value

Derivative Instruments and Hedging Activities

The Company uses derivative instruments, including foreign currency forward exchange contracts, cross-currency interest rate swaps and, at times, commodity contracts, to manage certain foreign currency, interest rate and commodity price exposures. Derivative instruments are viewed as risk management tools by the Company and are not used for trading or speculative purposes.

All derivative instruments are recorded on the Condensed Consolidated Balance Sheets at fair value. Changes in the fair value of derivatives used to hedge foreign currency denominated balance sheet items are reported directly in earnings, along with offsetting transaction gains and losses on the items being hedged. Derivatives used to hedge forecasted cash flows associated with foreign currency commitments or forecasted commodity purchases may be accounted for as cash flow hedges, as deemed appropriate and if the criteria for hedge accounting are met. Gains and losses on derivatives designated as cash flow hedges are deferred as a separate component of equity and reclassified to earnings in a manner that matches the timing of the earnings impact of the hedged transactions. Generally, at June 30, 2014, these deferred gains and losses are reclassified to earnings over 10 to 15 years from the balance sheet date. The ineffective portion of all hedges, if any, is recognized currently in earnings.

The fair values of outstanding derivative contracts recorded as assets and liabilities on the Condensed Consolidated Balance Sheets at June 30, 2014 and December 31, 2013 were as follows:

	Asset Derivatives		Liability Derivatives	
(In thousands)	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
June 30, 2014				
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	**$ 41**	Other current liabilities	**$ 36**
Cross-currency interest rate swaps	Other assets	**24,473**	Other liabilities	**19,939**
Total derivatives designated as hedging instruments		**$ 24,514**		**$ 19,975**
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	**$ 2,300**	Other current liabilities	**$ 1,460**

	Asset Derivatives		Liability Derivatives	
(In thousands)	**Balance Sheet Location**	**Fair Value**	**Balance Sheet Location**	**Fair Value**
December 31, 2013				
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ 40	Other current liabilities	$ 17
Cross-currency interest rate swaps	Other assets	26,001	Other liabilities	13,410
Total derivatives designated as hedging instruments		$ 26,041		$ 13,427
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$ 1,216	Other current liabilities	$ 3,267

All of the Company's derivatives are recorded in the Condensed Consolidated Balance Sheets at gross amounts and not offset. All of the Company's cross-currency interest rate swaps and certain foreign currency forward exchange contracts are transacted under International Swaps and Derivatives Association ("ISDA") documentation. Each ISDA master agreement permits the net settlement of amounts owed in the event of default. The Company's derivative assets and liabilities subject to enforceable master netting arrangements resulted in a $0.1 million net liability at both June 30, 2014 and December 31, 2013.

The effect of derivative instruments on the Condensed Consolidated Statements of Operations and the Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and six months ended June 30, 2014 and 2013 was as follows:

Derivatives Designated as Hedging Instruments

(In thousands)	**Amount of Gain (Loss) Recognized in Other Comprehensive Income ("OCI") on Derivative - Effective Portion**	**Location of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion**	**Amount of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion**	**Location of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing**	**Amount of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing**
Three Months Ended June 30, 2014:					
Foreign currency forward exchange contracts	**$ 9**		**$ —**		**$ —**
Cross-currency interest rate swaps	**1,805**		**—**	Cost of services and products sold	**(3,801)** (a)
	$ 1,814		**$ —**		**$ (3,801)**
Three Months Ended June 30, 2013:					
Cross-currency interest rate swaps	$ (2,731)		$ —	Cost of services and products sold	$ (3,583) (a)

(In thousands)	Amount of Gain (Loss)Recognized in Other Comprehensive Income ("OCI") on Derivative - Effective Portion	Location of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion	Location of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing
Six Months Ended June 30, 2014:					
Foreign currency forward exchange contracts	**$ 20**	Cost of services and products sold	**$ (2)**		**$ —**
Cross currency interest rate swaps	**(2,555)**		**—**	Cost of services and products sold	**(5,375)** (a)
	$ (2,535)		**$ (2)**		**$ (5,375)**
Six Months Ended June 30, 2013:					
Cross currency interest rate swaps	$ (233)		$ —	Cost of services and products sold	$ 16,870 (a)

(a) These gains (losses) offset foreign currency fluctuation effects on the debt principal.

Derivatives Not Designated as Hedging Instruments

(In thousands)	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative for the Three Months Ended June 30 (a) 2014	2013
Foreign currency forward exchange contracts	Cost of services and products sold	**$ (1,135)**	$ (4,108)

(In thousands)	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative for the Six Months Ended June 30 (a) 2014	2013
Foreign currency forward exchange contracts	Cost of services and products sold	**$ 421**	$ (2,049)

(a) These gains (losses) offset amounts recognized in cost of services and products sold principally as a result of intercompany or third party foreign currency exposures.

Foreign Currency Forward Exchange Contracts

The Company conducts business in multiple currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the Company's foreign subsidiaries are measured using the local currency as the functional currency. Foreign currency-denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective balance sheet dates. Income and expense items are translated at the average exchange rates during the respective periods. The aggregate effects of translating the balance sheets of these subsidiaries are deferred and recorded in Accumulated other comprehensive loss, which is a separate component of equity.

The Company uses derivative instruments to hedge cash flows related to foreign currency fluctuations. Foreign currency forward exchange contracts outstanding are part of a worldwide program to minimize foreign currency exchange operating income and balance sheet exposure by offsetting foreign currency exposures of certain future payments between the Company and its various subsidiaries, suppliers or customers. These unsecured contracts are with major financial institutions. The Company may be exposed to credit loss in the event of non-performance by the contract counterparties. The Company evaluates the creditworthiness of the counterparties and does not expect default by them. Foreign currency forward exchange contracts are used to hedge commitments, such as foreign currency debt, firm purchase commitments and foreign currency cash flows for certain export sales transactions.

The following tables summarize, by major currency, the contractual amounts of the Company's foreign currency forward exchange contracts in U.S. dollars at June 30, 2014 and December 31, 2013. The "Buy" amounts represent the U.S. dollar equivalent of commitments to purchase foreign currencies, and the "Sell" amounts represent the U.S. dollar equivalent of commitments to sell foreign currencies. The recognized gains and losses offset amounts recognized in cost of services and products sold principally as a result of intercompany or third party foreign currency exposures.

Contracted Amounts of Foreign Currency Forward Exchange Contracts Outstanding at June 30, 2014:

(In thousands)	Type	U.S. Dollar Equivalent	Maturity	Recognized Gain (Loss)
British pounds sterling	Sell	**$ 24,902**	July 2014	**$ (57)**
British pounds sterling	Buy	**7,165**	July 2014	**15**
Euros	Sell	**263,296**	July 2014	**818**
Euros	Buy	**259,010**	July 2014 through September 2014	**12**
Other currencies	Sell	**35,751**	July 2014 through December 2015	**(16)**
Other currencies	Buy	**10,133**	July 2014 through August 2014	**73**
Total		**$ 600,257**		**$ 845**

Included in the contracted amounts of foreign currency exchange forward contracts outstanding at June 30, 2014 are $132.2 million of foreign currency exchange forward contracts entered into by the Company under the Transition Services Agreement with Brand. The Company has recognized a $0.6 million mark-to-market asset associated with these foreign currency exchange forward contracts.

Contracted Amounts of Foreign Currency Forward Exchange Contracts Outstanding at December 31, 2013:

(In thousands)	Type	U.S. Dollar Equivalent	Maturity	Recognized Gain (Loss)
British pounds sterling	Sell	$ 26,931	January 2014	$ (277)
British pounds sterling	Buy	1,976	January 2014	15
Euros	Sell	248,943	January 2014 through July 2014	(335)
Euros	Buy	242,385	January 2014 through March 2014	(1,335)
Other currencies	Sell	12,708	January 2014 through July 2014	(134)
Other currencies	Buy	8,907	January 2014 through August 2014	38
Total		$ 541,850		$ (2,028)

Included in the contracted amounts of foreign currency exchange forward contracts outstanding at December 31, 2013 are $121.2 million of foreign currency exchange forward contracts entered into by the Company under the Transition Services Agreement with Brand. The Company has recognized a $0.7 million mark-to-market liability associated with these foreign currency exchange forward contracts.

In addition to foreign currency forward exchange contracts, the Company designates certain loans as hedges of net investments in international subsidiaries. The Company recorded pre-tax net gains of $4.6 million and $4.9 million during the three and six months ended June 30, 2014, respectively, and pre-tax net losses of $4.9 million and $3.2 million during the three and six months ended June 30, 2013, respectively, into Accumulated other comprehensive loss.

Cross-Currency Interest Rate Swaps

The Company uses cross-currency interest rate swaps in conjunction with certain debt issuances in order to secure a fixed local currency interest rate. Under these cross-currency interest rate swaps, the Company receives interest based on a fixed or floating U.S. dollar rate and pays interest on a fixed local currency rate based on the contractual amounts in dollars and the local currency, respectively. The cross-currency interest rate swaps are recorded on the Condensed Consolidated Balance Sheets at fair value, with changes in value attributed to the effect of the swaps' interest spread recorded in Accumulated other comprehensive loss. Changes in value attributed to the effect of foreign currency fluctuations are recorded in the statements of operations and offset currency fluctuation effects on the debt principal. The following table indicates the contractual amounts of the Company's cross-currency interest rate swaps at June 30, 2014:

		Interest Rates	
(In millions)	Contractual Amount	Receive	Pay
Maturing 2018	$ 250.0	Fixed U.S. dollar rate	Fixed euro rate
Maturing 2020	220.0	Fixed U.S. dollar rate	Fixed British pound sterling rate
Maturing 2016 through 2017	9.8	Floating U.S. dollar rate	Fixed rupee rate

Fair Value of Derivative Assets and Liabilities and Other Financial Instruments
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Company utilizes market data or assumptions that the Company believes market participants would use in valuing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs), and (2) an entity's own assumptions about market participant assumptions based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

In instances in which multiple levels of inputs are used to measure fair value, hierarchy classification is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The following table indicates the fair value hierarchy of the financial instruments of the Company at June 30, 2014 and December 31, 2013:

Level 2 Fair Value Measurements (In thousands)	**June 30 2014**	**December 31 2013**
Assets		
Foreign currency forward exchange contracts	**$ 2,341**	$ 1,256
Cross-currency interest rate swaps	**24,473**	26,001
Liabilities		
Foreign currency forward exchange contracts	**1,496**	3,284
Cross-currency interest rate swaps	**19,939**	13,410

The following table reconciles the beginning and ending balances for liabilities measured on a recurring basis using unobservable inputs (Level 3) for the six months ended June 30, 2014:

Level 3 Liabilities—Unit Adjustment Liability (a) for the Six Months Ended June 30 (b) (In thousands)	**Consolidated Totals**
Balance at December 31, 2013	$ 106,343
Payments	(11,160)
Change in fair value to the unit adjustment liability	5,019
Balance at June 30, 2014	**$ 100,201**

(a) See Note 5, Equity Method Investments, for additional information related to the unit adjustment liability.
(b) Does not total due to rounding.

The Company primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Company utilizes valuation techniques that maximize the use of observable inputs, such as forward rates, interest rates, the Company's credit risk and counterparties' credit risks, and which minimize the use of unobservable inputs. The Company is able to classify fair value balances based on the ability to observe those inputs. Commodity derivatives, foreign currency forward exchange contracts and cross-currency interest rate swaps are classified as Level 2 fair value based upon pricing models using market-based inputs. Model inputs can be verified, and valuation techniques do not involve significant management judgment.

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term borrowings approximate fair value due to the short-term maturities of these assets and liabilities. At June 30, 2014 and December 31, 2013, the total fair value of long-term debt, including current maturities, was $898.2 million and $832.6 million, respectively, compared with a carrying value of $855.8 million and $803.4 million, respectively, at June 30, 2014 and December 31, 2013, respectively. Fair values for debt are based on quoted market prices (Level 1) for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities.

13. Review of Operations by Segment

The Company has reclassified segment operating results for the three and six months ended June 30, 2013 to conform to the revised manner in which the Company now allocates corporate expenses to operating segments as a result of changes in organizational structure resulting from the Infrastructure Transaction. The changes do not impact the Company's previously reported consolidated revenues from continuing operations, operating income from continuing operations or income from continuing operations before income taxes and equity income (loss).

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Revenues From Continuing Operations				
Harsco Metals & Minerals	**$ 360,994**	$ 336,146	**$ 714,032**	$ 673,470
Harsco Infrastructure	**—**	251,172	**—**	467,231
Harsco Industrial	**103,005**	93,772	**205,105**	184,218
Harsco Rail	**70,578**	78,646	**128,139**	150,212
Total revenues from continuing operations	**$ 534,577**	$ 759,736	**$ 1,047,276**	$ 1,475,131
Operating Income (Loss) From Continuing Operations				
Harsco Metals & Minerals	**$ (9,238)**	$ 27,053	**$ 13,980**	$ 50,282
Harsco Infrastructure	**—**	2,288	**—**	(4,764)
Harsco Industrial	**17,429**	15,553	**34,000**	31,162
Harsco Rail	**13,526**	15,932	**19,025**	19,110
Corporate (a)	**(15,481)**	(9,979)	**(28,430)**	(19,158)
Total operating income from continuing operations	**$ 6,236**	$ 50,847	**$ 38,575**	$ 76,632

(a) For the three months ended June 30, 2014, Corporate includes a $3.4 million loss on disposal of the Harsco Infrastructure Segment and transaction costs and $1.5 million of net periodic pension cost for defined benefit pension plans retained by the Company as part of the Infrastructure Transaction. For the six months ended June 30, 2014, Corporate includes a $5.6 million loss on disposal of the Harsco Infrastructure Segment and transaction costs and $2.9 million of net periodic pension cost for defined benefit pension plans retained by the Company as part of the Infrastructure Transaction.

Reconciliation of Segment Operating Income to Income (Loss) From Continuing Operations Before Income Taxes and Equity Income (Loss)

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Segment operating income	**$ 21,717**	$ 60,826	**$ 67,005**	$ 95,790
General Corporate expense	**(15,481)**	(9,979)	**(28,430)**	(19,158)
Operating income from continuing operations	**6,236**	50,847	**38,575**	76,632
Interest income	**410**	830	**707**	1,236
Interest expense	**(11,958)**	(12,855)	**(23,379)**	(24,598)
Change in fair value to unit adjustment liability	**(2,473)**	—	**(5,019)**	—
Income (loss) from continuing operations before income taxes and equity income (loss)	**$ (7,785)**	$ 38,822	**$ 10,884**	$ 53,270

14. Other Expenses

This Condensed Consolidated Statements of Operations caption includes restructuring program costs, net gains on the disposal of non-core assets, impaired asset write-downs, employee termination benefit costs and costs to exit activities.

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	2014	2013	2014	2013
Restructuring programs (see Note 16)	**$ 8,539**	$ —	**$ 8,539**	$ —
Net gains	**(650)**	(877)	**(3,008)**	(4,569)
Impaired asset write-downs	**13,982**	—	**14,080**	689
Other (a)	**5,645**	4,805	**7,249**	6,266
Other expenses	**$ 27,516**	$ 3,928	**$ 26,860**	$ 2,386

(a) Other includes employee termination benefit costs and costs to exit activities that are not directly related to the restructuring programs detailed in Note 16, Restructuring Programs.

Impaired asset write-downs are measured as the amount by which the carrying amount of assets exceeds their fair value. Fair value is estimated based upon the expected future realizable cash flows including anticipated selling prices. Non-cash impaired asset write-downs are included in the caption Other, net on the Condensed Consolidated Statements of Cash Flows as adjustments to reconcile Net income (loss) to Net cash provided by operating activities. During the second quarter of 2014, impaired asset write-downs represent non-cash long-lived asset impairment charges to reduce the carrying value of assets at certain sites in the Harsco Metals & Minerals Segment based on the Company's strategic decisions or contract terminations at these sites.

15. Components of Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss is included on the Condensed Consolidated Statements of Stockholders' Equity. The components of Accumulated other comprehensive loss, net of the effect of income taxes, and activity for the six months ended June 30, 2013 and 2014 was as follows:

	Components of Accumulated Other Comprehensive Income (Loss) - Net of Tax				
(In thousands)	Cumulative Foreign Exchange Translation Adjustments	Effective Portion of Derivatives Designated as Hedging Instruments	Cumulative Unrecognized Actuarial Losses on Pension Obligations	Unrealized Loss on Marketable Securities	Total
Balance at December 31, 2012	$ 62,308	$ (8,139)	$ (465,286)	$ (51)	$ (411,168)
Other comprehensive income (loss) before reclassifications	(46,555) (a)	536 (b)	21,255 (a)	8	(24,756)
Amounts reclassified from accumulated other comprehensive loss	—	—	9,968	—	9,968
Total other comprehensive income (loss)	(46,555)	536	31,223	8	(14,788)
Less: Other comprehensive loss attributable to noncontrolling interests	810	—	—	—	810
Other comprehensive income (loss) attributable to Harsco Corporation	(45,745)	536	31,223	8	(13,978)
Balance at June 30, 2013	$ 16,563	$ (7,603)	$ (434,063)	$ (43)	$ (425,146)

(In thousands)	Components of Accumulated Other Comprehensive Income (Loss) - Net of Tax: Cumulative Foreign Exchange Translation Adjustments	Effective Portion of Derivatives Designated as Hedging Instruments	Cumulative Unrecognized Actuarial Losses on Pension Obligations	Unrealized Loss on Marketable Securities	Total
Balance at December 31, 2013	$ 6,110	$ (7,023)	$ (369,682)	$ (20)	$ (370,615)
Other comprehensive income (loss) before reclassifications	7,634 (a)	(1,868) (b)	(8,187) (a)	4	(2,417)
Amounts reclassified from accumulated other comprehensive loss	—	1	8,231	—	8,232
Other comprehensive loss from equity method investee	(4,440)	—	632	—	(3,808)
Amounts reclassified from accumulated other comprehensive loss in connection with the Infrastructure Transaction	(1,447)	—	—	—	(1,447)
Total other comprehensive income (loss)	1,747	(1,867)	676	4	560
Less: Other comprehensive (income) loss attributable to noncontrolling interests	425	(11)	—	—	414
Other comprehensive income (loss) attributable to Harsco Corporation	2,172	(1,878)	676	4	974
Balance at June 30, 2014	**$ 8,282**	**$ (8,901)**	**$ (369,006)**	**$ (16)**	**$ (369,641)**

(a) Principally foreign currency fluctuation.
(b) Net change from periodic revaluations.

Amounts reclassified from accumulated other comprehensive loss are as follows:

(In thousands)	Three Months Ended June 30 2014	Six Months Ended June 30 2014	Three Months Ended June 30 2013	Six Months Ended June 30 2013	Affected Caption in the Condensed Consolidated Statements of Operations
Amortization of defined benefit pension items (c):					
Actuarial losses (d)	**$ 2,837**	**$ 5,676**	$ 3,154	$ 6,301	Selling, general and administrative expenses
Actuarial losses (d)	**1,584**	**3,136**	2,259	4,525	Cost of services and products sold
Prior-service costs (d)	**23**	**46**	66	130	Selling, general and administrative expenses
Prior-service costs (d)	**46**	**91**	63	126	Cost of services and products sold
Total before tax	**4,490**	**8,949**	5,542	11,082	
Tax benefit	**(359)**	**(718)**	(556)	(1,114)	
Total reclassification of defined benefit pension items, net of tax	**$ 4,131**	**$ 8,231**	$ 4,986	$ 9,968	
Amortization of cash flow hedging instruments (c):					
Foreign currency forward exchange contracts	**$ —**	**$ 2**	$ (6)	$ —	Cost of services and products sold
Tax benefit	**—**	**(1)**	—	—	
Total reclassification of cash flow hedging instruments	**$ —**	**$ 1**	$ (6)	$ —	

(c) Amounts in parentheses indicate credits to profit/loss.
(d) These accumulated other comprehensive loss components are included in the computation of net periodic pension costs. See Note 8, Employee Benefit Plans, for additional details.

16. Restructuring Programs

In recent years, the Company has instituted restructuring programs to balance short-term profitability goals with long-term strategies. A primary objective of these programs has been to establish platforms upon which the affected businesses can grow with reduced fixed investment and generate annual operating expense savings. The restructuring programs have been instituted in response to the continuing impact of global financial and economic uncertainty on the Company's end markets. Restructuring costs incurred in these programs were recorded in the Other expenses caption of the Condensed Consolidated Statements of Operations. The timing of associated cash payments is dependent on the type of restructuring cost and can extend over a multi-year period.

Harsco Metals & Minerals Improvement Plan ("Project Orion")
Under Project Orion, the Harsco Metals & Minerals Segment made organizational changes which are expected to improve return on capital and deliver a higher and more consistent level of service to customers by improving several core processes and simplifying the organizational structure. The Company incurred an $8.5 million charge related to Project Orion during the three months ended June 30, 2014. Phase one of Project Orion began in the second quarter of 2014 and will continue through the remainder of 2014. Phase two of Project Orion will begin in late 2014 or early 2015 and will result in an additional charge. The amount of the additional charge cannot be determined at this time.

The restructuring accrual for Project Orion at June 30, 2014 and the activity for the six months then ended were as follows:

(In thousands)	Expense Incurred in 2014	Other Adjustments	Cash Expenditures	Foreign Currency Translation	Remaining Accrual June 30 2014
Harsco Metals & Minerals Segment					
Employee termination benefit costs	$ 8,539	$ 1,237	$ (1,437)	$ 2	**$ 8,341**
Total	$ 8,539	$ 1,237	$ (1,437)	$ 2	**$ 8,341**

Prior Restructuring Programs
The remaining accrual for restructuring programs was $2.9 million and $5.1 million at June 30, 2014 and December 31, 2013, respectively. The remaining accrual relates primarily to exit activity costs for lease terminations expected to be paid over the remaining life of the leases.

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the accompanying unaudited condensed consolidated financial statements as well as the audited consolidated financial statements of Harsco Corporation (the "Company"), including the notes thereto, included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013, which includes additional information about the Company’s critical accounting policies, contractual obligations, practices and the transactions that support the financial results, and provides a more comprehensive summary of the Company’s outlook, trends and strategies for 2014 and beyond.

Certain amounts included in Item 2 of this Quarterly Report on Form 10-Q are rounded in millions and all percentages are calculated based on actual amounts. As a result, minor differences may exist due to rounding.

Forward-Looking Statements

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 the Private Securities Litigation Reform Act of 1995, 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) 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; (7) the seasonal nature of the Company's business; (8) 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; (9) the integration of the Company's strategic acquisitions; (10) the amount and timing of repurchases of the Company's common stock, if any; (11) 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; (12) the outcome of any disputes with customers, contractors and subcontractors; (13) 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; (14) 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; (15) 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; (16) 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; (17) 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; (18) 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; (19) risk and uncertainty associated with intangible assets; and (20) 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, 2013. 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.

Executive Overview

In November 2013, the Company consummated the previously announced transaction to sell the Company's Harsco Infrastructure Segment into a strategic venture with CD&R as part of a transaction that combines the Harsco Infrastructure Segment with Brand Energy & Infrastructure Services, Inc., which CD&R simultaneously acquired (the "Infrastructure Transaction"). The Company has contributed substantially all of the Company's equity interest in, and the net assets of, the Harsco Infrastructure Segment to the strategic venture in exchange for $300 million, subject to working capital and other adjustments, and an approximate 29% equity interest in the resulting entity (the "Infrastructure strategic venture" or "Brand"). The Company recorded an additional loss on disposal of $3.2 million and $3.9 million during the second quarter and first six months of 2014, respectively. The Company does not anticipate any further adjustments to the loss on disposal of the Harsco Infrastructure Segment.

In May 2014, the Company began executing the first phase of the Harsco Metals & Minerals Segment's Improvement Plan ("Project Orion") after conducting an analysis of the business to identify opportunities to improve its core processes and to simplify its organizational structure. The goals of Project Orion are improving financial returns and providing higher and more consistent levels of value added services to customers by improving the bid and contract management process, improving underperforming contracts, and simplifying operational structures. The Company incurred an $8.5 million charge related to Project Orion during the second quarter of 2014. Through actions initiated through June 30, 2014, the Company anticipates compensation savings of approximately $6 million for the full year December 31, 2014, or approximately $15 million when annualized. Annual recurring benefits under phase one of Project Orion are expected to be approximately $25 million by the end of 2015, which include other operational savings. Please see Note 16, Restructuring Programs, in Part I, Item 1, Financial Statements for additional information.

In connection with Project Orion's focus on underperforming contracts, during the second quarter of 2014, the Company recorded pre-tax charges of $10.9 million primarily for site exit costs and non-cash long-lived asset impairment charges to reduce the carrying value of assets at certain sites to fair value based upon the expected future realizable cash flows, including anticipated selling prices, based on the Company's strategic decisions made during the quarter. The possibility exists that the Company may take similar strategic actions with respect to other underperforming assets at certain sites that may result in additional exit costs and non-cash asset impairment charges.

As the Company has previously disclosed, one of the Company's large steel mill customers in Europe has filed for protection under Italian receivership procedure (the "Marzano Law"). During the fourth quarter of 2013, the Company recorded a bad debt reserve of $2.6 million on receivables with this customer. During the second quarter of 2014, the customer terminated its contract with the Company under provisions of the Marzano Law. As a result, during the second quarter of 2014, the Company recorded an additional bad debt reserve of $3.9 million on the remaining pre-receivership receivables with this customer. The Company also recorded an additional charge of $7.7 million during the second quarter of 2014 primarily for non-cash long-lived asset impairments to reduce the carrying value of assets used at the customer's site to fair value based upon the expected future realizable cash flows, including anticipated selling prices.

Revenues by Segment	Three Months Ended June 30			
(In millions)	2014	2013	Change	%
Harsco Metals & Minerals	**$ 361.0**	$ 336.1	$ 24.8	7.4 %
Harsco Infrastructure (a)	**—**	251.2	(251.2)	(100.0)
Harsco Industrial	**103.0**	93.8	9.2	9.8
Harsco Rail	**70.6**	78.6	(8.1)	(10.3)
Total revenues	**$ 534.6**	$ 759.7	$ (225.2)	(29.6)%

Revenues by Segment	Six Months Ended June 30			
(In millions)	2014	2013	Change	%
Harsco Metals & Minerals	**$ 714.0**	$ 673.5	$ 40.6	6.0 %
Harsco Infrastructure (a)	**—**	467.2	(467.2)	(100.0)
Harsco Industrial	**205.1**	184.2	20.9	11.3
Harsco Rail	**128.1**	150.2	(22.1)	(14.7)
Total revenues	**$ 1,047.3**	$ 1,475.1	$ (427.9)	(29.0)%

(a) In November 2013, the Company consummated the Infrastructure Transaction, and accordingly, there is no revenue for the Harsco Infrastructure Segment for 2014. The results of the Harsco Infrastructure Segment from January 1, 2013 through the date of closing are reported in the Company's results of operations for 2013.

Revenues by Region (In millions)	Three Months Ended June 30 2014	2013	Change	%
Western Europe	**$ 155.0**	$ 274.6	$ (119.6)	(43.6)%
North America	**241.1**	292.1	(51.0)	(17.5)
Latin America (b)	**61.0**	81.7	(20.8)	(25.4)
Asia-Pacific	**39.3**	47.8	(8.5)	(17.8)
Middle East and Africa	**19.4**	43.3	(23.9)	(55.2)
Eastern Europe	**18.8**	20.2	(1.4)	(6.8)
Total revenues	**$ 534.6**	$ 759.7	$ (225.2)	(29.6)%

Revenues by Region (In millions)	Six Months Ended June 30 2014	2013	Change	%
Western Europe	**$ 314.4**	$ 537.2	$ (222.8)	(41.5)%
North America	**462.0**	561.6	(99.7)	(17.7)
Latin America (b)	**123.9**	161.4	(37.5)	(23.2)
Asia-Pacific	**73.7**	91.3	(17.6)	(19.3)
Middle East and Africa	**38.4**	84.7	(46.3)	(54.7)
Eastern Europe	**34.8**	38.9	(4.0)	(10.4)
Total revenues	**$ 1,047.3**	$ 1,475.1	$ (427.9)	(29.0)%

(b) Includes Mexico.

Revenues for the Company during the second quarter and first six months of 2014 were $534.6 million and $1.0 billion, respectively, compared with $759.7 million and $1.5 billion, respectively, in the second quarter and first six months of 2013. The change is primarily related to the Harsco Infrastructure Segment that was disposed of as part of the Infrastructure Transaction in the fourth quarter of 2013. Foreign currency translation increased revenues by $5.1 million and $1.2 million, respectively, for the second quarter and first six months of 2014 in comparison with the second quarter and first six months of 2013.

Operating Income (Loss) by Segment (c) (In millions)	Three Months Ended June 30 2014	2013	Change	%
Harsco Metals & Minerals	**$ (9.2)**	$ 27.1	$ (36.3)	(134.1)%
Harsco Infrastructure (d)	**—**	2.3	(2.3)	(100.0)
Harsco Industrial	**17.4**	15.6	1.9	12.1
Harsco Rail	**13.5**	15.9	(2.4)	(15.1)
Corporate (e)	**(15.5)**	(10.0)	(5.5)	(55.1)
Total operating income	**$ 6.2**	$ 50.8	$ (44.6)	(87.7)%

Operating Income (Loss) by Segment (c) (In millions)	Six Months Ended June 30 2014	2013	Change	%
Harsco Metals & Minerals	**$ 14.0**	$ 50.3	$ (36.3)	(72.2)%
Harsco Infrastructure (d)	**—**	(4.8)	4.8	100.0
Harsco Industrial	**34.0**	31.2	2.8	9.1
Harsco Rail	**19.0**	19.1	(0.1)	(0.4)
Corporate (e)	**(28.4)**	(19.2)	(9.3)	(48.4)
Total operating income	**$ 38.6**	$ 76.6	$ (38.1)	(49.7)%

Operating Margin by Segment (c)	Three Months Ended June 30 2014	Three Months Ended June 30 2013	Six Months Ended June 30 2014	Six Months Ended June 30 2013
Harsco Metals & Minerals	**(2.6)%**	8.0%	**2.0%**	7.5 %
Harsco Infrastructure (d)	**—**	0.9	**—**	(1.0)
Harsco Industrial	**16.9**	16.6	**16.6**	16.9
Harsco Rail	**19.2**	20.3	**14.8**	12.7
Consolidated operating margin	**1.2 %**	6.7%	**3.7%**	5.2 %

(c) The Company has reclassified segment operating results for the three and six months ended June 30, 2013 to conform to the revised manner in which the Company now allocates corporate expenses to operating segments as a result of changes in organizational structure resulting from the Infrastructure Transaction, which occurred in the fourth quarter of 2013. The changes do not impact the Company's previously reported consolidated revenues from continuing operations, operating income from continuing operations or income from continuing operations before income taxes and equity loss.
(d) In November 2013, the Company consummated the Infrastructure Transaction, and accordingly, there is no operating income (loss) for the Harsco Infrastructure Segment for 2014. The results of the Harsco Infrastructure Segment from January 1, 2013 through the date of closing are reported in the Company's results of operations for 2013.
(e) For the three and six months ended June 30, 2014, Corporate includes a $3.4 million and $5.6 million loss, respectively, on disposal of the Harsco Infrastructure Segment and transaction costs. Additionally, for the three and six months ended June 30, 2014, Corporate includes net periodic pension cost for defined benefit pension plans retained by the Company as part of the Infrastructure Transaction of $1.5 million and $2.9 million, respectively .

Operating income from continuing operations for the second quarter and the first six months of 2014 was $6.2 million and $38.6 million, respectively, compared with operating income from continuing operations of $50.8 million and $76.6 million, respectively, in the second quarter and first six months of 2013. The change is primarily related to the restructuring charge for Project Orion, the additional bad debt reserve and non-cash long-lived asset impairment charge for the Company's European steel mill customer in receivership, and costs for site exits and non-cash long-lived asset impairment charges for the Harsco Metals & Minerals Segment.

This change in operating income from continuing operations, the non-cash change in fair value to the unit adjustment liability related to the Infrastructure Transaction, and the Company's equity in income (loss) of unconsolidated entities were the primary drivers of the diluted loss per share from continuing operations for the second quarter and first six months of 2014 of $(0.19) and $(0.04), respectively, compared with diluted earnings per share from continuing operations of $0.30 and $0.40, respectively, for the second quarter and first six months of 2013.

The Company continues to have sufficient available liquidity. The Company currently expects operational and business needs to be met by cash from operations supplemented with borrowings from time to time due to historical patterns of seasonal cash flow and for the funding of various projects. See Liquidity and Capital Resources below for further discussion on liquidity, capital resources, and cash flows.

Harsco Metals & Minerals Segment:

Significant Effects on Revenues (In millions)	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenues — 2013	$ 336.1	$ 673.5
Net effects of price/volume changes, primarily attributable to volume changes.	23.4	47.3
Impact of foreign currency translation.	4.6	0.7
Net impact of new contracts and lost contracts (including exited underperforming contracts).	(3.1)	(7.5)
Revenues — 2014	**$ 361.0**	**$ 714.0**

Factors Positively Affecting Operating Income:

- Increased global steel production in the metals services business. Overall, steel production by customers under services contracts increased 6% in both the second quarter and first six months of 2014 compared with the same periods in 2013.
- Increased nickel prices of 28% and 5% in the second quarter and first six months of 2014, respectively, compared with the same periods in 2013.
- Net impact of new contracts and lost contracts, including exited underperforming contracts.

Factors Negatively Impacting Operating Income:

- Project Orion restructuring charge of $8.5 million, attributable to severance costs, recorded during the second quarter of 2014.
- Charges of $10.9 million recorded during the second quarter of 2014, 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.
- Increased bad debt reserve of $3.9 million and a charge of $7.6 million, primarily for non-cash long-lived asset impairment, as a result of contract termination, during the second quarter of 2014 for the Company's large steel mill customer in Europe in receivership.
- Increased bad debt reserve of $3.6 million, net of value added tax, for one of the Company's steel mill customers in Europe as a result of missed progress payments.
- Foreign currency translation in the first six months of 2014 decreased operating income for this Segment by $1.6 million compared with the same period in the prior year. Foreign currency translation did not significantly impact operating income for the second quarter of 2014 compared with the same period in the prior year.

Harsco Industrial Segment:

Significant Effects on Revenues (In millions)	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenues — 2013	$ 93.8	$ 184.2
Effect of Hammco acquisition.	7.2	18.1
Net effects of price/volume changes, primarily attributable to volume changes.	2.4	4.1
Impact of foreign currency translation.	(0.4)	(1.3)
Revenues — 2014	**$ 103.0**	**$ 205.1**

Factors Positively Affecting Operating Income:

- Incremental effect of the acquisition of Hammco Corporation ("Hammco"), a U.S. manufacturer of high specification air-cooled heat exchangers for the natural gas and petrochemical processing markets, on January 2, 2014.
- Higher gain from sale of assets of $1.4 million in the first six months of 2014 compared with the first six months of 2013.
- Improved demand in North America for industrial boilers and air cooled heat exchangers.

Factors Negatively Impacting Operating Income:

- Decreased demand in Asia-Pacific for air cooled heat exchangers.

Harsco Rail Segment:

Significant Impacts on Revenues (In millions)	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenues — 2013	$ 78.6	$ 150.2
Net impacts of price/volume changes, primarily attributable to volume changes.	(8.9)	(23.9)
Impact of foreign currency translation.	0.9	1.8
Revenues — 2014	**$ 70.6**	**$ 128.1**

Factors Positively Affecting Operating Income:

- Increased contract services and robust demand for after-market parts.

Factors Negatively Impacting Operating Income:

- Decreased volume from machine sales primarily due to the completion of the large contract with the China Ministry of Railways (the "CRC").

Outlook, Trends and Strategies

In addition to items noted in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, the following significant items, risks, trends and strategies are expected to affect the Company for the remainder of 2014 and beyond:

- The Company will focus on the goal of providing top quartile returns for its stockholders by balancing its portfolio of businesses, and by executing its strategic and operational strategies with reasonable amounts of financial leverage.
- The Company will continue to build and transform its management team, build and develop strong core capabilities and develop an active and lean corporate center that balances costs with value added services.
- Management will continue to be selective and disciplined in allocating capital by rigorously analyzing projects and utilizing a return based capital allocation process. The Company expects capital expenditures in 2014 to exceed 2013 levels due to a higher level of committed contract renewals in the Harsco Metals & Minerals Segment and targeted investment in the Harsco Industrial Segment.
- The Company expects that the Infrastructure Transaction will provide synergies and growth potential in the Infrastructure strategic venture that create additional value for the Company's equity interest upon exit in the future.
- The Company expects its operational effective income tax rate to approximate 31 percent to 33 percent for the full year 2014.

<u>Harsco Metals & Minerals Segment:</u>

- The Company will focus on improving the Harsco Metals & Minerals Segment's returns through simplifying its business model, executing on operational efficiency opportunities, improving its contract outcomes through better contract portfolio management, and improving the contract mix through addressing underperforming contracts. In line with this focus, in May 2014, the Company began executing the first phase of Project Orion after conducting an analysis of the business to identify opportunities to improve its core processes and to simplify its organizational structure. The first phase of Project Orion will continue through the balance of 2014, with the second phase expected to begin in late 2014 or early 2015.
- The Company will continue its focus on ensuring that forecasted profits for contracts meet certain established requirements and deliver returns above its cost of capital. Project Orion's focus is intended to enable the Company to address underperforming contracts more rapidly with targeted actions to improve the operational efficiencies of the business through central protocols to monitor activities, structures and systems that aid in decision making, and processes designed to identify the best strategic actions available to address underperforming contracts and its overall contract portfolio. In connection with this focus, the possibility exists that the Company may take strategic actions that result in exit costs and non-cash asset impairment charges that may have an adverse effect on the Company's results of operations and liquidity.
- The Company will continue to focus on winning contracts in markets where steel production is increasing and where the customers value the Company's environmental solutions.
- The Company does not expect a material increase in steel production or pricing in 2014.
- During the second quarter of 2014, one of the Company's steel mill customers in Europe missed normal progress payments. The Company has approximately $14 million of receivables, excluding value added tax, with this customer. During the second quarter of 2014, the Company recorded a bad debt reserve of $3.6 million related to this receivable. The Company believes the remaining amounts are collectible; however, if there is an adverse change in the Company's view on collectibility, there could be a charge against income in future periods.
- The Company will monitor certain businesses within the Harsco Metals & Minerals Segment that produce products that are subject to increasing attention from regulatory agencies. The possibility exists that these regulatory agencies may issue new regulations or standards that may have a negative effect on the Company's results.

<u>Harsco Industrial Segment:</u>

- The Company is expecting another year of consistent performance for revenue and operating income in 2014 in the Harsco Industrial Segment, and will continue to focus on product innovation and development to drive strategic growth in its businesses.
- The Company acquired Hammco in January 2014 as part of the Company's focus on growing the Harsco Industrial Segment through disciplined expansion. This acquisition provides the Harsco Industrial Segment with an entry into the process cooler market.

Harsco Rail Segment:

- Full year performance for this business is unfavorably impacted by the volume comparative of equipment deliveries from its large contract with the CRC, which were mostly completed during the first six months of 2013. Consequently, revenues for this Segment are expected to be modestly lower in 2014 compared with 2013. Notwithstanding the effects of the completion of its contract with the CRC, this Segment anticipates modest organic growth in its after-market parts business and expected deliveries of existing equipment orders with improving operating income and margins.
- The success in China has been leveraged to secure several new orders in other geographies. Recently, the Company secured a second contract award worth over $100 million through 2017 from the SBB, the federal railway system of Switzerland. The award comes as a follow-on option to the Company's previously awarded contract with the SBB worth more than $100 million. The Company's capabilities to compete and deliver on large projects provides increased opportunities to build out its pipeline further, and enables the Company to continue to pursue other large projects.
- The longer-term outlook for this Segment continues to be favorable. The global demand for railway maintenance-of-way equipment, parts and services continues to be strong, giving positive indication of further opportunities.

Infrastructure Strategic Venture:

- The Infrastructure strategic venture creates opportunities for additional value creation from the Company's equity interest in a stronger and larger business with a more diversified portfolio of services and offerings.
- As part of the Infrastructure Transaction, the Company is required to make a quarterly payment to its partner in the Infrastructure strategic venture, either (at the Company's election) (i) in cash, with total payments to equal approximately $22 million per year on a pre-tax basis (approximately $15 million per year after-tax), or (ii) in kind through the transfer of approximately 2.5% of the Company's ownership interest in the Infrastructure strategic venture on an annual basis (the "unit adjustment liability"). The Company's obligation to make such quarterly payments will cease upon the earlier of (i) the Infrastructure strategic venture achieving $487.0 million in last twelve months' earnings before interest, taxes, depreciation and amortization ("EBITDA") for three quarters, which need not be consecutive, or (ii) eight years after the closing of the Infrastructure Transaction. The Company intends to make these quarterly payments in cash and will continue to evaluate the implications of making payments in cash or in kind based upon performance of the Infrastructure strategic venture.
- The Purchase Agreement governing the Infrastructure Transaction provides for closing to be deferred with respect to the transfer of certain of our subsidiaries to Brand. Some of these transfers have not yet occurred. In the case of one such transfer, since the Company has not consummated the transfer of the relevant subsidiary to Brand before August 4, 2014, Brand may elect to unwind the sale of such subsidiary and, if Brand so elects, the Company will be required to reimburse to Brand the portion of the purchase price previously received by the Company for such entity. No such election has been made by Brand at this time, but its right to do so remains. Management does not believe the inability of the Company to satisfy the requirements of the Purchase Agreement with respect to the timing of the transfer of such entity will have a material adverse effect on the Company's financial condition, results of operations or cash flows.

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Results of Operations

(In millions, except per share amounts)	Three Months Ended June 30 2014	Three Months Ended June 30 2013	Six Months Ended June 30 2014	Six Months Ended June 30 2013
Revenues from continuing operations	**$ 534.6**	$ 759.7	**$ 1,047.3**	$ 1,475.1
Cost of services and products sold	**417.5**	577.2	**826.9**	1,141.4
Selling, general and administrative expenses	**78.0**	125.6	**144.8**	250.3
Research and development expenses	**2.0**	2.2	**4.6**	4.4
Loss on disposal of the Harsco Infrastructure Segment and transaction costs	**3.4**	—	**5.6**	—
Other expenses	**27.5**	3.9	**26.9**	2.4
Operating income from continuing operations	**6.2**	50.8	**38.6**	76.6
Interest income	**0.4**	0.8	**0.7**	1.2
Interest expense	**(12.0)**	(12.9)	**(23.4)**	(24.6)
Change in fair value to the unit adjustment liability	**(2.5)**	—	**(5.0)**	—
Income tax expense from continuing operations	**(4.3)**	(11.5)	**(8.8)**	(16.5)
Equity in income (loss) of unconsolidated entities, net	**(3.0)**	0.6	**(4.2)**	0.6
Income (loss) from continuing operations	**(15.1)**	27.9	**(2.1)**	37.4
Diluted earnings (loss) per common share from continuing operations attributable to Harsco Corporation common stockholders	**(0.19)**	0.30	**(0.04)**	0.40
Effective income tax rate for continuing operations	**(54.7)%**	29.6%	**80.4%**	30.9%

Comparative Analysis of Consolidated Results

Revenues
Revenues for the second quarter of 2014 decreased $225.2 million or 29.6% from the second quarter of 2013. Revenues for the first six months of 2014 decreased $427.9 million or 29.0% from the first six months of 2013. Changes in revenues for the periods presented were attributable to the following significant items:

Change in Revenues — 2014 vs. 2013 (In millions)	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Revenue decrease following the Infrastructure Transaction.	$ (251.2)	$ (467.2)
Net decreased revenues in the Harsco Rail Segment due principally to the completion of the large contract with CRC.	(8.9)	(24.0)
Net increased revenues in the Harsco Metals & Minerals Segment due to price/volume, primarily attributable to volume changes.	20.2	39.9
Net increased revenues in the Harsco Industrial Segment, primarily attributable to the effects of its business acquisition.	9.6	22.2
Impact of foreign currency translation.	5.1	1.2
Total change in revenues — 2014 vs. 2013	$ (225.2)	$ (427.9)

Cost of Services and Products Sold
Cost of services and products sold for the second quarter of 2014 decreased $159.7 million or 27.7% from the second quarter of 2013. Cost of services and products sold for the first six months of 2014 decreased $314.5 million or 27.6% from the first six months of 2013. Changes in cost of services and products sold for the periods presented were attributable to the following significant items:

Change in Cost of Services and Products Sold — 2014 vs. 2013 (In millions)	Three Months Ended June 30, 2014	Six Months Ended June 30, 2014
Lower costs following the Infrastructure Transaction.	$ (182.5)	$ (341.3)
Impact of foreign currency translation.	2.9	(0.3)
Increased costs due to changes in revenues (exclusive of the effects of the timing of the Infrastructure Transaction, foreign currency translation, and fluctuations in commodity costs included in selling prices).	15.4	26.9
Other	4.5	0.2
Total change in cost of services and products sold — 2014 vs. 2013	$ (159.7)	$ (314.5)

Selling, General and Administrative Expenses
Selling, general and administrative expenses for the second quarter of 2014 decreased $47.7 million or 37.9% from the second quarter of 2013. Selling, general and administrative expenses for the first six months of 2014 decreased $105.6 million or 42.2% from the first six months of 2013. The decrease was primarily related to the lower costs following the Infrastructure Transaction.

Loss on Disposal of Harsco Infrastructure Segment and Transaction Costs
The Company recorded an additional loss of $3.2 million and $3.9 million during the second quarter and first six months of 2014, respectively. The Company does not anticipate any further adjustments to the loss on the disposal of the Harsco Infrastructure Segment. Additionally, the Company incurred $0.2 million and $1.7 million of transaction costs during the second quarter and first six months of 2014, respectively, in conjunction with the Infrastructure Transaction.

Please see Note 3, Acquisitions and Dispositions, in Part I, Item 1, Financial Statements for additional information on the Infrastructure Transaction.

Other Expenses
This Condensed Consolidated Statements of Operations caption includes restructuring program costs, net gains on the disposal of non-core assets, impaired asset write-downs, employee termination benefit costs and costs to exit activities. The most significant changes in Other expenses, during the second quarter and first six months of 2014, relate to restructuring program costs associated with Project Orion and non-cash impaired asset write-downs. Additional information on Other expenses is included in Note 14, Other Expenses, in Part I, Item 1, Financial Statements.

	Three Months Ended June 30		Six Months Ended June 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Restructuring Program costs (see Note 16)	**$ 8,539**	$ —	**$ 8,539**	$ —
Net gains	**(650)**	(877)	**(3,008)**	(4,569)
Impaired asset write-downs	**13,982**	—	**14,080**	689
Other (a)	**5,645**	4,805	**7,249**	6,266
Other expenses	**$ 27,516**	$ 3,928	**$ 26,860**	$ 2,386

(a) Other includes employee termination benefit costs and costs to exit activities that are not directly related to the restructuring programs detailed in Note 16, Restructuring Programs, in Part I, Item 1, Financial Statements.

Interest Expense
Interest expense during the second quarter and first six months of 2014 decreased $0.9 million and $1.2 million, respectively, from the second quarter and first six months of 2013. The decrease primarily reflects lower average borrowings offset by higher interest rates on short-term borrowings.

Change in Fair Value to the Unit Adjustment Liability
This caption represents the non-cash fair value adjustment to the Company's unit adjustment liability related to the Infrastructure Transaction.

As part of the Infrastructure Transaction, the Company is required to make a quarterly payment to its partner in the Infrastructure strategic venture. The resulting liability is reflected in the caption, Unit adjustment liability, on the Company's Condensed Consolidated Balance Sheets. The Company will recognize the change in fair value to the unit adjustment liability each period until the Company is no longer required to make these payments or chooses not to make these payments. The change in fair value to the unit adjustment liability is a non-cash expense. For the second quarter and first six months of 2014, the Company recognized expense of $2.5 million and $5.0 million, respectively, related to the change in fair value to the unit adjustment liability.

The Company's obligation to make such quarterly payments will cease upon the earlier of (i) Brand achieving $487.0 million in last twelve months' EBITDA for three quarters, which need not be consecutive, or (ii) eight years after the closing of the Infrastructure Transaction. In addition, upon the initial public offering of Brand, the Company's quarterly payment obligation will decrease by the portion of CD&R's ownership interest sold or eliminated completely once CD&R's ownership interest in Brand falls below 20%. In the event of a liquidation of Brand, CD&R is entitled to a liquidation preference of approximately $336 million, plus any quarterly payments that had been paid in kind.

The Company intends to make these quarterly payments in cash and will continue to evaluate the implications of making payments in cash or in kind based upon performance of the Infrastructure strategic venture. In the future, should the Company decide not to make the cash payment, the value of both the equity method investment in Brand and the related unit adjustment liability may be impacted, and the change may be reflected in earnings in that period.

Income Tax Expense

The effective income tax rate related to continuing operations for the three and six months ended June 30, 2014 was (54.7)% and 80.4%, respectively, compared with 29.6% and 30.9% for the three and six months ended June 30, 2013, respectively. The effective income tax rate related to continuing operations and income tax expense from continuing operations changed primarily due to the change in income (loss) from continuing operations and changes in losses generated in certain jurisdictions where no tax benefit can be recognized for both the three and six months ended June 30, 2014 compared with the three and six months ended June 30, 2013. The Company expects its operational effective income tax rate to approximate 31 percent to 33 percent for the full year 2014.

Income (Loss) from Continuing Operations

Loss from continuing operations was $15.1 million in the second quarter of 2014 compared with Income from continuing operations of $27.9 million in the second quarter of 2013. Loss from continuing operations was $2.1 million in the first six months of 2014 compared with the Income from continuing operations of $37.4 million in the first six months of 2013. The change is primarily related to the restructuring charge for Project Orion, the additional bad debt reserve and non-cash long-lived asset impairment charge for the Company's European steel mill customer in receivership, costs for site exits and non-cash long-lived asset impairment charges for the Harsco Metals & Minerals Segment, the non-cash change in fair value to the unit adjustment liability related to the Infrastructure Transaction, and the Company's equity in income (loss) of unconsolidated entities related to the Brand joint venture.

Liquidity and Capital Resources

Overview

The Company continues to have sufficient available liquidity. The Company currently expects operational and business needs to be met with cash from operations supplemented with borrowings from time to time due to historical patterns of seasonal cash flow and for the funding of various projects.

The Company continues to implement and perform capital efficiency initiatives to enhance liquidity. These initiatives have included: focused allocation of capital spending to projects where the highest returns can be achieved while redeploying existing capital investments; optimization of worldwide cash positions; reductions in discretionary spending; and frequent evaluation of customer and business-partner credit risk.

During the first six months of 2014, the Company’s operations provided $74.4 million in operating cash flow, an increase from the $56.4 million provided in the first six months of 2013. In the first six months of 2014, the Company invested $81.6 million in capital expenditures, mostly for the Harsco Metals & Minerals Segment, compared with $120.2 million invested in the first six months of 2013. Additionally, the Company paid $33.1 million in common stock dividends in the first six months of both 2014 and 2013, respectively.

The Company’s net cash borrowings increased by $44.3 million in the first six months of 2014, primarily to fund capital expenditures, principally in the Harsco Metals & Minerals Segment and for the Hammco acquisition.

The Company plans to redeploy discretionary cash for disciplined organic growth and international or market segment diversification; for growth in long-term, higher-return service contracts for the Harsco Metals & Minerals Segment, principally in targeted growth markets or for customer diversification; and for strategic investments or possible acquisitions in the Harsco Rail and Harsco Industrial Segments. The Company also foresees continuing its long and consistent history of paying dividends to stockholders.

The Company continues its focus on improving working capital efficiency. The Company's Continuous Improvement initiatives are being used to further improve effective and efficient use of working capital, particularly in accounts receivable and inventories.

The Company also generated $6.1 million and $14.9 million in cash from asset sales in the first six months of 2014 and 2013, respectively. Asset sales have been a normal part of the Company's business model, primarily for the Harsco Metals & Minerals Segment.

Sources and Uses of Cash

The Company's principal sources of liquidity are cash from operations and borrowings under the Company's credit agreement, augmented by cash proceeds from asset sales. The primary drivers of the Company's cash flow from operations are the Company's revenues and income. Cash returns on capital investments made in prior years, for which limited cash is currently required, are a significant source of cash from operations. Depreciation expense related to these investments is a non-cash charge.

Major uses of operating cash flows and borrowed funds include: capital investments, principally in the Harsco Metals & Minerals Segment; payroll costs and related benefits; dividend payments; pension funding payments; inventory purchases for the Harsco Rail and Harsco Industrial Segments; income tax payments; debt principal and interest payments; insurance premiums and payments of self-insured casualty losses; payment of the unit adjustment liability and machinery, equipment, automobile and facility lease payments.

Resources available for cash requirements for operations and growth initiatives

In addition to utilizing cash from operations and cash proceeds from asset sales, the Company has bank credit facilities available throughout the world. Public markets are also accessed through discrete-term note issuance to investors. The Company also utilizes capital leases to finance the acquisition of certain equipment when appropriate which allows the Company to minimize capital expenditures. The Company expects to continue to utilize all these sources to meet future cash requirements for operations and growth initiatives.

The following table illustrates available credit at June 30, 2014:

	June 30, 2014		
(In millions)	Facility Limit	Outstanding Balance	Available Credit
Multi-year revolving credit agreement (a U.S.-based program)	$ 525.0	$ 88.5	$ 436.5

At June 30, 2014 and December 31, 2013, the Company had $88.5 million and $35.0 million, respectively, of borrowings outstanding under its credit agreement. At June 30, 2014 and December 31, 2013, all such balances were classified as long-term borrowings in the Condensed Consolidated Balance Sheets. Classification of such balances is based on the Company's ability and intent to repay such amounts over the subsequent twelve months, as well as the Company's current intent and ability to borrow for a period longer than a year. To the extent the Company expects to repay any amounts within the subsequent twelve months, the amounts are classified as short-term borrowings.

Credit Ratings and Outlook

The following table summarizes the Company's current debt ratings:

Rating Agency	Long-term Notes	Watch / Outlook
Standard & Poor's (S&P)	BB+	Negative Outlook
Moody's	Ba1	Stable Outlook
Fitch	BBB-	Negative Outlook

Any future downgrades to the Company's credit ratings may increase borrowing costs to the Company, while an improvement in the Company's credit ratings may decrease such costs. However, any future downgrades in the Company's credit ratings will not reduce availability under the Company's Credit Agreement.

Working Capital Position

Changes in the Company's working capital are reflected in the following table:

(Dollars in millions)	June 30 2014	December 31 2013	Increase (Decrease)
Current Assets			
Cash and cash equivalents	**$ 77.5**	$ 93.6	$ (16.1)
Trade accounts receivable, net	**384.6**	353.2	31.5
Other receivables	**33.6**	46.5	(12.9)
Inventories	**176.3**	155.7	20.7
Assets held-for-sale	—	114.0	(114.0)
Other current assets	**88.6**	75.8	12.7
Total current assets	**760.6**	838.8	(78.2)
Current Liabilities			
Short-term borrowings and current maturities	**28.9**	27.7	1.2
Accounts payable	**191.2**	181.4	9.8
Accrued compensation	**55.3**	53.1	2.2
Income taxes payable	**7.9**	7.2	0.7
Advances on contracts	**66.0**	24.1	42.0
Liabilities of assets held-for-sale	—	109.2	(109.2)
Due to unconsolidated affiliate	**14.2**	25.0	(10.8)
Unit adjustment liability	**22.3**	22.3	—
Other current liabilities	**169.4**	156.8	12.6
Total current liabilities	**555.2**	606.8	(51.6)
Working Capital	**$ 205.4**	$ 232.0	$ (26.6)
Current Ratio (a)	**1.4**	1.4	

(a) Calculated as Total current assets divided by Total current liabilities.

The net $26.6 million decrease in working capital for the first six months of 2014 is due primarily to the following factors:

- Working capital was negatively affected by an increase in Advances on contracts of $42.0 million due to increased customer advances in the Harsco Rail Segment;
- Working capital was negatively affected by a decrease in Other receivables of $12.9 million due to the final working capital settlement related to the Infrastructure Transaction; and
- Working capital was negatively affected by an increase in Other current liabilities of $12.6 million primarily due to the timing of payment of other accruals.

These working capital decreases were partially offset by the following:

- Working capital was positively affected by an increase in Trade accounts receivable, net of $31.5 million due to the timing of invoicing and collections, primarily in the Harsco Metals & Minerals Segment;
- Working capital was positively affected by an increase in Inventories of $20.7 million due primarily to the long lead times associated with orders in the Harsco Rail Segment and the Hammco acquisition in the Harsco Industrial Segment;
- Working capital was positively affected by an increase in Other current assets of $12.7 million due to timing of disbursements related to prepaid expenses; and

The net impact of the settlement of Assets held-for-sale and Liabilities of assets held-for-sale related to the Infrastructure Transaction did not have a significant impact on the Company's working capital at June 30, 2014.

Certainty of Cash Flows

The certainty of the Company's future cash flows is underpinned by the long-term nature of the Company's metals services contracts, the order backlog for the Company's railway track maintenance services and equipment, and overall discretionary cash flows (operating cash flows plus cash from asset sales in excess of the amounts necessary for capital expenditures to maintain current revenue levels) generated by the Company. Historically, the Company has utilized these discretionary cash flows for growth-related capital expenditures, strategic acquisitions, debt repayment and dividend payments.

The types of products and services that the Company provides are not subject to rapid technological change, which increases the stability of related cash flows. Additionally, the Company believes each business in the balanced portfolio is a leader in the industries and major markets the Company serves. Due to these factors, the Company is confident in the Company's future ability to generate positive cash flows from operations.

Cash Flow Summary
The Company's cash flows from operating, investing and financing activities, as reflected in the Condensed Consolidated Statements of Cash Flows, are summarized in the following table:

	Six Months Ended June 30	
(In millions)	**2014**	**2013**
Net cash provided (used) by:		
Operating activities	**$ 74.4**	$ 56.4
Investing activities	**(98.9)**	(107.7)
Financing activities	**9.5**	49.3
Impact of exchange rate changes on cash	**(1.2)**	(4.1)
Net change in cash and cash equivalents	**$ (16.1)**	$ (6.2)

Cash provided by operating activities — Net cash provided by operating activities in the first six months of 2014 was $74.4 million, an increase of $18.1 million from the first six months of 2013. The increase is primarily attributable to increased customer advances, decreased incentive bonus payments, and timing of accounts receivable collections, partially offset by the net loss in the first half of 2014 compared with net income in the first half of 2013 and the timing of accounts payable disbursements.

Included in the Cash flows from operating activities section of the Condensed Consolidated Statement of Cash Flows is the caption Other, net. For the six months ended June 30, 2014, this caption consisted of principally the impact of non-cash impaired asset write-downs related to the Harsco Metals & Minerals Segment. For the six months ended June 30, 2013, there were no individually significant components of this caption.

Also included in the Cash flows from operating activities section of the Condensed Consolidated Statements of Cash Flows is the caption, Other assets and liabilities. For the six months ended June 30, 2014 and 2013, the decreases in this caption were $29.3 million and $20.0 million, respectively. A summary of the major components of this caption for the periods presented is as follows:

	Six Months Ended June 30	
(In millions)	**2014**	**2013**
Net cash provided (used) by:		
Change in net defined benefit pension liabilities	**$ (17.8)**	$ (12.8)
Change in prepaid expenses	**(12.9)**	(5.4)
Other	**1.4**	(1.8)
Total	**$ (29.3)**	$ (20.0)

Cash used by investing activities — Net cash used in investing activities in the first six months of 2014 was $98.9 million, a decrease of $8.8 million from the first six months of 2013. The net decrease was primarily due to a lower level of capital expenditures, primarily in the Harsco Metals & Minerals Segment and the final working capital adjustment related to the Infrastructure Transaction. Partially offsetting these decreases were the acquisition of Hammco and payment of the unit adjustment liability.

Cash provided by financing activities — Net cash provided by financing activities in the first six months of 2014 was $9.5 million, a decrease of $39.7 million from the first six months of 2013. The change was primarily due to a decrease in year-over-year net cash borrowings.

Debt Covenants
The Company's credit agreement contains covenants that provide for a maximum total consolidated debt to consolidated EBITDA ratio not to exceed 3.5 to 1.0, limit the proportion of subsidiary consolidated indebtedness to a maximum of 10% of consolidated tangible assets and require a minimum total consolidated EBITDA to consolidated interest charges ratio of 3.0 to 1.0. The Company's 5.75% and 2.70% notes include covenants that require the Company to offer to repurchase the notes at 101% of par in the event of a change of control of the Company or disposition of substantially all of the Company's assets in combination with a downgrade in the Company's credit rating to non-investment grade. At June 30, 2014, the Company was in

compliance with these covenants as the total consolidated debt to consolidated EBITDA ratio was 2.7 to 1.0, the proportion of subsidiary consolidated indebtedness to consolidated tangible assets was 2.7% and total consolidated EBITDA to consolidated interest charges was 7.2 to 1.0. Based on balances at June 30, 2014, the Company could increase borrowings by $266.2 million and still be in compliance with these debt covenants. Alternatively, keeping all other factors constant, the Company's EBITDA could decrease by $76.0 million and the Company would still be within these debt covenants. The Company expects to continue to be in compliance with these debt covenants for at least the next twelve months.

Cash and Value-Based Management

The Company has various cash management systems throughout the world that centralize cash in various bank accounts where it is economically justifiable and legally permissible to do so. These centralized cash balances are then redeployed to other operations to reduce short-term borrowings and to finance working capital needs or capital expenditures. Due to the transitory nature of cash balances, they are normally invested in bank deposits that can be withdrawn at will or in very liquid short-term bank time deposits and government obligations. The Company's policy is to use the largest banks in the various countries in which the Company operates. The Company monitors the creditworthiness of banks and when appropriate will adjust banking operations to reduce or eliminate exposure to less credit worthy banks. The Company plans to continue the strategy of targeted, prudent investing for strategic purposes for the foreseeable future and to make more efficient use of existing investments.

At June 30, 2014, the Company's consolidated cash and cash equivalents included approximately $74 million held by non-U.S. subsidiaries. At June 30, 2014, less than 10% of the Company's consolidated cash and cash equivalents had regulatory restrictions that would preclude the transfer of funds with and among subsidiaries. The cash and cash equivalents held by non-U.S. subsidiaries also included approximately $25 million held in consolidated strategic ventures. The strategic venture agreements may require strategic venture partner approval to transfer funds with and among subsidiaries. While the Company's remaining non-U.S. cash and cash equivalents can be transferred with and among subsidiaries, the majority of these non-U.S. cash balances will be used to support the ongoing working capital needs and continued growth of the Company's non-U.S. operations.

The Company currently expects to continue paying dividends to stockholders. In July 2014, the Company declared its 258th consecutive quarterly cash dividend, payable in November 2014.

The Company's financial position and debt capacity should enable it to meet current and future requirements. As additional resources are needed, the Company should be able to obtain funds readily and at competitive costs. The Company intends to continue investing in high-return, organic growth projects and prudent, strategic alliances and ventures; and pay cash dividends as a means of enhancing stockholder value.

Recently Adopted and Recently Issued Accounting Standards

Information on recently adopted and recently issued accounting standards is included in Note 2, Recently Adopted and Recently Issued Accounting Standards, in Part I, Item 1, Financial Statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risks have not changed significantly from those disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

ITEM 4. CONTROLS AND PROCEDURES

Based on the evaluation required by Securities Exchange Act Rules 13a-15(b) and 15d-15(b), the Company’s management, including the Company's Principal Executive Officer and Principal Financial Officer, conducted an evaluation of the effectiveness of disclosure controls and procedures, as defined in Securities Exchange Act Rules 13a-15(e) and 15d-15(e), at June 30, 2014. Based on that evaluation, the Company's Principal Executive Officer and Principal Financial Officer concluded that the disclosure controls and procedures were effective at June 30, 2014. There have been no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting during the second quarter of 2014.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information on legal proceedings is included in Note 10, Commitments and Contingencies, in Part I, Item 1, Financial Statements.

ITEM 1A. RISK FACTORS

The Company's risk factors as of June 30, 2014 have not changed materially from those described in Part 1, Item 1A, “Risk Factors,” of the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

ITEM 6. EXHIBITS

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		HARSCO CORPORATION
		(Registrant)
DATE	August 7, 2014	/s/ CHRISTOPHER J. STUMP
		Christopher J. Stump
		Corporate Controller
		(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
10.1	Specimen Form of Performance Share Units Agreement.
10.2	Specimen Form of Restricted Stock Units Agreement.
10.3	Specimen Form of Stock Appreciation Rights Agreement.
10.4	Notification Letter to F.N. Grasberger dated April 8, 2014.
10.5	Notification Letter to C. Stump dated April 29, 2014.
31	Certification Pursuant to Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer and Principal Financial Officer).
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer and Principal Financial Officer).
101	The following financial statements from Harsco Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2014, filed with the Securities and Exchange Commission on August 7, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) the Condensed Consolidated Statements of Cash Flows; (v) the Condensed Consolidated Statements of Equity; and (vi) the Notes to Condensed Consolidated Financial Statements.

HARSCO CORPORATION

PERFORMANCE SHARE UNITS AGREEMENT
(FORM)

This PERFORMANCE SHARE UNITS AGREEMENT (this "***Agreement***") is made as of _________ ___, 20__, by and between Harsco Corporation, a Delaware corporation, and _________________ (the "***Grantee***").

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Company's 2013 Equity and Incentive Compensation Plan (the "***Plan***").

2. **Grant of PSUs**. Subject to and upon the terms, conditions and restrictions set forth in this Agreement, including any additional terms and conditions for the Grantee's country (Grantees outside the United States only) set forth in the attached Appendix which forms part of this Agreement, and in the Plan, pursuant to authorization under a resolution of the Committee that was duly adopted on _________ ___, 20__, the Company has granted to the Grantee as of _________ ___, 20__ (the "***Date of Grant***"), a target number of __________ performance-based Restricted Stock Units ("***PSUs***").

3. **Restrictions on Transfer of PSUs**. Subject to **Section 15** of the Plan, neither the PSUs granted hereby nor any interest therein or in the Common Stock related thereto shall be transferable prior to payment to the Grantee pursuant to **Section 5** hereof other than by will or pursuant to the laws of descent and distribution.

4. **Vesting of PSUs**.

(a) Subject to the terms and conditions of **Section 4** and **Section 5** hereof and **Exhibit A** hereto, the Grantee's right to receive Common Stock in settlement of the PSUs shall become nonforfeitable with respect to (i) 0% to 200% of the PSUs on the basis of the RTSR achievement during the Performance Period as set forth in the Statement of Management Objectives attached hereto as **Exhibit A** (the "***Earned PSUs***"). The Earned PSUs will be determined on the date following the end of the Performance Period on which the Committee determines the level of attainment of the Management Objectives for the Performance Period, which date must occur within 60 days after the end of the Performance Period (the "***Committee Determination Date***"). Except as otherwise provided herein, the Grantee's right to receive Common Stock in settlement of the PSUs is contingent upon his or her remaining in the continuous employ of the Company or a Subsidiary until the end of the Performance Period.

(b) For purposes of this Agreement:

(i) "continuously employed" (or substantially similar term) means the absence of any interruption or termination of the Grantee's employment with the Company or with a Subsidiary of the Company. Continuous employment shall not be considered interrupted or terminated in the case of sick leave, military leave or any other leave of absence approved by the Company or in the case of transfers between locations of the Company and its Subsidiaries;

(ii) "Management Objectives" means the threshold, target and maximum goals established by the Committee for the Performance Period with respect to RTSR, as described in the Statement of Management Objectives. No adjustment of the Management Objectives shall be permitted in respect of any PSUs granted to the Grantee if at the Date of Grant he or she is a Covered Employee if such adjustment would result in the PSUs failing to qualify as a Qualified Performance-Based Award.

(iii) "Performance Period" means the three-year period commencing January 1, 2014 and ending on December 31, 2016.

(iv) "Relative Total Stockholder Return" or "RTSR" has the meaning as set forth in the Statement of Management Objectives.

(c) Notwithstanding the other provisions of this **Section 4**:

(i) if the Grantee dies or becomes Disabled during any calendar year of the Performance Period while the Grantee is continuously employed by the Company or any of its Subsidiaries (the "***Death/Disability Year***"), provided that the PSUs have not previously been forfeited or become nonforfeitable at such time, then (notwithstanding anything in the Statement of Management Objectives to the contrary): (A) the Performance Period will be deemed to have ended on December 31 of the Death/Disability Year (the "***Death/Disability Measurement Date***"); (B) the PSUs will continue to be eligible to become nonforfeitable (and payable in accordance with **Section 5** hereof) as if the Grantee continued to be employed until the end of the Death/Disability Measurement Date; (C) the Earned PSUs will be determined based on RTSR achievement from the start of the Performance Period through the Death/Disability Measurement Date based on the S&P MidCap 400® Index as constituted on the Death/Disability Measurement Date; (D) the ending stock price for Total Stockholder Return determination purposes will be based on the average closing stock price for the 30 calendar days immediately preceding the January 1st immediately following the Death/Disability Measurement Date on the principal stock exchange on which the stock then trades; and (E) the Earned PSUs will be determined on the date following the Death/Disability Measurement Date on which the Committee determines the level of attainment of the Management Objectives for the shortened Performance Period, which date must occur within 60 days after the Death/Disability Measurement Date.

(ii) if the Grantee retires from the Company prior to the Committee Determination Date (A) at age 62 or older while continuously employed by the Company or any of its subsidiaries or (B) at or after such time as the Grantee's age, (minimum of age 55), plus full years of continuous employment by the Company or any of its Subsidiaries, equals 75, provided that the PSUs have not previously been forfeited or become nonforfeitable at such time, then the PSUs will continue to be eligible to become nonforfeitable in accordance with this **Section 4** (and payable in accordance with **Section 5** hereof) as if the Grantee continued to be employed until the end of the Performance Period.

(d) (i) Notwithstanding **Section 4(a)** or **Section 4(c)** above, if at any time before the Committee Determination Date or forfeiture of the PSUs, and while the Grantee is continuously employed by the Company or a Subsidiary, a Change in Control occurs, provided that the PSUs have not previously been forfeited or become nonforfeitable at such time, then (except to the extent that a Replacement Award is provided to the Grantee in accordance with **Section 4(e)(ii)** to continue, replace or assume the PSUs covered by this Agreement (the "***Replaced Award***")) the PSUs will become nonforfeitable and payable to the Grantee in accordance with **Section 5** hereof as follows (notwithstanding anything in the Statement of Management Objectives to the contrary): (A) the Performance Period will be deemed to have ended on the date of the Change in Control (the "***CIC Measurement Date***"); (B) the Earned PSUs will be determined based on RTSR achievement from the start of the Performance Period through the CIC Measurement Date based on the S&P MidCap 400® Index as constituted on the CIC Measurement Date; (D) the ending stock price for Total Stockholder Return determination purposes will be based on the average closing stock price for the 30 calendar days immediately preceding the CIC Measurement Date on the principal stock exchange on which the stock then trades;
and (E) the Earned PSUs will be determined on the date of the Change in Control.

(ii) For purposes of this Agreement, a "Replacement Award" means an award (A) of the same type (*e.g.*, performance-based restricted stock units) as the Replaced Award, (B) that has a value at least equal to the value of the Replaced Award, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control or is payable solely in cash, (D) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award, and (E) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this **Section 4(e)(ii)** are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(iii) If, upon receiving a Replacement Award, the Grantee's employment with the Company or a Subsidiary (or any of their successors) (as applicable, the "***Successor***") is subsequently terminated by the Grantee for Good Reason or by the Successor without Cause within a period of two years after the Change in Control, 100% of the Replacement Award will become nonforfeitable and payable with respect to the performance-based restricted stock units covered by such Replacement Award.

(iv) A termination by the Grantee for "Good Reason" means Grantee's termination of his or her employment with the Successor as a result of the occurrence of any of the following: (A) a change in the Grantee's principal location of employment that is greater than 50 miles from such location as of the date of this Agreement without the Grantee's consent; provided, however, that the Grantee hereby acknowledges that the Grantee may be required to engage in travel in connection with the performance of the Grantee's duties and that such travel shall not constitute a change in the Grantee's principal location of employment for purposes hereof; (B) a material diminution in the Grantee's base compensation; (C) a change in the Grantee's position with the Successor without the Grantee's consent such that there is a material diminution in the Grantee's authority, duties or responsibilities; or (D) any other action or inaction that constitutes a material breach by the Successor of the agreement, if any, under which the Grantee provides services to the Successor or its subsidiaries. Notwithstanding the foregoing, the Grantee's termination of the Grantee's employment with the Successor as a result of the occurrence of any of the foregoing shall not constitute a termination for "Good Reason" unless (X) the Grantee gives the Successor written notice of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Successor within 30 days of the date on which such written notice is received by the Successor and (Y) the Grantee actually terminates his or her employment with the Successor prior to the 365th day following such occurrence.

(v) A termination by the Successor without "Cause" means the Successor's termination of the Grantee's employment with the Successor under circumstances that do not involve or relate to the occurrence of any of the following: (A) an act or acts of personal dishonesty taken by the Grantee and intended to result in substantial personal enrichment of the Grantee at the expense of the Company; (B) repeated failure by the Grantee to devote reasonable attention and time during normal business hours to the business and affairs of the Company or to use the Grantee's reasonable best efforts to perform faithfully and efficiently the responsibilities assigned to the Grantee (provided that such failure is demonstrated to be willful and deliberate on the Grantee's part and is not remedied in a reasonable period of time after receipt of written notice from the Company); or (C) the conviction of the Grantee of a felony.

(e) The PSUs shall be forfeited to the extent they fail to become nonforfeitable as of the Committee Determination Date and, except as otherwise provided in this **Section 4**, if the Grantee ceases to be employed by the Company or a Subsidiary at any time prior to such PSUs becoming nonforfeitable, or to the extent they are forfeited under **Section 16** hereof.

5. **Form and Time of Payment of Earned PSUs**.

(a) Payment for the PSUs, after and to the extent they have become nonforfeitable, shall be made in the form of shares of Common Stock. Payment shall be made within 70 days following the date that the PSUs become nonforfeitable pursuant to **Section 4** hereof.

(b) Except to the extent provided by Section 409A of the Code and permitted by the Committee, no Common Stock may be issued to the Grantee at a time earlier than otherwise expressly provided in this Agreement.

(c) The Company's obligations to the Grantee with respect to the PSUs will be satisfied in full upon the issuance of Common Stock corresponding to such PSUs.

6. **Dividend Equivalents, Voting, and Other Rights**.

(a) The Grantee shall have no rights of ownership in the Common Stock underlying the PSUs and no right to vote the Common Stock underlying the PSUs until the date on which the shares of Common Stock underlying the PSUs are issued or transferred to the Grantee pursuant to **Section 5** above.

(b) From and after the Date of Grant and until the earlier of (i) the time when the PSUs become nonforfeitable and are paid in accordance with **Section 5** hereof or (ii) the time when the Grantee's right to receive Common Stock in payment of the PSUs is forfeited in accordance with **Section 4** hereof, on the date that the Company pays a cash dividend (if any) to holders of Common Stock generally, the Grantee shall become entitled to receive (subject to the following sentence) a number of additional whole PSUs determined by dividing (x) the product of (1) the dollar amount of the cash dividend paid per share of Common Stock on such date and (2) the total number of PSUs (including dividend equivalents) previously credited to the Grantee as of such date, by (y) the Market Value per Share on such date. Such dividend equivalents (if any) shall be subject to the same terms and conditions and shall be paid or forfeited in the same manner and at the same time as the PSUs to which the dividend equivalents were credited.

(c) The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver shares of Common Stock in the future, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. **Adjustments**. The PSUs are subject to adjustment as provided in Section 11 of the Plan.

8. **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with the delivery to the Grantee of Common Stock or any other payment to the Grantee or any other payment or vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Common Stock to be delivered to the Grantee or by delivering to the Company other shares of Common Stock held by the Grantee. If such election is made, the shares so retained shall be credited against such withholding requirement at the Market Value per Share of such Common Stock on the date of such delivery. In no event will the market value of the Common Stock to be withheld and/or delivered pursuant to this **Section 8** to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld.

9. **Compliance With Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

10. **Compliance With Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee).

11. **Interpretation**. Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. Except as expressly provided in this Agreement, capitalized terms used herein will have the meaning ascribed to such terms in the Plan.

12. **No Employment Rights**. The grant of the PSUs under this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the PSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing contained in this Agreement shall confer upon the Grantee any right to be employed or remain employed by the Company or any of its Subsidiaries, nor limit or affect in any manner the right of the Company or any of its Subsidiaries to terminate the employment or adjust the compensation of the Grantee.

13. **Relation to Other Benefits**. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or any of its Subsidiaries and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

14. **Amendments**. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee's written consent, and (b) the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code.

15. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement. In addition, the PSUs shall be subject to the terms and conditions of the Company's clawback policy in effect on the Date of Grant as if such PSUs were "Incentive-Based Compensation" (as such term is defined in such clawback policy).

17. **<u>Successors and Assigns</u>**. Without limiting **<u>Section 3</u>** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

18. **<u>Acknowledgement</u>**. The Grantee acknowledges that the Grantee (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

19. **<u>Counterparts</u>**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Grantee has executed this Agreement, effective as of the day and year first above written.

HARSCO CORPORATION

By: ______________________
Name:
Title:

The undersigned hereby acknowledges receipt of an executed version of this Agreement and accepts the award of PSUs granted hereunder on the terms and conditions set forth herein and in the Plan.

GRANTEE

By: ______________________

Name:

EXHIBIT A

Statement of Management Objectives

This Statement of Management Objectives applies to the performance-based Restricted Stock Units granted to the Grantee on the Date of Grant and applies with respect to the Performance Share Units Agreement between the Company and the Grantee (the "***Agreement***"). Capitalized terms used in the Agreement that are not specifically defined in this Statement of Management Objectives have the meanings assigned to them in the Agreement or in the Plan, as applicable.

Section 1. Definitions. For purposes hereof:

- "***Peer Group***" means S&P MidCap 400® Index (as constituted on December 31, 2016).

- "***Relative Total Stockholder Return***" or "***RTSR***" means the percentile rank of the Company's Total Stockholder Return among the Total Stockholder Returns of all members of the Peer Group, ranked in descending order, at the end of the Performance Period.

- "***Total Stockholder Return***" means, with respect to the Common Stock and the common stock of each of the members of the Peer Group, a rate of return reflecting stock price appreciation, plus the reinvestment of dividends in additional shares of stock on the ex-dividend date, from the beginning of the Performance Period through the end of the Performance Period. For purposes of calculating Total Stockholder Return for each of the Company and the members of the Peer Group, the beginning stock price will be based on the average closing stock price for the 30 calendar days immediately preceding January 1, 2014 on the principal stock exchange on which the stock then traded and the ending stock price will be based on the average closing stock price for the 30 calendar days immediately preceding January 1, 2017 on the principal stock exchange on which the stock then trades.

Section 2. Performance Matrix.

From 0% to 200% of the PSUs will be earned based on achievement of the Management Objectives measured by RTSR during the Performance Period as follows:

Performance Level	Relative Total Stockholder Return	PSUs Earned
Below Threshold	Ranked below 25^{th} percentile	0%
Threshold	Ranked at 25^{th} percentile	25%
Target	Ranked at 50^{th} percentile	100%
Maximum	Ranked at or above 75^{th} percentile	200%

Notwithstanding anything in this Statement of Management Objectives or the Agreement to the contrary, no PSUs will be earned by the Grantee if Total Stockholder Return for the Company for the Performance Period is negative.

Section 3. Number of PSUs Earned. Following the Performance Period, on the Committee Determination Date, the Committee shall determine whether and to what extent the goals relating to the Management Objectives have been satisfied for the Performance Period and shall determine the number of PSUs that shall become nonforfeitable hereunder and under the Agreement on the basis of the following:

- Below Threshold. If, upon the conclusion of the Performance Period, RTSR for the Performance Period falls below the threshold level, as set forth in the Performance Matrix, no PSUs shall become nonforfeitable.

- Threshold. If, upon the conclusion of the Performance Period, RTSR for the Performance Period equals the threshold level, as set forth in the Performance Matrix, 25% of the PSUs (rounded down to the nearest whole number of PSUs) shall become nonforfeitable.

- Between Threshold and Target. If, upon the conclusion of the Performance Period, RTSR for the Performance Period exceeds the threshold level, but is less than the target level, as set forth in the Performance Matrix, a percentage between 25% and 100% (determined on the basis of straight-line mathematical interpolation) of the PSUs (rounded down to the nearest whole number of PSUs) shall become nonforfeitable.

- Target. If, upon the conclusion of the Performance Period, RTSR for the Performance Period equals the target level, as set forth in the Performance Matrix, 100% of the PSUs shall become nonforfeitable.

- Between Target and Maximum. If, upon the conclusion of the Performance Period, RTSR for the Performance Period exceeds the target level, but is less than the maximum level, as set forth in the Performance Matrix, a percentage between 100% and 200% (determined on the basis of straight-line mathematical interpolation) of the PSUs (rounded down to the nearest whole number of PSUs) shall become nonforfeitable.

- Equals or Exceeds Maximum. If, upon the conclusion of the Performance Period, RTSR for the Performance Period equals or exceeds the maximum level, as set forth in the Performance Matrix, 200% of the PSUs shall become nonforfeitable.

Before all or any portion of any Qualified Performance-Based Award of PSUs shall become nonforfeitable or paid in accordance with this Statement of Management Objectives or the Agreement, the Committee shall determine in writing that the Management Objectives have been satisfied.

HARSCO CORPORATION

RESTRICTED STOCK UNITS AGREEMENT
(FORM)

This RESTRICTED STOCK UNITS AGREEMENT (this "***Agreement***") is made as of _________ ___, 20__, by and between Harsco Corporation, a Delaware corporation, and _________________ (the "***Grantee***").

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Company's 2013 Equity and Incentive Compensation Plan (the "***Plan***").

2. **Grant of RSUs**. Subject to and upon the terms, conditions and restrictions set forth in this Agreement, including any additional terms and conditions for the Grantee's country (Grantees outside the United States only) set forth in the attached Appendix which forms part of this Agreement, and in the Plan, pursuant to authorization under a resolution of the Committee that was duly adopted on _________ ___, 20__, the Company has granted to the Grantee as of _________ ___, 20__ (the "***Date of Grant***"), __________ Restricted Stock Units ("***RSUs***"). Each RSU shall represent the right of the Grantee to receive one share of Common Stock subject to and upon the terms and conditions of this Agreement.

3. **Restrictions on Transfer of RSUs**. Subject to **Section 15** of the Plan, neither the RSUs granted hereby nor any interest therein or in the Common Stock related thereto shall be transferable prior to payment to the Grantee pursuant to **Section 5** hereof other than by will or pursuant to the laws of descent and distribution.

4. **Vesting of RSUs**.

(a) The RSUs covered by this Agreement shall become nonforfeitable and payable to the Grantee pursuant to **Section 5** hereof on the third anniversary of the Date of Grant (the "***Vesting Date***"), conditioned upon the Grantee's continuous employment with the Company or a Subsidiary through the Vesting Date. Any RSUs that do not so become nonforfeitable will be forfeited, including, except as provided in **Section 4(b)** or **Section 4(d)** below, if the Grantee ceases to be continuously employed by the Company or a Subsidiary prior to the Vesting Date. For purposes of this Agreement, "continuously employed" (or substantially similar term) means the absence of any interruption or termination of the Grantee's employment with the Company or with a Subsidiary of the Company. Continuous employment shall not be considered interrupted or terminated in the case of sick leave, military leave or any other leave of absence approved by the Company or in the case of transfers between locations of the Company and its Subsidiaries.

(b) Notwithstanding **Section 4(a)** above, all of the RSUs shall become nonforfeitable and payable to the Grantee pursuant to **Section 5** hereof upon the occurrence of any of the following events (each, a "***Vesting Event***") at a time when the RSUs have not been forfeited (to the extent the RSUs have not previously become nonforfeitable):

(i) the Grantee's death or becoming Disabled while the Grantee is continuously employed by the Company or any of its Subsidiaries; or

(ii) the Grantee's retirement (A) at age 62 or older while continuously employed by the Company or any of its Subsidiaries; or (B) at or after such time as the Grantee's age (minimum of age 55), plus full years of continuous employment by the Company or any of its Subsidiaries, equals 75.

(c) For purposes of this **Section 4**, the Grantee shall be considered "Disabled" if the Grantee is: (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.

(d) (i) Notwithstanding **Section 4(a)** above, if at any time before the Vesting Date or forfeiture of the RSUs, and while the Grantee is continuously employed by the Company or a Subsidiary, a Change in Control occurs, then the RSUs will become nonforfeitable and payable to the Grantee in accordance with **Section 5** hereof, except to the extent that a Replacement Award is provided to the Grantee in accordance with **Section 4(d)(ii)** to continue, replace or assume the RSUs covered by this Agreement (the "***Replaced Award***").

(ii) For purposes of this Agreement, a "Replacement Award" means an award (A) of the same type (*e.g.*, time-based restricted stock units) as the Replaced Award, (B) that has a value at least equal to the value of the Replaced Award, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control or is payable solely in cash, (D) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award, and (E) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this **Section 4(d)(ii)** are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(iii) If, upon receiving a Replacement Award, the Grantee's employment with the Company or a Subsidiary (or any of their successors) (as applicable, the "***Successor***") is subsequently terminated by the Grantee for Good Reason or by the Successor without Cause within a period of two years after the Change in Control, 100% of the Replacement Award will become nonforfeitable and payable with respect to the time-based restricted stock units covered by such Replacement Award.

(iv) A termination by the Grantee for "Good Reason" means Grantee's termination of his or her employment with the Successor as a result of the occurrence of any of the following: (A) a change in the Grantee's principal location of employment that is greater than 50 miles from such location as of the date of this Agreement without the Grantee's consent; provided, however, that the Grantee hereby acknowledges that the Grantee may be required to engage in travel in connection with the performance of the Grantee's duties and that such travel shall not constitute a change in the Grantee's principal location of employment for purposes hereof; (B) a material diminution in the Grantee's base compensation; (C) a change in the Grantee's position with the Successor without the Grantee's consent such that there is a material diminution in the Grantee's authority, duties or responsibilities; or (D) any other action or inaction that constitutes a material breach by the Successor of the agreement, if any, under which the Grantee provides services to the Successor or its subsidiaries. Notwithstanding the foregoing, the Grantee's termination of the Grantee's employment with the Successor as a result of the occurrence of any of the foregoing shall not constitute a termination for "Good Reason" unless (X) the Grantee gives the Successor written notice of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Successor within 30 days of the date on which such written notice is received by the Successor and (Y) the Grantee actually terminates his or her employment with the Successor prior to the 365th day following such occurrence.

(v) A termination by the Successor without "Cause" means the Successor's termination of the Grantee's employment with the Successor under circumstances that do not involve or relate to the occurrence of any of the following: (A) an act or acts of personal dishonesty taken by the Grantee and intended to result in substantial personal enrichment of the Grantee at the expense of the Company; (B) repeated failure by the Grantee to devote reasonable attention and time during normal business hours to the business and affairs of the Company or to use the Grantee's reasonable best efforts to perform faithfully and efficiently the responsibilities assigned to the Grantee (provided that such failure is demonstrated to be willful and deliberate on the Grantee's part and is not remedied in a reasonable period of time after receipt of written notice from the Company); or (C) the conviction of the Grantee of a felony.

5. **<u>Form and Time of Payment of RSUs</u>**.

(a) Payment for the RSUs, after and to the extent they have become nonforfeitable, shall be made in the form of shares of Common Stock. Except as provided in **<u>Section 5(b)</u>** or **<u>5(c)</u>**, payment shall be made within 10 days following the date that the RSUs become nonforfeitable pursuant to **<u>Section 4</u>** hereof.

(b) If the RSUs become nonforfeitable (i) by reason of the occurrence of a Change in Control as described in **<u>Section 4(d)</u>**, and if the Change in Control does not constitute a "change in control" for purposes of Section 409A(a)(2)(A)(v) of the Code, or (ii) by reason of a termination of the Grantee's employment by reason of retirement, and if such termination does not constitute a "separation from service" for purposes of Section 409A(a)(2)(A)(i) of the Code, then payment for the RSUs will be made upon the earliest of (v) the Grantee's "separation from service" with the Company and its Subsidiaries (determined in accordance with Section 409A(a)(2)(A)(i) of the Code), (w) the Vesting Date, (x) the Grantee's death, (y) the occurrence of a Change in Control that constitutes a "change in control" for purposes of Section 409A(a)(2)(A)(v) of the Code, or (z) the Grantee's becoming Disabled.

(c) If the RSUs become payable on the Grantee's "separation from service" with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code (including by reason of the Grantee's retirement as described in **Section 4(b)(ii)**, due to the termination of the Grantee's employment under the conditions specified in **Section 4(d)(iii)** of this Agreement or by reason of **Section 5(b)**) and the Grantee is a "specified employee" as determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code, then payment for the RSUs shall be made on the earlier of the first day of the seventh month after the date of the Grantee's "separation from service" with the Company and its Subsidiaries within the meaning of Section 409A(a)(2)(A)(i) of the Code or the Grantee's death.

(d) Except to the extent provided by Section 409A of the Code and permitted by the Committee, no Common Stock may be issued to the Grantee at a time earlier than otherwise expressly provided in this Agreement.

(e) The Company's obligations to the Grantee with respect to the RSUs will be satisfied in full upon the issuance of Common Stock corresponding to such RSUs.

6. **Dividend Equivalents; Voting, and Other Rights**.

(a) The Grantee shall have no rights of ownership in the Common Stock underlying the RSUs and no right to vote the Common Stock underlying the RSUs until the date on which the shares of Common Stock underlying the RSUs are issued or transferred to the Grantee pursuant to **Section 5** above.

(b) From and after the Date of Grant and until the earlier of (i) the time when the RSUs become nonforfeitable and are paid in accordance with **Section 5** hereof or (ii) the time when the Grantee's right to receive Common Stock in payment of the RSUs is forfeited in accordance with **Section 4** hereof, on the date that the Company pays a cash dividend (if any) to holders of Common Stock generally, the Grantee shall be entitled to a current cash payment equal to the value of the product of (x) the dollar amount of the cash dividend paid per share of Common Stock on such date and (y) the total number of RSUs covered by this Agreement. Such dividend equivalents (if any) shall be paid in cash during the vesting period for the RSUs.

(c) The obligations of the Company under this Agreement will be merely that of an unfunded and unsecured promise of the Company to deliver shares of Common Stock in the future, and the rights of the Grantee will be no greater than that of an unsecured general creditor. No assets of the Company will be held or set aside as security for the obligations of the Company under this Agreement.

7. **Adjustments**. The number of shares of Common Stock issuable for each RSU is subject to adjustment as provided in Section 11 of the Plan.

8. **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with the delivery to the Grantee of Common Stock or any other payment to the Grantee or any other payment or vesting event under this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the obligation of the Company to make any such delivery or payment that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Common Stock to be delivered to the Grantee or by delivering to the Company other shares of Common Stock held by the Grantee. If such election is made, the shares so retained shall be credited against such withholding requirement at the Market Value per Share of such Common Stock on the date of such delivery. In no event will the market value of the Common Stock to be withheld and/or delivered pursuant to this **Section 8** to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld.

9. **Compliance With Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Plan and this Agreement, the Company shall not be obligated to issue any Common Stock pursuant to this Agreement if the issuance thereof would result in a violation of any such law.

10. **Compliance With Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee).

11. **Interpretation**. Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service. Except as expressly provided in this Agreement, capitalized terms used herein will have the meaning ascribed to such terms in the Plan.

12. **No Employment Rights**. The grant of the RSUs under this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the RSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing contained in this Agreement shall confer upon the Grantee any right to be employed or remain employed by the Company or any of its Subsidiaries, nor limit or affect in any manner the right of the Company or any of its Subsidiaries to terminate the employment or adjust the compensation of the Grantee.

13. **Relation to Other Benefits**. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or any of its Subsidiaries and shall not affect the amount of any life insurance coverage

available to any beneficiary under any life insurance plan covering employees of the Company or any of its Subsidiaries.

14. **Amendments**. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee's written consent, and (b) the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code.

15. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement. In addition, the RSUs shall be subject to the terms and conditions of the Company's clawback policy in effect on the Date of Grant as if such RSUs were "Incentive-Based Compensation" (as such term is defined in such clawback policy).

17. **Successors and Assigns**. Without limiting **Section 3** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

18. **Acknowledgement**. The Grantee acknowledges that the Grantee (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

19. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Grantee has executed this Agreement, effective as of the day and year first above written.

HARSCO CORPORATION

By: ______________________
Name:
Title:

The undersigned hereby acknowledges receipt of an executed version of this Agreement and accepts the award of RSUs granted hereunder on the terms and conditions set forth herein and in the Plan.

GRANTEE

By: ______________________

Name:

HARSCO CORPORATION

STOCK APPRECIATION RIGHTS AGREEMENT

(FORM)

This STOCK APPRECIATION RIGHTS AGREEMENT (this "***Agreement***") is made as of _________ ___, 20__, by and between Harsco Corporation, a Delaware corporation and _________________ (the "***Grantee***").

1. **Certain Definitions**. Capitalized terms used, but not otherwise defined, in this Agreement will have the meanings given to such terms in the Company's 2013 Equity and Incentive Compensation Plan (the "***Plan***"). In addition, for purposes of this Agreement, "Base Price" means $__________, which was the Market Value per Share of the Common Stock on _________ ___, 20__ (the "***Date of Grant***").

2. **Grant of SARs**. Subject to and upon the terms, conditions and restrictions set forth in this Agreement, including any additional terms and conditions for the Grantee's country (Grantees outside the United States only) set forth in the attached Appendix which forms part of this Agreement, and in the Plan, pursuant to authorization under a resolution of the Committee that was duly adopted on _________ ___, 20__, the Company has granted to the Grantee as of the Date of Grant, __________ Free-Standing Appreciation Rights ("***SARs***"). The SARs represent the right of the Grantee to receive shares of Common Stock in an amount equal to 100% of the Spread on the date on which the SARs are exercised.

3. **Vesting of SARs**.

(a) Subject to the terms and conditions of this Agreement and the Plan, the SARs covered by this Agreement shall become exercisable as described in this Section. One-third of the SARs shall become exercisable on the first anniversary of the Date of Grant if the Grantee remains in the continuous employ of the Company or one of its Subsidiaries from the Date of Grant through such first anniversary. An additional one-third of the SARs shall become exercisable on each subsequent anniversary of the Date of Grant, through the third anniversary of the Date of Grant, when 100% of the SARs shall have become exercisable, if the Grantee remains in the continuous employ of the Company or one of its Subsidiaries from the Date of Grant through each such anniversary. For purposes of this Agreement, "continuous employ" (or substantially similar term) means the absence of any interruption or termination of the Grantee's employment with the Company or with a Subsidiary of the Company. Continuous employment shall not be considered interrupted or terminated in the case of sick leave, military leave or any other leave of absence approved by the Company or in the case of transfers between locations of the Company and its Subsidiaries.

(b) Notwithstanding **Section 3(a)** above, the SARs granted hereby shall become immediately exercisable in full if at any time during the continuous employment of the Grantee with the Company or a Subsidiary of the Company and prior to the termination of the SARs any of the following events occur:

(i) the Grantee's death or becoming Disabled while the Grantee is continuously employed by the Company or any of its Subsidiaries; or

(ii) the Grantee's retirement (A) at age 62 or older while continuously employed by the Company or any of its Subsidiaries; or (B) at or after such time as the Grantee's age (minimum of age 55), plus full years of continuous employment by the Company or any of its Subsidiaries, equals 75.

(c) For purposes of this **Section 3**, the Grantee shall be considered "Disabled" if the Grantee is: (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, or (ii) by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company.

(d) (i) Notwithstanding **Section 3(a)** above, if at any time before the third anniversary of the Date of Grant or the termination of the SARs, and while the Grantee is continuously employed by the Company or a Subsidiary, a Change in Control occurs, then the SARs will become fully exercisable, except to the extent that a Replacement Award is provided to the Grantee in accordance with **Section 3(d)(ii)** to continue, replace or assume the SARs covered by this Agreement (the "***Replaced Award***").

(ii) For purposes of this Agreement, a "Replacement Award" means an award (A) of the same type (*e.g.*, time-based stock appreciation rights) as the Replaced Award, (B) that has a value at least equal to the value of the Replaced Award, (C) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control or is payable solely in cash, (D) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are not less favorable to such Grantee than the tax consequences of the Replaced Award, and (E) the other terms and conditions of which are not less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this **Section 3(d)(ii)** are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(iii) If, upon receiving a Replacement Award, the Grantee's employment with the Company or a Subsidiary (or any of their successors) (as applicable, the "***Successor***") is subsequently terminated by the Grantee for Good Reason or by the Successor without Cause within a period of two years after the Change in Control, 100% of the Replacement Award will become exercisable with respect to the time-based stock appreciation rights covered by such Replacement Award.

(iv) A termination by the Grantee for "Good Reason" means Grantee's termination of his or her employment with the Successor as a result of the occurrence of any of the following: (A) a change in the Grantee's principal location of employment that is greater than 50 miles from such location as of the date of this Agreement without the Grantee's consent; provided, however, that the Grantee hereby acknowledges that the Grantee may be required to engage in travel in connection with the performance of the Grantee's duties and that such travel shall not constitute a change in the Grantee's principal location of employment for purposes hereof; (B) a material diminution in the Grantee's base compensation; (C) a change in the Grantee's position with the Successor without the Grantee's consent such that there is a material diminution in the Grantee's authority, duties or responsibilities; or (D) any other action or inaction that constitutes a material breach by the Successor of the agreement, if any, under which the Grantee provides services to the Successor or its subsidiaries. Notwithstanding the foregoing, the Grantee's termination of the Grantee's employment with the Successor as a result of the occurrence of any of the foregoing shall not constitute a termination for "Good Reason" unless (X) the Grantee gives the Successor written notice of such occurrence within 90 days of such occurrence and such occurrence is not cured by the Successor within 30 days of the date on which such written notice is received by the Successor and (Y) the Grantee actually terminates his or her employment with the Successor prior to the 365th day following such occurrence.

(v) A termination by the Successor without "Cause" means the Successor's termination of the Grantee's employment with the Successor under circumstances that do not involve or relate to the occurrence of any of the following: (A) an act or acts of personal dishonesty taken by the Grantee and intended to result in substantial personal enrichment of the Grantee at the expense of the Company; (B) repeated failure by the Grantee to devote reasonable attention and time during normal business hours to the business and affairs of the Company or to use the Grantee's reasonable best efforts to perform faithfully and efficiently the responsibilities assigned to the Grantee (provided that such failure is demonstrated to be willful and deliberate on the Grantee's part and is not remedied in a reasonable period of time after receipt of written notice from the Company); or (C) the conviction of the Grantee of a felony.

4. **Exercise of SARs**.

(a) To the extent exercisable as provided in **Section 3** of this Agreement, the SARs may be exercised in whole or in part by delivery to the Company of a notice in form and substance satisfactory to the Company specifying the number of SARs to be exercised and the date of exercise.

(b) Upon exercise, the Company will issue to the Grantee, with respect to the number of SARs that are exercised, the number of shares of Common Stock that equals the Market Value per Share of Common Stock on the date of exercise divided into the Spread, rounded down to the nearest whole share.

5. **Termination of SARs**. Both exercisable and nonexercisable SARs shall terminate, as provided below, after the end of the earliest to occur of the following periods:

(a) 90 days after the Grantee ceases to be an employee of the Company or a Subsidiary, unless the Grantee ceases to be such employee in a manner described in clause (b), (c), (d) or (e) of this Section;

(b) One year after the Grantee's becoming Disabled, if the Grantee becomes Disabled while continuously employed by the Company or a Subsidiary;

(c) One year after the death of the Grantee, if the Grantee dies while continuously employed by the Company or a Subsidiary or within the period specified in clause (b) above or clause (d) below if applicable to the Grantee;

(d) One year after the Grantee retires from continuous employment with the Company or a Subsidiary if (i) the Grantee is at the time of such retirement at least age 62, or (ii) when the Grantee retires, the Grantee's age, plus full years of continuous employment by the Company or any of its Subsidiaries, equals 75;

(e) One year after the Grantee ceases to be an employee of the Successor under the conditions specified in **Section 3(d)** of this Agreement; and

(f) Ten years from the Date of Grant.

6. **Transferability**. Subject to **Section 15** of the Plan, no SAR or any interest therein shall be transferable prior to exercise pursuant to **Section 4** hereof other than by will or pursuant to the laws of descent and distribution and may be exercised during the Grantee's lifetime only by the Grantee or, in the event of the Grantee's legal incapacity to do so, by the Grantee's guardian or legal representative acting on behalf of the Grantee in a fiduciary capacity under state law or court supervision.

7. **Compliance with Law**. The SARs shall not be exercisable if such exercise would involve a violation of any applicable federal or state securities law, and the Company hereby agrees to make reasonable efforts to comply with any applicable federal and state securities laws.

8. **Adjustments**. The SARs shall be subject to adjustment in accordance with Section 11 of the Plan.

9. **Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with the exercise of the SARs, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to such exercise that the Grantee make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. The Grantee may elect that all or any part of such withholding requirement be satisfied by retention by the Company of a portion of the Common Stock to be delivered to the Grantee or by delivering to the Company other shares of Common Stock held by the Grantee. If such election is made, the shares so retained shall be credited against such withholding requirement at the Market Value per Share of such Common Stock on the date of such exercise. In no event shall the market value of the Common Stock to be withheld and/or delivered pursuant to this **Section 9** to satisfy applicable withholding taxes exceed the minimum amount of taxes required to be withheld.

10. **No Employment Rights**. The grant of the SARs under this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the SARs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. Nothing in this Agreement will give the Grantee any right to continue employment with the Company or any Subsidiary, as the case may be, or interfere in any way with the right of the Company or a Subsidiary to terminate the employment of the Grantee at any time.

11. **Relation to Other Benefits**. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

12. **Amendments**. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect the rights of the Grantee under this Agreement without the Grantee's written consent, and (b) the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code

13. **Severability**. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

14. **Relation to Plan**. This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this Agreement. In addition, the SARs shall be subject to the terms and conditions of the Company's clawback policy in effect on the Date of Grant as if such SARs were "Incentive-Based Compensation" (as such term is defined in such clawback policy).

15. **Successors and Assigns**. Without limiting **Section 6** hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

16. **Acknowledgement**. The Grantee acknowledges that the Grantee (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

17. **Counterparts**. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same Agreement.

[signature page follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer and the Grantee has executed this Agreement, effective as of the day and year first above written.

HARSCO CORPORATION

By: ______________________
Name:
Title:

The undersigned hereby acknowledges receipt of an executed version of this Agreement and accepts the award of SARs granted hereunder on the terms and conditions set forth herein and in the Plan.

GRANTEE

By: ______________________

Name:

Exhibit 10.4

Harsco Corporation
350 Poplar Church Road
Camp Hill, PA 17011 USA
Phone: 717.763.7064
Fax: 717.763.6424
Web: www.harsco.com

April 8, 2014

F. Nicholas Grasberger
180 Eshelman Road
Lancaster, PA 17601

Dear Nick:

On behalf of Harsco Corporation, I wish to confirm your appointment to President and Chief Operating Officer effective today. Your base annual salary will be increased to $625,000 (Six Hundred Twenty-Five Thousand Dollars and No Cents).

You will continue to be eligible for supplemental compensation annually as a participant in the Company's Annual Incentive Plan. Based on the achievement of Harsco's overall objectives the target award available to you will be 100% of your base earnings for the Plan Year and the maximum will be 200%. Any award for the 2014 Plan Year will be prorated to reflect the targets based on your prior role of Chief Financial Officer and your new role. Plan design and payout criteria in this reward program are reviewed periodically, are subject to change and are at the sole discretion of the Harsco Board of Directors.

You will also continue to be eligible to participate in the Harsco Long-Term Incentive (LTIP) Plan. Your annual target level has now increased to 175% of your base salary. The current LTIP provides a combination of restricted stock units (RSUs), stock appreciation rights (SARs) and performance share units (PSUs) to eligible participants. Participation is subject to the terms of the LTIP. Effective April 7, 2014, you will receive a grant of 15,700 RSUs, 51,700 SARs and 15,700 PSUs, subject to all terms of the LTIP. LTIP plan design, equity agreements, share ownership requirements, participation and any grants in this reward program are reviewed annually, are subject to change and are at the sole discretion of the Harsco Board of Directors.

You will continue to be bound by the Harsco Confidentiality and Non-Competition Agreement that you previously signed.

While we hope our relationship will be mutually beneficial, it needs to be emphasized that our relationship (as with all of our employees) is "at-will", that is, you or the Company can end the relationship for any reason and at any time, with or without cause or advance notice.

Sincerely,

/s/ David Everitt
David Everitt
Interim President and CEO

/s/ F. Nicholas Grasberger 04/15/14
Accepted Date

Harsco Corporation
350 Poplar Church Road
Camp Hill, PA 17011 USA
Phone: 717.763.7064
Fax: 717.763.6424
Web: www.harsco.com

April 28, 2014
Revised April 29, 2014

Christopher J. Stump
163 Hamilton Road
Lancaster, PA 17603

Dear Chris:

On behalf of Harsco Corporation, I wish to confirm our verbal offer of employment for the position of VP and Corporate Controller at an annual salary of $300,000 (Three Hundred Thousand Dollars). You can expect to receive your annual performance review in December 2014. In addition, we are extending a one-time sign on bonus of $65,000.00 (Sixty-Five Thousand Dollars) subject to applicable taxes and repayment on a pro-rated basis if you voluntarily terminate your employment or are terminated for cause within 18 months of your start date. This sign on bonus will be paid within 30 days of your start date.

Effective in the 2014 plan year, you will be eligible for supplemental compensation annually as a participant in the Company's Annual Incentive Plan. Based on the achievement of Harsco's overall objectives the target award available to you will be 40% of your base earnings for the Plan Year and the maximum will be 80%. Any award for the 2014 Plan Year will be prorated to reflect your actual months of service during the current year. Plan design and payout criteria in this reward program are reviewed periodically, are subject to change and are at the sole discretion of the Harsco Board of Directors.

Beginning with the 2014 Plan year, you will be eligible to participate in the Harsco Long-Term Incentive (LTIP) Plan at an annual target level of 48% of your base salary. You will be eligible to participate in the cycle starting in 2014. The current Plan provides a combination of restricted stock units (RSUs), stock appreciation rights (SARs) and performance share units (PSUs) to eligible participants. Participation is subject to the terms of the Plan. Plan design, share ownership requirements, participation and any grants in this reward program are reviewed annually, are subject to change and are at the sole discretion of the Harsco Board of Directors. Your inclusion in the list of Plan participants reflects the value we place on your role within the global Harsco team.

In this position you will report directly to me in the interim until Harsco names a Chief Financial Officer, and will be responsible for the range of duties as discussed in your interviews. Of course, other duties and responsibilities may be assigned, as Harsco's business needs and your demonstrated abilities may permit.

Due to the circumstances surrounding recent leadership changes at Harsco, your offer includes a guarantee of severance equal to a minimum of six months (6) of your annual base salary, in the unlikely event of your termination by Harsco for any reason other than cause. This guarantee will expire one year (1) after the start date of the Harsco Chief Financial Officer (expected to be named summer 2014), at which time you will be subject to the then prevailing Harsco severance policy.

You will be eligible for benefits described on the included attachment. Details of the benefits will be provided at orientation. On the specific subject of vacation, you will be granted 20 days pro-rated for 2014 and will remain at that level until reaching the next threshold in the vacation schedule. You will also receive 2 personal days for the remainder of 2014 and will follow Harsco's Holiday Schedule going forward.

Please be aware that, since your position will involve significant access to Harsco confidential information and/or valuable business relationships, you will be required to sign the Harsco Confidentiality and Non-Competition Agreement as a condition of our employment offer.

This offer is also contingent upon successful completion of a background check and drug screen, which must be accomplished prior to starting employment. We will be in contact with you to make arrangements to have the drug screen completed at a convenient facility.

Exhibit 10.5

While we hope our relationship will be mutually beneficial, it needs to be emphasized that our relationship (as with all of our employees) is “at-will”, that is, you or the Company can end the relationship for any reason and at any time, with or without cause or advance notice.

We look forward to your formal acceptance of our offer so that you may begin your employment with us on a mutually agreed upon date. Please note your acceptance by signing and returning the enclosed copy of this letter. Should you have any questions, please contact Kara Eppley, HR Business Partner - Corporate Services, at (717) 612-5632.

Sincerely,

/s/ F. Nicholas Grasberger /s/ Christopher J. Stump 4/30/2014
F. Nicholas Grasberger Accepted Date
President & Chief Operating Officer

Exhibit 31

HARSCO CORPORATION
CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, F. Nicholas Grasberger, III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Harsco Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 7, 2014

/s/ F. NICHOLAS GRASBERGER, III

F. Nicholas Grasberger, III

President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32

HARSCO CORPORATION
CERTIFICATIONS PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Harsco Corporation (the "Company") on Form 10-Q for the period ending June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 7, 2014

/s/ F. NICHOLAS GRASBERGER, III

F. Nicholas Grasberger, III President and Chief Executive Officer
(Principal Executive Officer and Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Harsco Corporation and will be retained by Harsco Corporation and furnished to the Securities and Exchange Commission or its staff upon request.