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 September 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 October 31, 2014
Common stock, par value $1.25 per share	80,809,528

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HARSCO CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands)	September 30 2014	December 31 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 72,603	$ 93,605
Trade accounts receivable, net	378,273	353,181
Other receivables	31,041	46,470
Inventories	182,833	155,689
Assets held-for-sale	3,525	113,968
Other current assets	88,158	75,842
Total current assets	756,433	838,755
Investments	302,424	298,856
Property, plant and equipment, net	684,097	711,346
Goodwill	426,647	431,265
Intangible assets, net	62,268	53,261
Other assets	130,491	108,265
Total assets	$ 2,362,360	$ 2,441,748
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 11,627	$ 7,489
Current maturities of long-term debt	20,593	20,257
Accounts payable	171,608	181,410
Accrued compensation	59,745	53,113
Income taxes payable	3,064	7,199
Dividends payable	16,566	16,536
Insurance liabilities	13,424	10,523
Advances on contracts	124,872	24,053
Liabilities of assets held-for-sale	—	109,176
Due to unconsolidated affiliate	12,079	24,954
Unit adjustment liability	22,320	22,320
Other current liabilities	152,419	129,739
Total current liabilities	608,317	606,769
Long-term debt	785,412	783,158
Deferred income taxes	6,104	8,217
Insurance liabilities	37,402	41,879
Retirement plan liabilities	198,921	241,049
Due to unconsolidated affiliate	27,528	27,292
Unit adjustment liability	74,700	84,023
Other liabilities	40,451	42,526
Total liabilities	1,778,835	1,834,913
COMMITMENTS AND CONTINGENCIES		
HARSCO CORPORATION STOCKHOLDERS' EQUITY		
Preferred stock	—	—
Common stock	140,443	140,248
Additional paid-in capital	164,973	159,025
Accumulated other comprehensive loss	(370,607)	(370,615)
Retained earnings	1,352,357	1,381,321
Treasury stock	(746,949)	(746,237)
Total Harsco Corporation stockholders' equity	540,217	563,742
Noncontrolling interests	43,308	43,093
Total equity	583,525	606,835
Total liabilities and equity	$ 2,362,360	$ 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 September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Revenues from continuing operations:				
Service revenues	**$ 341,831**	$ 571,595	**$ 1,054,040**	$ 1,707,658
Product revenues	**184,546**	168,450	**519,613**	507,518
Total revenues	**526,377**	740,045	**1,573,653**	2,215,176
Costs and expenses from continuing operations:				
Cost of services sold	**285,098**	450,048	**875,898**	1,353,749
Cost of products sold	**125,831**	117,844	**361,954**	355,555
Selling, general and administrative expenses	**68,289**	124,004	**213,052**	374,325
Research and development expenses	**854**	3,077	**5,456**	7,457
Loss on disposal of the Harsco Infrastructure Segment and transaction costs	**54**	253,677	**5,607**	253,677
Other (income) expenses	**513**	(228)	**27,373**	2,158
Total costs and expenses	**480,639**	948,422	**1,489,340**	2,346,921
Operating income (loss) from continuing operations	**45,738**	(208,377)	**84,313**	(131,745)
Interest income	**555**	388	**1,262**	1,624
Interest expense	**(11,949)**	(12,815)	**(35,328)**	(37,413)
Change in fair value to the unit adjustment liability	**(2,398)**	—	**(7,417)**	—
Income (loss) from continuing operations before income taxes and equity income	**31,946**	(220,804)	**42,830**	(167,534)
Income tax expense	**(11,671)**	(10,795)	**(20,424)**	(27,268)
Equity in income of unconsolidated entities, net	**5,295**	434	**1,057**	1,015
Income (loss) from continuing operations	**25,570**	(231,165)	**23,463**	(193,787)
Discontinued operations:				
Income (loss) on disposal of discontinued business	**(640)**	(640)	**452**	(2,145)
Income tax (expense) benefit related to discontinued business	**237**	239	**(168)**	814
Income (loss) from discontinued operations	**(403)**	(401)	**284**	(1,331)
Net income (loss)	**25,167**	(231,566)	**23,747**	(195,118)
Less: Net income attributable to noncontrolling interests	**(1,532)**	(2,090)	**(2,948)**	(7,495)
Net income (loss) attributable to Harsco Corporation	**$ 23,635**	$ (233,656)	**$ 20,799**	$ (202,613)
Amounts attributable to Harsco Corporation common stockholders:				
Income (loss) from continuing operations, net of tax	**$ 24,038**	$ (233,255)	**$ 20,515**	$ (201,282)
Income (loss) from discontinued operations, net of tax	**(403)**	(401)	**284**	(1,331)
Net income (loss) attributable to Harsco Corporation common stockholders	**$ 23,635**	$ (233,656)	**$ 20,799**	$ (202,613)
Weighted-average shares of common stock outstanding	**80,918**	80,775	**80,873**	80,747
Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	**$ 0.30**	$ (2.89)	**$ 0.25**	$ (2.49)
Discontinued operations	**—**	—	**—**	(0.02)
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders	**$ 0.29** (a)	$ (2.89)	**$ 0.26** (a)	$ (2.51)
Diluted weighted-average shares of common stock outstanding	**81,099**	80,775	**81,093**	80,747
Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:				
Continuing operations	**$ 0.30**	$ (2.89)	**$ 0.25**	$ (2.49)
Discontinued operations	**—**	—	**—**	(0.02)
Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders	**$ 0.29** (a)	$ (2.89)	**$ 0.26** (a)	$ (2.51)
Cash dividends declared per common share	**$ 0.205**	$ 0.205	**$ 0.615**	$ 0.615

(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)

(In thousands)	Three Months Ended September 30 2014	Three Months Ended September 30 2013
Net income (loss)	**$ 25,167**	$ (231,566)
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of deferred income taxes of $5,322 and $(8,649) in 2014 and 2013, respectively	**(18,590)**	12,678
Net loss on cash flow hedging instruments, net of deferred income taxes of $(458) and $146 in 2014 and 2013, respectively	**(1,244)**	(2,696)
Pension liability adjustments, net of deferred income taxes of $(2,057) and $2,109 in 2014 and 2013, respectively	**18,211**	(13,636)
Unrealized gain on marketable securities, net of deferred income taxes of $(1) and $(8) in 2014 and 2013, respectively	**2**	13
Total other comprehensive loss	**(1,621)**	(3,641)
Total comprehensive income (loss)	**23,546**	(235,207)
Less: Comprehensive income attributable to noncontrolling interests	**(877)**	(2,968)
Comprehensive income (loss) attributable to Harsco Corporation	**$ 22,669**	$ (238,175)

(In thousands)	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Net income (loss)	**$ 23,747**	$ (195,118)
Other comprehensive income (loss):		
Foreign currency translation adjustments, net of deferred income taxes of $4,862 and $(1,094) in 2014 and 2013, respectively	**(16,843)**	(33,877)
Net loss on cash flow hedging instruments, net of deferred income taxes of $210 and $915 in 2014 and 2013, respectively	**(3,111)**	(2,160)
Pension liability adjustments, net of deferred income taxes of $(2,130) and $(2,439) in 2014 and 2013, respectively	**18,887**	17,587
Unrealized gain on marketable securities, net of deferred income taxes of $(3) and $(13) in 2014 and 2013, respectively	**6**	21
Total other comprehensive loss	**(1,061)**	(18,429)
Total comprehensive income (loss)	**22,686**	(213,547)
Less: Comprehensive income attributable to noncontrolling interests	**(1,879)**	(7,563)
Comprehensive income (loss) attributable to Harsco Corporation	**$ 20,807**	$ (221,110)

See accompanying notes to unaudited condensed consolidated financial statements.

HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In thousands)	Nine Months Ended September 30 2014	2013
Cash flows from operating activities:		
Net income (loss)	$ 23,747	$ (195,118)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	124,855	178,136
Amortization	8,937	12,967
Change in fair value to the unit adjustment liability	7,417	—
Deferred income tax expense	2,339	3,465
Equity in income of unconsolidated entities, net	(1,057)	(1,015)
Loss on disposal of Harsco Infrastructure Segment	3,865	241,323
Other, net	16,677	(1,449)
Changes in assets and liabilities:		
Accounts receivable	(37,798)	(21,194)
Inventories	(22,409)	(10,671)
Accounts payable	(17,735)	28,882
Accrued interest payable	8,741	6,333
Accrued compensation	9,415	(5,036)
Advances on contracts	96,041	(17,536)
Harsco Infrastructure Segment 2010 Restructuring Program accrual	—	(870)
Harsco 2011/2012 Restructuring Program accrual	(2,455)	(14,496)
Other assets and liabilities	(36,171)	(39,634)
Net cash provided by operating activities	184,409	164,087
Cash flows from investing activities:		
Purchases of property, plant and equipment	(134,289)	(181,706)
Proceeds from the Infrastructure Transaction	15,699	—
Proceeds from sales of assets	11,153	16,947
Purchases of businesses, net of cash acquired	(26,244)	(2,841)
Payment of unit adjustment liability	(16,740)	—
Other investing activities, net	473	(4,985)
Net cash used by investing activities	(149,948)	(172,585)
Cash flows from financing activities:		
Short-term borrowings, net	3,971	239
Current maturities and long-term debt:		
Additions	117,470	284,861
Reductions	(120,544)	(203,677)
Cash dividends paid on common stock	(49,734)	(49,652)
Dividends paid to noncontrolling interests	(2,186)	(2,880)
Contributions from noncontrolling interests	—	4,622
Purchase of noncontrolling interests	—	(166)
Common stock issued - options	—	371
Other financing activities, net	—	(405)
Net cash provided (used) by financing activities	(51,023)	33,313
Effect of exchange rate changes on cash	(4,440)	(4,253)
Net increase (decrease) in cash and cash equivalents	(21,002)	20,562
Cash and cash equivalents at beginning of period	93,605	95,250
Cash and cash equivalents at end of period	$ 72,603	$ 115,812

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 (loss)				(202,613)		7,495	(195,118)
Cash dividends declared:							
Common @ $0.615 per share				(49,668)			(49,668)
Noncontrolling interests						(2,880)	(2,880)
Total other comprehensive income (loss), net of deferred income taxes of $(2,631)					(18,497)	68	(18,429)
Contributions from noncontrolling interests						4,622	4,622
Purchase of subsidiary shares from noncontrolling interest			(292)			107	(185)
Stock options exercised, net 20,000 shares	25		375				400
Vesting of restricted stock units and other stock grants, net 62,039 shares	119	(841)	2,057				1,335
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,632				3,632
Balances, September 30, 2013	$ 140,224	$ (746,046)	$ 158,417	$ 1,423,209	$ (429,665)	$ 59,194	$ 605,333

	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				20,799		2,948	23,747
Cash dividends declared:							
Common @ $0.615 per share				(49,763)			(49,763)
Noncontrolling interests						(2,319)	(2,319)
Total other comprehensive income (loss), net of deferred income taxes of $2,939					8	(1,069)	(1,061)
Contributions from noncontrolling interests						1,560	1,560
Noncontrolling interests transferred in the Infrastructure Transaction						(905)	(905)
Vesting of restricted stock units and other stock grants, net 130,603 shares	195	(712)	2,067				1,550
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,881				3,881
Balances, September 30, 2014	**$ 140,443**	**$ (746,949)**	**$ 164,973**	**$ 1,352,357**	**$ (370,607)**	**$ 43,308**	**$ 583,525**

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 nine months ended September 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.

In August 2014, the FASB issued changes related to management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The changes become effective for the Company on January 1, 2017. Management has determined that these changes will not have a material impact on the Company's consolidated financial statements.

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 for this acquisition is now final.

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 $3.9 million during the nine months ended September 30, 2014. 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 $0.1 million and $1.7 million of transaction costs during the three and nine months ended September 30, 2014, respectively, in conjunction with the Infrastructure Transaction.

4. Accounts Receivable and Inventories

Accounts receivable consist of the following:

(In thousands)	September 30 2014	December 31 2013
Trade accounts receivable	**$ 391,356**	$ 359,819
Less: Allowance for doubtful accounts	**(13,083)**	(6,638)
Trade accounts receivable, net	**$ 378,273**	$ 353,181
Other receivables (a)	**$ 31,041**	$ 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 September 30		Nine Months Ended September 30	
(In thousands)	2014	2013	2014	2013
Provision for doubtful accounts related to trade accounts receivable	**$ (170)**	$ 1,059	**$ 7,176**	$ 5,897

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

Inventories consist of the following:

(In thousands)	September 30 2014	December 31 2013
Finished goods	**$ 32,455**	$ 23,112
Work-in-process	**31,299**	25,623
Raw materials and purchased parts	**83,957**	72,118
Stores and supplies	**35,122**	34,836
Inventories	**$ 182,833**	$ 155,689

5. Equity Method Investments

As a result of the Infrastructure Transaction, the Company possessed an approximate 29% equity interest in Brand at September 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 September 30, 2014 was $299.6 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 June 30, 2014 and the period from November 27, 2013 through June 30, 2014 are summarized as follows:

(In thousands)	Three Months Ended June 30 2014	Period From November 27 2013 Through June 30 2014 (a)
Summarized Statement of Operations Information of Brand:		
Net revenues	$ 827,735	$ 1,805,592
Gross profit	187,272	387,966
Net income attributable to Brand Energy & Infrastructure Services, Inc. and Subsidiaries	18,866	4,259
Harsco's equity in income of Brand	5,260	1,021

(a) The Company's equity method investment in Brand began on November 26, 2013; accordingly, there is only approximately seven months of related equity income. 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 nine months ended September 30, 2014, the Company recognized $2.4 million and $7.4 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 September 30, 2014 and December 31, 2013 include balances related to the unit adjustment liability of $97.0 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.

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

(In thousands)	September 30 2014	December 31 2013
Balances due from Brand	**$ 8,889**	$ 85,908
Balances due to Brand	**39,607**	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 September 30, 2014.

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

(In thousands)	September 30 2014	December 31 2013
Land	**$ 16,274**	$ 16,652
Land improvements	**16,139**	13,615
Buildings and improvements	**209,712**	192,346
Machinery and equipment	**1,918,643**	1,969,493
Uncompleted construction	**81,290**	86,508
Gross property, plant and equipment	**2,242,058**	2,278,614
Less: Accumulated depreciation	**(1,557,961)**	(1,567,268)
Property, plant and equipment, net	**$ 684,097**	$ 711,346

7. Goodwill and Other Intangible Assets

The following table reflects the changes in carrying amounts of goodwill by segment for the nine months ended September 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)	—	6,751	—	6,751
Foreign currency translation	(11,369)	—	—	(11,369)
Balance at September 30, 2014	**$ 410,586**	**$ 6,751**	**$ 9,310**	**$ 426,647**

(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 September 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:

	September 30, 2014		December 31, 2013	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer related	**$ 161,109**	**$ 113,147**	$ 150,307	$ 110,889
Non-compete agreements	**1,114**	**1,038**	1,126	1,024
Patents	**6,169**	**5,412**	6,211	5,273
Technology related	**26,811**	**20,749**	27,185	18,931
Trade names	**7,751**	**3,544**	4,113	2,969
Other	**7,567**	**4,363**	7,753	4,348
Total	**$ 210,521**	**$ 148,253**	$ 196,695	$ 143,434

Amortization expense for intangible assets was as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2014	2013	2014	2013
Amortization expense for intangible assets	**$ 2,398**	$ 3,629	**$ 7,544**	$ 11,481

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

Defined Benefit Pension Plans Net Periodic Pension Cost (In thousands)	Three Months Ended September 30 U. S. Plans 2014	U. S. Plans 2013	International Plans 2014	International Plans 2013
Service cost	**$ 558**	$ 641	**$ 394**	$ 822
Interest cost	**3,217**	2,942	**11,024**	10,512
Expected return on plan assets	**(4,196)**	(3,911)	**(12,743)**	(11,540)
Recognized prior service costs	**22**	36	**46**	87
Recognized loss	**838**	1,263	**3,596**	4,065
Defined benefit pension plans net periodic pension cost	**$ 439**	$ 971	**$ 2,317**	$ 3,946

Defined Benefit Pension Plans Net Periodic Pension Cost (In thousands)	Nine Months Ended September 30 U. S. Plans 2014	U. S. Plans 2013	International Plans 2014	International Plans 2013
Service cost	**$ 1,675**	$ 1,924	**$ 1,213**	$ 2,630
Interest cost	**9,651**	8,825	**32,948**	32,058
Expected return on plan assets	**(12,590)**	(11,732)	**(38,039)**	(35,159)
Recognized prior service costs	**68**	108	**138**	271
Recognized loss	**2,514**	3,789	**10,732**	12,364
Amortization of transition liability	**—**	—	**56**	—
Settlement/curtailment gains	**—**	—	**—**	(289)
Defined benefit pension plans net periodic pension cost	**$ 1,318**	$ 2,914	**$ 7,048**	$ 11,875

Company Contributions (In thousands)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Defined benefit pension plans:				
United States	**$ 5,909**	$ 919	**$ 7,057**	$ 1,967
International	**4,226**	4,484	**25,963**	25,440
Multiemployer pension plans	**667**	3,527	**2,334**	12,042
Defined contribution pension plans	**3,322**	3,471	**10,321**	12,292

The Company currently anticipates contributing approximately $0.5 million and $4 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 nine months ended September 30, 2014 was 36.5% and 47.7%, respectively, compared with (4.9)% and (16.3)% for the three and nine months ended September 30, 2013, respectively. The effective income tax rate for both the three and nine months ended September 30, 2014 compared with the three and nine months ended September 30, 2013 changed primarily due to the jurisdictional mix of the loss on disposal of the Harsco Infrastructure Segment and transaction costs during 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 September 30, 2014 was $16.4 million, including interest and penalties. Within the next twelve months, it is reasonably possible that up to $0.4 million of unrecognized income tax benefits will be recognized upon settlement of tax examinations and the expiration of various statutes of limitations.

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 September 30, 2014 and December 31, 2013 include accruals in Other current liabilities of $1.2 million, for each period, for environmental matters. The amounts charged against Income (loss) from continuing operations before income taxes and equity income related to environmental matters totaled $0.4 million and $1.7 million for the three and nine months ended September 30, 2014, respectively. The amounts charged against pre-tax income related to environmental matters totaled $0.6 million and $1.2 million for the three and nine months ended September 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 September 30, 2014, the principal amount of the tax assessment from the SPRA with regard to this case was approximately $2 million, with penalty, interest and fees assessed to date increasing such amount by an additional $27 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 $10.3 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 $2.4 million, with penalty and interest assessed through that date increasing such amount by an additional $7.9 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.

Brazilian Labor Disputes
The Company is subject to numerous labor claims in Brazil through its Harsco Metals & Minerals Segment. The Company is vigorously defending itself against these claims; however, litigation is inherently unpredictable, particularly in foreign jurisdictions. While the Company does not currently expect that the ultimate resolution of these claims will have a material adverse effect on the Company’s financial condition, results of operations or cash flows, it is not possible to predict the ultimate outcome of these labor-related disputes.

The Company is conducting a heightened review of these labor claims, including the established reserves relating to the claims, which could result in the Company increasing its reserves or taking other actions as it continues to evaluate its potential liability with regard to these claims.

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. Additionally, a supplier at one of ArcelorMittal’s sites has filed for arbitration against the Company, claiming that it is owed monetary damages from the Company in connection with its processing certain materials. The Company disputes that it is responsible for such processing and intends to vigorously defend itself against this claim, although the Company is working to amicably resolve this matter. No loss provision has been recorded in the accompanying financial statements in connection with the arbitration because a loss contingency is not deemed probable, nor can the Company estimate the amount of such loss. However, based on the information currently available to the Company, the Company does not expect that the ultimate resolution of this arbitration will have a material adverse effect on the Company’s financial condition, results of operations or cash flows. 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 September 30, 2014, there are 17,366 pending asbestos personal injury claims filed against the Company. Of these cases, 17,017 are pending in the New York Supreme Court for New York County in New York State. The other claims, totaling 349, 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 September 30, 2014, the Company has obtained dismissal by stipulation, or summary judgment prior to trial, in 27,487 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 September 30, 2014, the Company has been listed as a defendant in 167 Active or In Extremis asbestos cases in New York County. The Court’s Order has been challenged by some plaintiffs.

The Company’s insurance carrier has paid substaintally 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

(In thousands, except per share amounts)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Income (loss) from continuing operations attributable to Harsco Corporation common stockholders	**$ 24,038**	$ (233,255)	**$ 20,515**	$ (201,282)
Weighted-average shares outstanding - basic	**80,918**	80,775	**80,873**	80,747
Dilutive effect of stock-based compensation	**181**	—	**220**	—
Weighted-average shares outstanding - diluted	**$ 81,099**	$ 80,775	**$ 81,093**	$ 80,747
Earnings (loss) from continuing operations per common share, attributable to Harsco Corporation common stockholders:				
Basic	**$ 0.30**	$ (2.89)	**$ 0.25**	$ (2.49)
Diluted	**$ 0.30**	$ (2.89)	**$ 0.25**	$ (2.49)

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

(In thousands)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Restricted stock units	**—**	324	**103**	267
Stock options	**200**	297	**210**	306
Stock appreciation rights	**372**	1,417	**453**	1,119
Performance share units	**136**	—	**78**	—
Other	**—**	103	**—**	106

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 September 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 September 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**
September 30, 2014				
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	**$ 136**		**$ —**
Cross-currency interest rate swaps	Other assets	**41,805**	Other liabilities	**11,460**
Total derivatives designated as hedging instruments		**$ 41,941**		**$ 11,460**
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	**$ 392**	Other current liabilities	**$ 2,812**

	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 or less net liability at both September 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 nine months ended September 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 September 30, 2014:					
Foreign currency forward exchange contracts	**$ 77**		**$ —**		**$ —**
Cross-currency interest rate swaps	**(863)**		**—**	Cost of services and products sold	**26,629** (a)
	$ (786)		**$ —**		**$ 26,629**
Three Months Ended September 30, 2013:					
Foreign currency forward exchange contracts	$ (18)	Cost of services and products sold	$ (9)	Cost of services and products sold	$ (6)
Cross-currency interest rate swaps	(2,824)		—	Cost of services and products sold	(19,620) (a)
	$ (2,842)		$ (9)		$ (19,626)

(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	
Nine Months Ended September 30, 2014:									
Foreign currency forward exchange contracts	**$**	**97**	Cost of services and products sold	**$**	**(3)**		**$**	**—**	
Cross currency interest rate swaps		**(3,418)**			**—**	Cost of services and products sold		**21,254**	(a)
	$	**(3,321)**		**$**	**(3)**		**$**	**21,254**	
Nine Months Ended September 30, 2013:									
Foreign currency forward exchange contracts	$	(18)	Cost of services and products sold	$	(9)	Cost of services and products sold	$	(6)	
Cross currency interest rate swaps		(3,057)			—	Cost of services and products sold		(2,749)	(a)
	$	(3,075)		$	(9)		$	(2,755)	

(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 September 30 (a)			
			2014		2013
Foreign currency forward exchange contracts	Cost of services and products sold	**$**	**(1,126)**	$	(5,076)

(In thousands)	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative for the Nine Months Ended September 30 (a)			
			2014		2013
Foreign currency forward exchange contracts	Cost of services and products sold	**$**	**(704)**	$	(7,125)

(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 September 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 September 30, 2014:

(In thousands)	Type	U.S. Dollar Equivalent	Maturity	Recognized Gain (Loss)
British pounds sterling	Sell	**$ 17,320**	October 2014	**$ 122**
British pounds sterling	Buy	**2,200**	October 2014	**(17)**
Euros	Sell	**102,968**	October 2014	**(952)**
Euros	Buy	**139,941**	October 2014 - December 2014	**(1,389)**
Other currencies	Sell	**31,015**	October 2014 - December 2015	**21**
Other currencies	Buy	**6,819**	October 2014	**(69)**
Total		**$ 300,263**		**$ (2,284)**

Included in the contracted amounts of foreign currency exchange forward contracts outstanding at September 30, 2014 are $1.6 million of foreign currency exchange forward contracts entered into by the Company under the Transition Services Agreement with Brand. The Company has recognized a less than $0.1 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 $15.1 million and $20.0 million during the three and nine months ended September 30, 2014, respectively, and pre-tax net losses of $4.9 million and $8.3 million during the three and nine months ended September 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 September 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	9.3	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 September 30, 2014 and December 31, 2013:

Level 2 Fair Value Measurements (In thousands)	**September 30 2014**	**December 31 2013**
Assets		
Foreign currency forward exchange contracts	**$ 528**	$ 1,256
Cross-currency interest rate swaps	**41,805**	26,001
Liabilities		
Foreign currency forward exchange contracts	**2,812**	3,284
Cross-currency interest rate swaps	**11,460**	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 nine months ended September 30, 2014:

Level 3 Liabilities—Unit Adjustment Liability (a) for the Nine Months Ended September 30 (In thousands)	**Consolidated Totals**
Balance at December 31, 2013	$ 106,343
Payments	(16,740)
Change in fair value to the unit adjustment liability	7,417
Balance at September 30, 2014	**$ 97,020**

(a) See Note 5, Equity Method Investments, for additional information related to the unit adjustment liability.

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 September 30, 2014 and December 31, 2013, the total fair value of long-term debt, including current maturities, was $842.5 million and $832.6 million, respectively, compared with a carrying value of $806.0 million and $803.4 million, respectively, at September 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 nine months ended September 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 (loss) from continuing operations or income (loss) from continuing operations before income taxes and equity income.

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Revenues From Continuing Operations				
Harsco Metals & Minerals	**$ 347,625**	$ 335,705	**$ 1,061,657**	$ 1,009,175
Harsco Infrastructure	**—**	242,569	**—**	709,800
Harsco Industrial	**105,591**	95,347	**310,696**	279,565
Harsco Rail	**73,161**	66,424	**201,300**	216,636
Total revenues from continuing operations	**$ 526,377**	$ 740,045	**$ 1,573,653**	$ 2,215,176
Operating Income (Loss) From Continuing Operations				
Harsco Metals & Minerals	**$ 24,867**	$ 26,929	**$ 38,847**	$ 77,211
Harsco Infrastructure	**—**	(236,742)	**—**	(241,506)
Harsco Industrial	**15,955**	15,407	**49,955**	46,569
Harsco Rail	**13,976**	7,945	**33,001**	27,056
Corporate (a)	**(9,060)**	(21,916)	**(37,490)**	(41,075)
Total operating income (loss) from continuing operations	**$ 45,738**	$ (208,377)	**$ 84,313**	$ (131,745)

(a) For the three and nine months ended September 30, 2014, Corporate includes a $0.1 million and $5.6 million loss, respectively, on disposal of the Harsco Infrastructure Segment and transaction costs. Additionally, for the three and nine months ended September 30, 2014, Corporate includes net periodic pension cost for defined benefit pension plans retained by the Company as part of the Infrastructure Transaction of $1.4 million and $4.3 million, respectively.

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

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Segment operating income (loss)	**$ 54,798**	$ (186,461)	**$ 121,803**	$ (90,670)
General Corporate expense	**(9,060)**	(21,916)	**(37,490)**	(41,075)
Operating income (loss) from continuing operations	**45,738**	(208,377)	**84,313**	(131,745)
Interest income	**555**	388	**1,262**	1,624
Interest expense	**(11,949)**	(12,815)	**(35,328)**	(37,413)
Change in fair value to unit adjustment liability	**(2,398)**	—	**(7,417)**	—
Income (loss) from continuing operations before income taxes and equity income	**$ 31,946**	$ (220,804)	**$ 42,830**	$ (167,534)

14. Other (Income) 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.

(In thousands)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Restructuring programs (see Note 16)	**$ 276**	$ —	**$ 8,815**	$ —
Net gains	**(1,219)**	(563)	**(4,227)**	(5,132)
Impaired asset write-downs	**590**	—	**14,670**	689
Other (a)	**866**	335	**8,115**	6,601
Other (income) expenses	**$ 513**	$ (228)	**$ 27,373**	$ 2,158

(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 nine months ended September 30, 2014, impaired asset write-downs represent, primarily, 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 nine months ended September 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	(33,877) (a)	(2,166) (b)	2,692 (a)	21	(33,330)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	6	14,895	—	14,901
Total other comprehensive income (loss)	(33,877)	(2,160)	17,587	21	(18,429)
Less: Other comprehensive (income) loss attributable to noncontrolling interests	(152)	84	—	—	(68)
Other comprehensive income (loss) attributable to Harsco Corporation	(34,029)	(2,076)	17,587	21	(18,497)
Balance at September 30, 2013	$ 28,279	$ (10,215)	$ (447,699)	$ (30)	$ (429,665)

(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	(13,885) (a)	(3,114) (b)	5,878 (a)	6	(11,115)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	3	12,377	—	12,380
Other comprehensive income (loss) from equity method investee	(1,511)	—	632	—	(879)
Amounts reclassified from accumulated other comprehensive loss in connection with the Infrastructure Transaction	(1,447)	—	—	—	(1,447)
Total other comprehensive income (loss)	(16,843)	(3,111)	18,887	6	(1,061)
Less: Other comprehensive (income) loss attributable to noncontrolling interests	1,088	(19)	—	—	1,069
Other comprehensive income (loss) attributable to Harsco Corporation	(15,755)	(3,130)	18,887	6	8
Balance at September 30, 2014	**$ (9,645)**	**$ (10,153)**	**$ (350,795)**	**$ (14)**	**$ (370,607)**

(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 September 30 2014	Nine Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2013	Affected Caption in the Condensed Consolidated Statements of Operations
Amortization of defined benefit pension items (c):					
Actuarial losses (d)	**$ 2,900**	**$ 8,576**	$ 3,052	$ 9,353	Selling, general and administrative expenses
Actuarial losses (d)	**1,534**	**4,670**	2,275	6,800	Cost of services and products sold
Prior-service costs (d)	**24**	**70**	62	192	Selling, general and administrative expenses
Prior-service costs (d)	**45**	**136**	61	187	Cost of services and products sold
Total before tax	**4,503**	**13,452**	5,450	16,532	
Tax benefit	**(357)**	**(1,075)**	(523)	(1,637)	
Total reclassification of defined benefit pension items, net of tax	**$ 4,146**	**$ 12,377**	$ 4,927	$ 14,895	
Amortization of cash flow hedging instruments (c):					
Foreign currency forward exchange contracts	**$ 2**	**$ 4**	$ 9	$ 9	Cost of services and products sold
Tax benefit	**—**	**(1)**	(3)	(3)	
Total reclassification of cash flow hedging instruments	**$ 2**	**$ 3**	$ 6	$ 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 and process improvement 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 $0.3 million and $8.8 million in charges related to Project Orion during the third quarter and first nine months of 2014, respectively. Phase one of Project Orion began in the second quarter of 2014 and is expected to continue through the remainder of 2014. Phase two of Project Orion is expected to begin in late 2014 or early 2015 and is expected to result in an additional charge. The amount of the additional charge cannot be determined at this time.

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

(In thousands)	Expense Incurred in 2014	Other Adjustments	Cash Expenditures	Foreign Currency Translation	Remaining Accrual September 30 2014
Harsco Metals & Minerals Segment					
Employee termination benefit costs	$ 8,815	$ 1,237	$ (4,357)	$ (155)	**$ 5,540**
Total	$ 8,815	$ 1,237	$ (4,357)	$ (155)	**$ 5,540**

The remaining accrual related to Project Orion is expected to paid, principally, through the end of 2015.

Prior Restructuring Programs

The remaining accrual for restructuring programs was $2.6 million and $5.1 million at September 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," "will," "anticipate," "intend," "believe," "likely," "estimate," "plan" or other comparable terms.

Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the integration of the Company's strategic acquisitions; (13) the amount and timing of repurchases of the Company's common stock, if any; (14) the prolonged recovery in global financial and credit markets and economic conditions generally, which could result in the Company's customers curtailing development projects, construction, production and capital expenditures, which, in turn, could reduce the demand for the Company's products and services and, accordingly, the Company's revenues, margins and profitability; (15) the outcome of any disputes with customers, contractors and subcontractors; (16) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (17) the Company's ability to successfully implement and receive the expected benefits of cost-reduction and restructuring initiatives, including the achievement of expected cost savings in the expected time frame; (18) the ability to successfully implement the Company's strategic initiatives and portfolio optimization and the impact of such initiatives, such as the Harsco Metals & Minerals Segment's Improvement Plan ("Project Orion"); (19) the ability of the strategic venture between the Company and Clayton, Dubilier & Rice ("CD&R") to effectively integrate the Company's Infrastructure business and the Brand Energy & Infrastructure Services business and realize the synergies contemplated by the transaction; (20) the Company's ability to realize cost savings from the divestiture of the Infrastructure business, as well as the transaction being accretive to earnings and improving operating margins and return on capital; (21) the amount ultimately realized from the Company's exit from the strategic venture between the Company and CD&R and the timing of such exit; (22) risk and uncertainty associated with intangible assets; and (23) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part I, Item 1A, "Risk Factors," of 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 $3.9 million during the first nine months of 2014, with no changes recorded during the third quarter. 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 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 $0.3 million and $8.8 million in charges related to Project Orion during the third quarter and first nine months of 2014, respectively. As a result of actions initiated through September 30, 2014, the Company anticipates compensation savings of approximately $6 million for the full year ending 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 second quarter of 2014. 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 procedures (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 the 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 (In millions)	Three Months Ended September 30 2014	2013	Change	%
Harsco Metals & Minerals	$ **347.6**	$ 335.7	$ 11.9	3.5 %
Harsco Infrastructure (a)	**—**	242.6	(242.6)	(100.0)
Harsco Industrial	**105.6**	95.3	10.2	10.7
Harsco Rail	**73.2**	66.4	6.7	10.1
Total revenues	$ **526.4**	$ 740.0	$ (213.7)	(28.9)%

Revenues by Segment (In millions)	Nine Months Ended September 30 2014	2013	Change	%
Harsco Metals & Minerals	$ **1,061.7**	$ 1,009.2	$ 52.5	5.2 %
Harsco Infrastructure (a)	**—**	709.8	(709.8)	(100.0)
Harsco Industrial	**310.7**	279.6	31.1	11.1
Harsco Rail	**201.3**	216.6	(15.3)	(7.1)
Total revenues	$ **1,573.7**	$ 2,215.2	$ (641.5)	(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 September 30 2014	2013	Change	%
Western Europe	$ **143.4**	$ 279.4	$ (136.0)	(48.7)%
North America	**247.1**	271.5	(24.3)	(9.0)
Latin America (b)	**64.8**	80.4	(15.7)	(19.5)
Asia-Pacific	**41.5**	49.0	(7.5)	(15.3)
Middle East and Africa	**13.7**	36.9	(23.3)	(63.0)
Eastern Europe	**15.9**	22.8	(6.9)	(30.4)
Total revenues	$ **526.4**	$ 740.0	$ (213.7)	(28.9)%

Revenues by Region (In millions)	Nine Months Ended September 30 2014	2013	Change	%
Western Europe	$ **457.9**	$ 816.6	$ (358.7)	(43.9)%
North America	**709.1**	833.1	(124.0)	(14.9)
Latin America (b)	**188.7**	241.9	(53.2)	(22.0)
Asia-Pacific	**115.2**	140.3	(25.0)	(17.9)
Middle East and Africa	**52.0**	121.6	(69.6)	(57.2)
Eastern Europe	**50.7**	61.7	(11.0)	(17.8)
Total revenues	$ **1,573.7**	$ 2,215.2	$ (641.5)	(29.0)%

(b) Includes Mexico.

Revenues for the Company during the third quarter and first nine months of 2014 were $526.4 million and $1.6 billion, respectively, compared with $740.0 million and $2.2 billion, respectively, in the third quarter and first nine 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 decreased revenues by $0.6 million for the third quarter of 2014 compared with the third quarter of 2013. Foreign currency translation increased revenues by $0.6 million for the first nine months of 2014 compared with the first nine months of 2013.

Operating Income (Loss) by Segment (c) (In millions)	Three Months Ended September 30 2014	2013	Change	%
Harsco Metals & Minerals	$ **24.9**	$ 26.9	$ (2.1)	(7.7)%
Harsco Infrastructure (d)	**—**	(236.7)	236.7	100.0
Harsco Industrial	**16.0**	15.4	0.5	3.6
Harsco Rail	**14.0**	7.9	6.0	75.9
Corporate (e)	**(9.1)**	(21.9)	12.9	58.7
Total operating income (loss)	$ **45.7**	$ (208.4)	$ 254.1	121.9 %

Operating Income (Loss) by Segment (c) (In millions)	Nine Months Ended September 30 2014	2013	Change	%
Harsco Metals & Minerals	$ **38.8**	$ 77.2	$ (38.4)	(49.7)%
Harsco Infrastructure (d)	**—**	(241.5)	241.5	100.0
Harsco Industrial	**50.0**	46.6	3.4	7.3
Harsco Rail	**33.0**	27.1	5.9	22.0
Corporate (e)	**(37.5)**	(41.1)	3.6	8.7
Total operating income (loss)	$ **84.3**	$ (131.7)	$ 216.1	164.0 %

Operating Margin by Segment (c)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Harsco Metals & Minerals	**7.2%**	8.0 %	**3.7%**	7.7 %
Harsco Infrastructure (d)	**—**	(97.6)	**—**	(34.0)
Harsco Industrial	**15.1**	16.2	**16.1**	16.7
Harsco Rail	**19.1**	12.0	**16.4**	12.5
Consolidated operating margin	**8.7%**	(28.2)%	**5.4%**	(5.9)%

(c) The Company has reclassified segment operating results for the three and nine months ended September 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 (loss) from continuing operations or income (loss) from continuing operations before income taxes and equity income.

(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 nine months ended September 30, 2014, Corporate includes a $0.1 million and $5.6 million loss, respectively, on disposal of the Harsco Infrastructure Segment and transaction costs. Additionally, for the three and nine months ended September 30, 2014, Corporate includes net periodic pension cost for defined benefit pension plans retained by the Company as part of the Infrastructure Transaction of $1.4 million and $4.3 million, respectively.

Operating income from continuing operations for the third quarter and the first nine months of 2014 was $45.7 million and $84.3 million, respectively, compared with operating loss from continuing operations of $208.4 million and $131.7 million, respectively, in the third quarter and first nine months of 2013. The change is primarily related to: the year over year decline in the loss on disposal of the Harsco Infrastructure Segment and transaction costs; the effects of the acquisition of Hammco Corporation ("Hammco") in the Harsco Industrial Segment; and growth in the after-market parts business in the Harsco Rail Segment; partially offset by restructuring charges 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 (loss) 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 of unconsolidated entities were the primary drivers of the diluted earnings per share from continuing operations for the third quarter and first nine months of 2014 of $0.30 and $0.25, respectively, compared with diluted loss per share from continuing operations of $2.89 and $2.49, respectively, for the third quarter and first nine months of 2013.

The Company continues to have sufficient available liquidity. The Company currently expects operational and business needs to be met by cash provided by 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 September 30, 2014	Nine Months Ended September 30, 2014
Revenues — 2013	$ 335.7	$ 1,009.2
Net effects of price/volume changes, primarily attributable to volume changes.	17.6	66.1
Net impact of new contracts and lost contracts (including exited underperforming contracts).	(4.4)	(13.1)
Impact of foreign currency translation.	(1.3)	(0.5)
Revenues — 2014	**$ 347.6**	**$ 1,061.7**

Factors Positively Affecting Operating Income:

- Increased global steel production in the metals services business. Overall, steel production by customers under services contracts increased 2% and 5% in the third quarter and first nine months of 2014, respectively, compared with the same periods in 2013.
- Increased nickel prices of 30% and 12% in the third quarter and first nine months of 2014, respectively, compared with the same periods in 2013.

Factors Negatively Impacting Operating Income:

- Project Orion restructuring charges of $0.3 million and $8.8 million during the third quarter and first nine months of 2014, respectively.
- 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 $7.7 million, primarily for non-cash long-lived asset impairment. This is 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, during the second quarter of 2014 for one of the Company's steel mill customers in Europe as a result of missed progress payments.
- Increased costs of operations of $5.8 million and $11.8 million during the third quarter and first nine months of 2014, respectively, primarily attributable to increased maintenance, rental and fuel costs.
- Foreign currency translation in the first nine months of 2014 decreased operating income for this Segment by $1.7 million compared with the same period in the prior year. Foreign currency translation did not significantly impact operating income for the third quarter of 2014 compared with the same period in the prior year.
- Increased administrative costs of $4.5 million and $14.2 million during the third quarter and first nine months of 2014, respectively, primarily attributable to increased consulting costs to support Project Orion, inflationary measures on compensation and welfare benefits, and site ramp-ups.
- Charges of $1.9 million recorded during the third quarter of 2014 related to increased reserves for labor claims in Brazil.

Harsco Industrial Segment:

Significant Effects on Revenues (In millions)	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Revenues — 2013	$ 95.3	$ 279.6
Effect of Hammco acquisition.	7.7	25.9
Net effects of price/volume changes, primarily attributable to volume changes.	2.7	6.6
Impact of foreign currency translation.	(0.1)	(1.4)
Revenues — 2014	**$ 105.6**	**$ 310.7**

Factors Positively Affecting Operating Income:

- Incremental effect of the acquisition of Hammco, a U.S. manufacturer of high specification air-cooled heat exchangers for the natural gas and petrochemical processing markets, on January 2, 2014. This increased operating income by approximately $0.5 million and $2.0 million during the third quarter and first nine months of 2014, respectively.
- Higher gain from sale of assets of $1.4 million in the first nine months of 2014 compared with the same period in 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.
- Decreased demand for industrial grating products in Latin America.

Harsco Rail Segment:

Significant Impacts on Revenues (In millions)	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Revenues — 2013	$ 66.4	$ 216.6
Net impacts of price/volume changes, primarily attributable to volume changes.	6.0	(17.8)
Impact of foreign currency translation.	0.8	2.5
Revenues — 2014	**$ 73.2**	**$ 201.3**

Factors Positively Affecting Operating Income:

- Robust demand for after-market parts and increased contract services increased operating income by $5.7 million and $19.7 million during the third quarter and first nine months of 2014, respectively.
- Foreign currency translation in the first nine months of 2014 increased operating income for this Segment by $0.8 million compared with the same period in the prior year. Foreign currency translation did not significantly impact operating income for the third quarter of 2014 compared with the same period in the prior year.

Factors Negatively Impacting Operating Income:

- Decreased volume from equipment sales primarily due to the completion of the large contract with the China Ministry of Railways (the "CRC"), which positively affected the prior-year comparable periods. This decreased operating income for the first nine months of 2014 by approximately $9.0 million with no material impact during the third quarter.
- Increased administrative costs of $1.7 million and $2.5 million during the third quarter and first nine months of 2014, respectively, primarily attributable to increased costs to support international contracts and inflationary measures.

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 34 percent to 36 percent for the full year 2014, excluding the tax effect on the Company's equity in income of Brand.

Harsco Metals & Minerals Segment:

- 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 the outlook for steel production is stable to increasing and where the customers value the Company's environmental solutions.
- The Company does not expect a material increase in steel production 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 $11.3 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 collectability, there could be a charge against income in future periods.
- During the third quarter of 2014, one of the Company's steel mill customers in Canada filed for receivership. The Company has approximately $3.1 million of receivables with this customer. The Company is continuing to work with this customer and has not yet recorded any bad debt reserve related to this receivable. The Company believes the amount is collectible; however, if there is an adverse change in the Company's view on collectability, 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.
- The Company is reviewing possible changes to certain internal controls related to businesses within the Harsco Metals and Minerals Segment as a result of implementing new enterprise resource planning systems. Until its review is complete, there can be no assurance that material changes to such controls will not be required to be made in future periods.

Harsco Industrial Segment:

- 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. The Company secured a second contract award worth over $100 million through 2017 from the SBB, the federal railway system of Switzerland, earlier this year. 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.

Results of Operations

(In millions, except per share amounts)	Three Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2014	Nine Months Ended September 30 2013
Revenues from continuing operations	**$ 526.4**	$ 740.0	**$ 1,573.7**	$ 2,215.2
Cost of services and products sold	**410.9**	567.9	**1,237.9**	1,709.3
Selling, general and administrative expenses	**68.3**	124.0	**213.1**	374.3
Research and development expenses	**0.9**	3.1	**5.5**	7.5
Loss on disposal of the Harsco Infrastructure Segment and transaction costs	**0.1**	253.7	**5.6**	253.7
Other (income) expenses	**0.5**	(0.2)	**27.4**	2.2
Operating income (loss) from continuing operations	**45.7**	(208.4)	**84.3**	(131.7)
Interest income	**0.6**	0.4	**1.3**	1.6
Interest expense	**(11.9)**	(12.8)	**(35.3)**	(37.4)
Change in fair value to the unit adjustment liability	**(2.4)**	—	**(7.4)**	—
Income tax expense from continuing operations	**(11.7)**	(10.8)	**(20.4)**	(27.3)
Equity in income of unconsolidated entities, net	**5.3**	0.4	**1.1**	1.0
Income (loss) from continuing operations	**25.6**	(231.2)	**23.5**	(193.8)
Diluted earnings (loss) per common share from continuing operations attributable to Harsco Corporation common stockholders	**0.30**	(2.89)	**0.25**	(2.49)
Effective income tax rate for continuing operations	**36.5%**	(4.9)%	**47.7%**	(16.3)%

Comparative Analysis of Consolidated Results

Revenues

Revenues for the third quarter of 2014 decreased $213.7 million or 28.9% from the third quarter of 2013. Revenues for the first nine months of 2014 decreased $641.5 million or 29.0% from the first nine 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 September 30, 2014	Nine Months Ended September 30, 2014
Revenue decrease following the Infrastructure Transaction.	$ (242.6)	$ (709.8)
Net change in revenues in the Harsco Rail Segment due principally to the completion of the large contract with CRC.	6.0	(17.8)
Net increased revenues in the Harsco Metals & Minerals Segment due to price/volume, primarily attributable to volume changes.	13.2	53.0
Net increased revenues in the Harsco Industrial Segment, primarily attributable to the effects of its business acquisition.	10.3	32.5
Impact of foreign currency translation.	(0.6)	0.6
Total change in revenues — 2014 vs. 2013	$ (213.7)	$ (641.5)

Cost of Services and Products Sold

Cost of services and products sold for the third quarter of 2014 decreased $157.0 million or 27.6% from the third quarter of 2013. Cost of services and products sold for the first nine months of 2014 decreased $471.5 million or 27.6% from the first nine 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 September 30, 2014	Nine Months Ended September 30, 2014
Lower costs following the Infrastructure Transaction.	$ (177.5)	$ (518.8)
Impact of foreign currency translation.	(1.9)	(2.2)
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).	20.2	47.1
Other	2.2	2.4
Total change in cost of services and products sold — 2014 vs. 2013	$ (157.0)	$ (471.5)

Selling, General and Administrative Expenses
Selling, general and administrative expenses for the third quarter of 2014 decreased $55.7 million or 44.9% from the third quarter of 2013. Selling, general and administrative expenses for the first nine months of 2014 decreased $161.3 million or 43.1% from the first nine months of 2013. The decrease was primarily related to lower costs following the Infrastructure Transaction.

Loss on Disposal of Harsco Infrastructure Segment and Transaction Costs
The Company recorded an additional loss on disposal of $3.9 million during the first nine months of 2014, with no changes recorded during the third quarter. The Company does not anticipate any further adjustments to the loss on the disposal of the Harsco Infrastructure Segment. Additionally, the Company incurred $0.1 million and $1.7 million of transaction costs during the third quarter and first nine 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 (Income) 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 (income) expenses, during the third quarter and first nine months of 2014, relate to restructuring program costs associated with Project Orion and non-cash impaired asset write-downs. Additional information on Other (income) expenses is included in Note 14, Other (Income) Expenses, in Part I, Item 1, Financial Statements.

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	**2014**	**2013**	**2014**	**2013**
Restructuring Program costs (see Note 16)	**$ 276**	$ —	**$ 8,815**	$ —
Net gains	**(1,219)**	(563)	**(4,227)**	(5,132)
Impaired asset write-downs	**590**	—	**14,670**	689
Other (a)	**866**	335	**8,115**	6,601
Other (income) expenses	**$ 513**	$ (228)	**$ 27,373**	$ 2,158

(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 third quarter and first nine months of 2014 decreased $0.9 million and $2.1 million, respectively, from the third quarter and first nine 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 third quarter and first nine months of 2014, the Company recognized expense of $2.4 million and $7.4 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 third quarter and first nine months of 2014 was 36.5% and 47.7%, respectively, compared with (4.9)% and (16.3)% for the third quarter and first nine months of 2013, respectively. The effective income tax rate for both the third quarter and first nine months of 2014 compared with the third quarter and first nine months of 2013 changed primarily due to the jurisdictional mix of the loss on disposal of the Harsco Infrastructure Segment and transaction costs during 2013.

Income (Loss) from Continuing Operations

Income from continuing operations was $25.6 million in the third quarter of 2014 compared with Loss from continuing operations of $231.2 million in the third quarter of 2013. Income from continuing operations was $23.5 million in the first nine months of 2014 compared with the Loss from continuing operations of $193.8 million in the first nine months of 2013. The change is primarily related to the year over year decline in the loss on disposal of the Harsco Infrastructure Segment and transaction costs, the effects of the Hammco acquisition in the Harsco Industrial Segment, growth in the after-market parts business in the Harsco Rail Segment, and the Company's equity in income (loss) of unconsolidated entities related to the Brand joint venture, partially offset by restructuring charges 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, and the non-cash change in fair value to the unit adjustment liability related to the Infrastructure Transaction.

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 provided by 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 nine months of 2014, the Company's operations provided $184.4 million in operating cash flow, an increase from the $164.1 million provided in the first nine months of 2013. In the first nine months of 2014, the Company invested $134.3 million in capital expenditures, mostly for the Harsco Metals & Minerals Segment, compared with $181.7 million invested in the first nine months of 2013. Additionally, the Company paid $49.7 million in common stock dividends in the first nine months of both 2014 and 2013.

The Company's net cash borrowings increased by $0.9 million in the first nine 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 $11.2 million and $16.9 million in cash from asset sales in the first nine 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 provided by operations and borrowings under the Company's Amended and Restated Five Year Credit Agreement (the "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 provided by 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 provided by 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 September 30, 2014:

	September 30, 2014		
(In millions)	**Facility Limit**	**Outstanding Balance**	**Available Credit**
Multi-year revolving credit agreement (a U.S.-based program)	**$ 525.0**	**$ 40.5**	**$ 484.5**

At September 30, 2014 and December 31, 2013, the Company had $40.5 million and $35.0 million, respectively, of borrowings outstanding under its Credit Agreement. At September 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 Credit Agreement.

Working Capital Position

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

(Dollars in millions)	September 30 2014	December 31 2013	Increase (Decrease)
Current Assets			
Cash and cash equivalents	**$ 72.6**	$ 93.6	$ (21.0)
Trade accounts receivable, net	**378.3**	353.2	25.1
Other receivables	**31.0**	46.5	(15.4)
Inventories	**182.8**	155.7	27.1
Assets held-for-sale	**3.5**	114.0	(110.3)
Other current assets	**88.2**	75.8	12.3
Total current assets	**756.4**	838.8	(82.3)
Current Liabilities			
Short-term borrowings and current maturities	**32.2**	27.7	4.5
Accounts payable	**171.6**	181.4	(9.8)
Accrued compensation	**59.7**	53.1	6.6
Income taxes payable	**3.1**	7.2	(4.1)
Advances on contracts	**124.9**	24.1	100.8
Liabilities of assets held-for-sale	**—**	109.2	(109.2)
Due to unconsolidated affiliate	**12.1**	25.0	(12.9)
Unit adjustment liability	**22.3**	22.3	—
Other current liabilities	**182.4**	156.8	25.6
Total current liabilities	**608.3**	606.8	1.5
Working Capital	**$ 148.1**	$ 232.0	$ (83.9)
Current Ratio (a)	**1.2**	1.4	

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

The net $83.9 million decrease in working capital for the first nine months of 2014 is due primarily to the following factors:

- Working capital was negatively impacted by an increase in Advances on contracts of $100.8 million due to increased customer advances in the Harsco Rail Segment;
- Working capital was negatively impacted by an increase in Other current liabilities of $25.6 million primarily due to the timing of payment of other accruals; and
- Working capital was negatively impacted by a decrease in Other receivables of $15.4 million due to the final working capital settlement related to the Infrastructure Transaction.

These working capital decreases were partially offset by the following:

- Working capital was positively affected by an increase in Inventories of $27.1 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 Trade accounts receivable, net of $25.1 million due to the timing of invoicing and collections, primarily in the Harsco Metals & Minerals Segment;
- Working capital was positively affected by a decrease in Due to unconsolidated affiliate of $12.9 million due to the timing of settlement of balances; and
- Working capital was positively affected by an increase in Other current assets of $12.3 million due to timing of disbursements related to prepaid expenses.

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 September 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:

	Nine Months Ended September 30	
(In millions)	**2014**	**2013**
Net cash provided (used) by:		
Operating activities	**$ 184.4**	$ 164.1
Investing activities	**(149.9)**	(172.6)
Financing activities	**(51.0)**	33.3
Impact of exchange rate changes on cash	**(4.4)**	(4.3)
Net change in cash and cash equivalents	**$ (21.0)**	$ 20.6

Cash provided by operating activities — Net cash provided by operating activities in the first nine months of 2014 was $184.4 million, an increase of $20.3 million from the first nine months of 2013. The increase is primarily attributable to increased customer advances and decreased incentive bonus payments, partially offset by the timing of accounts receivable invoicing and collections, the timing of accounts payable disbursements, and an increase of inventories.

Included in the Cash flows from operating activities section of the Condensed Consolidated Statement of Cash Flows is the caption Other, net. For the nine months ended September 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 nine months ended September 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 nine months ended September 30, 2014 and 2013, the decreases in this caption were $36.2 million and $39.6 million, respectively. A summary of the major components of this caption for the periods presented is as follows:

	Nine Months Ended September 30	
(In millions)	**2014**	**2013**
Net cash provided (used) by:		
Change in net defined benefit pension liabilities	**$ (26.1)**	$ (13.3)
Change in prepaid expenses	**(17.9)**	(6.4)
Change in accrued taxes	**(8.7)**	(13.1)
Other	**16.5**	(6.8)
Total	**$ (36.2)**	$ (39.6)

Cash used by investing activities — Net cash used in investing activities in the first nine months of 2014 was $149.9 million, a decrease of $22.6 million from the first nine 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 (used) by financing activities — Net cash used in financing activities in the first nine months of 2014 was $51.0 million, a decrease of $84.3 million from the first nine 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 September 30, 2014, the Company was in compliance with these covenants as the total consolidated debt to consolidated EBITDA ratio was 2.8 to 1.0, the proportion of subsidiary consolidated indebtedness to consolidated tangible assets was 5.6% and total consolidated EBITDA to consolidated interest charges was 7.2 to 1.0. Based on balances at September 30, 2014, the Company could increase borrowings by $232.7 million and still be in compliance with these debt covenants. Alternatively, keeping all other factors constant, the Company's EBITDA could decrease by $66.5 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 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 September 30, 2014, the Company's consolidated cash and cash equivalents included approximately $69 million held by non-U.S. subsidiaries. At September 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 $23 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 October 2014, the Company declared its 259th consecutive quarterly cash dividend, payable in February 2015.

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 September 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 September 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 third 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 September 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	November 6, 2014	/s/ CHRISTOPHER J. STUMP
		Christopher J. Stump
		Corporate Controller
		(Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
3.1	By-laws, as amended October 28, 2014.
10.1	Form of Change in Control Severance Agreement.
10.2	Notification Letter to F.N. Grasberger dated August 1, 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 September 30, 2014, filed with the Securities and Exchange Commission on November 6, 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.

Exhibit 3.1

HARSCO CORPORATION

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BY-LAWS

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As adopted by the original incorporators of Harsco Corporation and approved by the Board of Directors of Harsco Corporation at the first meeting of Directors held February 29, 1956,

and

Including amendment of Section 2, Article II proposed at the Board of Directors meeting held May 22, 1956 and amended at the meeting of the Board of Directors held June 21, 1956,

and

Including amendment of Section 2, Article II proposed at the Board of Directors meeting held July 31, 1956 and amended at the meeting of the Board of Directors held August 28, 1956,

and

Including amendment of Section 2, Article II proposed at the Board of Directors meeting held November 25, 1958 and amended at the meeting of the Board of Directors held December 30, 1958,

and

Including amendment of Section 2, Article II proposed at the Board of Directors meeting held April 30, 1963 and amended at the meeting of the Board of Directors held June 12, 1963,

and

Including amendment of Section 8, Article II proposed at the Board of Directors meeting held August 8, 1967 and amended at the meeting of the Board of Directors held September 26, 1967,

and

Including amendment of Section 3, Article III proposed at the Board of Directors meeting held June 11, 1968 and amended at the meeting of the Board of Directors held July 23, 1968,

and

Including amendment of Section 1, Article IV proposed at the Board of Directors meeting held February 17, 1970 and amended at the meeting of the Board of Directors held April 28, 1970,

and

Including amendment of Section 3, Article III proposed at the Board of Directors meeting held June 31, 1972 and amended at the meeting of the Board of Directors held July 25, 1972,

and

Including the amendment of Section 6, Article II and the amendment of Article VII proposed at the Board of Directors meeting held April 27, 1976 and amended at the meeting of the Board of Directors held June 8, 1976,

and

Including the amendment of Section 8, Article II proposed and adopted at the meeting of the Board of Directors held April 6, 1981,

and

Including a restatement of all Articles proposed and adopted at the meeting of the Board of Directors held February 18, 1982,

and

Including the amendment of Section 1, Article II, the amendment of Section 2, Article II, the addition of a new Section 3, Article II, the amendment of the first paragraph of renumbered Section 7, Article II, the deletion of existing Section 7, Article II, the amendment of Section 11, Article II, and the amendment of Sections 2 through 4, Article III proposed and adopted at the meeting of the Board of Directors held February 19, 1986,

and

Including the amendment of Section 9, Article III proposed and adopted at the meeting of the Board of Directors held March 15, 1990 and effective April 25, 1990,

and

Including the amendment of Sections 6, 7 and 9, Article II and the amendment of Sections 2, 3 and 4, Article III proposed at the Board of Directors meeting held January 25, 2005 and amended at the annual meeting of the stockholders of Harsco Corporation held April 26, 2005,

and

Including the amendment of Sections 1 and 3, Article V proposed and adopted at the meeting of the Board of Directors held January 23, 2007 and effective January 23, 2007,

and

Including the amendment of Sections 1, 2 and 3, Article IV proposed and adopted at the meeting of the Board of Directors held July 30, 2012 and effective July 30, 2012.

and

Including the amendment of Section 7, Article II and the amendment of Section 2, Article III proposed and adopted at the meeting of the Board of Directors held January 28, 2014 and effective January 28, 2014.

and

Including the amendment of Sections 1, 2, 4, 5, 6, 7, 8, 9 and 11, Article II, the amendment of Sections 2, 7 and 8, Article III, the amendment of Sections 1 and 3, Article IV, the amendment of Sections 1, 2 and 4, Article V, the addition of a new Article IX and the addition of a new Article X proposed and adopted at the meeting of the Board of Directors held October 28, 2014 and effective October 28, 2014.

BY-LAWS

OF

HARSCO CORPORATION

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation shall be in the City of Wilmington, County of New Castle, State of Delaware until otherwise established by a vote of a majority of the Board of Directors in office, and a statement of such change is filed in the manner provided by statute.

Section 2. Other Offices. The Corporation may also have offices at such other places within or without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation requires.

ARTICLE II

STOCKHOLDERS MEETINGS

Section 1. Annual Meetings. The annual meeting of the stockholders of the Corporation shall be held at such place within or without the State of Delaware and on such date and at such time as shall be designated by the Board of Directors and as shall be designated in the notice of said meeting, which day shall be not more than thirteen months after the preceding annual meeting, for purpose of electing Directors and for the transaction of such other business as may properly be brought before the meeting. If no such place, date and time are fixed by the Board of Directors, then the meeting shall be held at the principal office of the Corporation on the last Tuesday of April, if not a legal holiday, and if a legal holiday, on the next succeeding day, at 10:00 a.m.

At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting.

To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly brought before the meeting by a stockholder who (i) is a stockholder of record on the date of the giving of the notice provided for in this Section 1 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) complies with the notice procedures set forth in this Section 1.

For business to be properly brought before an annual meeting by a stockholder, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not earlier than the close of business on the 120th and not later than the close of business on the 90th day prior to the first anniversary of the preceding year’s annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder in order to be timely must be delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the 90th day prior to such annual meeting or, if the first public announcement or notice of the date of such annual meeting is made or given to stockholders less than 100 days prior to the date of such annual meeting, the close of business on the 10th day following the day on which public announcement was made or notice of the date of such meeting is mailed, whichever first occurs (such time periods with respect to a notice, “Notice Time Periods”). In no event shall any adjournment or postponement of a meeting of stockholders or the announcement thereof commence a new time period for the giving of a stockholder’s notice as described above. As used in these By-laws, “public announcement” shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Securities Exchange Act of 1934 (the “Exchange Act”) and the rules and regulations promulgated thereunder.

To be in proper written form a stockholder’s notice to the Secretary must set forth (a) as to each matter such stockholder proposes to bring before the annual meeting a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the business is proposed to be brought (i) the name and address of such stockholder, as they appear on the Corporation’s books, of such beneficial owner, if any, and of each Associated Person (defined below) referred to in clause (iii), (ii) the employer and principal occupation of such stockholder, of such beneficial owner, if any, and of each Associated Person referred to in clause (iii), (iii) (A) the class or series and number of shares of capital stock of the Corporation which are, directly or indirectly, owned beneficially, or of record, by such stockholder, by such beneficial owner, if any, or by any Associated Person of such stockholder or beneficial owner, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of capital stock of the Corporation or with a value derived in whole or in part from the value of any shares of capital stock of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of capital stock the Corporation (each of the foregoing, a “Derivative Instrument”), in each case that is, directly or indirectly, owned beneficially by such stockholder, by such beneficial owner, if any, or by any Associated Person of such stockholder or beneficial owner, (C) any short interest in any shares of capital stock of the Corporation held by such stockholder, by such beneficial owner, if any, or any Associated Person of such stockholder or beneficial owner (for purposes of this by-law a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security), (D) any rights to dividends on the shares of capital stock of the Corporation owned beneficially by such stockholder, by such beneficial owner, if any, or by any Associated Person of such stockholder or beneficial owner, in each case that are separated or separable from the underlying shares of capital stock of the Corporation, (E) any proportionate interest in shares of capital stock of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company in which such stockholder, such beneficial owner if any, or any Associated Person of such stockholder or beneficial owner is a general partner or manager or, directly or indirectly, beneficially owns an interest, and (F) any performance related fees (other than an asset-based fee) that such stockholder, such beneficial owner, if any, or any Associated Person of such stockholder or beneficial owner is entitled to based on any increase or decrease in the value of shares of capital stock of the Corporation or Derivative Instruments (the disclosures to be made pursuant to the foregoing sub-clauses (iii)(A) through (F) are referred to as “Disclosable Interests”); provided, however, that this clauses (b)(iii) shall not require that disclosure be made with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is an Associated Person solely as a result of being the stockholder directed to prepare and submit the notice required by these By-laws on behalf of a beneficial owner, (iv) a description of all arrangements or understandings between such stockholder, beneficial owner, if any, or any Associated Person of such stockholder or beneficial owner, on the one hand, and any person or persons (including their names), on the other hand, relating to the Corporation or any of the shares of its capital stock, including any arrangements or understandings in connection with the proposal of such business by such stockholder, and any material interest of such stockholder, beneficial owner or any Associated Person of such stockholder or beneficial owner in such business, (v) a representation that such stockholder is a stockholder of record and intends to appear in person or by proxy at the meeting to bring such business before the meeting, (vi) a statement whether such stockholder or any other person known to the stockholder will deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s voting shares required under applicable law to carry the proposal and (vii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for such business in a contested solicitation pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Any such notice shall be updated and supplemented not later than five business days after the record date for the applicable meeting to disclose the information referred to in clause (b) as of the record date.

The foregoing notice requirements shall be deemed satisfied by a stockholder with respect to a proposal of business if the stockholder has notified the Corporation of such stockholder’s intention to present such proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder’s proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting.

Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 1. The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 1, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. If a stockholder or its proxy does not appear at the meeting to present its proposed business, such proposed business shall not be transacted, notwithstanding that proxies with respect to such vote may have been received by the Corporation.

An "Associated Person" of any stockholder or beneficial owner means (i) any affiliate of, or any other person acting in concert with, such stockholder or beneficial owner and (ii) each director, officer, employee, general partner, manager or affiliate of such stockholder or beneficial owner or any person with which such stockholder or beneficial owner is acting in concert.

Section 2. Special Meetings. Special meeting of stockholders may be called at any time in the manner provided in Article Fifteenth of the Restated Certificate of Incorporation, may be held at such place within or without the State of Delaware and on such date and at such time as shall be designated by the Board of Directors and stated in the notice of said meeting. Only such business shall be conducted at a special meeting of stockholders as shall have been specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or shall have otherwise been brought before the meeting by or at the direction of the Board of Directors and stockholders shall not be permitted to propose business to be brought before a special meeting of the stockholders.

Section 3. Stockholder Action. Any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

Section 4. Notice of Meetings. Notice of the time, place, and purpose or purposes of every meeting of stockholders shall be given to each stockholder of record entitled to vote at such meeting either personally or by mail at the address of each stockholder as shown by the stock records of the Corporation, or by any other lawful means, not less than ten, or more than sixty, days before the meeting.

Section 5. Quorum. A quorum at all meetings of stockholders shall consist of the holders of record of a majority of the shares of the capital stock of the Corporation, issued and outstanding, entitled to vote at the meeting, present in person or by proxy, except as otherwise provided by law or the Certificate of Incorporation. In the absence of a quorum at any meeting or any adjournment thereof, the chairman of the meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called. If a quorum is present at any meeting of stockholders and the meeting is adjourned to reconvene at a later time or date or different place, no notice need be given other than an announcement at the meeting of the place, date and time to which the meeting is adjourned, provided that if any adjournment, whether a quorum is present or not, is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 6. Organization. The Chairman of the Board of Directors, the President or a Vice President, or if none of the foregoing is present, such person as may be chosen by the Board of Directors, or if there are not remaining directors serving, such person as may be chosen by the holders of a majority of the shares of capital stock present in person or by proxy entitled to vote at such meeting, shall call to order any meeting of the stockholders and act as chairman of the meeting. The Secretary of the Corporation, or in his absence, an Assistant Secretary, shall act as Secretary of every meeting, but if neither the Secretary nor an Assistant Secretary is present, the chairman of the meeting shall choose any person present to act as secretary of the meeting. The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the matters to be voted upon by the stockholders, the manner of voting and the conduct of discussion as seem to him or her in order. The chairman of the meeting shall have the power to adjourn the meeting to another place, if any, date and time. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. No ballots, proxies or votes, nor any revocations thereof or changes thereto, shall be accepted by the inspectors or the chairman of the meeting after the closing of the polls unless the Delaware Court of Chancery upon application by a stockholder shall determine otherwise.

Section 7. Voting. Except as otherwise provided by law, at every meeting of stockholders, each stockholder of the Corporation entitled to vote at such meeting shall have one vote in person or by proxy for each share of stock having voting rights held by him and registered in his name on the books of the Corporation.

Any vote with respect to stock of the Corporation may be cast by the stockholder entitled to vote in person or by his proxy appointed by an instrument in writing, subscribed by such stockholder or by his authorized attorney and delivered to the secretary of the meeting, or by an electronic transmission permitted by law filed in accordance with the procedure established for the meeting by the Corporation; provided, however, that no proxy shall be voted or acted upon after three years from its date, unless said proxy provides for a longer period. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the Secretary of the Corporation.

A proxy shall not be revoked by the death or incapacity of the maker unless, before the authority is exercised, written notice of such death or incapacity is given to the Secretary of the Corporation. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether or not the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally.

Except as otherwise required by law or these By-laws, a quorum being present, in all matters other than the election of directors, the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Subject to Section 2 of Article III, at all elections of directors, a quorum being present, directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors.

Section 8. List of Stockholders. At least ten days before every meeting of stockholders, the Secretary shall prepare and make a complete list of stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of the stockholder. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting for a period of at least 10 days prior to the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) <u>during ordinary business hours</u>, at the principal place of business of the corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present.

Section 9. Inspectors of Election. All elections of directors shall be by written ballot, unless otherwise provided in the Certificate of Incorporation; the vote upon any other matter need not be by ballot. In advance of any meeting of stockholders the Board of Directors shall appoint one or more inspectors of election, who need not be stockholders, to act at such meeting or any adjournment thereof and make a written report thereof. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairman of any such meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. No person who is a candidate for office shall act as an inspector.

If inspectors of election are appointed as aforesaid, they shall ascertain the number of shares outstanding and the voting power of each; determine the shares represented at a meeting and the validity of proxies and ballots; count all votes and ballots; determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots; and do such acts as may be proper to conduct the election or vote with fairness to all stockholders. The inspectors may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors. If there be three inspectors of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all. On request of the chairman of the meeting or of any stockholder or his proxy, the inspectors shall make a report in writing or any challenge or question or matter determined by them, and execute a certificate of any fact found by them.

Section 10. Record Holder of Shares. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 11. Fixing Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may, except as otherwise required by law, fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than 60 nor less than 10 days before the date of any meeting of stockholders, nor more than 60 days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board of Directors adopts a resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE III

DIRECTORS

Section 1. Powers. The property, affairs and business of the Corporation generally shall be managed under the direction of the Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or the Certificate of Incorporation or the By-laws to be exercised or done by the stockholders.

Section 2. Number, Qualification, Election and Terms. Except as otherwise fixed pursuant to the provisions of Article Fourth of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect additional Directors under specified circumstances, the number of Directors shall be fixed from time to time by the Board of Directors but shall not be less than five nor more than twelve persons. No person who shall have attained the age of seventy two shall be eligible for election to the Board of Directors unless he shall be nominated by a three-fourths vote of the members of the Board present. The Directors shall be elected at each annual meeting of stockholders, except as provided in Section 3 of this Article III, and each Director shall hold office until the next annual meeting of stockholders and until such Director's successor is elected and qualified, except as required by law.

If, in any election of Directors at an annual meeting of stockholders where the number of Director nominees does not exceed the number of Directors to be elected (*i.e.*, an uncontested election), a nominee for Director receives a greater number of votes “withheld” from his or her election than votes “for” his or her election (a “Majority Withheld Vote”), then such Director shall tender his or her resignation in writing to the Chairman of the Board of Directors promptly following the certification of the election results, which resignation will be conditioned upon acceptance by the Board of Directors. The Nominating and Corporate Governance Committee shall evaluate each resignation tendered pursuant to this Section 2 and shall recommend to the Board of Directors whether to accept or reject each such resignation. The Board of Directors shall act on each such resignation, taking into account the recommendation of the Nominating and Corporate Governance Committee, within 90 days following the certification of the election results. Upon making its determination, the Board of Directors will promptly disclose (i) its decision whether to accept or reject the Director’s tendered resignation and (ii) if rejected, the reasons for rejecting the tendered resignation. The Nominating and Corporate Governance Committee, in making its recommendation, and the Board of Directors, in making its decision, may consider any factors or other information that it considers appropriate and relevant. If a Director’s resignation is not accepted by the Board of Directors, then such Director shall continue to serve until the next annual meeting of stockholders and until such Director’s successor is elected and qualified, except as required by law.

A Director who tenders a resignation pursuant to this Section 2 shall not vote with respect to the recommendation of the Nominating and Corporate Governance Committee or the decision of the Board of Directors as to whether to accept his or her resignation. If, however, each member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote in the same uncontested election, then the Board of Directors will appoint a committee comprised solely of independent Directors who did not receive a Majority Withheld Vote in that election to consider each tendered resignation and make a recommendation to the Board of Directors with respect thereto.

Only persons who are nominated in accordance with the following procedures shall be eligible for election as Directors of the Corporation. Nominations of persons for election to the Board of Directors at any annual meeting of stockholders or at any special meeting of stockholders called for the purpose of electing Directors may be made at such meeting (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder who (i) is a stockholder of record on the date of the giving of the notice provided for in this Section 2 and on the record date for the determination of stockholders entitled to vote at such meeting and (ii) complies with the notice procedures set forth in this Section 2.

In addition to any other applicable requirements, for a nomination to be made by a stockholder such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder’s notice to the Secretary must be delivered to or mailed and received at the principal executive offices of the Corporation, (a) in the case of an annual meeting, within the Notice Time Periods as defined in Section 1 of Article II and (b) in the case of a special meeting of stockholders called for the purpose of electing Directors, not later than the close of business on the 10th day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs. In no event shall any adjournment or postponement of a meeting of stockholders or the announcement thereof commence a new time period for the giving of a stockholder’s notice as described above.

To be in proper written form, a stockholder’s notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election as a Director (i) the name, age, business address and residence address of the person, (ii) the employer and principal occupation of the person, (iii) a biographical profile of the person, including educational background and business and professional experience, (iv) the class or series and number of shares of capital stock of the Corporation which are owned beneficially or of record by the person and (v) any other information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of Directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is proposed to be made (i) the name and address of such stockholder, as they appear on the Corporation’s books, of such beneficial owner, if any, and of each Associated Person referred to in clause (iii), (ii) the employer and principal occupation of such stockholder, of such beneficial owner, if any, and of each Associated Person referred to in clause (iii), (iii) the Disclosable Interests (as defined in Section 1 of Article II); provided, however, that this clause (b)(iii) shall not require that disclosure be made with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is an Associated Person solely as a result of being the stockholder directed to prepare and submit the notice required by these By-laws on behalf of a beneficial owner, (iv) a description of all arrangements or understandings between such stockholder, beneficial owner, if any, or any Associated Person of such stockholder or beneficial owner, on the one hand, and each proposed nominee and any other person or persons (including their names), on the other hand, relating to the Corporation or any of the shares of its capital stock, including any arrangements or understandings pursuant to which the nomination(s) are to be made by such stockholder or beneficial owner, (v) a representation that such stockholder is a stockholder of record and intends to appear in person or by proxy at the meeting to nominate the person or persons named as nominees in the notice, (vi) a statement whether such stockholder or any other person known to the stockholder will deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation’s voting shares required under applicable law to carry the proposal and (vii) any other information relating to such stockholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of Directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to be named as a nominee and to serve as a Director if elected. Any such notice shall be updated and supplemented not later than five business days after the record date for the applicable meeting to disclose the information referred to in clause (b) as of the record date.

No person shall be eligible for election as a Director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2. The chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the provisions of this Section 2, and if he should so determine, he shall so declare to the meeting and any such defective nomination shall be disregarded. If the nominating stockholder does not appear in person or by proxy at the meeting to present a nominee, such nominee shall be disregarded, notwithstanding that proxies with respect to such vote may have been received by the Corporation.

Section 3. Newly Created Directorships and Vacancies. Except as otherwise fixed pursuant to the provisions of Article Fourth of the Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect Directors under specified circumstances, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled solely by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining Director. Any Director elected in accordance with the preceding sentence shall hold office until the next annual meeting of the stockholders and until such Director's successor is elected and qualified, except as required by law. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

Section 4. Removal. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect Directors under specified circumstances, any Director may be removed from office, with or without cause, only by the affirmative vote of the holders of eighty percent of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of Directors, voting together as a single class.

Section 5. Resignations. Any Director of the Corporation may resign at any time by giving written notice to the President or Secretary of the Corporation. Such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Meetings. Meetings of the Board of Directors shall be held at such place within or without the State of Delaware as may from time to time be fixed by resolution of the Board or as may be specified in the call of any meeting. Regular meetings of the Board of Directors shall be held at such times and places as may at any time be fixed by resolution of the Board and may be held without further notice. A meeting of the Board shall be held without notice immediately following the annual meeting of the stockholders.

Special meetings may be held at any time upon the call of the Chairman of the Board, the President or three of the Directors then in office. Notice of any special meeting shall be given to each Director orally, telegraphically or otherwise in writing, and shall contain the place, time and date of the meeting. Meetings may be held at any time without notice if those not present waive notice of the meeting in writing.

One or more Director may participate in a meeting of the Board, or of a committee of the Board, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

Section 7. Quorum, Manner of Acting and Adjournment. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the board of Directors, except as may be otherwise specifically provided by law or by the Certificate of Incorporation or these By-laws. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Unless otherwise restricted by the Certificate of Incorporation or these By-laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting~~,~~ if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board, or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 8. Committees. The Board of Directors may in its discretion, by resolution adopted by a majority of the whole Board, appoint committees which shall have and may exercise, to the extent permissible under the General Corporation Law of the State of Delaware and the Certificate of Incorporation, such powers as shall be conferred or authorized by the resolution appointing them. The Board shall have the power at any time to change the members of any such committee, to fill vacancies thereon, and to discharge any such committee.

Section 9. Indemnification of Directors and Officers. The Corporation shall, to the fullest extent permitted by applicable law, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including any such actions by or in the right of the corporation or other entity) by reason of the fact that such person is or was a director, officer, employee or agent of the Corporation (or of such a constituent corporation, including any constituent of a constituent, absorbed in a consolidation or merger by the Corporation), or is or was serving at the request of the Corporation (or of such a constituent corporation) as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against all expenses (including attorneys' fees and costs), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding upon a determination having been made as to his good faith and conduct as required by applicable law. Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding to the extent, if any, authorized by the Board upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation. The rights provided hereby shall not be deemed exclusive of any other such rights provided for pursuant to agreement or otherwise.

Section 10. Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation, the Board of Directors shall have the authority to fix the compensation of Directors. The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director or both. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor. Members of committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be appointed by the Board of Directors or a duly authorized committee thereof and shall consist of a President, a Secretary and a Treasurer and may include the Chairman of the Board and such other officers as may from time to time be appointed by the Board of Directors or a duly authorized committee thereof, including, without limitation, Assistant Secretaries, Assistant Treasurers and one or more Vice Presidents. Any two offices, other than the offices of President and Secretary, may be held by the same person.

Section 2. Term and Removal. The term of office of all officers shall be one year and until their respective successors are elected and qualify, but any officer may be removed from office, either with or without cause, at any time by the affirmative vote of a majority of the members of the Board of Directors then in office. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

Section 3. Powers and Duties. The officers of the Corporation shall each have such powers and duties as generally pertain to their respective offices, and in addition thereto, such powers and duties as may from time to time be conferred by the Board of Directors.

The President shall see that all orders and resolutions of the Board are carried into effect, subject, however, to the right of the Directors to delegate any specific powers, except such as may be by statute exclusively conferred on the President, or any other officer or officers of the Corporation.

Unless otherwise determined by the Board of Directors, the Chief Executive Officer of the Corporation shall be either the Chairman of the Board or the President, as may be designated by the Board of Directors from time to time. He shall exercise general supervision over the property, affairs and business of the Corporation and shall possess and exercise such powers as may be granted to him by action of the Board.

The Vice Presidents of the Corporation shall have the authority and shall perform such duties and services as shall be assigned to or required of them from time to time by the Board of Directors or the Chief Executive Officer.

The Treasurer, subject to the supervision of the President, shall have the care and custody of all funds and securities of the Corporation. He shall cause all such funds to be deposited in the name of the Corporation in such banks as the Board of Directors may direct, and he shall keep permanent records of the evidences of property or indebtedness and of the financial transactions of the Corporation. The Treasurer shall exercise such other powers and perform such other duties as may be conferred or imposed upon him by law, by the By-laws or by the Board of Directors.

The Secretary shall attend all meetings of the Board and of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the committees, if any, when required. He shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. He shall keep in the safe custody the seal of the Corporation, and when any instrument requiring the corporate seal to be affixed shall first have been signed by the Chairman of the Board, the President or a Vice President, shall affix the seal to any instrument requiring it and, when so affixed, it shall be attested by his signature.

In the absence or incapacity of the Secretary, any Assistant Secretary may, except as otherwise provided by law, exercise the powers and perform the duties of the Secretary.

In the absence or incapacity of the Treasurer, any Assistant Treasurer may, except as otherwise provided by law, exercise the powers and perform the duties of the Treasurer.

Section 4. Subordinate Officers, Committees and Agents. The Board of Directors may from time to time elect such other officers and appoint such committees, employees or other agents as it deems necessary, who shall hold their offices for such terms and shall exercise such powers and perform such duties as are provided in these By-laws, or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any officer or committee the power to elect subordinate officers and to retain or appoint employees or other agents, or committees thereof, and to prescribe the authority and duties of such subordinate officers, committees, employees or other agents.

Section 5. Miscellaneous. All checks and drafts on the Corporation's bank accounts and all bills of exchange and promissory notes and all acceptances, obligations and other instruments for the payment of money shall be signed by such officer or officers, agent or agents, as shall be authorized from time to time by the Board of Directors.

ARTICLE V

STOCK

Section 1. Form of Certificates. The shares of capital stock of the Corporation will be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. The certificates for shares of stock shall be in such form as the Board of Directors may from time to time prescribe. The certificates of stock shall be signed by, or in the name of, the Corporation by the Chairman of the Board of Directors, or the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer of the Corporation. Any or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 2. Lost, Stolen, Destroyed or Mutilated Certificates. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board of Directors may establish concerning proof of such loss, theft or destruction and concerning the giving of a satisfactory bond or bonds of indemnity.

Section 3. Transfer Agent Registrar. The Board of Directors may appoint one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates of stock, if any, to bear the signature or signatures of any of them. Any such transfer clerk, transfer agent and registrar shall transfer stock in accordance with its customary transfer procedures and in accordance with applicable laws and regulations.

Section 4. Regulations. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE VI

FISCAL YEAR

The fiscal year of the Corporation shall begin on the first day of January in each year and shall end on the thirty-first day of December next following.

ARTICLE VII

CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII

AMENDMENTS

The stockholders, by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote, may at any regular or any special meeting alter or amend these By-laws, if notice that such matter is to be presented is contained in the notice of the meeting.

The Board of Directors, by the affirmative vote of a majority of its members, may at any regular or any special meeting alter or amend these By-laws.

ARTICLE IX

NOTICES

Section 1. Notices. If mailed, notice to stockholders shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at such stockholder’s address as it appears on the records of the Corporation. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders may be given by electronic transmission in the manner provided in Section 232 of the General Corporation Law of the State of Delaware.

Section 2. Waiver. A written waiver of any notice, signed by a stockholder or director, or waiver by electronic transmission by such person, whether given before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in such a waiver. Attendance at any meeting shall constitute waiver of notice except attendance for the express purpose of objecting, at the beginning of the meeting, to the transaction of business because the meeting is not lawfully called or convened.

ARTICLE X

FORUM SELECTION

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or the Corporation’s stockholders, (c) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation arising pursuant to the Delaware General Corporation Law or the Corporation’s certificate of incorporation or By-laws (as either may be amended from time to time), or (d) any action asserting a claim against the Corporation or any director or officer or other employee of the Corporation governed by the internal affairs doctrine of the State of Delaware shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware). Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article X.

HARSCO CORPORATION

CHANGE IN CONTROL SEVERANCE AGREEMENT

This CHANGE IN CONTROL SEVERANCE AGREEMENT (this “Agreement”) is by and between Harsco Corporation, a Delaware corporation (the “Company”), and ____________ (the “Executive”), and is dated as of the __ day of ______________ 20__.

WHEREAS, the Company recognizes that the current business environment makes it difficult to attract and retain highly-qualified executives unless a certain degree of security can be offered to such executives against organizational and personnel changes which frequently follow a Change in Control (as defined below) of a corporation; and

WHEREAS, the Board of Directors considers the Executive to be an important resource which the Company desires to retain; and

WHEREAS, the Company desires to assure fair treatment of its key executives in the event of a Change in Control and to allow them to make critical career decisions without undue time pressure and financial uncertainty, thereby increasing their willingness to remain with the Company notwithstanding the outcome of a possible Change in Control transaction; and

WHEREAS, the Company recognizes that its key executives will be involved in evaluating or negotiating any offers, proposals, or other transactions which could result in a Change in Control of the Company and believes that it is in the best interests of the Company and its shareholders that such key executives be in a position, free from personal financial and employment considerations, to be able to assess objectively and pursue aggressively the interests of the Company’s shareholders in making these evaluations and carrying on such negotiations; and

WHEREAS, the Board of Directors (the “Board”) of the Company believes it is essential to provide the Executive with compensation arrangements upon a Change in Control which provide the Executive with individual financial security and which are competitive with those of other corporations, and in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW THEREFORE, the parties, for good and valuable consideration and intending to be legally bound, agree as follows:

1. Certain Definitions.

(a) The “Term of the Agreement” is the period commencing on the date hereof and ending on the third anniversary of such date; provided, however, that (i) commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof is hereinafter referred to as the “Renewal Date”), the Term of the Agreement shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice that the Term of the Agreement shall not be so extended, and (ii) if a Change in Control occurs during the Term of the Agreement, the Term of the Agreement will expire on the last day of the Protection Period (as defined herein), and (iii) if, prior to a Change in Control, the Executive ceases for any reason to be an officer of the Company, thereupon without action, the Term of the Agreement shall be deemed to have expired and this Agreement will immediately terminate and be of no further effect, unless the second sentence of Section 1(b) applies, in which case the Term of the Agreement will expire at the end of the Protection Period.

(b) The "Effective Date" shall be the first date during the "Term of the Agreement" on which a Change in Control occurs. Anything in this Agreement to the contrary notwithstanding, if the Executive's employment with the Company terminates within 180 days prior to the date on which a Change in Control occurs, and the Executive reasonably demonstrates that such termination (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control or (ii) otherwise arose in connection with or anticipation of a Change in Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(c) A reference herein to a section of the Internal Revenue Code of 1986, as amended (the "Code"), or a subsection thereof shall be construed to incorporate reference to any section or subsection of the Code enacted as a successor thereto, any applicable proposed, temporary or final regulations promulgated pursuant to such sections and any applicable interpretation thereof by the Internal Revenue Service.

(d) "Employee Benefits" and "Employee Benefit Plans" means the perquisites, benefits and service credit for benefits as provided under any and all employee retirement income and welfare benefit policies, plans, programs or arrangements in which the Executive is entitled to participate, including without limitation any stock option, performance share, performance unit, stock purchase, stock appreciation, savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company), disability, salary continuation, expense reimbursement and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs or arrangements that may be adopted hereafter by the Company or any successor.

(e) A reference herein to a section of the Securities Exchange Act of 1934 (the "Exchange Act") or any Rule promulgated thereunder shall be construed to incorporate reference to any section of the Exchange Act or any Rule enacted or promulgated as a successor thereto.

2. Change in Control. For the purpose of this Agreement, a "Change in Control" shall mean:

(a) The acquisition (other than from the Company) by any person, entity or "group," within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "Person") (excluding, for this purpose, the Company or its subsidiaries, or any employee benefit plan of the Company or its subsidiaries which acquires beneficial ownership of voting securities of the Company) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either the then outstanding shares of common stock or the combined voting power of the Company's then outstanding voting securities entitled to vote generally in the election of directors (the "Voting Stock"); provided, however, that a Change in Control will not be deemed to have occurred if a Person becomes the beneficial owner of 20% or more of the Voting Stock as a result of a reduction in the number of shares of Voting Stock outstanding pursuant to a transaction or series of transactions that is approved by a majority of the Incumbent Board (as defined below) unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's stockholders, or appointment, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination and other than an election or nomination of an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company) shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board; or

(c) The consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another corporation or other transaction (each, a "Business Transaction") with respect to which, in any such case, the persons who were the stockholders of the Company immediately prior to such Business Transaction do not, immediately thereafter, own more than 50% of the combined voting power entitled to vote in the election of directors of the entity resulting from such Business Transaction; or

(d) Approval by the stockholders of the Company of a liquidation or dissolution of the Company or of the sale of all or substantially all the assets of the Company.

3. Protection Period. The "Protection Period" under this Agreement will be a period of two years commencing on the Effective Date or, if the second sentence of Section 1(b) applies, a period commencing on the Effective Date and ending immediately after the termination of the Executive's employment with the Company.

4. Certain Terms Relating to Termination.

(a) Disability. If the Company determines in good faith that the Disability of the Executive has occurred (pursuant to the definition of "Disability" set forth below) during the Protection Period, it may give to the Executive written notice of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" means disability which, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. During the Protection Period, the Company may terminate the Executive's employment for "Cause." For purposes of this Agreement, "Cause" means (i) an act or acts of personal dishonesty taken by the Executive and intended to result in substantial personal enrichment of the Executive at the expense of the Company, (ii) repeated failure by the Executive to devote reasonable attention and time during normal business hours to the business and affairs of the Company or to use the Executive's reasonable best efforts to perform faithfully and efficiently the responsibilities assigned to the Executive (provided that such failure is demonstrated to be willful and deliberate on the Executive's part and is not remedied in a reasonable period of time after receipt of written notice from the Company), or (iii) the conviction of the Executive of a felony.

(c) Good Reason. Notwithstanding anything to the contrary contained herein, during the Protection Period, the Executive's employment may be terminated by the Executive for Good Reason. For purposes of this Agreement, "Good Reason" means:

(i) the assignment to the Executive of any duties inconsistent in any material respect with the most significant of the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities held or exercised by, or assigned to, the Executive at any time during the 90-day period immediately preceding the Effective Date, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) the reduction of the Executive’s base salary below the highest amount paid or payable to the Executive at any time during the 12-month period immediately preceding the month in which the Effective Date occurs, other than an isolated, insubstantial and inadvertent reduction not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the reduction of the Executive’s annual incentive compensation opportunity below the highest amount available for the Executive at any time, or the provision of such annual incentive compensation opportunity on terms less favorable than those in effect from time to time, in either case during the three fiscal years immediately preceding the fiscal year in which the Effective Date occurs, other than an isolated, insubstantial and inadvertent reduction or provision not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iv) the reduction in the Executive’s entitlement to or opportunity to participate in Employee Benefits or Employee Benefit Plans on terms that are at least as favorable as those in effect for such Employee Benefits or Employee Benefit Plans either as provided for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable, as in effect at any time on or after the Effective Date with respect to other executives of the Company and its subsidiaries, other than an isolated, insubstantial and inadvertent reduction not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(v) the reduction in the Executive’s entitlement to office space, including furnishings and other appointments, secretarial and other assistance, and paid vacations and holidays, on terms that are at least as favorable as those in effect either as provided for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable, as in effect at any time on or after the Effective Date with respect to other executives of the Company and its subsidiaries, other than an isolated, insubstantial and inadvertent reduction not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(vi) the Company requiring the Executive, without the Executive’s consent, to be based at any office or location that is 50 miles or further away from the location or office where the Executive was employed immediately preceding the Effective Date, except for travel reasonably required in the performance of the Executive’s responsibilities;

(vii) any purported termination by the Company of the Executive’s employment otherwise than as expressly permitted by this Agreement; or

(viii) any failure by the Company to comply with and satisfy Section 10(c) of this Agreement.

For purposes of this Section 4(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(d) Without Cause and Without Good Reason. Notwithstanding anything to the contrary contained in this Agreement, during the Protection Period, upon reasonable notice (unless the second sentence of Section 1(b) applies), the Company may terminate the Executive's employment without Cause and the Executive may terminate the Executive's employment without Good Reason.

(e) Notice of Termination. Any termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 11(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall be not more than fifteen (15) days after the giving of such notice). The failure by the Executive to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason shall not waive any right of the Executive hereunder or preclude the Executive from asserting such fact or circumstance in enforcing his rights hereunder.

(f) Date of Termination. "Date of Termination" means the date on which Executive incurs a "separation from service" within the meaning of Section 409A of the Code.

5. Obligations of the Company upon Termination During the Protection Period.

(a) Death. If the Executive's employment is terminated during the Protection Period by reason of the Executive's death, this Agreement shall terminate without further obligations under this Agreement to the Executive's representatives, other than those obligations accrued or earned and vested (if applicable) by the Executive as of the Date of Termination, including, for this purpose (i) the Executive's full base salary through the Date of Termination at the rate in effect on the Date of Termination or, if higher, at the highest rate in effect at any time from the 90-day period preceding the Effective Date through the Date of Termination (the "Highest Base Salary"), (ii) the product of the Executive's target annual incentive compensation in effect for the year in which the Date of Termination occurs and a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (iii) to the extent permitted by Section 409A of the Code, any compensation previously deferred by the Executive (together with any accrued interest thereon) and not yet paid by the Company and any accrued vacation pay not yet paid by the Company (such amounts specified in clauses (i), (ii) and (iii) are hereinafter referred to as "Accrued Obligations"). All such Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. Anything in this Agreement to the contrary notwithstanding, the Executive's family shall be entitled to receive Employee Benefits at least equal to the most favorable Employee Benefits provided by the Company and any of its subsidiaries to surviving families of executives of the Company and such subsidiaries under such Employee Benefit Plans relating to family death benefits, if any, in accordance with the most favorable Employee Benefit Plans of the Company and its subsidiaries in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect on the date of the Executive's death with respect to other key executives of the Company and its subsidiaries and their families.

(b) Disability. If the Executive's employment is terminated during the Protection Period by reason of the Executive's Disability, this Agreement shall terminate without further obligations to the Executive, other than those obligations accrued or earned and vested (if applicable) by the Executive as of the Date of Termination, including for this purpose, all Accrued Obligations. All such Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. Anything in this Agreement to the contrary notwithstanding, the Executive shall be entitled after the Disability Effective Date to receive disability and other Employee Benefits at least equal to the most favorable of those provided by the Company and its subsidiaries to disabled executives and/or their families in accordance with such Employee Benefit Plans relating to disability, if any, of the Company and its subsidiaries in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter with respect to other key executives of the Company and its subsidiaries and their families.

(c) Cause; Other than for Good Reason. If the Executive's employment shall be terminated during the Protection Period for Cause, this Agreement shall terminate without further obligations to the Executive, other than the obligation to pay to the Executive the Highest Base Salary through the Date of Termination plus, to the extent permitted by Section 409A of the Code, the amount of any compensation previously deferred by the Executive (together with accrued interest thereon as provided under the terms of any agreement providing for the deferral of such compensation). If the Executive terminates employment during the Protection Period other than for Good Reason (including by reason of retirement), this Agreement shall terminate without further obligations to the Executive, other than those obligations accrued or earned and vested (if applicable) by the Executive through the Date of Termination, including for this purpose, the Executive's Base Salary through the Date of Termination at the rate in effect on the Date of Termination plus, to the extent permitted by Section 409A of the Code, the amount of any compensation previously deferred by the Executive (together with accrued interest thereon as provided under the terms of any agreement providing for the deferral of such compensation). Subject to Section 12, all such amounts under this Section 5(c) shall be paid to the Executive in a lump sum in cash within 90 days of the Date of Termination.

(d) Good Reason; Other than for Cause, Disability or Death.

(i) If, during the Protection Period, the Company shall terminate the Executive's employment other than for Cause, Disability, or death or if the Executive shall terminate his employment for Good Reason, the Company shall pay to the Executive the aggregate of the following amounts:

(A) the Executive's full base salary and vacation pay accrued (for vacation not taken) through the Date of Termination at the rate in effect at the Date of Termination plus pro-rated annual incentive compensation through the Date of Termination at the same percentage rate (i.e., percentage of the Executive's previous year-end salary) applicable to the calendar year immediately prior to the year in which the Date of Termination occurs, plus all other amounts to which the Executive is entitled under any compensation plan, program, practice or policy of the Company in effect at the time such payments are due; and

(B) to the extent permitted by Section 409A of the Code, in the event any compensation has been previously deferred by the Executive, all amounts previously deferred (together with any accrued interest thereon pursuant to the terms of any agreement providing for the deferral of such compensation) and not yet paid by the Company; and

(C) a lump sum severance payment in an amount equal to (i) [one times] [two times] [three times] the Executive's Highest Base Salary plus (ii) [one times] [two times] [three times] Executive's highest target incentive compensation in effect for the year in which the Date of Termination occurs.

Subject to Section 12 hereof, such payment will be made in a lump sum in cash on the 90th day after the Date of Termination; <u>provided</u>, <u>however</u>, that in the event Executive's termination of employment occurs prior to a Change in Control, payment will be made on the 90th day after the Change in Control.

(ii) Notwithstanding the provisions of Section 5(d)(i), the Company shall not be obligated to make any payment or provide any benefit under Section 5(d)(i) unless (A) prior to the 60th day following the Date of Termination, the Executive executes a release of all current or future claims, known or unknown, arising on or before the date of the release against the Company and its affiliates and the directors, officers, employees and affiliates of any of them, in a form approved by the Company and (B) any applicable revocation period has expired during such 60-day period without Executive revoking such release.

6. <u>Non-Exclusivity of Rights.</u> Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any benefit, bonus, incentive or other plans, programs, policies or practices, provided by the Company or any of its subsidiaries and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any performance share units agreement, restricted stock units agreement, stock appreciation rights agreement, stock option agreement, or other agreements with the Company or any of its subsidiaries. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of the Company or any of its subsidiaries at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program.

7. <u>Full Settlement</u>. Not later than the Effective Date, to the extent permitted by Section 409A of the Code, the Company will take appropriate steps, in form and substance satisfactory to the Executive, to ensure the Company's financial ability to meet its financial obligations to the Executive under this Agreement through the escrowing of sufficient funds with a financially sound and reputable escrow agent, the securing of a letter of credit in favor of the Executive from a financially sound and reputable banking or financial institution, or other similar financial arrangement with an independent entity. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof, plus in each case interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code.

8. <u>Adjustment of Payments</u>. Notwithstanding any provision of this Agreement to the contrary, if any payment or benefit to be paid or provided hereunder would be an "Excess Parachute Payment,"

within the meaning of Section 280G of the Code, or any successor provision thereto, but for the application of this sentence, then the payments and benefits to be paid or provided hereunder shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes an Excess Parachute Payment; provided, however, that the foregoing reduction shall be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). All determinations required to be made under this Section 8 shall be made by an independent accounting firm selected by the Company (the “Accounting Firm”) which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the Date of Termination or such earlier time as is requested by the Company and, if requested by the Executive, an opinion that he has substantial authority not to report any excise tax on his Federal income tax return with respect to the Excess Parachute Payments. Any such determination by the Accounting Firm shall be binding upon the Company and the Executive. The fact that the Executive’s right to payments or benefits may be reduced by reason of the limitations contained in this Section 8 shall not of itself limit or otherwise affect any other rights of the Executive under this Agreement. In the event that any payment or benefit intended to be provided hereunder is required to be reduced pursuant to this Section 8, then the reduction shall occur in the following order: (a) reduction of the amount described in Section 5(d)(i)(C); (b) reduction of the pro-rata annual incentive compensation amount described in Section 5(d)(i)(A); and (c) reduction of the amount described in Section 5(d)(i)(B).

9. Confidential Information. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its subsidiaries, and their respective businesses, which shall have been obtained by the Executive during the Executive’s employment by the Company or any of its subsidiaries and which shall not be or become public knowledge (other than by acts by the Executive or his representatives in violation of this Agreement). After termination of the Executive’s employment with the Company, the Executive shall not, without the prior written consent of the Company, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. In no event shall an asserted violation of the provisions of this Section 9 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

10. Successors.

(a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive’s legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

11. Miscellaneous.

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

____
____
____

If to the Company:

Harsco Corporation
350 Poplar Church Road
Camp Hill, PA 17011
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive’s failure to insist upon strict compliance with any provision hereof shall not be deemed to be a waiver of such provision or any other provision thereof.

(f) This Agreement contains the entire understanding of the Company and the Executive with respect to the subject matter hereof and supersedes any prior change in control severance agreement or any other prior agreements relating to the subject matter hereof. Notwithstanding the preceding sentence, this Agreement does not supersede or override the provisions of any performance share units agreement, restricted stock units agreement, stock appreciation rights agreement, stock option agreement, employee benefit or other agreement, plan, program, policy or practice in which Executive is a party or participant, as applicable, or under which the Executive is a beneficiary.

(g) The Executive and the Company acknowledge that the employment of the Executive by the Company prior to the Effective Date is “at will”, and, prior to the Effective Date, may be terminated by either the Executive or the Company at any time. Upon a termination of the Executive’s employment or upon the Executive’s ceasing to be an officer of the Company, in each case, prior to the Effective Date, there shall be no further rights under this Agreement.

12. Section 409A of the Code. To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Executive. This Agreement shall be administered and

interpreted in a manner consistent with this intent. Each payment hereunder shall be considered a separate payment for purposes of Section 409A of the Code. Notwithstanding any provision of this Agreement to the contrary, if the Executive is a “specified employee,” determined pursuant to procedures adopted by the Company in compliance with Section 409A of the Code, on the date of the Executive’s separation from service (within the meaning of Treasury Regulation section 1.409A-1(h)) and if any portion of the payments or benefits to be received by the Executive upon his or her separation from service would constitute a “deferral of compensation” subject to Section 409A of the Code, then to the extent necessary to comply with Section 409A of the Code, amounts that would otherwise be payable pursuant to this Agreement during the six-month period immediately following the Executive’s termination of employment will instead be paid or made available on the earlier of (a) the first business day of the seventh month after the Executive’s termination of employment, or (b) the Executive’s death.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, neither the Company nor any of its subsidiaries or affiliates shall be deemed to guarantee any particular tax result for any Executive, spouse, or beneficiary with respect to any payments provided hereunder. In addition, for purposes of this Agreement, the phrase “permitted by Section 409A of the Code,” or words of similar import, will mean that the event or circumstances that may occur or exist only if permitted by Section 409A of the Code would not cause the identified amount that is deferred or payable under this Agreement to be includable in the gross income of the Executive (or his or her beneficiary) under Section 409A(a)(1) of the Code.

IN WITNESS WHEREOF, the Executive has hereunto set his hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed as of the day and year first above written.

Name:

HARSCO CORPORATION

Name: A. Verona Dorch

Title: Vice President, General Counsel &

Corporate Secretary

Attest:
Name:
Title:

Exhibit 10.2

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

August 1, 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 Executive Officer effective today. Your base annual salary will be increased to $780,000 (Seven Hundred Eighty 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 roles of Chief Financial Officer, President and Chief Operating 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 250% 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. 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,

David Everitt ________________________________
Chairman of the Board of Directors   Accepted Date
Harsco Corporation

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.

November 6, 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 September 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.

November 6, 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.