

**HARSCO CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
(In thousands, except per share amounts)	2017	2016	2017	2016
<b>Revenues from continuing operations:</b>				
Service revenues	\$ 246,144	\$ 239,057	\$ 738,059	\$ 714,177
Product revenues	138,509	128,730	414,033	376,824
<b>Total revenues</b>	<b>384,653</b>	<b>367,787</b>	<b>1,152,092</b>	<b>1,091,001</b>
<b>Costs and expenses from continuing operations:</b>				
Cost of services sold	193,314	192,812	574,905	574,137
Cost of products sold	96,469	93,499	296,062	312,131
Selling, general and administrative expenses	61,221	50,249	171,968	150,553
Research and development expenses	936	910	3,096	2,748
Other (income) expenses, net	(1,237)	1,741	1,729	12,111
<b>Total costs and expenses</b>	<b>350,703</b>	<b>339,211</b>	<b>1,047,760</b>	<b>1,051,680</b>
<b>Operating income from continuing operations</b>	<b>33,950</b>	<b>28,576</b>	<b>104,332</b>	<b>39,321</b>
Interest income	610	673	1,615	1,760
Interest expense	(12,123)	(13,756)	(36,181)	(39,924)
Change in fair value to the unit adjustment liability and loss on dilution and sale of equity method investment	—	(44,788)	—	(58,494)
<b>Income (loss) from continuing operations before income taxes and equity income</b>	<b>22,437</b>	<b>(29,295)</b>	<b>69,766</b>	<b>(57,337)</b>
Income tax expense	(8,270)	(5,079)	(25,757)	(14,913)
Equity income of unconsolidated entities, net	—	3,205	—	5,686
<b>Income (loss) from continuing operations</b>	<b>14,167</b>	<b>(31,169)</b>	<b>44,009</b>	<b>(66,564)</b>
<b>Discontinued operations:</b>				
Income (loss) on disposal of discontinued business	(578)	(592)	(538)	1,788
Income tax benefit (expense) related to discontinued business	207	217	193	(661)
<b>Income (loss) from discontinued operations</b>	<b>(371)</b>	<b>(375)</b>	<b>(345)</b>	<b>1,127</b>
<b>Net income (loss)</b>	<b>13,796</b>	<b>(31,544)</b>	<b>43,664</b>	<b>(65,437)</b>
Less: Net income attributable to noncontrolling interests	(498)	(1,443)	(2,438)	(4,592)
<b>Net income (loss) attributable to Harsco Corporation</b>	<b>\$ 13,298</b>	<b>\$ (32,987)</b>	<b>\$ 41,226</b>	<b>\$ (70,029)</b>
<b>Amounts attributable to Harsco Corporation common stockholders:</b>				
Income (loss) from continuing operations, net of tax	\$ 13,669	\$ (32,612)	\$ 41,571	\$ (71,156)
Income (loss) from discontinued operations, net of tax	(371)	(375)	(345)	1,127
<b>Net income (loss) attributable to Harsco Corporation common stockholders</b>	<b>\$ 13,298</b>	<b>\$ (32,987)</b>	<b>\$ 41,226</b>	<b>\$ (70,029)</b>
Weighted-average shares of common stock outstanding	80,637	80,379	80,519	80,318
<b>Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:</b>				
Continuing operations	\$ 0.17	\$ (0.41)	\$ 0.52	\$ (0.89)
Discontinued operations	—	—	—	0.01
<b>Basic earnings (loss) per share attributable to Harsco Corporation common stockholders</b>	<b>\$ 0.16</b> <sup>(a)</sup>	<b>\$ (0.41)</b>	<b>\$ 0.51</b> <sup>(a)</sup>	<b>\$ (0.87)</b> <sup>(a)</sup>
Diluted weighted-average shares of common stock outstanding	83,136	80,379	82,753	80,318
<b>Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:</b>				
Continuing operations	\$ 0.16	\$ (0.41)	\$ 0.50	\$ (0.89)
Discontinued operations	—	—	—	0.01
<b>Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders</b>	<b>\$ 0.16</b>	<b>\$ (0.41)</b>	<b>\$ 0.50</b>	<b>\$ (0.87)</b> <sup>(a)</sup>

(a) Does not total due to rounding.

**HARSCO CORPORATION**  
**CONSOLIDATED BALANCE SHEETS (Unaudited)**

(In thousands)	September 30 2017	December 31 2016
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 59,544	\$ 69,831
Restricted cash	5,819	2,048
Trade accounts receivable, net	279,232	236,554
Other receivables	22,647	21,053
Inventories	227,008	187,681
Other current assets	35,825	33,108
<b>Total current assets</b>	<b>630,075</b>	<b>550,275</b>
Property, plant and equipment, net	479,141	490,255
Goodwill	399,916	382,251
Intangible assets, net	39,340	41,567
Deferred income tax assets	108,754	106,311
Other assets	13,767	10,679
<b>Total assets</b>	<b>\$ 1,670,993</b>	<b>\$ 1,581,338</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Short-term borrowings	\$ 5,668	\$ 4,259
Current maturities of long-term debt	15,569	25,574
Accounts payable	123,290	107,954
Accrued compensation	50,367	46,658
Income taxes payable	8,668	4,301
Insurance liabilities	11,616	11,850
Advances on contracts and other customer advances	126,019	117,329
Other current liabilities	144,649	109,748
<b>Total current liabilities</b>	<b>485,846</b>	<b>427,673</b>
Long-term debt	602,673	629,239
Insurance liabilities	24,097	25,265
Retirement plan liabilities	305,330	319,597
Other liabilities	43,029	42,001
<b>Total liabilities</b>	<b>1,460,975</b>	<b>1,443,775</b>
<b>HARSCO CORPORATION STOCKHOLDERS' EQUITY</b>		
Common stock	141,093	140,625
Additional paid-in capital	178,287	172,101
Accumulated other comprehensive loss	(581,551)	(606,722)
Retained earnings	1,191,205	1,150,688
Treasury stock	(761,998)	(760,391)
<b>Total Harsco Corporation stockholders' equity</b>	<b>167,036</b>	<b>96,301</b>
Noncontrolling interests	42,982	41,262
<b>Total equity</b>	<b>210,018</b>	<b>137,563</b>
<b>Total liabilities and equity</b>	<b>\$ 1,670,993</b>	<b>\$ 1,581,338</b>

**HARSCO CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS** (Unaudited)

(In thousands)	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2017	2016	2017	2016
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 13,796	\$ (31,544)	\$ 43,664	\$ (65,437)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	31,024	32,548	91,519	98,284
Amortization	1,981	4,077	5,989	10,003
Change in fair value to the unit adjustment liability and loss on dilution and sale of equity method investment	—	44,788	—	58,494
Contract estimated forward loss provision for Harsco Rail Segment	—	—	—	40,050
Deferred income tax expense (benefit)	(1,415)	842	2,018	(2,015)
Equity in income of unconsolidated entities, net	—	(3,205)	—	(5,686)
Dividends from unconsolidated entities	74	—	93	16
Other, net	(3,141)	40	2,567	1,911
Changes in assets and liabilities:				
Accounts receivable	16,173	1,044	(26,633)	4,055
Inventories	(23,816)	(504)	(30,112)	(24,295)
Accounts payable	4,786	5,568	9,045	(10,740)
Accrued interest payable	121	6,281	287	6,245
Accrued compensation	5,344	3,244	979	4,481
Advances on contracts and other customer advances	(5,055)	16,461	(6,534)	15,352
Retirement plan liabilities, net	(6,669)	(3,280)	(17,890)	(17,151)
Other assets and liabilities	2,923	(187)	7,913	(8,721)
<b>Net cash provided by operating activities</b>	<b>36,126</b>	<b>76,173</b>	<b>82,905</b>	<b>104,846</b>
<b>Cash flows from investing activities:</b>				
Purchases of property, plant and equipment	(23,431)	(17,770)	(64,131)	(49,946)
Proceeds from sales of assets	9,212	2,063	10,746	7,178
Purchases of businesses, net of cash acquired	—	—	—	(26)
Proceeds from sale of equity investment	—	165,640	—	165,640
Other investing activities, net	280	7,674	4,450	7,058
<b>Net cash provided (used) by investing activities</b>	<b>(13,939)</b>	<b>157,607</b>	<b>(48,935)</b>	<b>129,904</b>
<b>Cash flows from financing activities:</b>				
Short-term borrowings, net	(387)	(3,476)	1,915	(1,527)
Current maturities and long-term debt:				
Additions	2,000	816	26,000	50,835
Reductions	(18,533)	(200,160)	(65,245)	(275,768)
Cash dividends paid on common stock	—	—	—	(4,105)
Dividends paid to noncontrolling interests	(14)	—	(1,783)	(1,702)
Purchase of noncontrolling interests	(3,412)	—	(3,412)	(4,731)
Stock-based compensation - Employee taxes paid	(281)	—	(1,607)	(91)
Deferred pension underfunding payment to unconsolidated affiliate	—	(20,640)	—	(20,640)
Proceeds from cross-currency interest rate swap termination	—	—	—	16,625
Deferred financing costs	—	(51)	(42)	(946)
Other financing activities, net	(2)	—	(370)	—
<b>Net cash used by financing activities</b>	<b>(20,629)</b>	<b>(223,511)</b>	<b>(44,544)</b>	<b>(242,050)</b>
Effect of exchange rate changes on cash and cash equivalents, including restricted cash	1,029	404	4,058	7,455
Net increase (decrease) in cash and cash equivalents, including restricted cash	2,587	10,673	(6,516)	155
Cash and cash equivalents, including restricted cash, at beginning of period	62,776	69,238	71,879	79,756
<b>Cash and cash equivalents, including restricted cash, at end of period</b>	<b>\$ 65,363</b>	<b>\$ 79,911</b>	<b>\$ 65,363</b>	<b>\$ 79,911</b>

**HARSCO CORPORATION**  
**REVIEW OF OPERATIONS BY SEGMENT (Unaudited)**

(In thousands)	Three Months Ended September 30, 2017		Three Months Ended September 30, 2016	
	Revenues	Operating Income (Loss)	Revenues	Operating Income (Loss)
Harsco Metals & Minerals	\$ 255,163	\$ 24,327	\$ 247,691	\$ 24,066
Harsco Industrial	78,318	12,864	63,422	6,312
Harsco Rail	51,134	4,161	56,674	4,599
Corporate	38	(7,402)	—	(6,401)
Consolidated Totals	<u>\$ 384,653</u>	<u>\$ 33,950</u>	<u>\$ 367,787</u>	<u>\$ 28,576</u>

(In thousands)	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
	Revenues	Operating Income (Loss)	Revenues	Operating Income (Loss)
Harsco Metals & Minerals	\$ 761,503	\$ 82,933	\$ 730,923	\$ 61,934
Harsco Industrial	217,766	24,819	191,561	20,083
Harsco Rail	172,716	18,108	168,517	(22,443)
Corporate	107	(21,528)	—	(20,253)
Consolidated Totals	<u>\$ 1,152,092</u>	<u>\$ 104,332</u>	<u>\$ 1,091,001</u>	<u>\$ 39,321</u>

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING UNUSUAL ITEMS TO DILUTED EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)**

	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
Diluted earnings (loss) per share from continuing operations as reported	\$ 0.16	\$ (0.41)	\$ 0.50	\$ (0.89)
Harsco Metals & Minerals Segment bad debt expense (a)	0.06	—	0.06	—
Net loss on dilution and sale of equity method investment (b)	—	0.54	—	0.67
Harsco Rail Segment forward contract loss provision (c)	—	—	—	0.50
Harsco Metals & Minerals Segment site exit charges and underperforming contract charges (d)	—	—	—	0.06
Harsco Metals & Minerals Segment separation costs (e)	—	—	—	0.04
Expense of deferred financing costs (f)	—	0.01	—	0.01
Taxes on above unusual items (g)	(0.02)	—	(0.02)	(0.08)
<b>Adjusted diluted earnings per share from continuing operations excluding unusual items</b>	<b>\$ 0.20</b>	<b>\$ 0.14</b>	<b>\$ 0.54</b>	<b>\$ 0.32 (h)</b>

(a) Bad debt expense incurred in the Harsco Metals & Minerals Segment (Q3 and nine months 2017 \$4.6 million pre-tax).

(b) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Q3 2016 \$43.5 million pre-tax, nine months 2016 \$53.8 million pre-tax).

(c) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (nine months 2016 \$40.1 million pre-tax)

(d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (nine months 2016 \$5.1 million pre-tax).

(e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (nine months 2016 \$3.3 million pre-tax).

(f) Expense of deferred financing costs associated with the Company's repayment of approximately \$85 million on its Term Loan Facility recorded at Corporate (Q3 and nine months 2016 \$1.1 million pre-tax).

(g) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.

(h) Does not total due to rounding.

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

**HARSCO CORPORATION**  
**RECONCILIATION OF ADJUSTED DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS EXCLUDING UNUSUAL**  
**ITEMS TO DILUTED LOSS PER SHARE FROM CONTINUING OPERATIONS AS REPORTED (Unaudited)**

	<b>Three Months Ended December 31</b>	<b>Twelve Months Ended December 31</b>
	<b>2016</b>	<b>2016</b>
Diluted loss per share from continuing operations as reported	\$ (0.19)	\$ (1.07)
Net loss on dilution and sale of equity investment (a)	—	0.66
Harsco Rail Segment forward contract loss provision (b)	0.06	0.56
Loss on early extinguishment of debt (c)	0.43	0.44
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (d)	—	0.06
Harsco Metals & Minerals Segment separation costs (e)	—	0.04
Expense of deferred financing costs (f)	—	0.01
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation (g)	(0.01)	(0.01)
Taxes on above unusual items (h)	(0.14)	(0.21)
<b>Adjusted diluted earnings per share from continuing operations excluding unusual items</b>	<b>\$ 0.16</b> <sup>(i)</sup>	<b>\$ 0.48</b>

- (a) Loss on the dilution and sale of the Company's investment in Brand Energy & Infrastructure Services recorded at Corporate (Full year 2016 \$53.8 million pre-tax).
- (b) Harsco Rail Segment forward contract loss provision related to the Company's contracts with the federal railway system of Switzerland (Q4 2016 \$5.0 million pre-tax, Full year 2016 \$45.1 million pre-tax).
- (c) Loss on early extinguishment of debt recorded at Corporate (Q4 and Full year 2016 \$35.3 million pre-tax).
- (d) Harsco Metals & Minerals Segment charges primarily attributable to site exit and underperforming contract costs (Full year 2016 \$5.1 million pre-tax).
- (e) Costs associated with Harsco Metals & Minerals Segment separation recorded at Corporate (Full year 2016 \$3.3 million pre-tax).
- (f) Expense of deferred financing costs associated with the Company's repayment of approximately \$85 million on its Term Loan Facility recorded at Corporate (Full year 2016 \$1.1 million pre-tax).
- (g) Harsco Metals & Minerals Segment gain related to the liquidation of cumulated translation adjustment related to an exited country (Q4 and Full year 2016 \$1.2 million pre-tax).
- (h) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (i) Does not total due to rounding.

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

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

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Three Months Ended September 30, 2017:</b>					
Adjusted operating income (loss) as reported	\$ 28,916	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 38,539
Revenues as reported	\$ 255,163	\$ 78,318	\$ 51,134	\$ 38	\$ 384,653
Operating margin (%)	11.3%	16.4%	8.1%		10.0%
<b>Three Months Ended September 30, 2016:</b>					
Operating income (loss) as reported (a)	\$ 24,066	\$ 6,312	\$ 4,599	\$ (6,401)	\$ 28,576
Revenues as reported	\$ 247,691	\$ 63,422	\$ 56,674	\$ —	\$ 367,787
Operating margin (%)	9.7%	10.0%	8.1%		7.8%
<b>Nine Months Ended September 30, 2017:</b>					
Adjusted operating income (loss) as reported	\$ 87,522	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 108,921
Revenues as reported	\$ 761,503	\$ 217,766	\$ 172,716	\$ 107	\$ 1,152,092
Operating margin (%)	11.5%	11.4%	10.5%		9.5%
<b>Nine Months Ended September 30, 2016:</b>					
Adjusted operating income (loss) excluding unusual items	\$ 67,034	\$ 20,083	\$ 17,607	\$ (16,966)	\$ 87,758
Revenues as reported	\$ 730,923	\$ 191,561	\$ 168,517	\$ —	\$ 1,091,001
Adjusted operating margin (%) excluding unusual items	9.2%	10.5%	10.4%		8.0%

(a) No unusual items were excluded from operating income in the three months ended September 30, 2016.

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

**HARSCO CORPORATION**

**RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING UNUSUAL ITEMS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)**

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Three Months Ended September 30, 2017:</b>					
Operating income (loss) as reported	\$ 24,327	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 33,950
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	\$ 28,916	\$ 12,864	\$ 4,161	\$ (7,402)	\$ 38,539
Revenues as reported	\$ 255,163	\$ 78,318	\$ 51,134	\$ 38	\$ 384,653
<b>Three Months Ended September 30, 2016:</b>					
Operating income (loss) as reported (a)	\$ 24,066	\$ 6,312	\$ 4,599	\$ (6,401)	\$ 28,576
Revenues as reported	\$ 247,691	\$ 63,422	\$ 56,674	\$ —	\$ 367,787

(a) No unusual items were excluded in the three months ended September 30, 2016.

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

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING UNUSUAL ITEMS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)**

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Nine Months Ended September 30, 2017:</b>					
Operating income (loss) as reported	\$ 82,933	\$ 24,819	\$ 18,108	\$ (21,528)	\$ 104,332
Harsco Metals & Minerals bad debt expense	4,589	—	—	—	4,589
Adjusted operating income (loss), excluding unusual items	<u>\$ 87,522</u>	<u>\$ 24,819</u>	<u>\$ 18,108</u>	<u>\$ (21,528)</u>	<u>\$ 108,921</u>
Revenues as reported	<u>\$ 761,503</u>	<u>\$ 217,766</u>	<u>\$ 172,716</u>	<u>\$ 107</u>	<u>\$ 1,152,092</u>
<b>Nine Months Ended September 30, 2016:</b>					
Operating income (loss) as reported	\$ 61,934	\$ 20,083	\$ (22,443)	\$ (20,253)	\$ 39,321
Harsco Rail Segment forward contract loss provision	—	—	40,050	—	40,050
Harsco Metals & Minerals Segment site exit charges	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Adjusted operating income (loss) excluding unusual items	<u>\$ 67,034</u>	<u>\$ 20,083</u>	<u>\$ 17,607</u>	<u>\$ (16,966)</u>	<u>\$ 87,758</u>
Revenues as reported	<u>\$ 730,923</u>	<u>\$ 191,561</u>	<u>\$ 168,517</u>	<u>\$ —</u>	<u>\$ 1,091,001</u>

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

**HARSCO CORPORATION**
**RECONCILIATION OF ADJUSTED OPERATING INCOME (LOSS) EXCLUDING UNUSUAL ITEMS BY SEGMENT TO OPERATING INCOME (LOSS) AS REPORTED BY SEGMENT (Unaudited)**

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Three Months Ended December 31, 2016:</b>					
Operating income (loss) as reported	\$ 19,700	\$ 3,099	\$ 4,916	\$ (3,567)	\$ 24,148
Harsco Rail Segment forward contract loss provision	—	—	5,000	—	5,000
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Operating income (loss), excluding unusual items	<u>\$ 18,543</u>	<u>\$ 3,099</u>	<u>\$ 9,916</u>	<u>\$ (3,567)</u>	<u>\$ 27,991</u>
Revenues as reported	<u>\$ 234,617</u>	<u>\$ 55,981</u>	<u>\$ 69,590</u>	<u>\$ 34</u>	<u>\$ 360,222</u>

(In thousands)	Harsco Metals & Minerals	Harsco Industrial	Harsco Rail	Corporate	Consolidated Totals
<b>Twelve Months Ended December 31, 2016:</b>					
Operating income (loss) as reported	\$ 81,634	\$ 23,182	\$ (17,527)	\$ (23,820)	\$ 63,469
Harsco Rail Segment forward contract loss provision	—	—	45,050	—	45,050
Harsco Metals & Minerals Segment site exit	5,100	—	—	—	5,100
Harsco Metals & Minerals Segment separation costs	—	—	—	3,287	3,287
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—	—	—	(1,157)
Adjusted operating income (loss), excluding unusual items	<u>\$ 85,577</u>	<u>\$ 23,182</u>	<u>\$ 27,523</u>	<u>\$ (20,533)</u>	<u>\$ 115,749</u>
Revenues as reported	<u>\$ 965,540</u>	<u>\$ 247,542</u>	<u>\$ 238,107</u>	<u>\$ 34</u>	<u>\$ 1,451,223</u>

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

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

(In thousands)	Three Months Ended September 30		Nine Months Ended September 30	
	2017	2016	2017	2016
	Net cash provided by operating activities	\$ 36,126	\$ 76,173	\$ 82,905
Less capital expenditures	(23,431)	(17,770)	(64,131)	(49,946)
Plus capital expenditures for strategic ventures (a)	36	17	432	112
Plus total proceeds from sales of assets (b)	9,212	2,063	10,746	7,178
Free cash flow	\$ 21,943	\$ 60,483	\$ 29,952	\$ 62,190

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

(b) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment.

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

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

<b>(In thousands)</b>	<b>Twelve Months Ended December 31</b>
	<b>2016</b>
Net cash provided by operating activities	\$ 159,876
Less capital expenditures	(69,340)
Plus capital expenditures for strategic ventures (a)	170
Plus total proceeds from sales of assets (b)	9,305
Free cash flow	<u>\$ 100,011</u>

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

(b) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment.

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

**HARSCO CORPORATION**

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

(In millions)	Projected Twelve Months Ending December 31	
	2017	
	Low	High
Net cash provided by operating activities	\$ 180	\$ 180
Less capital expenditures	(101)	(92)
Plus total proceeds from asset sales and capital expenditures for strategic ventures	6	7
Free Cash Flow	\$ 85	\$ 95

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

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

(In thousands)	Trailing Twelve Months for Period Ended September 30	
	2017	2016
Income (loss) from continuing operations	\$ 30,151	\$ (73,896)
Unusual items:		
Loss on early extinguishment of debt	35,337	—
Net loss on dilution and sale of equity investment	—	53,822
Harsco Rail Segment forward contract loss provision	5,000	40,050
Harsco Metals & Minerals Segment bad debt expense	4,589	—
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)	—
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net (b)	—	11,499
Harsco Metals & Minerals Segment separation costs	—	11,456
Harsco Metals & Minerals Segment Project Orion charges	—	5,070
Expense of deferred financing costs	—	1,125
Harsco Metals & Minerals Segment contract termination charges	—	(253)
Taxes on above unusual items (c)	(12,615)	(9,962)
Net income from continuing operations, as adjusted	61,305	38,911
After-tax interest expense (d)	30,140	32,546
<b>Net operating profit after tax as adjusted</b>	<b>\$ 91,445</b>	<b>\$ 71,457</b>
<b>Average equity</b>	<b>\$ 194,242</b>	<b>\$ 304,532</b>
<b>Plus average debt</b>	<b>656,437</b>	<b>881,077</b>
<b>Average capital</b>	<b>\$ 850,679</b>	<b>\$ 1,185,609</b>
<b>Return on invested capital excluding unusual items</b>	<b>10.7%</b>	<b>6.0%</b>

- (a) Return on invested capital excluding unusual items is net income (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.
- (b) Harsco Metals & Minerals Segment charges primarily attributable to site exit costs and non-cash long lived asset impairment charges associated with strategic actions from Project Orion's focus on underperforming contracts (Twelve months ended September 30, 2016 \$11.5 million pre-tax which includes \$1.3 million of pre-tax gains).
- (c) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (d) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

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

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

(In thousands)	Year Ended December 31
	<b>2016</b>
Loss from continuing operations	\$ (80,422)
Unusual items:	
Net loss on dilution and sale of equity investment	53,822
Harsco Rail Segment forward contract loss provision	45,050
Loss on early extinguishment of debt	35,337
Harsco Metals & Minerals Segment site exit and underperforming contract charges, net	5,100
Harsco Metals & Minerals Segment separation costs	3,287
Expense of deferred financing costs	1,125
Harsco Metals & Minerals Segment cumulative translation adjustment liquidation	(1,157)
Taxes on above unusual items (b)	(17,335)
Net income from continuing operations, as adjusted	44,807
After-tax interest expense (c)	31,790
Net operating profit after tax as adjusted	\$ 76,597
Average equity	\$ 290,995
Plus average debt	821,559
Average capital	\$ 1,112,554
<b>Return on invested capital excluding unusual items</b>	<b>6.9%</b>

- (a) Return on invested capital excluding unusual items is net income (loss) from continuing operations excluding unusual items, and after-tax interest expense, divided by average capital for the year. The Company uses a trailing twelve month average for computing average capital.
- (b) Unusual items are tax effected at the global effective tax rate, before discrete items, in effect at the time the unusual item is recorded except for unusual items from countries where no tax benefit can be realized, in which case a zero percent tax rate is used.
- (c) The Company's effective tax rate approximated 37% on an adjusted basis for both periods for interest expense.

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