

**HARSCO**

2012 SUMMARY ANNUAL REPORT



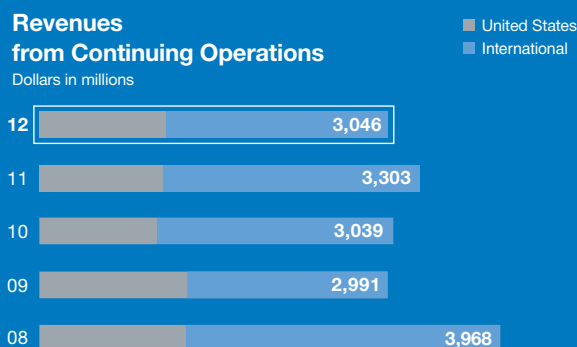
**FOCUS. ALIGN. EXECUTE.**

# Financial Summary

| Dollars in thousands, except per share amounts   | 2012               | 2011         | 2010        | 2009        | 2008        |
|--|--------------------|--------------|-------------|-------------|-------------|
| Total revenues from continuing operations  | <b>\$3,046,018</b> | \$3,302,740  | \$3,038,678 | \$2,990,577 | \$3,967,822 |
| Operating income (loss) from continuing operations                                       | <b>(174,790)</b>   | 87,649       | 78,431      | 218,656     | 411,988     |
| Income (loss) from continuing operations attributable to Harsco Corporation stockholders | <b>(253,693)</b>   | (9,447)      | 10,885      | 133,838     | 245,623     |
| Current ratio  | <b>1.7:1</b>       | 1.5:1        | 1.5:1       | 1.6:1       | 1.4:1       |
| Return on average capital  | <b>(9.3) %</b>     | (0.7) %      | 2.4 %       | 7.6 %       | 10.6 %      |
| Return on average equity   | <b>(21.7) %</b>    | (0.6) %      | 0.7 %       | 9.1 %       | 14.6 %      |
| Return on average assets   | <b>(5.2) %</b>     | 2.6 %        | 2.3 %       | 6.3 %       | 10.3 %      |
| Debt to total capitalization   | <b>52.9 %</b>      | 42.7 %       | 37.6 %      | 39.5 %      | 41.1 %      |
| Diluted earnings (loss) per share from continuing operations                             | <b>\$ (3.15) *</b> | \$ (0.12) ** | \$ 0.13 *** | \$ 1.66     | \$ 2.92     |
| Book value per share   | <b>10.69</b>       | 15.16        | 18.23       | 18.79       | 18.09       |
| Cash dividends declared per share  | <b>0.82</b>        | 0.82         | 0.82        | 0.805       | 0.78        |
| Diluted average shares outstanding (in thousands)  | <b>80,632</b>      | 80,736       | 80,761      | 80,586      | 84,029      |
| Number of employees  | <b>18,500</b>      | 19,650       | 19,300      | 19,600      | 21,500      |

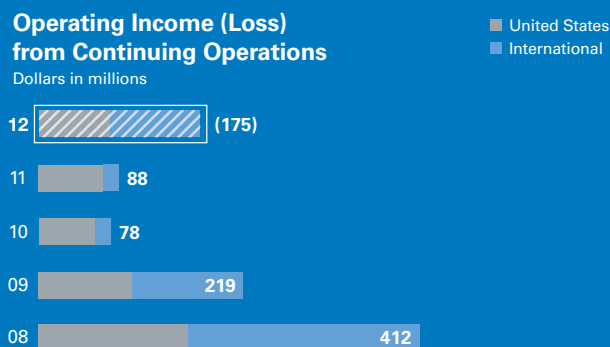
## Revenues from Continuing Operations

Dollars in millions



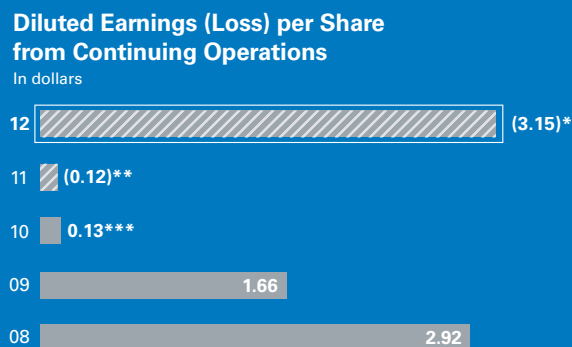
## Operating Income (Loss) from Continuing Operations

Dollars in millions



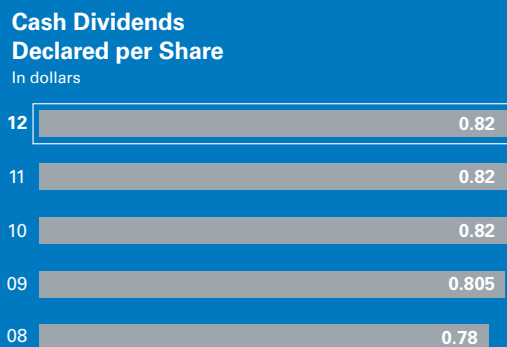
## Diluted Earnings (Loss) per Share from Continuing Operations

In dollars



## Cash Dividends Declared per Share

In dollars



\* After restructuring and non-cash goodwill impairment charges of \$4.35 per share in 2012.

\*\* After fourth quarter restructuring charges of \$1.50 per share in 2011.

\*\*\* After fourth quarter restructuring charges of \$0.77 per share in 2010.

Fellow Shareholders:



PATRICK K. DECKER  
President and Chief Executive Officer

**I'm excited to lead a company of Harsco's caliber. We serve important end markets that are essential to economic growth, and we're well-positioned to expand our reach into additional geographies and adjacent new markets. We offer customers compelling value propositions based on delivering Insight Onsite™. Our high-quality workforce approaches each day with pride and commitment—and is eager to excel as part of a winning team. There's also tremendous opportunity ahead to take full advantage of Harsco's recent capital investments and unlock additional value throughout the company.**

It's equally clear that the last four years have brought many changes to Harsco. Our people have worked hard and made big sacrifices to support a series of restructuring initiatives. They've also been asked to embrace a number of ambitious enterprise-wide programs. Previous experience has taught me that change of this magnitude can be agonizing—

especially for organizations that have never undertaken large-scale transformation.

It's time to simplify our approach. We will tap into what is great about Harsco and elevate its performance by doing three things: Focus, Align, and Execute.

### **First Impressions: A Solid Foundation**

Six months into my tenure, I've formed positive impressions about how we can build on our company's solid foundation to achieve its full potential. I began with a period of active listening, where I visited numerous sites around the world and met with Harsco colleagues, customers and partners. I'm especially encouraged by the energy and commitment of our worldwide colleagues. Despite several years of difficult challenges, people on our front lines have cultivated intimate, long-term customer relationships. These relationships underpin Harsco's competitive advantage—and present a significant barrier to entry for prospective rivals.

Under Interim Chairman and CEO Henry Knueppel, Harsco's management team established key strategic focus areas that are essential to our future: customer centricity, continuous improvement, innovation, employee engagement and value creation. They also made measurable progress toward building a world-class safety architecture and instilling greater operational discipline. These timeless principles are fundamental to a winning culture.

We also have a solid and resilient financial profile to build upon, and both the determination and discipline to invest capital wisely in order to significantly improve our financial returns. Under tough economic conditions throughout this past year, our aggressive actions to streamline Harsco's cost structure and instill more capital discipline helped us generate \$60 million in free cash flow, more than double our 2011 result. This improvement also enabled us to sustain our dividend—a proud Harsco tradition that spans nearly 75 years. While these are certainly encouraging signs, we recognize that we have a lot of work to do to build a lasting culture of excellence.

### **The Path Forward: Focus, Align, Execute**

Our people clearly understand and embrace our need to return to basics and improve our financial returns. Yet our vision extends well beyond short-term measures. Together, we can build Harsco into a recognized industry leader with a balanced, diversified portfolio of vital services and equipment that ties directly to the world's major economic trends. By investing in our people, we'll open new channels for sharing ideas and technologies. Our thought leadership will make us increasingly valuable to both current and potential customers. This is especially relevant to our expansion in the world's most rapidly developing markets, where our expertise can accelerate vital industrial progress. As one example, we're applying our breakthrough resource recovery solutions at two of China's largest steelmakers to address critical customer needs and pressing environmental challenges.

We will concentrate our resources on a handful of high-impact initiatives that create value for customers and make Harsco a stronger and better company. We will align our organization around more focused strategies and build efficient, integrated processes to support them. And together, we will drive execution by establishing basic goals and objectives, attacking them with urgency and driving accountability.

**Customer Focus.** As our first priority, we will recommit ourselves to Harsco's greatest strength—our ability to deliver Insight Onsite, which is our expression for turning our unmatched insight, expertise and talent into focused onsite solutions. We want customers around the world to view us as a respected source of new ideas, technologies and best practices. We will embrace a culture of continuous learning that encourages and rewards excellence through Lean and Six Sigma principles. We will invite customers at every level to tell us exactly what they need from us to help them do what they do better, faster and safer. And we will be industry leaders in bringing new products, services and solutions to the market.

**Capital Management.** It's clear to me that Harsco cannot continue to restructure its way to profitability. That being said, we continue to reduce the capital intensity of our two largest businesses. And we must simplify our structure and processes to increase our speed of service and lower our operating costs. As we do, we will strike the right balance between permanent cost reduction and preserving vital investment in innovation; new product and service development; and sales and marketing. By increasing our focus on working capital and cash management, we will be able to channel more of our capital toward the ideas that will shape our future and improve returns to our shareholders.

**Safety and Environmental Protection.** Our people regularly work in demanding environments, and safeguarding them has always been a core Harsco value. But when it comes to safety and environmental responsibility, there is always room to improve. To create an enduring safety culture, we need to look beyond incident rates and recordable injuries. Our focus on reducing risk, conducting regular safety assessments, ensuring "near miss" reporting and measuring incident response times will demonstrate to everyone that safety is serious business within Harsco. Going forward, we will expand our current programs to further conserve resources and protect the environment.

#### **Outlook for 2013 and Beyond**

I'm encouraged by the early progress we've made to strengthen Harsco's core competencies, and we will build on this success in 2013. That means growing the multi-business presence we've established in rapidly developing markets such as China, India, Brazil and the Middle East. It means re-establishing the positive momentum of our Infrastructure business and moving Metals & Minerals toward higher-margin resource recovery services. It means advancing Rail's customer-focused innovation and global expansion. And it means following our Industrial group's

customers to new markets and continuing to lead with pacesetting innovation. I encourage you to learn more about our performance and prospects by visiting our online annual report at [www.annualreport.harsco.com](http://www.annualreport.harsco.com).

I'm confident that Harsco will emerge from the rough patch we've endured to offer our global customers superior value propositions and our shareholders an attractive financial return. I saw the power of Harsco's capabilities at work during a recent visit to Vale's massive iron ore mining operations in Brazil. I was impressed by the seamless teamwork between our track maintenance crew and Vale's railway operations. These tracks move the world's largest freight trains across more than 500 miles of inland terrain to shipping ports on the northeastern coast. Our track grinding equipment and onsite support have virtually eliminated rail breaks caused by deterioration of rail profiles, with consequent improvement in traffic flow.

Harsco's future will depend on a culture that enables both small improvements and major breakthroughs. Guided by a focused set of values that will become the Harsco Way, we will simplify what we're doing, return to basics and concentrate on improving our financial returns. In the process, Harsco will reward investors for their confidence, give employees genuine opportunities to grow and make a real difference to our customers and to the environment.

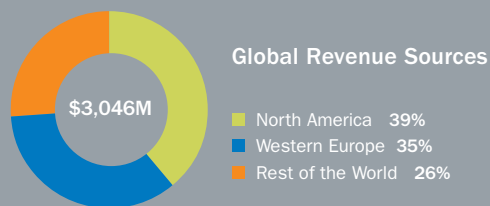
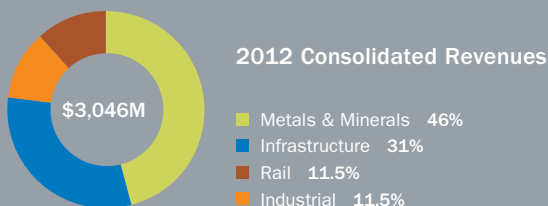


**PATRICK K. DECKER**

President and Chief Executive Officer

March 8, 2013

# Harsco At a Glance



We operate in nearly 50 countries and employ approximately 18,500 people.

## HARSCO METALS & MINERALS

[www.harsco-m.com](http://www.harsco-m.com)

### DESCRIPTION

The world's largest and most complete provider of outsourced, onsite services to steel mills and other metal-producing operations, and a leading provider of innovative resource recovery solutions for industrial byproducts

### MAJOR SERVICES & PRODUCTS

- Onsite material handling and resource recovery services
- Engineered solutions for minimizing the waste streams of metals production
- Processing of mineral byproducts for environmentally beneficial uses, including abrasives, roofing granules and agricultural soil conditioners

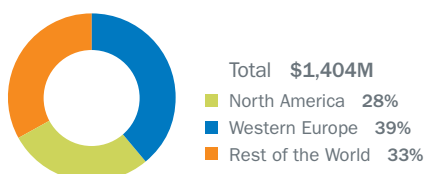
### MARKETS

- Global and regional producers of carbon steel, stainless steel, aluminum, zinc and copper
- Commercial and industrial users of mineral products, including industrial abrasives contractors, asphalt roofing shingle manufacturers, agricultural operators and turf care specialists

### 2012 HIGHLIGHTS

- Signed 20-year environmental services contract at the flagship site of China's largest steelmaker, Hebei Iron & Steel
- Commenced operations at TISCO under the largest contract in Harsco history
- Grew presence in key emerging markets, with new orders in India, the Middle East and others
- Delivered healthy free cash flow despite near-term market contraction

### REVENUES BY GEOGRAPHY



## HARSCO INFRASTRUCTURE

[www.harsco-i.com](http://www.harsco-i.com)

### DESCRIPTION

One of the world's most complete global organizations for the rental and sale of engineered scaffolding, shoring, concrete forming and other access-related solutions for major construction projects as well as industrial plant maintenance programs

### MAJOR SERVICES & PRODUCTS

- Complete rental equipment and installation services for scaffolding, powered access, shoring, forming and site safety
- Total access equipment solutions and services for industrial facility maintenance
- Expertise and application knowledge of more than 300 in-house engineers

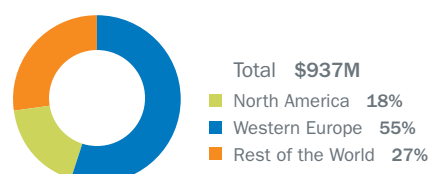
### MARKETS

- Principal markets include nonresidential and heavy civil works construction projects and industrial plant maintenance programs in the energy, petrochemical and manufacturing sectors

### 2012 HIGHLIGHTS

- Major restructuring of 2011 and 2012 is complete; strong focus on improving operational efficiencies
- Year-over-year improvement despite soft end markets
- Bidding activity is starting to show modest pick-up after multi-year downturn

### REVENUES BY GEOGRAPHY





METALS & MINERALS



INFRASTRUCTURE



RAIL



INDUSTRIAL

Harsco's four businesses deliver essential services, products and resource recovery solutions to major industries that are fundamental to global economic progress and infrastructure development.

## HARSCO RAIL

[www.hascorail.com](http://www.hascorail.com)

### DESCRIPTION

State-of-the-art solutions for railway track maintenance and new track construction

### MAJOR SERVICES & PRODUCTS

- One of the industry's broadest lines of equipment, parts and contract solutions for virtually all major aspects of track maintenance, repair and construction, including rail grinding, track surfacing and track stabilization

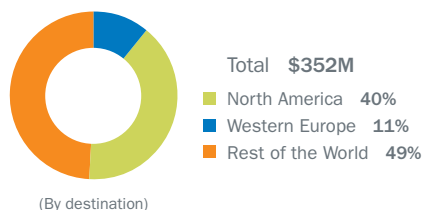
### MARKETS

- Major domestic and international railways, short lines and urban metro transit systems
- Expanding global footprint includes a significant emphasis on emerging markets, including China, Brazil and others

### 2012 HIGHLIGHTS

- Strong production year in 2012 as major China order nears completion
- Continued market expansion; new orders in India, Brazil and Europe
- Robust new product development program
- Increasing value to railway customers as total track solutions provider

### REVENUES BY GEOGRAPHY



## HARSCO INDUSTRIAL

[www.hascoaxc.com](http://www.hascoaxc.com)  
[www.hascoikg.com](http://www.hascoikg.com)  
[www.hascopk.com](http://www.hascopk.com)

### DESCRIPTION

World-class industrial products for energy and energy-related markets

### MAJOR SERVICES & PRODUCTS

- Air-cooled heat exchangers for natural gas compression and pipeline distribution
- Steel grating for industrial and commercial flooring and safety walkways
- Energy-efficient boilers and hot water systems for large commercial and institutional buildings

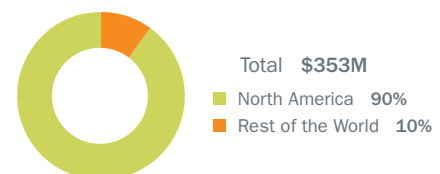
### MARKETS

- Increasing focus on energy-generating and energy-efficiency markets
- Major customers include natural gas producers and packagers, power plant and industrial facility operators, and commercial building managers and contractors

### 2012 HIGHLIGHTS

- Increased market demand from strong energy sector, particularly in the first half of the year
- Expanding R&D focus on new products
- Driving information technology and Continuous Improvement initiatives to accelerate competitive advantage

### REVENUES BY GEOGRAPHY



## Management's Report on Internal Control Over Financial Reporting

Management of Harsco Corporation, together with its consolidated subsidiaries (the "Company"), is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f) or 15d-15(e). The Company's internal control over financial reporting is a process designed under the supervision of the Company's principal executive and principal financial officers to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United States of America.

The Company's internal control over financial reporting includes policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management has assessed the effectiveness of its internal control over financial reporting at December 31, 2012 based on the framework established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting was effective at December 31, 2012.



Patrick K. Decker  
President, Chief Executive Officer and Director  
February 26, 2013



Barry E. Malamud  
Vice President, Corporate Controller and Interim Chief Financial Officer  
February 26, 2013

## Report of Independent Registered Public Accounting Firm

### To The Stockholders of Harsco Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Harsco Corporation and its subsidiaries as of December 31, 2012 and 2011 and the related consolidated statements of operations, changes in equity, cash flows and comprehensive income (loss) for each of the three years in the period ended December 31, 2012 (not presented herein) appearing in Harsco's annual report on Form 10-K for the year ended December 31, 2012; and in our report dated February 26, 2013, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



PricewaterhouseCoopers LLP  
February 26, 2013



# Condensed Consolidated Balance Sheets

| <i>(In thousands, except share amounts)</i>  | December 31, 2012  | December 31, 2011  |
|--|--------------------|--------------------|
| <b>ASSETS</b>  |                    |                    |
| <b>Current assets:</b>   |                    |                    |
| Cash and cash equivalents  | \$ 95,250          | \$ 121,184         |
| Trade accounts receivable, net   | 600,264            | 618,475            |
| Other receivables  | 39,836             | 44,431             |
| Inventories  | 236,512            | 241,934            |
| Other current assets   | 94,581             | 133,407            |
| <b>Total current assets</b>  | <b>1,066,443</b>   | <b>1,159,431</b>   |
| Property, plant and equipment, net   | 1,266,225          | 1,274,484          |
| Goodwill   | 429,198            | 680,901            |
| Intangible assets, net   | 77,726             | 93,501             |
| Other assets   | 136,377            | 130,560            |
| <b>Total assets</b>  | <b>\$2,975,969</b> | <b>\$3,338,877</b> |
| <b>LIABILITIES</b>   |                    |                    |
| <b>Current liabilities:</b>  |                    |                    |
| Short-term borrowings  | \$ 8,560           | \$ 51,414          |
| Current maturities of long-term debt   | 3,278              | 3,558              |
| Accounts payable   | 221,479            | 252,329            |
| Accrued compensation   | 94,398             | 92,603             |
| Income taxes payable   | 10,109             | 8,409              |
| Dividends payable  | 16,520             | 16,498             |
| Insurance liabilities  | 19,434             | 25,075             |
| Advances on contracts  | 47,696             | 111,429            |
| Other current liabilities  | 216,101            | 220,953            |
| <b>Total current liabilities</b>   | <b>637,575</b>     | <b>782,268</b>     |
| Long-term debt   | 957,428            | 853,800            |
| Deferred income taxes  | 18,880             | 27,430             |
| Insurance liabilities  | 63,248             | 60,864             |
| Retirement plan liabilities  | 385,062            | 343,842            |
| Other liabilities  | 52,152             | 50,755             |
| <b>Total liabilities</b>   | <b>2,114,345</b>   | <b>2,118,959</b>   |
| <b>COMMITMENTS AND CONTINGENCIES</b>   |                    |                    |
| <b>HARSCO CORPORATION STOCKHOLDERS' EQUITY</b>   |                    |                    |
| Preferred stock, Series A junior participating cumulative preferred stock  | -                  | -                  |
| Common stock, par value \$1.25 (issued 112,063,938 and 111,931,267 shares at December 31, 2012 and 2011, respectively) | 140,080            | 139,914            |
| Additional paid-in capital   | 152,645            | 149,066            |
| Accumulated other comprehensive loss   | (411,168)          | (364,191)          |
| Retained earnings  | 1,675,490          | 1,996,234          |
| Treasury stock, at cost (31,479,310 and 31,454,097 shares at December 31, 2012 and 2011, respectively)                 | (745,205)          | (744,644)          |
| <b>Total Harsco Corporation stockholders' equity</b>   | <b>811,842</b>     | <b>1,176,379</b>   |
| Noncontrolling interests   | 49,782             | 43,539             |
| <b>Total equity</b>  | <b>861,624</b>     | <b>1,219,918</b>   |
| <b>Total liabilities and equity</b>  | <b>\$2,975,969</b> | <b>\$3,338,877</b> |

The complete financial statements for Harsco Corporation as of December 31, 2012 may be found in the Company's Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on February 26, 2013.

# Condensed Consolidated Statements of Operations

(In thousands, except per share amounts)

Years ended December 31

|   | 2012                | 2011                           | 2010                         |
|---|---------------------|--------------------------------|------------------------------|
| <b>Revenues from continuing operations:</b>   |                     |                                |                              |
| Service revenues  | \$2,340,996         | \$2,700,664                    | \$2,511,505                  |
| Product revenues  | 705,022             | 602,076                        | 527,173                      |
| <b>Total revenues</b>   | <b>3,046,018</b>    | <b>3,302,740</b>               | <b>3,038,678</b>             |
| <b>Costs and expenses from continuing operations:</b>   |                     |                                |                              |
| Cost of services sold   | 1,861,732           | 2,162,948                      | 1,994,637                    |
| Cost of products sold   | 487,784             | 407,680                        | 342,242                      |
| Selling, general and administrative expenses  | 503,339             | 535,679                        | 532,624                      |
| Research and development expenses   | 9,139               | 6,044                          | 4,271                        |
| Goodwill impairment charge  | 265,038             | —                              | —                            |
| Other expenses  | 93,776              | 102,740                        | 86,473                       |
| <b>Total costs and expenses</b>   | <b>3,220,808</b>    | <b>3,215,091</b>               | <b>2,960,247</b>             |
| <b>Operating income (loss) from continuing operations</b>                                       | <b>(174,790)</b>    | <b>87,649</b>                  | <b>78,431</b>                |
| Interest income   | 3,676               | 2,751                          | 2,668                        |
| Interest expense  | (47,381)            | (48,735)                       | (60,623)                     |
| <b>Income (loss) from continuing operations before income taxes and equity income</b>           | <b>(218,495)</b>    | <b>41,665</b>                  | <b>20,476</b>                |
| Income tax expense  | (35,251)            | (49,848)                       | (4,276)                      |
| Equity in income of unconsolidated entities, net  | 564                 | 690                            | 390                          |
| <b>Income (loss) from continuing operations</b>   | <b>(253,182)</b>    | <b>(7,493)</b>                 | <b>16,590</b>                |
| <b>Discontinued operations:</b>   |                     |                                |                              |
| Loss on disposal of discontinued business   | (1,843)             | (3,306)                        | (7,249)                      |
| Income tax benefit related to discontinued business   | 924                 | 1,243                          | 3,118                        |
| <b>Loss from discontinued operations</b>  | <b>(919)</b>        | <b>(2,063)</b>                 | <b>(4,131)</b>               |
| <b>Net income (loss)</b>  | <b>(254,101)</b>    | <b>(9,556)</b>                 | <b>12,459</b>                |
| Less: Net income attributable to noncontrolling interests                                       | (511)               | (1,954)                        | (5,705)                      |
| <b>Net income (loss) attributable to Harsco Corporation</b>                                     | <b>\$ (254,612)</b> | <b>\$ (11,510)</b>             | <b>\$ 6,754</b>              |
| <b>Amounts attributable to Harsco Corporation common stockholders:</b>                          |                     |                                |                              |
| Income (loss) from continuing operations, net of tax  | \$ (253,693)        | \$ (9,447)                     | \$ 10,885                    |
| Loss from discontinued operations, net of tax   | (919)               | (2,063)                        | (4,131)                      |
| <b>Net income (loss) attributable to Harsco Corporation common stockholders</b>                 | <b>\$ (254,612)</b> | <b>\$ (11,510)</b>             | <b>\$ 6,754</b>              |
| Weighted-average shares of common stock outstanding   | 80,632              | 80,736                         | 80,569                       |
| Basic earnings (loss) per share attributable to Harsco Corporation common stockholders:         |                     |                                |                              |
| Continuing operations   | \$ (3.15)           | \$ (0.12)                      | \$ 0.14                      |
| Discontinued operations   | (0.01)              | (0.03)                         | (0.05)                       |
| <b>Basic earnings (loss) per share attributable to Harsco Corporation common stockholders</b>   | <b>\$ (3.16)</b>    | <b>\$ (0.14)<sup>(a)</sup></b> | <b>\$ 0.08<sup>(a)</sup></b> |
| Diluted weighted-average shares of common stock outstanding                                     | 80,632              | 80,736                         | 80,761                       |
| Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders:       |                     |                                |                              |
| Continuing operations   | \$ (3.15)           | \$ (0.12)                      | \$ 0.13                      |
| Discontinued operations   | (0.01)              | (0.03)                         | (0.05)                       |
| <b>Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders</b> | <b>\$ (3.16)</b>    | <b>\$ (0.14)<sup>(a)</sup></b> | <b>\$ 0.08</b>               |

(a) Does not total due to rounding.

The complete financial statements for Harsco Corporation as of December 31, 2012 may be found in the Company's Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on February 26, 2013.

# Condensed Consolidated Statements of Cash Flows

| <i>(In thousands)</i>  |                  |                   |                    |
|--|------------------|-------------------|--------------------|
| <i>Years ended December 31</i>   | 2012             | 2011              | 2010               |
| <b>Cash flows from operating activities:</b>   |                  |                   |                    |
| Net income (loss)  | \$ (254,101)     | \$ (9,556)        | \$ 12,459          |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                  |                   |                    |
| Depreciation   | 251,905          | 276,021           | 279,234            |
| Amortization   | 20,212           | 34,420            | 36,005             |
| Deferred income tax expense (benefit)  | (10,708)         | 20,826            | (26,617)           |
| Equity in income of unconsolidated entities, net   | (564)            | (690)             | (390)              |
| Dividends or distributions from unconsolidated entities                                  | 308              | 226               | 176                |
| Harsco Infrastructure Segment 2010 Restructuring Program non-cash adjustment             | –                | –                 | 43,158             |
| Harsco 2011/2012 Restructuring Program non-cash adjustment                               | 31,443           | 67,320            | –                  |
| Goodwill impairment charge   | 265,038          | –                 | –                  |
| Other, net   | (27,098)         | (7,432)           | (20,629)           |
| Changes in assets and liabilities, net of acquisitions and dispositions of businesses:   |                  |                   |                    |
| Accounts receivable  | 22,016           | (58,011)          | 4,395              |
| Inventories  | 2,365            | 7,976             | 12,599             |
| Accounts payable   | (37,649)         | (2,713)           | 36,529             |
| Accrued interest payable   | (319)            | (375)             | (2,615)            |
| Accrued compensation   | 517              | 12,554            | 16,305             |
| Harsco Infrastructure Segment 2010 Restructuring Program accrual                         | (5,211)          | (19,629)          | 29,817             |
| Harsco 2011/2012 Restructuring Program accrual   | (7,883)          | 30,471            | –                  |
| Other assets and liabilities   | (51,392)         | (52,632)          | (18,999)           |
| <b>Net cash provided by operating activities</b>   | <b>198,879</b>   | <b>298,776</b>    | <b>401,427</b>     |
| <b>Cash flows from investing activities:</b>   |                  |                   |                    |
| Purchases of property, plant and equipment   | (265,023)        | (313,101)         | (192,348)          |
| Proceeds from sales of assets  | 49,779           | 42,653            | 22,663             |
| Purchase of businesses, net of cash acquired*  | (740)            | (1,938)           | (27,643)           |
| Other investing activities, net  | (3,284)          | 16,564            | (4,695)            |
| <b>Net cash used by investing activities</b>   | <b>(219,268)</b> | <b>(255,822)</b>  | <b>(202,023)</b>   |
| <b>Cash flows from financing activities:</b>   |                  |                   |                    |
| Short-term borrowings, net   | (43,464)         | 21,637            | (25,706)           |
| Current maturities and long-term debt:   |                  |                   |                    |
| Additions  | 285,850          | 301,515           | 747,213            |
| Reductions   | (184,372)        | (297,854)         | (821,038)          |
| Cash dividends paid on common stock  | (66,068)         | (66,146)          | (65,976)           |
| Dividends paid to noncontrolling interests   | (2,605)          | (4,171)           | (5,850)            |
| Purchase of noncontrolling interests   | –                | –                 | (1,159)            |
| Contributions from noncontrolling interests  | 8,097            | 8,851             | 698                |
| Common stock issued – options  | 725              | 2,403             | 997                |
| Common stock acquired for treasury   | –                | (5,788)           | –                  |
| Other financing activities, net  | (2,709)          | (1)               | (700)              |
| <b>Net cash used by financing activities</b>   | <b>(4,546)</b>   | <b>(39,554)</b>   | <b>(171,521)</b>   |
| Effect of exchange rate changes on cash  | (999)            | (6,454)           | 2,171              |
| Net increase (decrease) in cash and cash equivalents                                     | (25,934)         | (3,054)           | 30,054             |
| Cash and cash equivalents at beginning of period   | 121,184          | 124,238           | 94,184             |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$ 95,250</b> | <b>\$ 121,184</b> | <b>\$ 124,238</b>  |
| <b>*Purchase of businesses, net of cash acquired</b>                                     |                  |                   |                    |
| Working capital, other than cash   | \$ –             | \$ –              | \$ (1,918)         |
| Property, plant and equipment  | –                | (1,394)           | (15,600)           |
| Other noncurrent assets and liabilities, net   | (740)            | (544)             | (10,125)           |
| <b>Net cash used to acquire businesses</b>   | <b>\$ (740)</b>  | <b>\$ (1,938)</b> | <b>\$ (27,643)</b> |

The complete financial statements for Harsco Corporation as of December 31, 2012 may be found in the Company's Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on February 26, 2013.

## Condensed Consolidated Statements of Changes in Equity

| (In thousands, except share and per share amounts)                                  | Common Stock |             | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Noncontrolling<br>Interests | Total       |
|---|--------------|-------------|----------------------------------|----------------------|--|-----------------------------|-------------|
|   | Issued       | Treasury    |                                  |                      |  |                             |             |
| <b>Balances, January 1, 2010</b>  | \$139,234    | \$(735,016) | \$137,746                        | \$2,133,297          | \$(201,684)  | \$36,257                    | \$1,509,834 |
| Net income  |              |             |                                  | 6,754                |  | 5,705                       | 12,459      |
| Cash dividends declared:  |              |             |                                  |                      |  |                             |             |
| Common @ \$0.82 per share   |              |             |                                  | (66,131)             |  |                             | (66,131)    |
| Noncontrolling interests  |              |             |                                  |                      |  | (5,850)                     | (5,850)     |
| Translation adjustments, net of deferred income taxes of \$7,612                    |              |             |                                  |                      | (6,430)  | (203)                       | (6,633)     |
| Cash flow hedging instrument adjustments, net of deferred income taxes of \$347     |              |             |                                  |                      | (700)  |                             | (700)       |
| Purchase of subsidiary shares from noncontrolling interests                         |              |             | (1,003)                          |                      |  | (156)                       | (1,159)     |
| Contributions from noncontrolling interests   |              |             |                                  |                      |  | 698                         | 698         |
| Pension liability adjustments, net of deferred income taxes of \$(9,727)            |              |             |                                  |                      | 22,872   |                             | 22,872      |
| Marketable securities unrealized loss, net of deferred income taxes of \$(7)        |              |             |                                  |                      | 10   |                             | 10          |
| Stock options exercised, net 91,485 shares  | 144          | (836)       | 1,446                            |                      |  |                             | 754         |
| Vesting of restricted stock units, net 69,515 shares                                | 136          | (1,254)     | (188)                            |                      |  |                             | (1,306)     |
| Amortization of unearned compensation on restricted stock units, net of forfeitures |              |             | 3,297                            |                      |  |                             | 3,297       |
| <b>Balances, December 31, 2010</b>  | \$139,514    | \$(737,106) | \$141,298                        | \$2,073,920          | \$(185,932)  | \$36,451                    | \$1,468,145 |
| Net income (loss)   |              |             |                                  | (11,510)             |  | 1,954                       | (9,556)     |
| Cash dividends declared:  |              |             |                                  |                      |  |                             |             |
| Common @ \$0.82 per share   |              |             |                                  | (66,176)             |  |                             | (66,176)    |
| Noncontrolling interests  |              |             |                                  |                      |  | (4,171)                     | (4,171)     |
| Translation adjustments, net of deferred income taxes of \$2,504                    |              |             |                                  |                      | (60,354)   | (221)                       | (60,575)    |
| Cash flow hedging instrument adjustments, net of deferred income taxes of \$(2,101) |              |             |                                  |                      | 5,933  |                             | 5,933       |
| Contributions from noncontrolling interests   |              |             |                                  |                      |  | 9,526                       | 9,526       |
| Pension liability adjustments, net of deferred income taxes of \$19,143             |              |             |                                  |                      | (123,827)  |                             | (123,827)   |
| Marketable securities unrealized gains, net of deferred income taxes of \$7         |              |             |                                  |                      | (11)   |                             | (11)        |
| Stock options exercised, net 157,058 shares   | 249          | (840)       | 2,910                            |                      |  |                             | 2,319       |
| Vesting of restricted stock units, net 92,630 shares                                | 151          | (910)       | 985                              |                      |  |                             | 226         |
| Treasury shares repurchased, 286,577 shares   |              | (5,788)     |                                  |                      |  |                             | (5,788)     |
| Amortization of unearned stock-based compensation, net of forfeitures               |              |             | 3,873                            |                      |  |                             | 3,873       |
| <b>Balances, December 31, 2011</b>  | \$139,914    | \$(744,644) | \$149,066                        | \$1,996,234          | \$(364,191)  | \$43,539                    | \$1,219,918 |
| Net income (loss)   |              |             |                                  | (254,612)            |  | 511                         | (254,101)   |
| Cash dividends declared:  |              |             |                                  |                      |  |                             |             |
| Common @ \$0.82 per share   |              |             |                                  | (66,132)             |  |                             | (66,132)    |
| Noncontrolling interests  |              |             |                                  |                      |  | (2,605)                     | (2,605)     |
| Translation adjustments, net of deferred income taxes of \$(5,436)                  |              |             |                                  |                      | 10,995   | 439                         | 11,434      |
| Cash flow hedging instrument adjustments, net of deferred income taxes of \$567     |              |             |                                  |                      | (4,333)  |                             | (4,333)     |
| Contributions from noncontrolling interests   |              |             |                                  |                      |  | 8,602                       | 8,602       |
| Sale of investment in consolidated subsidiary                                       |              |             |                                  |                      |  | (704)                       | (704)       |
| Pension liability adjustments, net of deferred income taxes of \$7,572              |              |             |                                  |                      | (53,645)   |                             | (53,645)    |
| Marketable securities unrealized gain, net of deferred income taxes of \$(3)        |              |             |                                  |                      | 6  |                             | 6           |
| Stock options exercised, 38,900 shares  | 49           |             | 661                              |                      |  |                             | 710         |
| Vesting of restricted stock units and other stock grants, net 68,558 shares         | 117          | (561)       | 959                              |                      |  |                             | 515         |
| Amortization of unearned stock-based compensation, net of forfeitures               |              |             | 1,959                            |                      |  |                             | 1,959       |
| <b>Balances, December 31, 2012</b>  | \$140,080    | \$(745,205) | \$152,645                        | \$1,675,490          | \$(411,168)  | \$49,782                    | \$ 861,624  |

The complete financial statements for Harsco Corporation as of December 31, 2012 may be found in the Company's Form 10-K for the year ended December 31, 2012, as filed with the Securities and Exchange Commission on February 26, 2013.

# Five-Year Statistical Summary

| <i>(In thousands, except per share, employee information and percentages)</i>       | 2012        | 2011                     | 2010                   | 2009 <sup>(e)</sup> | 2008                   |
|---|-------------|--------------------------|------------------------|---------------------|------------------------|
| <b>Income Statement Information</b>   |             |                          |                        |                     |                        |
| Revenues from continuing operations   | \$3,046,018 | \$3,302,740              | \$3,038,678            | \$2,990,577         | \$3,967,822            |
| <b>Amounts Attributable to Harsco Corporation Common Stockholders</b>               |             |                          |                        |                     |                        |
| Income (loss) from continuing operations  | (253,693)   | (9,447)                  | 10,885                 | 133,838             | 245,623                |
| Loss from discontinued operations   | (919)       | (2,063)                  | (4,131)                | (15,061)            | (4,678)                |
| Net income (loss)   | (254,612)   | (11,510)                 | 6,754                  | 118,777             | 240,945                |
| <b>Financial Position and Cash Flow Information</b>                                 |             |                          |                        |                     |                        |
| Working capital   | \$ 428,868  | \$ 377,163               | \$ 387,082             | \$ 418,237          | \$ 317,062             |
| Total assets  | 2,975,969   | 3,338,877                | 3,469,220              | 3,639,240           | 3,562,970              |
| Long-term debt  | 957,428     | 853,800                  | 849,724                | 901,734             | 891,817                |
| Total debt  | 969,266     | 908,772                  | 884,932                | 984,927             | 1,012,883              |
| Depreciation and amortization   | 272,117     | 310,441                  | 315,239                | 311,531             | 337,949                |
| Capital expenditures  | (265,023)   | (313,101)                | (192,348)              | (165,320)           | (457,617)              |
| Cash provided by operating activities   | 198,879     | 298,776                  | 401,427                | 434,458             | 574,276                |
| Cash used by investing activities   | (219,268)   | (255,822)                | (202,023)              | (269,360)           | (443,418)              |
| Cash used by financing activities   | (4,546)     | (39,554)                 | (171,521)              | (164,083)           | (155,539)              |
| <b>Ratios</b>   |             |                          |                        |                     |                        |
| Return on average equity <sup>(b)(c)</sup>  | (21.7) %    | (0.6) %                  | 0.7 %                  | 9.1 %               | 14.6 %                 |
| Current ratio   | 1.7:1       | 1.5:1                    | 1.5:1                  | 1.6:1               | 1.4:1                  |
| Total debt to total capital <sup>(c)(d)</sup>                                       | 52.9 %      | 42.7 %                   | 37.6 %                 | 39.5 %              | 41.1 %                 |
| <b>Per Share Information attributable to Harsco Corporation Common Stockholders</b> |             |                          |                        |                     |                        |
| Basic - Income (loss) from continuing operations                                    | \$ (3.15)   | \$ (0.12)                | \$ 0.14                | \$ 1.67             | \$ 2.94                |
| - Loss from discontinued operations   | (0.01)      | (0.03)                   | (0.05)                 | (0.19)              | (0.06)                 |
| - Net income (loss)   | \$ (3.16)   | \$ (0.14) <sup>(e)</sup> | \$ 0.08 <sup>(e)</sup> | \$ 1.48             | \$ 2.88                |
| Diluted - Income (loss) from continuing operations                                  | \$ (3.15)   | \$ (0.12)                | \$ 0.13                | \$ 1.66             | \$ 2.92                |
| - Loss from discontinued operations   | (0.01)      | (0.03)                   | (0.05)                 | (0.19)              | (0.06)                 |
| - Net income (loss)   | \$ (3.16)   | \$ (0.14) <sup>(e)</sup> | \$ 0.08                | \$ 1.47             | \$ 2.87 <sup>(e)</sup> |
| <b>Other Information</b>  |             |                          |                        |                     |                        |
| Book value per share  | \$ 10.69    | \$ 15.16                 | \$ 18.23               | \$ 18.79            | \$ 18.09               |
| Cash dividends declared per share   | \$ 0.820    | \$ 0.820                 | \$ 0.820               | \$ 0.805            | \$ 0.780               |
| Diluted weighted-average number of shares outstanding                               | 80,632      | 80,736                   | 80,761                 | 80,586              | 84,029                 |
| Number of employees   | 18,500      | 19,650                   | 19,300                 | 19,600              | 21,500                 |

(a) Includes ESCO Interamerica, Ltd. acquired November 10, 2009 (Harsco Infrastructure Segment).

(b) Return on average equity is calculated by dividing income (loss) from continuing operations by average equity throughout the year.

(c) 2008 reflects noncontrolling interests, previously referred to as minority interests, as a component of equity in accordance with the changes to consolidation accounting and reporting issued by the Financial Accounting Standards Board January 1, 2009.

(d) "Total debt to total capital" is calculated by dividing total debt (short-term borrowings and long-term debt including current maturities) by the sum of equity and total debt.

(e) Does not total due to rounding.

# Board of Directors and Corporate Officers

(As of March 8, 2013)

## Board of Directors

### Henry W. Knueppel

Retired Chairman  
and Chief Executive Officer  
Regal Beloit Corporation  
*Director since 2008*  
*Serves as Non-Executive Chairman*

### Patrick K. Decker

President and Chief Executive Officer  
Harsco Corporation  
*Director since 2012*

### James F. Earl<sup>1</sup>

Executive Vice President and  
President – GATX Rail International  
GATX Corporation  
*Director since 2012*

### Kathy G. Eddy<sup>1</sup>

CPA and Founding Partner  
McDonough, Eddy, Parsons & Baylous, AC  
*Director since 2004*

### David C. Everitt<sup>1,2</sup>

Retired Co-leader, Agriculture and Turf Division  
Deere & Company  
*Director since 2010*

### Stuart E. Graham<sup>1,3c</sup>

Chairman  
Skanska AB  
*Director since 2009*

### Terry D. Growcock<sup>2c,3</sup>

Retired Chairman  
The Manitowoc Company  
*Director since 2008*

### James M. Loree<sup>1c,3</sup>

Executive Vice President  
and Chief Operating Officer  
Stanley Black & Decker  
*Director since 2010*

### Andrew J. Sordoni, III<sup>2,3</sup>

Chairman  
Sordoni Construction Services, Inc.  
*Director since 1988*

### Dr. Robert C. Wilburn<sup>2,3</sup>

Distinguished Service Professor and Director,  
Heinz College; Principal of The Wilburn Group  
*Director since 1986*

## Board Committees

<sup>1</sup> Audit Committee

<sup>2</sup> Management Development and Compensation Committee

<sup>3</sup> Nominating and Corporate Governance Committee

<sup>c</sup> Indicates Committee Chair

## Corporate Officers

### Patrick K. Decker

President and Chief Executive Officer

### Barry E. Malamud

Vice President, Corporate Controller and  
Interim Chief Financial Officer

### Galdino J. Claro

Executive Vice President and Group CEO  
Harsco Metals & Minerals

### Mark E. Kimmel

Senior Vice President and Group President  
Harsco Infrastructure

### Scott W. Jacoby

Vice President and Group President  
Harsco Rail

### Scott H. Gerson

Vice President and Group President  
Harsco Industrial

### A. Verona Dorch

Vice President, General Counsel and Corporate Secretary

### Douglas Eubanks

Vice President and Chief Information Officer

### Janet L. Hogan

Vice President and Chief Human Resources Officer

### A. James Howell

Vice President – Internal Audit

### Michael H. Kolinsky

Vice President – Taxes

### Richard A. Sullivan

Vice President – Business Transformation and  
Chief Global Supply Chain Officer

### Robert G. Yocum

Vice President and Treasurer

### Jeremy Zahn

Vice President – Global Environmental, Health and Safety

# Shareholder Information

## Company News

Company information, archived news releases and SEC filings are available free of charge 24 hours a day, seven days a week via Harsco's website at [www.harsco.com](http://www.harsco.com). Harsco's quarterly earnings conference calls and other significant investor events are posted when they occur.

Securities analysts, portfolio managers, other representatives of institutional investors and other interested parties seeking information about Harsco should contact:

James K. Jacobson  
Director - Investor Relations  
Phone: 717.612.5628  
Email: [jjacobson@harsco.com](mailto:jjacobson@harsco.com)

## Annual Meeting

April 23, 2013, 8:00 am  
Radisson Hotel Harrisburg  
Camp Hill, PA 17011

## Transfer Agent and Registrar

Shareholder communications regarding transfer of shares, book-entry shares, lost certificates, lost dividend checks or changes of address should be directed to:

By Mail: Computershare Investor Services  
P. O. Box 43078  
Providence, RI 02940-3078

By Overnight Delivery: Computershare Investor Services  
250 Royall Street  
Canton, MA 02021

By Calling: 800-850-3508 (U.S. and Canada)  
312-360-5100 (other countries)

Shareholders can also view real-time account information and request transfer agent services online at the Computershare Investor Services website: [www.computershare.com/investor](http://www.computershare.com/investor). Computershare Investor Services can be accessed through telecommunications devices for the hearing impaired by calling:

800-850-3508 (U.S. and Canada), 312-588-4110 (other countries)

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
Philadelphia, PA 19103

## Quarterly Share Price and Dividend Information

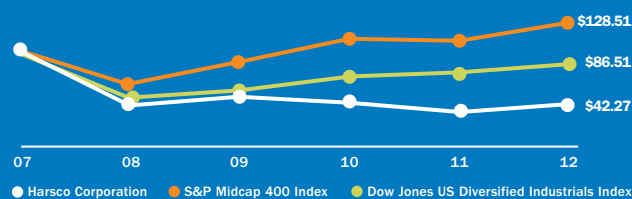
Harsco Corporation common stock is listed on the New York Stock Exchange (NYSE) under ticker symbol HSC. At year-end 2012, there were 80,584,628 shares outstanding and approximately 14,000 stockholders.

As shown below, during 2012, the Company's common stock traded in a range of \$18.40 to \$24.48 and closed at \$23.50 at year-end. High and low per share data are as quoted on the NYSE. Four quarterly cash dividends were paid in 2012 for an annual rate of \$0.82. There are no significant restrictions on the payment of dividends.

|                |                    | 2012     | 2011     |
|----------------|--------------------|----------|----------|
| First Quarter  | High               | \$ 24.48 | \$ 36.63 |
|                | Low                | 19.80    | 28.45    |
|                | Dividends Declared | 0.205    | 0.205    |
| Second Quarter | High               | 23.86    | 36.78    |
|                | Low                | 18.57    | 29.46    |
|                | Dividends Declared | 0.205    | 0.205    |
| Third Quarter  | High               | 22.45    | 34.07    |
|                | Low                | 19.35    | 18.85    |
|                | Dividends Declared | 0.205    | 0.205    |
| Fourth Quarter | High               | 23.54    | 24.96    |
|                | Low                | 18.40    | 17.77    |
|                | Dividends Declared | 0.205    | 0.205    |

## Comparison of Five-Year Cumulative Total Return\*

Among Harsco Corporation, the S&P Midcap 400 Index and the Dow Jones US Diversified Industrials Index



|                                      | 12/07    | 12/08 | 12/09 | 12/10  | 12/11  | 12/12  |
|--------------------------------------|----------|-------|-------|--------|--------|--------|
| Harsco Corporation                   | \$100.00 | 44.02 | 52.69 | 47.63  | 35.60  | 42.47  |
| S&P Midcap 400                       | 100.00   | 63.77 | 87.61 | 110.94 | 109.02 | 128.51 |
| Dow Jones US Diversified Industrials | 100.00   | 50.95 | 57.83 | 71.04  | 71.61  | 86.51  |

\* \$100 invested on 12/31/07 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

## Summary Annual Report

This Summary Annual Report is designed to present our 2012 results in a simple, easy-to-read and cost-efficient format. The more detailed financial information and analysis included in previous annual reports are contained in our Form 10-K filing with the Securities and Exchange Commission, which was distributed to shareholders along with this summary report. A copy of our Form 10-K filing may also be obtained from Harsco Investor Relations at the address on the back cover, or it can be viewed and downloaded from our Harsco website at [www.harsco.com](http://www.harsco.com).

## 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 forward-looking statements, expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about our management confidence and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, earnings and Economic Value Added ("EVA®"). These statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe" or other comparable terms. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Please refer to our Annual Report filed on Form 10-K for further discussion.

# HARSCO

**Harsco Corporation World Headquarters**

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