Esperion Therapeutics, Inc.
Form S-3
December 22, 2014

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As filed with the Securities and Exchange Commission on December 22, 2014.

Registration No. 333-

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

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ESPERION THERAPEUTICS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**26-1870780**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

3891 Ranchero Drive, Suite 150
Ann Arbor, MI 48108
(Address of principal executive offices)

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(734) 887-3903
(Registrant's telephone number, including area code)

Tim M. Mayleben
President and Chief Executive Officer
Esperion Therapeutics, Inc.
3891 Ranchero Drive, Suite 150
Ann Arbor, MI 48108
(734) 887-3903
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:
Mitchell S. Bloom, Esq.

Arthur R. McGivern, Esq.
Goodwin Procter LLP
Exchange Place
Boston, MA 02109
(617) 570-1000

Approximate date of commencement of proposed sale to the public:
From time to time after this Registration Statement becomes effective.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. o

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box: o

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. o

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. o

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

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

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Unit(2)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee(4)
Common Stock(5)				
Preferred Stock(6)				
Debt Securities(7)				
Warrants(8)				
Units(9)				
Total	$200,000,000	N.A.	$200,000,000	$23,240

(1)

The amount to be registered consists of up to $200,000,000 of an indeterminate amount of common stock, preferred stock, debt securities, warrants and/or units. There is also being registered hereunder such currently indeterminate number of (i) shares of common stock or other securities of the registrant as may be issued upon conversion of, or in exchange for, convertible or exchangeable debt securities and/or preferred stock registered hereby, or (ii) shares of preferred stock, common stock, debt securities or units as may be issued upon exercise of warrants registered hereby, as the case may be. Any securities registered hereunder may be sold separately or as units with the other securities registered hereunder.

(2)

The proposed maximum aggregate offering price per unit will be determined from time to time by the registrant in connection with the issuance by the registrant of the securities registered hereunder and is not specified as to each class of security pursuant to General Instruction II.D. of Form S-3 under the Securities Act.

(3)

Estimated solely for purposes of computing the registration fee. No separate consideration will be received for (i) common stock or other securities of the registrant that may be issued upon conversion of, or in exchange for, convertible or exchangeable debt securities and/or preferred stock registered hereby, or (ii) preferred stock, common stock, debt securities or units that may be issued upon exercise of warrants registered hereby, as the case may be.

(4)

The registration fee has been calculated in accordance with Rule 457(o) under the Securities Act. Pursuant to Rule 457(p) under the Securities Act, unused filing fees of $6,730 already have been paid with respect to unsold securities that were previously registered pursuant to a Registration Statement on Form S-3 (No. 333-197125) filed by Esperion Therapeutics, Inc. on June 30, 2014, and have been carried forward. The full amount of these unused filing fees is offset against the registration fee due for this offering. An additional amount of $16,510 has been paid with respect to this offering

(5)

Including such indeterminate amount of common stock as may be issued from time to time at indeterminate prices or upon conversion of debt securities and/or preferred stock registered hereby, or upon exercise of warrants registered hereby, as the case may be.

(6)

Including such indeterminate amount of preferred stock as may be issued from time to time at indeterminate prices or upon conversion of debt securities and/or preferred stock registered hereby, or upon exercise of warrants registered hereby, as the case may be.

(7)

Including such indeterminate principal amount of debt securities as may be issued from time to time at indeterminate prices or upon exercise of warrants registered hereby, as the case may be.

(8)

Including such indeterminate number of warrants or other rights, including without limitation share purchase or subscription rights, as may be issued from time to time at indeterminate prices.

(9)

Each unit will be issued under a unit agreement and will represent an interest in two or more securities, which may or may not be separable from one another.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION,
DATED DECEMBER 22, 2014.**

PROSPECTUS

$200,000,000

Common Stock
Preferred Stock
Debt Securities
Warrants
Units

We may from time to time issue, in one or more series or classes, up to $200,000,000 in aggregate principal amount of our common stock, preferred stock, debt securities, warrants and/or units. We may offer these securities separately or together in units. We will specify in the accompanying prospectus supplement the terms of the securities being offered. We may sell these securities to or through underwriters and also to other purchasers or through agents. We will set forth the names of any underwriters or agents, and any fees, conversions, or discount arrangements, in the accompanying prospectus supplement. We may not sell any securities under this prospectus without delivery of the applicable prospectus supplement.

You should read this document and any prospectus supplement or amendment carefully before you invest in our securities.

Our common stock is listed on the NASDAQ Global Market under the symbol "ESPR." On December 15, 2014, the closing price for our common stock, as reported on the NASDAQ Global Market, was $35.00 per share. Our principal executive offices are located at 3891 Ranchero Drive, Suite 150, Ann Arbor, MI 48108.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" contained in this prospectus beginning on page 3 and any applicable prospectus supplement, and under similar headings in the other documents that are incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus is , 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission, or the SEC, using a "shelf" registration process. Under this shelf registration process, we may from time to time sell any combination of the securities described in this prospectus in one or more offerings for an aggregate initial offering price of up to $200,000,000.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide one or more prospectus supplements that will contain specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and the accompanying prospectus supplement together with the additional information described under the heading "Where You Can Find More Information" beginning on page 38 of this prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus, any accompanying prospectus supplement or in any related free writing prospectus filed by us with the SEC. We have not authorized anyone to provide you with different information. This prospectus and the accompanying prospectus supplement do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in the accompanying prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. You should assume that the information appearing in this prospectus, any prospectus supplement, the documents incorporated by reference and any related free writing prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed materially since those dates.

Unless the context otherwise indicates, references in this prospectus to "Esperion", "we", "our", "us" and "the Company" refer, collectively, to Esperion Therapeutics, Inc., a Delaware corporation.

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RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risks described in the documents incorporated by reference in this prospectus and any prospectus supplement, as well as other information we include or incorporate by reference into this prospectus and any applicable prospectus supplement, before making an investment decision. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our securities could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and in the documents incorporated herein by reference, including (i) our annual report on Form 10-K for the fiscal year ended December 31, 2013, which is on file with the SEC and is incorporated herein by reference, (ii) our quarterly reports on Form 10-Q for the quarter ended March 31, 2014, June 30, 2014 and September 30, 2014, which are incorporated by reference into this prospectus, and (iii) other documents we file with the SEC that are deemed incorporated by reference into this prospectus.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that we incorporate by reference, contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Any statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and may be forward-looking. These statements are often, but are not always, made through the use of words or phrases such as "may," "will," "could," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," "projects," "potential," "continue," and similar expressions, or the negative of these terms, or similar expressions. Accordingly, these statements involve estimates, assumptions and uncertainties which could cause actual results to differ materially from those expressed in them. Any forward-looking statements are qualified in their entirety by reference to the factors discussed throughout this report, and in particular those factors referenced in the section "Risk Factors."

This prospectus contains forward-looking statements that are based on our management's belief and assumptions and on information currently available to our management. These statements relate to future events or our future financial performance, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

- our ability to obtain regulatory approval for ETC-1002, including statements related to specific clinical studies or clinical observations that will be required for such approval;
- the timing and outcome of our ongoing or future Phase 2 clinical studies of ETC-1002;
- the timing and outcome of our Phase 3 clinical program of ETC-1002;
- our ability to replicate positive results from a completed clinical study in a future clinical study;
- our ability to fund our development programs with existing capital or our ability to raise additional capital in the future;
- the potential benefits, effectiveness or safety of ETC-1002, as compared to statins and other LDL-cholesterol lowering therapies, either those currently available or those in development;
- our ability to respond and adhere to changes in regulatory requirements, including any requirement to conduct additional, unplanned clinical studies in connection with our pursuit of ETC-1002 as an LDL-cholesterol lowering therapy;
- the progress, timing and amount of costs associated with our development of ETC-1002;
- guidelines relating to LDL-cholesterol levels and cardiovascular risk that are generally accepted within the medical community, including recent changes and any future changes to such guidelines;
- reimbursement policies, including any future changes to such policies or related government legislation, and their impact on our ability to market, distribute and obtain payment for ETC-1002, if approved;
- the accuracy of our estimates of the size and growth potential of the LDL-cholesterol lowering market and the rate and degree of ETC-1002's market acceptance, if approved;

our ability to obtain and maintain intellectual property protection for ETC-1002 without infringing on the intellectual property rights of others;

the loss of any of our key scientific or management personnel;

our intention to seek to establish strategic relationships or partnerships; and

our ability to compete with other companies that are, or may be, developing or selling products that may compete with ETC-1002, if approved.

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THE COMPANY

We are an emerging pharmaceutical company focused on developing and commercializing first-in-class, oral, low-density lipoprotein cholesterol (LDL-cholesterol) lowering therapies for the treatment of patients with hypercholesterolemia and other cardiometabolic risk markers. ETC-1002, our lead product candidate, is a unique, first-in-class, orally available, once-daily small molecule designed to lower LDL-cholesterol levels and avoid the side effects associated with other LDL-cholesterol lowering therapies currently available. ETC-1002 is being developed for patients with hypercholesterolemia. Phase 2b clinical studies for ETC-1002 are currently underway and build upon a successful and comprehensive Phase 1 and Phase 2 program. We own the exclusive worldwide rights to ETC-1002 and our other product candidates.

Our principal executive offices are located at 3891 Ranchero Drive, Suite 150, Ann Arbor, MI 48108 and our telephone number is (734) 887-3903.

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RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of earnings to fixed charges for the periods shown. You should read this table in conjunction with the financial statements and notes incorporated by reference in this prospectus. We have no preferred shares outstanding and paid no dividends on preferred shares during the periods indicated. Therefore, the ratios of earnings to combined fixed charges and preferred dividends are the same as the ratios of earnings to fixed charges presented below.

	Years Ended December 31,			Nine Months Ended September 30,
	2011	2012	2013	2014
Ratio of Earnings to Fixed Charges	N/A	N/A	N/A	N/A

For purposes of calculating the ratios in the table above, earnings consist of net loss before income taxes. Fixed charges include interest expense on indebtedness and an estimate of the interest expense within rental expense.

We did not record earnings for any of the years ending December 31, 2013, 2012 and 2011 or the nine months ended September 30, 2014. Accordingly, our earnings were insufficient to cover fixed charges for such periods and we are unable to disclose a ratio of earnings to fixed charges for such periods. The dollar amount of the deficiency in earnings available for fixed charges for the years ended December 31, 2013, 2012 and 2011 and the nine months ended September 30, 2014 was approximately $26.1 million, $11.7 million, $10.8 million and $26.9 million, respectively.

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USE OF PROCEEDS

We intend to use the net proceeds from the sale of any securities offered under this prospectus for general corporate purposes unless otherwise indicated in the applicable prospectus supplement. General corporate purposes may include research and development costs, the acquisition or licensing of other products, businesses or technologies, repayment and refinancing of debt, working capital and capital expenditures. We may temporarily invest the net proceeds in a variety of capital preservation instruments, including investment grade, interest bearing instruments and U.S. government securities, until they are used for their stated purpose. We have not determined the amount of net proceeds to be used specifically for such purposes. As a result, management will retain broad discretion over the allocation of net proceeds.

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SECURITIES WE MAY OFFER

This prospectus contains summary descriptions of the securities we may offer from time to time. These summary descriptions are not meant to be complete descriptions of each security. The particular terms of any security will be described in the applicable prospectus supplement.

DESCRIPTION OF CAPITAL STOCK

The following description of our common stock and preferred stock, together with the additional information we include in any applicable prospectus supplements, summarizes the material terms and provisions of the common stock and preferred stock that we may offer under this prospectus. The following description of our capital stock does not purport to be complete and is subject to, and qualified in its entirety by, our Charter and our By-Laws, which are exhibits to the registration statement of which this prospectus forms a part, and by applicable law. We refer in this section to our Charter as our certificate of incorporation, and we refer to our By-Laws as our by-laws. The terms of our common stock and preferred stock may also be affected by Delaware law.

Authorized Capital Stock

Our authorized capital stock consists of 120,000,000 shares of common stock, par value $0.001 per share, and 5,000,000 shares of preferred stock, par value $0.001 per share. As of December 15, 2014, we had 20,349,753 shares of common stock outstanding and no shares of preferred stock outstanding.

Common Stock

Holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Our Charter provides that our Board shall be divided into three nearly equal classes, with each class's term expiring on a staggered basis. Vacancies and newly created directorships may be filled by a majority of the directors then in office, though less than a quorum. Directors may be removed only for cause by the affirmative vote of the holders of at least seventy-five percent (75%) of the outstanding shares of capital stock entitled to vote generally in the election of directors. Shareholders do not have cumulative voting rights. Holders of common stock have no preemptive, redemption or conversion rights and are not subject to future calls or assessments. No sinking fund provisions apply to our common stock. All outstanding shares are fully-paid and non-assessable. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in assets available for distribution, subject to any prior distribution rights of any preferred stock then outstanding. Holders of common stock are entitled to receive proportionately any such dividends declared by our Board, out of legally available funds for dividends, subject to any preferences that may be applicable to any shares of preferred stock that may be outstanding at that time. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Listing

Our common stock is listed on The NASDAQ Global Market under the symbol "ESPR." On December 15, 2014, the closing price for our common stock, as reported on the NASDAQ Global Market, was $35.00 per share. As of December 15, 2014, we had approximately 15 stockholders of record.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

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Preferred Stock

Our Board is authorized to issue up to 5,000,000 shares of preferred stock in one or more series without shareholder approval. Our Board may determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our Board to issue preferred stock in one or more series and determine the number of shares in the series and its rights and preferences is to eliminate delays associated with a shareholder vote on specific issuances. Examples of rights and preferences that the Board may fix are:

- dividend rights;
- dividend rates;
- conversion rights;
- voting rights;
- terms of redemption; and
- liquidation preferences.

The existence of authorized but unissued shares of preferred stock may enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise. For example, if in the due exercise of its fiduciary obligations, our board of directors were to determine that a takeover proposal is not in the best interests of us or our stockholders, our board of directors could cause shares of preferred stock to be issued without stockholder approval in one or more private offerings or other transactions that might dilute the voting or other rights of the proposed acquirer, stockholder or stockholder group. The rights of holders of our common stock described above, will be subject to, and may be adversely affected by, the rights of any preferred stock that we may designate and issue in the future. The issuance of shares of preferred stock could decrease the amount of earnings and assets available for distribution to holders of shares of common stock. The issuance may also adversely affect the rights and powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

We will incorporate by reference as an exhibit to the registration statement, which includes this prospectus, the form of any certificate of designation that describes the terms of the series of preferred stock we are offering. This description and the applicable prospectus supplement will include:

- the title and stated value;
- the number of shares authorized;
- the liquidation preference per share;
- the purchase price;

the dividend rate, period and payment date, and method of calculation for dividends;

whether dividends will be cumulative or non-cumulative and, if cumulative, the date from which dividends will accumulate;

the procedures for any auction and remarketing, if any;

the provisions for a sinking fund, if any;

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- the provisions for redemption or repurchase, if applicable, and any restrictions on our ability to exercise those redemption and repurchase rights;
- any listing of the preferred stock on any securities exchange or market;
- whether the preferred stock will be convertible into our common stock, and, if applicable, the conversion price, or how it will be calculated, and the conversion period;
- whether the preferred stock will be exchangeable into debt securities, and, if applicable, the exchange price, or how it will be calculated, and the exchange period;
- voting rights, if any, of the preferred stock;
- preemptive rights, if any;
- restrictions on transfer, sale or other assignment, if any;
- whether interests in the preferred stock will be represented by depositary shares;
- a discussion of any material United States federal income tax considerations applicable to the preferred stock;
- the relative ranking and preferences of the preferred stock as to dividend rights and rights if we liquidate, dissolve or wind up our affairs;
- any limitations on issuance of any class or series of preferred stock ranking senior to or on a parity with the series of preferred stock as to dividend rights and rights if we liquidate, dissolve or wind up our affairs; and
- any other specific terms, preferences, rights or limitations of, or restrictions on, the preferred stock.

When we issue shares of preferred stock under this prospectus, the shares will fully be paid and nonassessable and will not have, or be subject to, any preemptive or similar rights.

Provisions of our Certificate of Incorporation and By-Laws and Delaware Anti-Takeover Law

Certain provisions of the Delaware General Corporation Law and of our certificate of incorporation and by-laws could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and, as a consequence, they might also inhibit temporary fluctuations in the market price of our common stock that often result from actual or rumored hostile takeover attempts. These provisions are also designed in part to encourage anyone seeking to acquire control of us to first negotiate with our Board. These provisions might also have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders might otherwise deem to be in their best interests. However, we believe that the advantages gained by protecting our ability to negotiate with any unsolicited and potentially unfriendly acquirer outweigh the disadvantages of discouraging such proposals, including those priced above the then-current market value of our common stock, because, among other reasons, the negotiation of such proposals could improve their terms.

Provisions of our Certificate of Incorporation and By-Laws

Our certificate of incorporation and by-laws include a number of provisions that may have the effect of delaying, deferring or discouraging another party from acquiring control of us and encouraging persons considering unsolicited tender offers or other unilateral takeover proposals to negotiate with

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our Board rather than pursue non-negotiated takeover attempts. These provisions include the items described below.

Board Composition and Filling Vacancies. Our certificate of incorporation provides that directors may be removed only for cause and then only by the affirmative vote of the holders of 75% or more of the shares then entitled to vote at an election of directors. Furthermore, any vacancy on our Board, however occurring, including a vacancy resulting from an increase in the size of our board, may only be filled by the affirmative vote of a majority of our directors then in office even if less than a quorum.

No Written Consent of Stockholders. Our certificate of incorporation provides that all stockholder actions are required to be taken by a vote of the stockholders at an annual or special meeting, and that stockholders may not take any action by written consent in lieu of a meeting.

Meetings of Stockholders. Our bylaws provide that only a majority of the members of our Board then in office may call special meetings of stockholders and only those matters set forth in the notice of the special meeting may be considered or acted upon at a special meeting of stockholders. Our bylaws limit the business that may be conducted at an annual meeting of stockholders to those matters properly brought before the meeting.

Advance Notice Requirements. Our bylaws establish advance notice procedures with regard to stockholder proposals relating to the nomination of candidates for election as directors or new business to be brought before meetings of our stockholders. These procedures provide that notice of stockholder proposals must be timely given in writing to our corporate secretary prior to the meeting at which the action is to be taken. Generally, to be timely, notice must be received at our principal executive offices not less than 90 days or more than 120 days prior to the first anniversary date of the annual meeting for the preceding year. The notice must contain certain information specified in the bylaws.

Amendment to Certificate of Incorporation and By-Laws. As required by the Delaware General Corporation Law, any amendment of our certificate of incorporation must first be approved by a majority of our Board and, if required by law or our certificate of incorporation, thereafter be approved by a majority of the outstanding shares entitled to vote on the amendment, and a majority of the outstanding shares of each class entitled to vote thereon as a class, except that the amendment of the provisions relating to stockholder action, directors, limitation of liability and the amendment of our bylaws and certificate of incorporation must be approved by not less than 75% of the outstanding shares entitled to vote on the amendment, and not less than 75% of the outstanding shares of each class entitled to vote thereon as a class. Our bylaws may be amended by the affirmative vote of a majority of the directors then in office, subject to any limitations set forth in the bylaws; and may also be amended by the affirmative vote of at least 75% of the outstanding shares entitled to vote on the amendment, or, if our Board recommends that the stockholders approve the amendment, by the affirmative vote of the majority of the outstanding shares entitled to vote on the amendment, in each case voting together as a single class.

Delaware Anti-Takeover Law

We are subject to the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a three-year period following the time that this stockholder becomes an interested stockholder, unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger, asset or stock sale or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's

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voting stock. Under Section 203, a business combination between a corporation and an interested stockholder is prohibited unless it satisfies one of the following conditions:

- before the stockholder became interested, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, shares owned by persons who are directors and also officers, and employee stock plans, in some instances; or

- at or after the time the stockholder became interested, the business combination was approved by the board of directors of the corporation and authorized at an annual or special meeting of the stockholders by the affirmative vote of at least two-thirds of the outstanding voting stock which is not owned by the interested stockholder.

Exclusive Jurisdiction of Certain Actions. Our certificate of incorporation requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against our directors, officers and employees for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

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DESCRIPTION OF DEBT SECURITIES

The paragraphs below describe the general terms and provisions of the debt securities we may issue. When we offer to sell a particular series of debt securities, we will describe the specific terms of the securities in a supplement to this prospectus, including any additional covenants or changes to existing covenants relating to such series. The prospectus supplement also will indicate whether the general terms and provisions described in this prospectus apply to a particular series of debt securities. You should read the actual indenture if you do not fully understand a term or the way we use it in this prospectus.

We may offer senior or subordinated debt securities. Each series of debt securities may have different terms. The senior debt securities will be issued under one or more senior indentures, dated as of a date prior to such issuance, between us and the trustee identified in the applicable prospectus supplement, as amended or supplemented from time to time. We will refer to any such indenture throughout this prospectus as the "senior indenture." Any subordinated debt securities will be issued under one or more separate indentures, dated as of a date prior to such issuance, between us and the trustee identified in the applicable prospectus supplement, as amended or supplemented from time to time. We will refer to any such indenture throughout this prospectus as the "subordinated indenture" and to the trustee under the senior or subordinated indenture as the "trustee." The senior indenture and the subordinated indenture are sometimes collectively referred to in this prospectus as the "indentures." The indentures will be subject to and governed by the Trust Indenture Act of 1939, as amended. We included copies of the forms of the indentures as exhibits to our registration statement and they are incorporated into this prospectus by reference.

If we issue debt securities at a discount from their principal amount, then, for purposes of calculating the aggregate initial offering price of the offered securities issued under this prospectus, we will include only the initial offering price of the debt securities and not the principal amount of the debt securities.

We have summarized below the material provisions of the indentures and the debt securities, or indicated which material provisions will be described in the related prospectus supplement. The prospectus supplement relating to any particular securities offered will describe the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. Because the summary in this prospectus and in any prospectus supplement does not contain all of the information that you may find useful, you should read the documents relating to the securities that are described in this prospectus or in any applicable prospectus supplement. Please read "Where You Can Find More Information" to find out how you can obtain a copy of those documents. Except as otherwise indicated, the terms of the indentures are identical. As used under this caption, the term "debt securities" includes the debt securities being offered by this prospectus and all other debt securities issued by us under the indentures.

General

The indentures:

- do not limit the amount of debt securities that we may issue;
- allow us to issue debt securities in one or more series;
- do not require us to issue all of the debt securities of a series at the same time;
- allow us to reopen a series to issue additional debt securities without the consent of the holders of the debt securities of such series; and
- provide that the debt securities will be unsecured, except as may be set forth in the applicable prospectus supplement.

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Unless we give you different information in the applicable prospectus supplement, the senior debt securities will be unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness. Payments on the subordinated debt securities will be subordinated to the prior payment in full of all of our senior indebtedness, as described under "Description of Debt Securities Subordination" and in the applicable prospectus supplement.

Each indenture provides that we may, but need not, designate more than one trustee under an indenture. Any trustee under an indenture may resign or be removed and a successor trustee may be appointed to act with respect to the series of debt securities administered by the resigning or removed trustee. If two or more persons are acting as trustee with respect to different series of debt securities, each trustee shall be a trustee of a trust under the applicable indenture separate and apart from the trust administered by any other trustee. Except as otherwise indicated in this prospectus, any action described in this prospectus to be taken by each trustee may be taken by each trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee under the applicable indenture.

The prospectus supplement for each offering will provide the following terms, where applicable:

- the title of the debt securities and whether they are senior or subordinated;
- the aggregate principal amount of the debt securities being offered, the aggregate principal amount of the debt securities outstanding as of the most recent practicable date and any limit on their aggregate principal amount, including the aggregate principal amount of debt securities authorized;
- the price at which the debt securities will be issued, expressed as a percentage of the principal and, if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or, if applicable, the portion of the principal amount of such debt securities that is convertible into common stock or other securities of ours or the method by which any such portion shall be determined;
- if convertible, the terms on which such debt securities are convertible, including the initial conversion price or rate and the conversion period and any applicable limitations on the ownership or transferability of common stock or other securities of ours received on conversion;
- the date or dates, or the method for determining the date or dates, on which the principal of the debt securities will be payable;
- the fixed or variable interest rate or rates of the debt securities, or the method by which the interest rate or rates is determined;
- the date or dates, or the method for determining the date or dates, from which interest will accrue;
- the dates on which interest will be payable;
- the record dates for interest payment dates, or the method by which such dates will be determine;
- the persons to whom interest will be payable;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;

any make-whole amount, which is the amount in addition to principal and interest that is required to be paid to the holder of a debt security as a result of any optional redemption or accelerated payment of such debt security, or the method for determining the make-whole amount;

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the place or places where the principal of, and any premium or make-whole amount, and interest on, the debt securities will be payable;

where the debt securities may be surrendered for registration of transfer or conversion or exchange;

where notices or demands to or upon us in respect of the debt securities and the applicable indenture may be served;

the times, prices and other terms and conditions upon which we may redeem the debt securities;

any obligation we have to redeem, repay or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of holders of the debt securities, and the times and prices at which we must redeem, repay or purchase the debt securities as a result of such obligation;

the currency or currencies in which the debt securities are denominated and payable if other than United States dollars, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies and the terms and conditions relating thereto, and the manner of determining the equivalent of such foreign currency in United States dollars;

whether the principal of, and any premium or make-whole amount, or interest on, the debt securities of the series are to be payable, at our election or at the election of a holder, in a currency or currencies other than that in which the debt securities are denominated or stated to be payable, and other related terms and conditions;

whether the amount of payments of principal of, and any premium or make-whole amount, or interest on, the debt securities may be determined according to an index, formula or other method and how such amounts will be determined;

whether the debt securities will be in registered form, bearer form, or both, and (i) if in registered form, the person to whom any interest shall be payable, if other than the person in whose name the security is registered at the close of business on the regular record date for such interest, or (ii) if in bearer form, the manner in which, or the person to whom, any interest on the security shall be payable if otherwise than upon presentation and surrender upon maturity;

any restrictions applicable to the offer, sale or delivery of securities in bearer form and the terms upon which securities in bearer form of the series may be exchanged for securities in registered form of the series and vice versa, if permitted by applicable laws and regulations;

whether any debt securities of the series are to be issuable initially in temporary global form and whether any debt securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may, or shall be required to, exchange their interests for other debt securities of the series, and the manner in which interest shall be paid;

the identity of the depositary for securities in registered form, if such series are to be issuable as a global security;

the date as of which any debt securities in bearer form or in temporary global form shall be dated if other than the original issuance date of the first security of the series to be issued;

the applicability, if any, of the defeasance and covenant defeasance provisions described in this prospectus or in the applicable indenture;

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- whether and under what circumstances we will pay any additional amounts on the debt securities in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities in lieu of making such a payment;
- whether and under what circumstances the debt securities being offered are convertible into common stock or other securities of ours, as the case may be, including the conversion price or rate and the manner or calculation thereof;
- the circumstances, if any, specified in the applicable prospectus supplement, under which beneficial owners of interests in the global security may obtain definitive debt securities and the manner in which payments on a permanent global debt security will be made if any debt securities are issuable in temporary or permanent global form;
- any provisions granting special rights to holders of securities upon the occurrence of such events as specified in the applicable prospectus supplement;
- if the debt securities of such series are to be issuable in definitive form only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and/or terms of such certificates, documents or conditions;
- the name of the applicable trustee and the nature of any material relationship with us or any of our affiliates, and the percentage of debt securities of the class necessary to require the trustee to take action;
- any deletions from, modifications of or additions to our events of default or covenants with regard to such debt securities and any change in the right of any trustee or any of the holders to declare the principal amount of any of such debt securities due and payable;
- applicable CUSIP numbers; and
- any other terms of such debt securities not inconsistent with the provisions of the applicable indenture.

We may issue debt securities that provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity of the debt securities. We refer to any such debt securities throughout this prospectus as "original issue discount securities." The applicable prospectus supplement will describe the United States federal income tax consequences and other relevant considerations applicable to original issue discount securities.

We also may issue indexed debt securities. Payments of principal of, and premium and interest on, indexed debt securities are determined with reference to the rate of exchange between the currency or currency unit in which the debt security is denominated and any other currency or currency unit specified by us, to the relationship between two or more currencies or currency units or by other similar methods or formulas specified in the prospectus supplement.

Except as described under " Merger, Consolidation or Sale of Assets" or as may be set forth in any prospectus supplement, the debt securities will not contain any provisions that (i) would limit our ability to incur indebtedness or (ii) would afford holders of debt securities protection in the event of (a) a highly leveraged or similar transaction involving us, or (b) a change of control or reorganization, restructuring, merger or similar transaction involving us that may adversely affect the holders of the debt securities. In the future, we may enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation, that may have an adverse effect on our ability to service our indebtedness, including the debt securities, by, among other things, substantially reducing or eliminating our assets.

Our governing instruments do not define the term "substantially all" as it relates to the sale of assets. Additionally, Delaware cases interpreting the term "substantially all" rely upon the facts and

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circumstances of each particular case. Consequently, to determine whether a sale of "substantially all" of our assets has occurred, a holder of debt securities must review the financial and other information that we have disclosed to the public.

We will provide you with more information in the applicable prospectus supplement regarding any deletions, modifications, or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Payment

Unless we give you different information in the applicable prospectus supplement, the principal of, and any premium or make-whole amount, and interest on, any series of the debt securities will be payable at the corporate trust office of the trustee. We will provide you with the address of the trustee in the applicable prospectus supplement. We may also pay interest by mailing a check to the address of the person entitled to it as it appears in the applicable register for the debt securities or by wire transfer of funds to that person at an account maintained within the United States.

All monies that we pay to a paying agent or a trustee for the payment of the principal of, and any premium or make-whole amount, or interest on, any debt security will be repaid to us if unclaimed at the end of two years after the obligation underlying payment becomes due and payable. After funds have been returned to us, the holder of the debt security may look only to us for payment, without payment of interest for the period which we hold the funds.

Denomination, Interest, Registration and Transfer

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issuable in denominations of $1,000 and integral multiples of $1,000.

Subject to the limitations imposed upon debt securities that are evidenced by a computerized entry in the records of a depository company rather than by physical delivery of a note, a holder of debt securities of any series may:

- exchange them for any authorized denomination of other debt securities of the same series and of a like aggregate principal amount and kind upon surrender of such debt securities at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose; and

- surrender them for registration of transfer or exchange at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose.

Every debt security surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer satisfactory to the applicable trustee or transfer agent. Payment of a service charge will not be required for any registration of transfer or exchange of any debt securities, but we or the trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. If in addition to the applicable trustee, the applicable prospectus supplement refers to any transfer agent initially designated by us for any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents for any series of debt securities.

Neither we, nor any trustee, will be required to:

- issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before the day that the notice of redemption of any debt padding-bottom:2px;">

507,518

Total revenues

526,377

740,045

1,573,653

2,215,176

Costs and expenses from continuing operations:

Cost of services sold

285,098

450,048

875,898

1,353,749

Cost of products sold

125,831

117,844

361,954

355,555

Selling, general and administrative expenses

68,289

124,004

213,052

374,325

Research and development expenses

854

3,077

5,456

7,457

Loss on disposal of the Harsco Infrastructure Segment and transaction costs

54

253,677

5,607

253,677

Other (income) expenses

513

(228
)

27,373

2,158

Total costs and expenses

480,639

948,422

1,489,340

2,346,921

Operating income (loss) from continuing operations

45,738

(208,377
)

84,313

(131,745
)
Interest income

555

388

1,262

1,624

Interest expense

(11,949
)

(12,815
)

(35,328
)

(37,413
)
Change in fair value to the unit adjustment liability

(2,398
)

—

(7,417
)

—

Income (loss) from continuing operations before income taxes and equity income

31,946

(220,804
)

42,830

(167,534
)
Income tax expense

(11,671
)

(10,795
)

(20,424
)

(27,268
)
Equity in income of unconsolidated entities, net

5,295

434

1,057

1,015

Income (loss) from continuing operations

25,570

(231,165
)

23,463

(193,787
)
Discontinued operations:

Income (loss) on disposal of discontinued business

(640
)

(640
)

452

(2,145
)
Income tax (expense) benefit related to discontinued business

237

239

(168
)

814

Income (loss) from discontinued operations

(403
)

(401
)

284

(1,331
)
Net income (loss)

25,167

(231,566
)

23,747

(195,118
)
Less: Net income attributable to noncontrolling interests

(1,532
)

(2,090
)

(2,948
)

(7,495
)
Net income (loss) attributable to Harsco Corporation

$
23,635

$

(233,656
)

$
20,799

$
(202,613
)
Amounts attributable to Harsco Corporation common stockholders:
Income (loss) from continuing operations, net of tax

$
24,038

$
(233,255
)

$
20,515

$
(201,282
)
Income (loss) from discontinued operations, net of tax

(403
)

(401
)

284

(1,331
)
Net income (loss) attributable to Harsco Corporation common stockholders

$
23,635

$
(233,656
)

$
20,799

$
(202,613
)

Weighted-average shares of common stock outstanding

80,918

80,775

80,873

80,747

Basic earnings (loss) per common share attributable to Harsco Corporation common stockholders:
Continuing operations

$
0.30

$
(2.89
)

$
0.25

$
(2.49
)
Discontinued operations

—

—

—

(0.02
)
Basic earnings (loss) per share attributable to Harsco Corporation common stockholders

$
0.29

(a)
$
(2.89
)

$
0.26

(a)
$
(2.51
)

Diluted weighted-average shares of common stock outstanding

81,099

80,775

81,093

80,747

Diluted earnings (loss) per common share attributable to Harsco Corporation common stockholders:
Continuing operations

$
0.30

$
(2.89
)

$
0.25

$
(2.49
)
Discontinued operations

—

—

—

(0.02
)
Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders

$
0.29

(a)
$
(2.89
)

$
0.26

(a)
$
(2.51
)

Cash dividends declared per common share

$
0.205

$
0.205

$
0.615

$
0.615

(a) Does not total due to rounding.

See accompanying notes to unaudited condensed consolidated financial statements.

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

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

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

See accompanying notes to unaudited condensed consolidated financial statements.

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HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

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

Effect of exchange rate changes on cash	(4,440)	(4,253)
Net increase (decrease) in cash and cash equivalents	(21,002)	20,562
Cash and cash equivalents at beginning of period	93,605	95,250
Cash and cash equivalents at end of period	$72,603	$115,812

See accompanying notes to unaudited condensed consolidated financial statements.

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HARSCO CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY (Unaudited)

(In thousands, except share and per share amounts)	Harsco Corporation Stockholders' Equity: Common Stock: Issued	Treasury	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balances, January 1, 2013	$140,080	$(745,205)	$152,645	$1,675,490	$(411,168)	$49,782	$861,624
Net income (loss)				(202,613)		7,495	(195,118)
Cash dividends declared:							
Common @ $0.615 per share				(49,668)			(49,668)
Noncontrolling interests						(2,880)	(2,880)
Total other comprehensive income (loss), net of deferred income taxes of $(2,631)					(18,497)	68	(18,429)
Contributions from noncontrolling interests						4,622	4,622
Purchase of subsidiary shares from noncontrolling interest			(292)			107	(185)
Stock options exercised, net 20,000 shares	25		375				400
Vesting of restricted stock units and other stock grants, net 62,039 shares	119	(841)	2,057				1,335
Amortization of unearned portion of stock-based compensation, net of forfeitures			3,632				3,632
Balances, September 30, 2013	$140,224	$(746,046)	$158,417	$1,423,209	$(429,665)	$59,194	$605,333

(In thousands, except share and per share amounts)	Harsco Corporation Stockholders' Equity: Common Stock: Issued	Treasury	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balances, January 1, 2014	$140,248	$(746,237)	$159,025	$1,381,321	$(370,615)	$43,093	$606,835
Net income				20,799		2,948	23,747
Cash dividends declared:							
Common @ $0.615 per share				(49,763)			(49,763)
Noncontrolling interests						(2,319)	(2,319)
Total other comprehensive income (loss), net of deferred income taxes of $2,939					8	(1,069)	(1,061)
Contributions from noncontrolling interests						1,560	1,560
Noncontrolling interests transferred in the Infrastructure Transaction						(905)	(905)
Vesting of restricted stock units and other stock grants, net 130,603 shares	195	(712)	2,067				1,550

Amortization of unearned portion of stock-based compensation, net of forfeitures			3,881				3,881
Balances, September 30, 2014	$140,443	$(746,949)	$164,973	$1,352,357	$(370,607)	$43,308	$583,525

See accompanying notes to unaudited condensed consolidated financial statements.

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HARSCO CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation

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

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

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

2. Recently Adopted and Recently Issued Accounting Standards

The following accounting standards have been adopted in 2014:

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

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

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

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

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

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

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3. Acquisitions and Dispositions

Acquisitions

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

Dispositions

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

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

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

4. Accounts Receivable and Inventories

Accounts receivable consist of the following:

(In thousands)	September 30 2014	December 31 2013
Trade accounts receivable	$391,356	$359,819
Less: Allowance for doubtful accounts	(13,083)	(6,638)
Trade accounts receivable, net	$378,273	$353,181
Other receivables (a)	$31,041	$46,470

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

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

	Three Months Ended September 30		Nine Months Ended September 30	
(In thousands)	2014	2013	2014	2013
Provision for doubtful accounts related to trade accounts receivable	$(170)	$1,059	$7,176	$5,897

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

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Inventories consist of the following:

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

5. Equity Method Investments

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

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

The book value of the Company's investment in Brand at September 30, 2014 was $299.6 million. The Company records the Company's proportionate share of Brand's net income or loss one quarter in arrears. Brand's results of operations for the three- month period ended June 30, 2014 and the period from November 27, 2013 through June 30, 2014 are summarized as follows:

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

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

As part of the Infrastructure Transaction, the Company is required to make a quarterly payment to the Company's partner in the Infrastructure strategic venture, either (at the Company's election) (i) in cash, with total payments to equal approximately $22 million per year on a pre-tax basis (approximately $15 million per year after-tax), or (ii) in kind through the transfer of approximately 2.5% of the Company's ownership interest in the Infrastructure strategic venture on an annual basis (the "unit adjustment liability"). The resulting liability is reflected in the caption, Unit adjustment liability, on the Company's Condensed Consolidated Balance Sheets. The Company will recognize the change in fair value to the unit adjustment liability each period until the Company is no longer required to make these payments or chooses not to make these payments. The change in fair value to the unit adjustment liability is a non-cash expense. For the three and nine months ended September 30, 2014, the Company recognized $2.4 million and $7.4 million, respectively, of change in fair value to the unit adjustment liability.

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

The Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013 include balances related to the unit adjustment liability of $97.0 million and $106.3 million, respectively, in the current and non-current captions, Unit adjustment liability.

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

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

(In thousands)	September 30 2014	December 31 2013
Balances due from Brand	$8,889	$85,908
Balances due to Brand	39,607	149,325

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

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

6. Property, Plant and Equipment

Property, plant and equipment consists of the following:

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

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7. Goodwill and Other Intangible Assets

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

(In thousands)	Harsco Metals & Minerals Segment	Harsco Industrial Segment	Harsco Rail Segment	Consolidated Totals
Balance at December 31, 2013	$421,955	$—	$9,310	$431,265
Changes to goodwill (a)	—	6,751	—	6,751
Foreign currency translation	(11,369)	—	—	(11,369)
Balance at September 30, 2014	$410,586	$6,751	$9,310	$426,647

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

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

Intangible assets consist of the following:

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

Amortization expense for intangible assets was as follows:

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

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

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

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

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8. Employee Benefit Plans

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

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

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

The Company currently anticipates contributing approximately $0.5 million and $4 million to the U.S. and international defined benefit pension plans, respectively, during the remainder of 2014.

9. Income Taxes

The effective income tax rate related to continuing operations for the three and nine months ended September 30, 2014 was 36.5% and 47.7%, respectively, compared with (4.9)% and (16.3)% for the three and nine months ended September 30, 2013, respectively. The effective income tax rate for both the three and nine months ended September 30, 2014 compared with the three and nine months ended September 30, 2013 changed primarily due to the jurisdictional mix of the loss on disposal of the Harsco Infrastructure Segment and transaction costs during 2013.

An income tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, based on technical merits, including resolutions of any related appeals or litigation processes. The unrecognized income tax benefit at September 30, 2014 was $16.4 million, including interest and penalties. Within the next twelve months, it is reasonably possible that up to $0.4 million of unrecognized income tax benefits will be recognized upon settlement of tax examinations and the expiration of various statutes of limitations.

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10. Commitments and Contingencies

Environmental

The Company is involved in a number of environmental remediation investigations and cleanups and, along with other companies, has been identified as a “potentially responsible party” for certain waste disposal sites. While each of these matters is subject to various uncertainties, it is probable that the Company will agree to make payments toward funding certain of these activities and it is possible that some of these matters will be decided unfavorably to the Company. The Company has evaluated its potential liability, and its financial exposure is dependent upon such factors as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the allocation of cost among potentially responsible parties, the years of remedial activity required and the remediation methods selected. The Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013 include accruals in Other current liabilities of $1.2 million, for each period, for environmental matters. The amounts charged against Income (loss) from continuing operations before income taxes and equity income related to environmental matters totaled $0.4 million and $1.7 million for the three and nine months ended September 30, 2014, respectively. The amounts charged against pre-tax income related to environmental matters totaled $0.6 million and $1.2 million for the three and nine months ended September 30, 2013, respectively.

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

Brazilian Tax Disputes

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

In October 2009, the Company received notification of the SPRA’s final administrative decision regarding the levying of ICMS in the State of São Paulo in relation to services provided to a customer in the State between January 2004 and May 2005. As of September 30, 2014, the principal amount of the tax assessment from the SPRA with regard to this case was approximately $2 million, with penalty, interest and fees assessed to date increasing such amount by an additional $27 million. Any change in the aggregate amount since the Company’s Annual Report on Form 10-K for the year ended December 31, 2013 reflects an increase in assessed interest and statutorily mandated legal fees for the period and includes the effect of foreign currency translation.

Another ICMS tax case involving the SPRA refers to the tax period from January 2002 to December 2003. This case is still pending at the administrative phase, where the aggregate amount assessed by the tax authorities in August 2005 was $10.3 million (the amounts with regard to this claim are valued as of the date of the assessment since it has not yet reached the collection phase), composed of a principal amount of $2.4 million, with penalty and interest assessed through that date increasing such amount by an additional $7.9 million. All such amounts include the effect of foreign currency translation.

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

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

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Brazilian Labor Disputes

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

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

Customer Disputes

The Company, through its Harsco Metals & Minerals Segment, provides services to ArcelorMittal and/or various of its subsidiaries and affiliates (collectively, "ArcelorMittal") through long-term service contracts on a number of sites worldwide. Currently, ArcelorMittal and the Company are involved in several commercial disputes, some of which may result in legal or other action. Both the Company and ArcelorMittal are working to resolve these matters. Additionally, a supplier at one of ArcelorMittal’s sites has filed for arbitration against the Company, claiming that it is owed monetary damages from the Company in connection with its processing certain materials. The Company disputes that it is responsible for such processing and intends to vigorously defend itself against this claim, although the Company is working to amicably resolve this matter. No loss provision has been recorded in the accompanying financial statements in connection with the arbitration because a loss contingency is not deemed probable, nor can the Company estimate the amount of such loss. However, based on the information currently available to the Company, the Company does not expect that the ultimate resolution of this arbitration will have a material adverse effect on the Company’s financial condition, results of operations or cash flows. Furthermore, the Company, through its Harsco Metals & Minerals Segment, may become involved in commercial disputes with other customers. Although results of operations and cash flows for a given period could be adversely affected by a negative outcome in these or other lawsuits, claims and proceedings, management believes that the ultimate outcome of these matters will not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Other

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

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

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

As of September 30, 2014, there are 17,366 pending asbestos personal injury claims filed against the Company. Of these cases, 17,017 are pending in the New York Supreme Court for New York County in New York State. The other claims, totaling 349, are filed in various counties in a number of state courts, and in certain Federal District Courts (including New York), and those complaints generally assert lesser amounts of damages than the New York State court cases or do not state any amount claimed.

As of September 30, 2014, the Company has obtained dismissal by stipulation, or summary judgment prior to trial, in 27,487 cases.

In view of the persistence of asbestos litigation nationwide, the Company expects to continue to receive additional claims. However, there have been developments during the past several years, both by certain state legislatures and by certain state courts, which could favorably affect the Company's ability to defend these asbestos claims in those jurisdictions. These developments include procedural changes, docketing changes, proof of damage requirements and other changes that require

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plaintiffs to follow specific procedures in bringing their claims and to show proof of damages before they can proceed with their claim. An example is the action taken by the New York Supreme Court (a trial court), which is responsible for managing all asbestos cases pending within New York County in the State of New York. This Court issued an order in December 2002 that created a Deferred or Inactive Docket for all pending and future asbestos claims filed by plaintiffs who cannot demonstrate that they have a malignant condition or discernible physical impairment, and an Active or In Extremis Docket for plaintiffs who are able to show such medical condition. As a result of this order, the majority of the asbestos cases filed against the Company in New York County have been moved to the Inactive Docket until such time as the plaintiffs can show that they have incurred a physical impairment. As of September 30, 2014, the Company has been listed as a defendant in 167 Active or In Extremis asbestos cases in New York County. The Court's Order has been challenged by some plaintiffs.

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

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

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

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

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11. Reconciliation of Basic and Diluted Shares

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

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

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

12. Derivative Instruments, Hedging Activities and Fair Value

Derivative Instruments and Hedging Activities

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

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

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

(In thousands)	Asset Derivatives Balance Sheet Location	Fair Value	Liability Derivatives Balance Sheet Location	Fair Value
September 30, 2014				
Derivatives designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$136		$—
Cross-currency interest rate swaps	Other assets	41,805	Other liabilities	11,460
Total derivatives designated as hedging instruments		$41,941		$11,460
Derivatives not designated as hedging instruments:				
Foreign currency forward exchange contracts	Other current assets	$392	Other current liabilities	$2,812

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

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

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

Derivatives Designated as Hedging Instruments

(In thousands)	Amount of Gain (Loss) Recognized in Other Comprehensive Income (“OCI”) on Derivative - Effective Portion	Location of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion	Location of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from

						Effectiveness Testing		
Three Months Ended September 30, 2014:								
Foreign currency forward exchange contracts	$ 77			$—			$—	
Cross-currency interest rate swaps	(863	)		—		Cost of services and products sold	26,629	(a)
	$ (786	)		$—			$ 26,629	
Three Months Ended September 30, 2013:								
Foreign currency forward exchange contracts	$ (18	)	Cost of services and products sold	$ (9	)	Cost of services and products sold	$ (6	)
Cross-currency interest rate swaps	(2,824	)		—		Cost of services and products sold	(19,620	) (a)
	$ (2,842	)		$ (9	)		$ (19,626	)

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(In thousands)	Amount of Gain (Loss)Recognized in Other Comprehensive Income ("OCI") on Derivative - Effective Portion	Location of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income - Effective Portion	Location of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing	Amount of Gain (Loss) Recognized in Income on Derivative - Ineffective Portion and Amount Excluded from Effectiveness Testing
Nine Months Ended September 30, 2014:					
Foreign currency forward exchange contracts	$ 97	Cost of services and products sold	$ (3)		$ —
Cross currency interest rate swaps	(3,418)		—	Cost of services and products sold	21,254 (a)
	$ (3,321)		$ (3)		$ 21,254
Nine Months Ended September 30, 2013:					
Foreign currency forward exchange contracts	$ (18)	Cost of services and products sold	$ (9)	Cost of services and products sold	$ (6)
Cross currency interest rate swaps	(3,057)		—	Cost of services and products sold	(2,749) (a)
	$ (3,075)		$ (9)		$ (2,755)

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

Derivatives Not Designated as Hedging Instruments

(In thousands)	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative for the Three Months Ended September 30 (a) 2014	2013
Foreign currency forward exchange contracts	Cost of services and products sold	$ (1,126)	$ (5,076)

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

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

Foreign Currency Forward Exchange Contracts

The Company conducts business in multiple currencies and, accordingly, is subject to the inherent risks associated with foreign exchange rate movements. The financial position and results of operations of substantially all of the

Company's foreign subsidiaries are measured using the local currency as the functional currency. Foreign currency-denominated assets and liabilities are translated into U.S. dollars at the exchange rates existing at the respective balance sheet dates. Income and expense items are translated at the average exchange rates during the respective periods. The aggregate effects of translating the balance sheets of these subsidiaries are deferred and recorded in Accumulated other comprehensive loss, which is a separate component of equity.

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

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

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

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

Included in the contracted amounts of foreign currency exchange forward contracts outstanding at September 30, 2014 are $1.6 million of foreign currency exchange forward contracts entered into by the Company under the Transition Services Agreement with Brand. The Company has recognized a less than $0.1 million mark-to-market asset associated with these foreign currency exchange forward contracts.

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

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

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

In addition to foreign currency forward exchange contracts, the Company designates certain loans as hedges of net investments in international subsidiaries. The Company recorded pre-tax net gains of $15.1 million and $20.0 million during the three and nine months ended September 30, 2014, respectively, and pre-tax net losses of $4.9 million and $8.3 million during the three and nine months ended September 30, 2013, respectively, into Accumulated other comprehensive loss.

Cross-Currency Interest Rate Swaps

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

		Interest Rates	
(In millions)	Contractual Amount	Receive	Pay
Maturing 2018	$ 250.0	Fixed U.S. dollar rate	Fixed euro rate
Maturing 2020	220.0	Fixed U.S. dollar rate	Fixed British pound sterling rate
Maturing 2016 through 2017	9.3	Floating U.S. dollar rate	Fixed rupee rate

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Fair Value of Derivative Assets and Liabilities and Other Financial Instruments

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

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

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

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

- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

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

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

Level 2 Fair Value Measurements (In thousands)	September 30 2014	December 31 2013
Assets		
Foreign currency forward exchange contracts	$528	$1,256
Cross-currency interest rate swaps	41,805	26,001
Liabilities		
Foreign currency forward exchange contracts	2,812	3,284
Cross-currency interest rate swaps	11,460	13,410

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

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

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

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

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The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and short-term borrowings approximate fair value due to the short-term maturities of these assets and liabilities. At September 30, 2014 and December 31, 2013, the total fair value of long-term debt, including current maturities, was $842.5 million and $832.6 million, respectively, compared with a carrying value of $806.0 million and $803.4 million, respectively, at September 30, 2014 and December 31, 2013, respectively. Fair values for debt are based on quoted market prices (Level 1) for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities.

13. Review of Operations by Segment

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

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

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

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

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

Income (loss) from continuing operations before income taxes and equity income	$31,946	$(220,804)	$42,830	$(167,534)

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14. Other (Income) Expenses

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

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

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

Impaired asset write-downs are measured as the amount by which the carrying amount of assets exceeds their fair value. Fair value is estimated based upon the expected future realizable cash flows including anticipated selling prices. Non-cash impaired asset write-downs are included in the caption Other, net on the Condensed Consolidated Statements of Cash Flows as adjustments to reconcile Net income (loss) to Net cash provided by operating activities. During the nine months ended September 30, 2014, impaired asset write-downs represent, primarily, non-cash long-lived asset impairment charges to reduce the carrying value of assets at certain sites in the Harsco Metals & Minerals Segment, based on the Company's strategic decisions or contract terminations at these sites.

15. Components of Accumulated Other Comprehensive Loss

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

	Components of Accumulated Other Comprehensive Income (Loss) - Net of Tax				
(In thousands)	Cumulative Foreign Exchange Translation Adjustments	Effective Portion of Derivatives Designated as Hedging Instruments	Cumulative Unrecognized Actuarial Losses on Pension Obligations	Unrealized Loss on Marketable Securities	Total
Balance at December 31, 2012	$62,308	$(8,139)	$ (465,286)	$(51)	$(411,168)
Other comprehensive income (loss) before reclassifications	(33,877) (a)	(2,166) (b)	2,692 (a)	21	(33,330)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	6	14,895	—	14,901
Total other comprehensive income (loss)	(33,877)	(2,160)	17,587	21	(18,429)
Less: Other comprehensive (income) loss attributable to noncontrolling	(152)	84	—	—	(68)

interests					
Other comprehensive income (loss) attributable to Harsco Corporation	(34,029)	(2,076)	17,587	21	(18,497)
Balance at September 30, 2013	$28,279	$(10,215)	$ (447,699)	$(30)	$(429,665)

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(In thousands)	Components of Accumulated Other Comprehensive Income (Loss) - Net of Tax				
	Cumulative Foreign Exchange Translation Adjustments	Effective Portion of Derivatives Designated as Hedging Instruments	Cumulative Unrecognized Actuarial Losses on Pension Obligations	Unrealized Loss on Marketable Securities	Total
Balance at December 31, 2013	$6,110	$(7,023)	$ (369,682)	$(20)	$(370,615)
Other comprehensive income (loss) before reclassifications	(13,885) (a)	(3,114) (b)	5,878 (a)	6	(11,115)
Amounts reclassified from accumulated other comprehensive loss, net of tax	—	3	12,377	—	12,380
Other comprehensive income (loss) from equity method investee	(1,511)	—	632	—	(879)
Amounts reclassified from accumulated other comprehensive loss in connection with the Infrastructure Transaction	(1,447)	—	—	—	(1,447)
Total other comprehensive income (loss)	(16,843)	(3,111)	18,887	6	(1,061)
Less: Other comprehensive (income) loss attributable to noncontrolling interests	1,088	(19)	—	—	1,069
Other comprehensive income (loss) attributable to Harsco Corporation	(15,755)	(3,130)	18,887	6	8
Balance at September 30, 2014	$(9,645)	$(10,153)	$ (350,795)	$(14)	$(370,607)

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

Amounts reclassified from accumulated other comprehensive loss are as follows:

(In thousands)	Three Months Ended September 30 2014	Nine Months Ended September 30 2014	Three Months Ended September 30 2013	Nine Months Ended September 30 2013	Affected Caption in the Condensed Consolidated Statements of Operations
Amortization of defined benefit pension items (c):					
Actuarial losses (d)	$ 2,900	$ 8,576	$ 3,052	$ 9,353	Selling, general and administrative expenses
Actuarial losses (d)	1,534	4,670	2,275	6,800	Cost of services and products sold
Prior-service costs (d)	24	70	62	192	Selling, general and administrative expenses
Prior-service costs (d)	45	136	61	187	Cost of services and products sold
Total before tax	4,503	13,452	5,450	16,532	
Tax benefit	(357)	(1,075)	(523)	(1,637)	
	$ 4,146	$ 12,377	$ 4,927	$ 14,895	

Total reclassification of defined benefit pension items, net of tax					
Amortization of cash flow hedging instruments (c):					
Foreign currency forward exchange contracts	$ 2	$ 4	$ 9	$ 9	Cost of services and products sold
Tax benefit	—	(1)	(3)	(3)	
Total reclassification of cash flow hedging instruments	$ 2	$ 3	$ 6	$ 6	

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

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16. Restructuring Programs

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

Harsco Metals & Minerals Improvement Plan ("Project Orion")

Under Project Orion, the Harsco Metals & Minerals Segment made organizational and process improvement changes, which are expected to improve return on capital and deliver a higher and more consistent level of service to customers by improving several core processes and simplifying the organizational structure. The Company incurred $0.3 million and $8.8 million in charges related to Project Orion during the third quarter and first nine months of 2014, respectively. Phase one of Project Orion began in the second quarter of 2014 and is expected to continue through the remainder of 2014. Phase two of Project Orion is expected to begin in late 2014 or early 2015 and is expected to result in an additional charge. The amount of the additional charge cannot be determined at this time.

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

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

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

Prior Restructuring Programs

The remaining accrual for restructuring programs was $2.6 million and $5.1 million at September 30, 2014 and December 31, 2013, respectively. The remaining accrual relates primarily to exit activity costs for lease terminations expected to be paid over the remaining life of the leases.

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

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

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

Forward-Looking Statements

The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the results contemplated by forward-looking statements, including the expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about management's confidence in and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, and earnings. Forward-looking statements can be identified by the use of such terms as "may," "could," "expect," "will," "anticipate," "intend," "believe," "likely," "estimate," "plan" or other comparable terms.

Factors that could cause actual results to differ, perhaps materially, from those implied by forward-looking statements include, but are not limited to: (1) changes in the worldwide business environment in which the Company operates, including general economic conditions; (2) changes in currency exchange rates, interest rates, commodity and fuel costs and capital costs; (3) changes in the performance of equity and bond markets that could affect, among other things, the valuation of the assets in the Company's pension plans and the accounting for pension assets, liabilities and expenses; (4) changes in governmental laws and regulations, including environmental, occupational health and safety, tax and import tariff standards; (5) market and competitive changes, including pricing pressures, market demand and acceptance for new products, services and technologies; (6) the Company's inability or failure to protect its intellectual property rights from infringement in one or more of the many countries in which the Company operates; (7) failure to effectively prevent, detect or recover from breaches in the Company's cybersecurity infrastructure; (8) unforeseen business disruptions in one or more of the many countries in which the Company operates due to political instability, civil disobedience, armed hostilities, public health issues or other calamities; (9) disruptions associated with labor disputes and increased operating costs associated with union organization; (10) the seasonal nature of the Company's business; (11) the Company's ability to successfully enter into new contracts and complete new acquisitions or strategic ventures in the time-frame contemplated, or at all; (12) the integration of the Company's strategic acquisitions; (13) the amount and timing of repurchases of the Company's common stock, if any; (14) the prolonged recovery in global financial and credit markets and economic conditions generally, which could result in the Company's customers curtailing development projects, construction, production and capital expenditures, which, in turn, could reduce the demand for the Company's products and services and, accordingly, the Company's revenues, margins and profitability; (15) the outcome of any disputes with customers, contractors and subcontractors; (16) the financial condition of the Company's customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; (17) the Company's ability to successfully implement and receive the expected benefits of cost-reduction and restructuring initiatives, including the achievement of expected cost savings in the expected time frame; (18) the ability to successfully implement the Company's strategic initiatives and portfolio optimization and the impact of such initiatives, such as the Harsco Metals & Minerals Segment's Improvement Plan ("Project Orion"); (19) the ability of the strategic venture between the Company and Clayton, Dubilier & Rice ("CD&R") to effectively integrate the Company's Infrastructure business and the Brand Energy & Infrastructure Services business and realize the synergies contemplated by the transaction; (20)

the Company's ability to realize cost savings from the divestiture of the Infrastructure business, as well as the transaction being accretive to earnings and improving operating margins and return on capital; (21) the amount ultimately realized from the Company's exit from the strategic venture between the Company and CD&R and the timing of such exit; (22) risk and uncertainty associated with intangible assets; and (23) other risk factors listed from time to time in the Company's SEC reports. A further discussion of these, along with other potential risk factors, can be found in Part I, Item 1A, "Risk Factors," of the Company's Annual Report on Form 10-K for the year ended December 31, 2013. The Company cautions that these factors may not be exhaustive and that many of these factors are beyond the Company's ability to control or predict. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. The Company undertakes no duty to update forward-looking statements except as may be required by law.

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Executive Overview

In November 2013, the Company consummated the previously announced transaction to sell the Company's Harsco Infrastructure Segment into a strategic venture with CD&R as part of a transaction that combines the Harsco Infrastructure Segment with Brand Energy & Infrastructure Services, Inc., which CD&R simultaneously acquired (the "Infrastructure Transaction"). The Company has contributed substantially all of the Company's equity interest in, and the net assets of, the Harsco Infrastructure Segment to the strategic venture in exchange for $300 million, subject to working capital and other adjustments, and an approximate 29% equity interest in the resulting entity (the "Infrastructure strategic venture" or "Brand"). The Company recorded an additional loss on disposal of $3.9 million during the first nine months of 2014, with no changes recorded during the third quarter. The Company does not anticipate any further adjustments to the loss on disposal of the Harsco Infrastructure Segment.

In May 2014, the Company began executing the first phase of Project Orion after conducting an analysis of the business to identify opportunities to improve its core processes and to simplify its organizational structure. The goals of Project Orion are improving financial returns and providing higher and more consistent levels of value added services to customers by improving the bid and contract management process, improving underperforming contracts, and simplifying operational structures. The Company incurred $0.3 million and $8.8 million in charges related to Project Orion during the third quarter and first nine months of 2014, respectively. As a result of actions initiated through September 30, 2014, the Company anticipates compensation savings of approximately $6 million for the full year ending December 31, 2014, or approximately $15 million when annualized. Annual recurring benefits under phase one of Project Orion are expected to be approximately $25 million by the end of 2015, which include other operational savings. Please see Note 16, Restructuring Programs, in Part I, Item 1, Financial Statements for additional information.

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

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

Revenues by Segment	Three Months Ended September 30			
(In millions)	2014	2013	Change	%
Harsco Metals & Minerals	$347.6	$335.7	$11.9	3.5 %
Harsco Infrastructure (a)	—	242.6	(242.6)	(100.0)
Harsco Industrial	105.6	95.3	10.2	10.7
Harsco Rail	73.2	66.4	6.7	10.1
Total revenues	$526.4	$740.0	$(213.7)	(28.9)%

Revenues by Segment	Nine Months Ended September 30			
(In millions)	2014	2013	Change	%
Harsco Metals & Minerals	$1,061.7	$1,009.2	$52.5	5.2 %
Harsco Infrastructure (a)	—	709.8	(709.8)	(100.0)
Harsco Industrial	310.7	279.6	31.1	11.1
Harsco Rail	201.3	216.6	(15.3)	(7.1)
Total revenues	$1,573.7	$2,215.2	$(641.5)	(29.0)%

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

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Revenues by Region (In millions)	Three Months Ended September 30 2014	2013	Change	%
Western Europe	$143.4	$279.4	$(136.0)	(48.7)%
North America	247.1	271.5	(24.3)	(9.0)
Latin America (b)	64.8	80.4	(15.7)	(19.5)
Asia-Pacific	41.5	49.0	(7.5)	(15.3)
Middle East and Africa	13.7	36.9	(23.3)	(63.0)
Eastern Europe	15.9	22.8	(6.9)	(30.4)
Total revenues	$526.4	$740.0	$(213.7)	(28.9)%

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

(b) Includes Mexico.

Revenues for the Company during the third quarter and first nine months of 2014 were $526.4 million and $1.6 billion, respectively, compared with $740.0 million and $2.2 billion, respectively, in the third quarter and first nine months of 2013. The change is primarily related to the Harsco Infrastructure Segment that was disposed of as part of the Infrastructure Transaction in the fourth quarter of 2013. Foreign currency translation decreased revenues by $0.6 million for the third quarter of 2014 compared with the third quarter of 2013. Foreign currency translation increased revenues by $0.6 million for the first nine months of 2014 compared with the first nine months of 2013.

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

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

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

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

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

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

Operating income from continuing operations for the third quarter and the first nine months of 2014 was $45.7 million and $84.3 million, respectively, compared with operating loss from continuing operations of $208.4 million and $131.7 million, respectively, in the third quarter and first nine months of 2013. The change is primarily related to: the year over year decline in the loss on disposal of the Harsco Infrastructure Segment and transaction costs; the effects of the acquisition of Hammco Corporation ("Hammco") in the Harsco Industrial Segment; and growth in the after-market parts business in the Harsco Rail Segment; partially offset by restructuring charges for Project Orion; the additional bad debt reserve and non-cash long-lived asset impairment charge for the Company's European steel mill customer in receivership; and costs for site exits and non-cash long-lived asset impairment charges for the Harsco Metals & Minerals Segment.

This change in operating income (loss) from continuing operations, the non-cash change in fair value to the unit adjustment liability related to the Infrastructure Transaction, and the Company's equity in income of unconsolidated entities were the primary drivers of the diluted earnings per share from continuing operations for the third quarter and first nine months of 2014 of $0.30 and $0.25, respectively, compared with diluted loss per share from continuing operations of $2.89 and $2.49, respectively, for the third quarter and first nine months of 2013.

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

Harsco Metals & Minerals Segment:

Significant Effects on Revenues (In millions)	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014

Revenues — 2013	$335.7	$1,009.2
Net effects of price/volume changes, primarily attributable to volume changes.	17.6	66.1
Net impact of new contracts and lost contracts (including exited underperforming contracts).	(4.4)	(13.1)
Impact of foreign currency translation.	(1.3)	(0.5)
Revenues — 2014	$347.6	$1,061.7

Factors Positively Affecting Operating Income:

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

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Factors Negatively Impacting Operating Income:

- Project Orion restructuring charges of $0.3 million and $8.8 million during the third quarter and first nine months of 2014, respectively.
- Charges of $10.9 million recorded during the second quarter of 2014, primarily attributable to site exit costs and non-cash long-lived asset impairment charges, associated with strategic actions from Project Orion's focus on underperforming contracts.
- Increased bad debt reserve of $3.9 million and a charge of $7.7 million, primarily for non-cash long-lived asset impairment. This is a result of contract termination during the second quarter of 2014 for the Company's large steel mill customer in Europe in receivership.
- Increased bad debt reserve of $3.6 million, net of value added tax, during the second quarter of 2014 for one of the Company's steel mill customers in Europe as a result of missed progress payments.
- Increased costs of operations of $5.8 million and $11.8 million during the third quarter and first nine months of 2014, respectively, primarily attributable to increased maintenance, rental and fuel costs.
- Foreign currency translation in the first nine months of 2014 decreased operating income for this Segment by $1.7 million compared with the same period in the prior year. Foreign currency translation did not significantly impact operating income for the third quarter of 2014 compared with the same period in the prior year.
- Increased administrative costs of $4.5 million and $14.2 million during the third quarter and first nine months of 2014, respectively, primarily attributable to increased consulting costs to support Project Orion, inflationary measures on compensation and welfare benefits, and site ramp-ups.
- Charges of $1.9 million recorded during the third quarter of 2014 related to increased reserves for labor claims in Brazil.

Harsco Industrial Segment:

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

Factors Positively Affecting Operating Income:

- Incremental effect of the acquisition of Hammco, a U.S. manufacturer of high specification air-cooled heat exchangers for the natural gas and petrochemical processing markets, on January 2, 2014. This increased operating income by approximately $0.5 million and $2.0 million during the third quarter and first nine months of 2014, respectively.
- Higher gain from sale of assets of $1.4 million in the first nine months of 2014 compared with the same period in 2013.
- Improved demand in North America for industrial boilers and air cooled heat exchangers.

Factors Negatively Impacting Operating Income:

- Decreased demand in Asia-Pacific for air cooled heat exchangers.
- Decreased demand for industrial grating products in Latin America.

Harsco Rail Segment:

Significant Impacts on Revenues

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

Factors Positively Affecting Operating Income:

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

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Factors Negatively Impacting Operating Income:

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

Outlook, Trends and Strategies

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

- The Company will focus on the goal of providing top quartile returns for its stockholders by balancing its portfolio of businesses, and by executing its strategic and operational strategies with reasonable amounts of financial leverage.
- The Company will continue to build and transform its management team, build and develop strong core capabilities and develop an active and lean corporate center that balances costs with value added services.
- Management will continue to be selective and disciplined in allocating capital by rigorously analyzing projects and utilizing a return based capital allocation process. The Company expects capital expenditures in 2014 to exceed 2013 levels due to a higher level of committed contract renewals in the Harsco Metals & Minerals Segment and targeted investment in the Harsco Industrial Segment.
- The Company expects that the Infrastructure Transaction will provide synergies and growth potential in the Infrastructure strategic venture that create additional value for the Company's equity interest upon exit in the future.
- The Company expects its operational effective income tax rate to approximate 34 percent to 36 percent for the full year 2014, excluding the tax effect on the Company's equity in income of Brand.

Harsco Metals & Minerals Segment:

- The Company will focus on improving the Harsco Metals & Minerals Segment's returns through simplifying its business model, executing on operational efficiency opportunities, improving its contract outcomes through better contract portfolio management and improving the contract mix through addressing underperforming contracts. In line with this focus, in May 2014, the Company began executing the first phase of Project Orion after conducting an analysis of the business to identify opportunities to improve its core processes and to simplify its organizational structure. The first phase of Project Orion will continue through the balance of 2014, with the second phase expected to begin in late 2014 or early 2015.
- The Company will continue its focus on ensuring that forecasted profits for contracts meet certain established requirements and deliver returns above its cost of capital. Project Orion's focus is intended to enable the Company to address underperforming contracts more rapidly with targeted actions to improve the operational efficiencies of the business through central protocols to monitor activities, structures and systems that aid in decision making, and processes designed to identify the best strategic actions available to address underperforming contracts and its overall contract portfolio. In connection with this focus, the possibility exists that the Company may take strategic actions that result in exit costs and non-cash asset impairment charges that may have an adverse effect on the Company's results of operations and liquidity.
- The Company will continue to focus on winning contracts in markets where the outlook for steel production is stable to increasing and where the customers value the Company's environmental solutions.
- The Company does not expect a material increase in steel production in 2014.

During the second quarter of 2014, one of the Company's steel mill customers in Europe missed normal progress payments. The Company has approximately $11.3 million of receivables, excluding value added tax, with this customer. During the second quarter of 2014, the Company recorded a bad debt reserve of $3.6 million related to this receivable. The Company believes the remaining amounts are collectible; however, if there is an adverse change in the Company's view on collectability, there could be a charge against income in future periods.

During the third quarter of 2014, one of the Company's steel mill customers in Canada filed for receivership. The Company has approximately $3.1 million of receivables with this customer. The Company is continuing to work with this customer and has not yet recorded any bad debt reserve related to this receivable. The Company believes the amount is collectible; however, if there is an adverse change in the Company's view on collectability, there could be a charge against income in future periods.

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- The Company will monitor certain businesses within the Harsco Metals & Minerals Segment that produce products that are subject to increasing attention from regulatory agencies. The possibility exists that these regulatory agencies may issue new regulations or standards that may have a negative effect on the Company's results.
- The Company is reviewing possible changes to certain internal controls related to businesses within the Harsco Metals and Minerals Segment as a result of implementing new enterprise resource planning systems. Until its review is complete, there can be no assurance that material changes to such controls will not be required to be made in future periods.

Harsco Industrial Segment:

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

Harsco Rail Segment:

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

Infrastructure Strategic Venture:

- The Infrastructure strategic venture creates opportunities for additional value creation from the Company's equity interest in a stronger and larger business with a more diversified portfolio of services and offerings.
- As part of the Infrastructure Transaction, the Company is required to make a quarterly payment to its partner in the Infrastructure strategic venture, either (at the Company's election) (i) in cash, with total payments to equal approximately $22 million per year on a pre-tax basis (approximately $15 million per year after-tax), or (ii) in kind through the transfer of approximately 2.5% of the Company's ownership interest in the Infrastructure strategic venture on an annual basis (the "unit adjustment liability"). The Company's obligation to make such quarterly payments will cease upon the earlier of (i) the Infrastructure strategic venture achieving $487.0 million in last twelve months' earnings before interest, taxes, depreciation and amortization ("EBITDA") for three quarters, which need not be consecutive, or (ii) eight years after the closing of the Infrastructure Transaction. The Company intends to make these quarterly payments in cash and will continue to evaluate the implications of making payments in cash or in kind based upon performance of the Infrastructure strategic venture.
- The Purchase Agreement governing the Infrastructure Transaction provides for closing to be deferred with respect to the transfer of certain of our subsidiaries to Brand. Some of these transfers have not yet occurred. In the case of one such transfer, since the Company has not consummated the transfer of the relevant subsidiary to Brand before August

4, 2014, Brand may elect to unwind the sale of such subsidiary and, if Brand so elects, the Company will be required to reimburse to Brand the portion of the purchase price previously received by the Company for such entity. No such election has been made by Brand at this time, but its right to do so remains. Management does not believe the inability of the Company to satisfy the requirements of the Purchase Agreement with respect to the timing of the transfer of such entity will have a material adverse effect on the Company’s financial condition, results of operations or cash flows.

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Results of Operations

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

Comparative Analysis of Consolidated Results

Revenues

Revenues for the third quarter of 2014 decreased $213.7 million or 28.9% from the third quarter of 2013. Revenues for the first nine months of 2014 decreased $641.5 million or 29.0% from the first nine months of 2013. Changes in revenues for the periods presented were attributable to the following significant items:

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

Cost of Services and Products Sold

Cost of services and products sold for the third quarter of 2014 decreased $157.0 million or 27.6% from the third quarter of 2013. Cost of services and products sold for the first nine months of 2014 decreased $471.5 million or

27.6% from the first nine months of 2013. Changes in cost of services and products sold for the periods presented were attributable to the following significant items:

Change in Cost of Services and Products Sold — 2014 vs. 2013 (In millions)	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
Lower costs following the Infrastructure Transaction.	$(177.5)	$(518.8)
Impact of foreign currency translation.	(1.9)	(2.2)
Increased costs due to changes in revenues (exclusive of the effects of the timing of the Infrastructure Transaction, foreign currency translation, and fluctuations in commodity costs included in selling prices).	20.2	47.1
Other	2.2	2.4
Total change in cost of services and products sold — 2014 vs. 2013	$(157.0)	$(471.5)

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Selling, General and Administrative Expenses

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

Loss on Disposal of Harsco Infrastructure Segment and Transaction Costs

The Company recorded an additional loss on disposal of $3.9 million during the first nine months of 2014, with no changes recorded during the third quarter. The Company does not anticipate any further adjustments to the loss on the disposal of the Harsco Infrastructure Segment. Additionally, the Company incurred $0.1 million and $1.7 million of transaction costs during the third quarter and first nine months of 2014, respectively, in conjunction with the Infrastructure Transaction.

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

Other (Income) Expenses

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

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

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

Interest Expense

Interest expense during the third quarter and first nine months of 2014 decreased $0.9 million and $2.1 million, respectively, from the third quarter and first nine months of 2013. The decrease primarily reflects lower average borrowings offset by higher interest rates on short-term borrowings.

Change in Fair Value to the Unit Adjustment Liability

This caption represents the non-cash fair value adjustment to the Company's unit adjustment liability related to the Infrastructure Transaction.

As part of the Infrastructure Transaction, the Company is required to make a quarterly payment to its partner in the Infrastructure strategic venture. The resulting liability is reflected in the caption, Unit adjustment liability, on the Company's Condensed Consolidated Balance Sheets. The Company will recognize the change in fair value to the unit adjustment liability each period until the Company is no longer required to make these payments or chooses not to make these payments. The change in fair value to the unit adjustment liability is a non-cash expense. For the third quarter and first nine months of 2014, the Company recognized expense of $2.4 million and $7.4 million, respectively, related to the change in fair value to the unit adjustment liability.

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

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

Income Tax Expense

The effective income tax rate related to continuing operations for the third quarter and first nine months of 2014 was 36.5% and 47.7%, respectively, compared with (4.9)% and (16.3)% for the third quarter and first nine months of 2013, respectively. The effective income tax rate for both the third quarter and first nine months of 2014 compared with the third quarter and first nine months of 2013 changed primarily due to the jurisdictional mix of the loss on disposal of the Harsco Infrastructure Segment and transaction costs during 2013.

Income (Loss) from Continuing Operations

Income from continuing operations was $25.6 million in the third quarter of 2014 compared with Loss from continuing operations of $231.2 million in the third quarter of 2013. Income from continuing operations was $23.5 million in the first nine months of 2014 compared with the Loss from continuing operations of $193.8 million in the first nine months of 2013. The change is primarily related to the year over year decline in the loss on disposal of the Harsco Infrastructure Segment and transaction costs, the effects of the Hammco acquisition in the Harsco Industrial Segment, growth in the after-market parts business in the Harsco Rail Segment, and the Company's equity in income (loss) of unconsolidated entities related to the Brand joint venture, partially offset by restructuring charges for Project Orion, the additional bad debt reserve and non-cash long-lived asset impairment charge for the Company's European steel mill customer in receivership, costs for site exits and non-cash long-lived asset impairment charges for the Harsco Metals & Minerals Segment, and the non-cash change in fair value to the unit adjustment liability related to the Infrastructure Transaction.

Liquidity and Capital Resources

Overview

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

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

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

The Company’s net cash borrowings increased by $0.9 million in the first nine months of 2014, primarily to fund capital expenditures, principally in the Harsco Metals & Minerals Segment and for the Hammco acquisition.

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

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

The Company also generated $11.2 million and $16.9 million in cash from asset sales in the first nine months of 2014 and 2013, respectively. Asset sales have been a normal part of the Company's business model, primarily for the Harsco Metals & Minerals Segment.

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Sources and Uses of Cash

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

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

Resources available for cash requirements for operations and growth initiatives

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

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

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

At September 30, 2014 and December 31, 2013, the Company had $40.5 million and $35.0 million, respectively, of borrowings outstanding under its Credit Agreement. At September 30, 2014 and December 31, 2013, all such balances were classified as long-term borrowings in the Condensed Consolidated Balance Sheets. Classification of such balances is based on the Company's ability and intent to repay such amounts over the subsequent twelve months, as well as the Company's current intent and ability to borrow for a period longer than a year. To the extent the Company expects to repay any amounts within the subsequent twelve months, the amounts are classified as short-term borrowings.

Credit Ratings and Outlook

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

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

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

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Working Capital Position

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

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

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

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

- Working capital was negatively impacted by an increase in Advances on contracts of $100.8 million due to increased customer advances in the Harsco Rail Segment;

- Working capital was negatively impacted by an increase in Other current liabilities of $25.6 million primarily due to the timing of payment of other accruals; and

- Working capital was negatively impacted by a decrease in Other receivables of $15.4 million due to the final working capital settlement related to the Infrastructure Transaction.

These working capital decreases were partially offset by the following:

- Working capital was positively affected by an increase in Inventories of $27.1 million due primarily to the long lead times associated with orders in the Harsco Rail Segment and the Hammco acquisition in the Harsco Industrial Segment;

- Working capital was positively affected by an increase in Trade accounts receivable, net of $25.1 million due to the timing of invoicing and collections, primarily in the Harsco Metals & Minerals Segment;

- Working capital was positively affected by a decrease in Due to unconsolidated affiliate of $12.9 million due to the timing of settlement of balances; and

- Working capital was positively affected by an increase in Other current assets of $12.3 million due to timing of disbursements related to prepaid expenses.

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

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Certainty of Cash Flows

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

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

Cash Flow Summary

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

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

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

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

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

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

Cash used by investing activities — Net cash used in investing activities in the first nine months of 2014 was $149.9 million, a decrease of $22.6 million from the first nine months of 2013. The net decrease was primarily due to a lower level of capital expenditures, primarily in the Harsco Metals & Minerals Segment and the final working capital adjustment related to the Infrastructure Transaction. Partially offsetting these decreases were the acquisition of

Hammco and payment of the unit adjustment liability.

Cash provided (used) by financing activities — Net cash used in financing activities in the first nine months of 2014 was $51.0 million, a decrease of $84.3 million from the first nine months of 2013. The change was primarily due to a decrease in year-over-year net cash borrowings.

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Debt Covenants

The Company's Credit Agreement contains covenants that provide for a maximum total consolidated debt to consolidated EBITDA ratio not to exceed 3.5 to 1.0, limit the proportion of subsidiary consolidated indebtedness to a maximum of 10% of consolidated tangible assets and require a minimum total consolidated EBITDA to consolidated interest charges ratio of 3.0 to 1.0. The Company’s 5.75% and 2.70% notes include covenants that require the Company to offer to repurchase the notes at 101% of par in the event of a change of control of the Company or disposition of substantially all of the Company’s assets in combination with a downgrade in the Company’s credit rating to non-investment grade. At September 30, 2014, the Company was in compliance with these covenants as the total consolidated debt to consolidated EBITDA ratio was 2.8 to 1.0, the proportion of subsidiary consolidated indebtedness to consolidated tangible assets was 5.6% and total consolidated EBITDA to consolidated interest charges was 7.2 to 1.0. Based on balances at September 30, 2014, the Company could increase borrowings by $232.7 million and still be in compliance with these debt covenants. Alternatively, keeping all other factors constant, the Company's EBITDA could decrease by $66.5 million and the Company would still be within these debt covenants. The Company expects to continue to be in compliance with these debt covenants for at least the next twelve months.

Cash Management

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

At September 30, 2014, the Company's consolidated cash and cash equivalents included approximately $69 million held by non-U.S. subsidiaries. At September 30, 2014, less than 10% of the Company's consolidated cash and cash equivalents had regulatory restrictions that would preclude the transfer of funds with and among subsidiaries. The cash and cash equivalents held by non-U.S. subsidiaries also included approximately $23 million held in consolidated strategic ventures. The strategic venture agreements may require strategic venture partner approval to transfer funds with and among subsidiaries. While the Company's remaining non-U.S. cash and cash equivalents can be transferred with and among subsidiaries, the majority of these non-U.S. cash balances will be used to support the ongoing working capital needs and continued growth of the Company's non-U.S. operations.

The Company currently expects to continue paying dividends to stockholders. In October 2014, the Company declared its 259th consecutive quarterly cash dividend, payable in February 2015.

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

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Recently Adopted and Recently Issued Accounting Standards

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

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

ITEM 4. CONTROLS AND PROCEDURES

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

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PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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

ITEM 1A. RISK FACTORS

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

ITEM 6. EXHIBITS

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

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SIGNATURES

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

	HARSCO CORPORATION (Registrant)
DATE November 6, 2014	/s/ CHRISTOPHER J. STUMP Christopher J. Stump Corporate Controller (Principal Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
3.1	By-laws, as amended October 28, 2014.
10.1	Form of Change in Control Severance Agreement.
10.2	Notification Letter to F.N. Grasberger dated August 1, 2014.
31	Certification Pursuant to Rule 13a-14(a) or 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer and Principal Financial Officer).
32	Certifications Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Principal Executive Officer and Principal Financial Officer).
101	The following financial statements from Harsco Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, filed with the Securities and Exchange Commission on November 6, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Comprehensive Income (Loss); (iv) the Condensed Consolidated Statements of Cash Flows; (v) the Condensed Consolidated Statements of Equity; and (vi) the Notes to Condensed Consolidated Financial Statements.