

# HARSCO

2011 SUMMARY ANNUAL REPORT





### **Forward-Looking Statements**

The nature of the Company's business and the many countries in which it operates subject it to changing economic, competitive, regulatory and technological conditions, risks and uncertainties. In accordance with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, the Company provides the following cautionary remarks regarding important factors that, among others, could cause future results to differ materially from the forward-looking statements, expectations and assumptions expressed or implied herein. Forward-looking statements contained herein could include, among other things, statements about our management confidence and strategies for performance; expectations for new and existing products, technologies and opportunities; and expectations regarding growth, sales, cash flows, earnings and Economic Value Added ("EVA®"). These statements can be identified by the use of such terms as "may," "could," "expect," "anticipate," "intend," "believe" or other comparable terms. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. Please refer to our Annual Report filed on Form 10-K for further discussion.



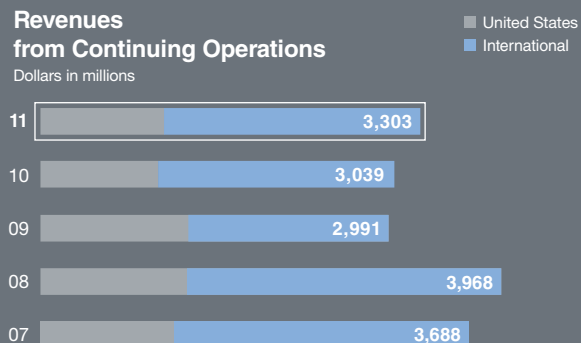
Harsco is pursuing a long-term strategy built on innovation, global balance and efficiency. We've repositioned all four businesses with significant operating leverage to deliver improved performance in the near term—and solid growth as economic conditions improve.

# Financial Highlights

| Dollars in thousands, except per share amounts   | 2011               | 2010        | 2009        | 2008        | 2007        |
|--|--------------------|-------------|-------------|-------------|-------------|
| Total revenues from continuing operations  | <b>\$3,302,740</b> | \$3,038,678 | \$2,990,577 | \$3,967,822 | \$3,688,160 |
| Operating income from continuing operations  | <b>87,649</b>      | 78,431      | 218,656     | 411,988     | 457,805     |
| Income (loss) from continuing operations attributable to Harsco Corporation stockholders | <b>(9,447)</b>     | 10,885      | 133,838     | 245,623     | 255,115     |
| Current ratio  | <b>1.5:1</b>       | 1.5:1       | 1.6:1       | 1.4:1       | 1.5:1       |
| Return on average capital  | <b>(0.7) %</b>     | 2.4 %       | 7.6 %       | 10.6 %      | 11.8 %      |
| Return on average equity   | <b>(0.6) %</b>     | 0.7 %       | 9.1 %       | 14.6 %      | 18.9 %      |
| Return on average assets   | <b>2.6 %</b>       | 2.3 %       | 6.3 %       | 10.3 %      | 13.0 %      |
| Debt to total capitalization   | <b>42.7 %</b>      | 37.6 %      | 39.5 %      | 41.1 %      | 40.3 %      |
| Diluted earnings (loss) per share from continuing operations                             | <b>\$ (0.12) *</b> | \$ 0.13 **  | \$ 1.66     | \$ 2.92     | \$ 3.01     |
| Book value per share   | <b>15.16</b>       | 18.23       | 18.79       | 18.09       | 18.99       |
| Cash dividends declared per share  | <b>0.82</b>        | 0.820       | 0.805       | 0.78        | 0.7275      |
| Diluted average shares outstanding (in thousands)  | <b>80,736</b>      | 80,761      | 80,586      | 84,029      | 84,724      |
| Number of employees  | <b>19,650</b>      | 19,300      | 19,600      | 21,500      | 21,500      |

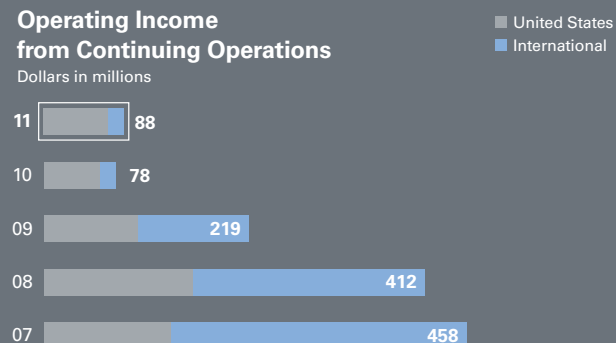
## Revenues from Continuing Operations

Dollars in millions



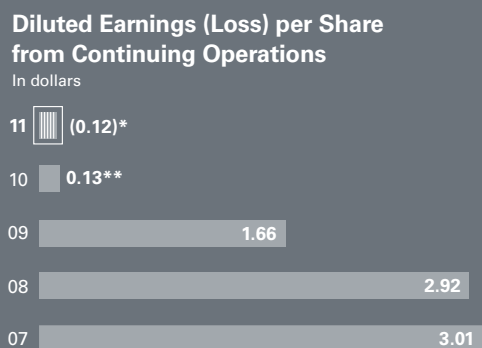
## Operating Income from Continuing Operations

Dollars in millions



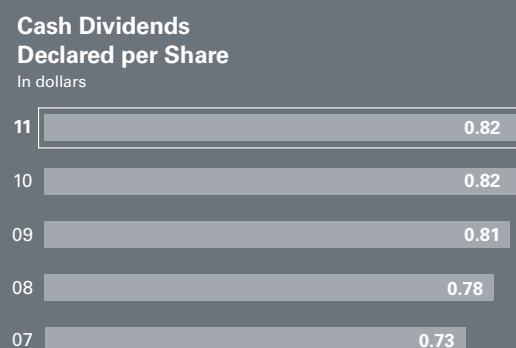
## Diluted Earnings (Loss) per Share from Continuing Operations

In dollars



## Cash Dividends Declared per Share

In dollars



\* After fourth quarter restructuring and non-cash tax charges of \$1.50 per share in 2011.

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



## Dear Shareholders:

We entered 2011 with cautious optimism. We looked forward to a transition year that would usher in a new period of growth and relative stability. Instead we experienced another series of economic setbacks, particularly in Europe. We responded by changing our path as the year progressed so that we could achieve improved performance despite the economic reality. Most importantly, we took a number of preemptive actions to drive our cost structure lower in support of two critical mileposts: accelerate Harsco Infrastructure's return to profitability and continue to improve the operating margins of our Harsco Metals & Minerals business.

Indeed we did improve our base performance to \$1.38 per diluted share from \$0.91 per diluted share in 2010. Unfortunately, this excluded another significant restructuring charge of \$1.05 per diluted share announced in the fourth quarter of 2011. This charge was mostly non-cash in nature. In addition we incurred a non-cash tax charge of \$0.45 per diluted share.

To say the least, we have a lot of work to do. We are making progress in both our Metals & Minerals and our Infrastructure businesses, but the progress must be accelerated.

Fortunately, our Rail and Industrial businesses are delivering steady growth and solid returns, with many untapped global growth opportunities still ahead. We have great people and products, we serve markets that need our capabilities and I can assure you that we are focused on the opportunities to create shareholder value.

I'm writing this letter only a couple of weeks into my temporary position of Interim Chairman and CEO. My job is to help this talented team continue to improve our ability to create value, and to help our Board fill the CEO position with a person capable of taking Harsco and its incredible people and strengths to new heights. We thank you for your continued support of our efforts and look forward to delivering on Harsco's promise.



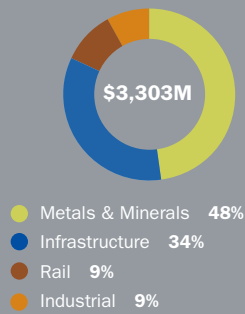
**Henry W. Kneuppel**  
Interim Chairman and CEO

March 5, 2012

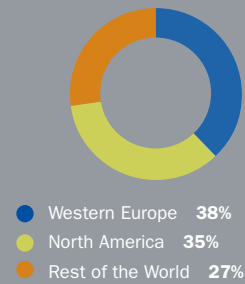


# Harsco At a Glance

2011 Revenues



Global Revenue Sources



We operate in more than 50 countries and employ approximately 19,500 people.

| Segment | Description   | Major Services & Products  |
|---------|---|--|
|         | <p>The world's largest and most complete onsite services provider to metal-producing operations, and a leading provider of innovative recycling solutions for industrial byproducts</p>   | <ul style="list-style-type: none"> <li>Engineered solutions for minimizing the waste streams of metals production</li> <li>Onsite material handling and resource recovery services</li> <li>Processing of mineral byproducts for environmentally beneficial uses, including abrasives, roofing granules, and agricultural soil conditioners</li> </ul> |
|         | <p>Global business group specializing in two core areas:</p> <ul style="list-style-type: none"> <li>Construction services: total access, formwork, shoring and site safety. Working on more complex nonresidential and infrastructure projects to offer contractors innovative and engineered services for the provision of scaffolding, access, powered access, formwork, shoring and site safety services</li> <li>Industrial services: multidisciplinary facility maintenance. Partnering with major facilities operators and contractors to supply multidisciplinary services for plant shutdowns, upgrades and maintenance projects</li> </ul> | <ul style="list-style-type: none"> <li>Complete rental equipment and installation services for scaffolding, powered access, shoring, forming and site safety</li> <li>Total access equipment solutions and services for industrial facility maintenance</li> <li>Expertise and application knowledge of more than 300 in-house engineers</li> </ul>    |
|         | <p>State-of-the-art solutions for railway track maintenance and new track construction</p>  | <ul style="list-style-type: none"> <li>One of the industry's broadest lines of equipment, engineering and support solutions for virtually all major aspects of track maintenance, repair and construction</li> </ul>   |
|         | <p>World-class industrial products for energy and energy-related markets</p>  | <ul style="list-style-type: none"> <li>Air-cooled heat exchangers for natural gas compression and pipeline distribution</li> <li>Steel grating for industrial and commercial flooring and safety walkways</li> <li>Energy-efficient boilers and hot water systems for large commercial and institutional buildings</li> </ul>                          |

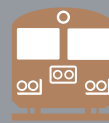
Harsco's four businesses deliver essential services, products and resource recovery solutions to major industries that are fundamental to global economic progress and infrastructure development.



METALS & MINERALS



INFRASTRUCTURE



RAIL



INDUSTRIAL

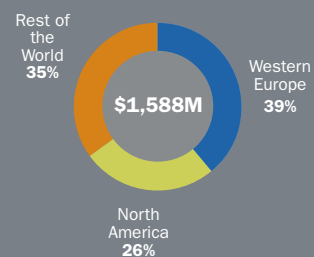
### Markets

### 2011 Highlights

### Revenues by Market

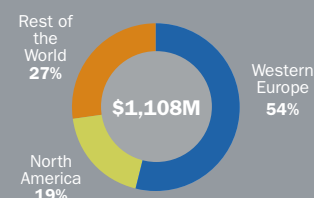
- Global and regional producers of carbon steel, stainless steel, aluminum, zinc and copper
- Commercial and industrial users of mineral products, including industrial abrasives contractors, asphalt roofing shingle manufacturers, agricultural operators and turf care specialists

- Announced major new contracts totaling more than \$1 billion in projected new sales
- Includes 25-year, \$500 million contract with China's TISCO—largest contract in Harsco history
- New strategic technology alliances for innovative environmental solutions within existing and adjacent markets



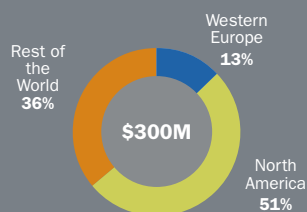
- Principal markets include nonresidential and heavy civil works construction projects and industrial plant maintenance programs in the energy, petrochemical and manufacturing sectors

- Created significant upside leverage in operating performance
- Optimized footprint and reduced break-even point
- New leadership team focused on profitability



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

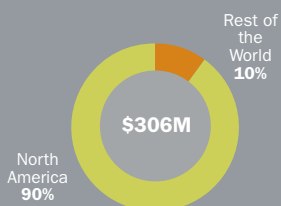
- Near-record sales and returns
- Business model aligned around integrated rail solutions and global product management
- Strong 2012/2013 backlog already in hand; more opportunities ahead



(By destination)

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

- 30% sales growth over 2010 along with solid operating returns
- Market share gains across all three businesses
- Strong energy markets are driving growth



# Management's Report on Internal Control Over Financial Reporting

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

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

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections

of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management has assessed the effectiveness of its internal control over financial reporting at December 31, 2011 based on the framework established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has determined that the Company's internal control over financial reporting is effective at December 31, 2011.



Henry W. Knueppel  
Interim Chairman & Chief Executive Officer  
February 28, 2012



Stephen J. Schnoor  
Senior Vice President, Chief Financial Officer and Treasurer  
February 28, 2012

## Report of Independent Registered Public Accounting Firm

### To The Stockholders of Harsco Corporation:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Harsco Corporation and its subsidiaries as of December 31, 2011 and 2010 and the related consolidated statements of income, changes in equity, cash flows and comprehensive income for each of the three years in the period ended December 31, 2011 (not presented herein) appearing in Harsco's annual report on Form 10-K for the year ended December 31, 2011; and in our report dated February 28, 2012, we expressed an unqualified opinion on those consolidated financial statements.

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



PricewaterhouseCoopers LLP  
February 28, 2012



# Condensed Consolidated Balance Sheets

| <i>(In thousands, except share amounts)</i>  | December 31, 2011  | December 31, 2010  |
|--|--------------------|--------------------|
| <b>ASSETS</b>  |                    |                    |
| <b>Current assets:</b>   |                    |                    |
| Cash and cash equivalents  | \$ 121,184         | \$ 124,238         |
| Trade accounts receivable, net   | 618,475            | 585,301            |
| Other receivables  | 44,431             | 29,299             |
| Inventories  | 241,934            | 271,617            |
| Other current assets   | 133,407            | 144,491            |
| <b>Total current assets</b>  | <b>1,159,431</b>   | <b>1,154,946</b>   |
| Property, plant and equipment, net   | 1,274,484          | 1,366,973          |
| Goodwill   | 680,901            | 690,787            |
| Intangible assets, net   | 93,501             | 120,959            |
| Other assets   | 130,560            | 135,555            |
| <b>Total assets</b>  | <b>\$3,338,877</b> | <b>\$3,469,220</b> |
| <b>LIABILITIES</b>   |                    |                    |
| <b>Current liabilities:</b>  |                    |                    |
| Short-term borrowings  | \$ 51,414          | \$ 31,197          |
| Current maturities of long-term debt   | 3,558              | 4,011              |
| Accounts payable   | 252,329            | 261,509            |
| Accrued compensation   | 92,603             | 83,928             |
| Income taxes payable   | 8,409              | 9,718              |
| Dividends payable  | 16,498             | 16,505             |
| Insurance liabilities  | 25,075             | 25,844             |
| Advances on contracts  | 111,429            | 128,794            |
| Other current liabilities  | 220,953            | 206,358            |
| <b>Total current liabilities</b>   | <b>782,268</b>     | <b>767,864</b>     |
| Long-term debt   | 853,800            | 849,724            |
| Deferred income taxes  | 27,430             | 35,642             |
| Insurance liabilities  | 60,864             | 62,202             |
| Retirement plan liabilities  | 343,842            | 223,777            |
| Other liabilities  | 50,755             | 61,866             |
| <b>Total liabilities</b>   | <b>2,118,959</b>   | <b>2,001,075</b>   |
| <b>COMMITMENTS AND CONTINGENCIES</b>   |                    |                    |
| <b>HARSCO CORPORATION STOCKHOLDERS' EQUITY</b>   |                    |                    |
| Preferred stock, Series A junior participating cumulative preferred stock  | -                  | -                  |
| Common stock, par value \$1.25 (issued 111,931,267 and 111,611,102 shares at December 31, 2011 and 2010, respectively) | 139,914            | 139,514            |
| Additional paid-in capital   | 149,066            | 141,298            |
| Accumulated other comprehensive loss   | (364,191)          | (185,932)          |
| Retained earnings  | 1,996,234          | 2,073,920          |
| Treasury stock, at cost (31,454,097 and 31,097,043 shares at December 31, 2011 and 2010, respectively)                 | (744,644)          | (737,106)          |
| <b>Total Harsco Corporation stockholders' equity</b>   | <b>1,176,379</b>   | <b>1,431,694</b>   |
| Noncontrolling interests   | 43,539             | 36,451             |
| <b>Total equity</b>  | <b>1,219,918</b>   | <b>1,468,145</b>   |
| <b>Total liabilities and equity</b>  | <b>\$3,338,877</b> | <b>\$3,469,220</b> |

The complete financial statements for Harsco Corporation as of December 31, 2011 may be found in the Company's Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on February 28, 2012.

# Condensed Consolidated Statements of Income

(In thousands, except per share amounts)

| Years ended December 31   | 2011                           | 2010                         | 2009              |
|---|--------------------------------|------------------------------|-------------------|
| <b>Revenues from continuing operations:</b>   |                                |                              |                   |
| Service revenues  | \$2,700,664                    | \$2,511,505                  | \$2,442,198       |
| Product revenues  | 602,076                        | 527,173                      | 548,379           |
| <b>Total revenues</b>   | <b>3,302,740</b>               | <b>3,038,678</b>             | <b>2,990,577</b>  |
| <b>Costs and expenses from continuing operations:</b>   |                                |                              |                   |
| Cost of services sold   | 2,162,948                      | 1,994,637                    | 1,897,408         |
| Cost of products sold   | 407,680                        | 342,242                      | 354,730           |
| Selling, general and administrative expenses  | 535,679                        | 532,624                      | 509,071           |
| Research and development expenses   | 6,044                          | 4,271                        | 3,151             |
| Other expenses  | 102,740                        | 86,473                       | 7,561             |
| <b>Total costs and expenses</b>   | <b>3,215,091</b>               | <b>2,960,247</b>             | <b>2,771,921</b>  |
| <b>Operating income from continuing operations</b>  | <b>87,649</b>                  | <b>78,431</b>                | <b>218,656</b>    |
| Interest income   | 2,751                          | 2,668                        | 2,928             |
| Interest expense  | (48,735)                       | (60,623)                     | (62,746)          |
| <b>Income from continuing operations before income taxes and equity income</b>                  | <b>41,665</b>                  | <b>20,476</b>                | <b>158,838</b>    |
| Income tax expense  | (49,848)                       | (4,276)                      | (18,509)          |
| Equity in income of unconsolidated entities, net  | 690                            | 390                          | 504               |
| <b>Income (loss) from continuing operations</b>   | <b>(7,493)</b>                 | <b>16,590</b>                | <b>140,833</b>    |
| <b>Discontinued operations:</b>   |                                |                              |                   |
| Loss on disposal of discontinued business   | (3,306)                        | (7,249)                      | (21,907)          |
| Income tax benefit related to discontinued business   | 1,243                          | 3,118                        | 6,846             |
| <b>Loss from discontinued operations</b>  | <b>(2,063)</b>                 | <b>(4,131)</b>               | <b>(15,061)</b>   |
| <b>Net income (loss)</b>  | <b>(9,556)</b>                 | <b>12,459</b>                | <b>125,772</b>    |
| Less: Net income attributable to noncontrolling interests                                       | (1,954)                        | (5,705)                      | (6,995)           |
| <b>Net income (loss) attributable to Harsco Corporation</b>                                     | <b>\$ (11,510)</b>             | <b>\$ 6,754</b>              | <b>\$ 118,777</b> |
| <b>Amounts attributable to Harsco Corporation common stockholders:</b>                          |                                |                              |                   |
| Income (loss) from continuing operations, net of tax  | \$ (9,447)                     | \$ 10,885                    | \$ 133,838        |
| Loss from discontinued operations, net of tax   | (2,063)                        | (4,131)                      | (15,061)          |
| <b>Net income (loss) attributable to Harsco Corporation common stockholders</b>                 | <b>\$ (11,510)</b>             | <b>\$ 6,754</b>              | <b>\$ 118,777</b> |
| Weighted-average shares of common stock outstanding   | 80,736                         | 80,569                       | 80,295            |
| Basic earnings (loss) per share attributable to Harsco Corporation common stockholders:         |                                |                              |                   |
| Continuing operations   | \$ (0.12)                      | \$ 0.14                      | \$ 1.67           |
| Discontinued operations   | (0.03)                         | (0.05)                       | (0.19)            |
| <b>Basic earnings (loss) per share attributable to Harsco Corporation common stockholders</b>   | <b>\$ (0.14)<sup>(a)</sup></b> | <b>\$ 0.08<sup>(a)</sup></b> | <b>\$ 1.48</b>    |
| Diluted weighted-average shares of common stock outstanding                                     | 80,736                         | 80,761                       | 80,586            |
| Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders:       |                                |                              |                   |
| Continuing operations   | \$ (0.12)                      | \$ 0.13                      | \$ 1.66           |
| Discontinued operations   | (0.03)                         | (0.05)                       | (0.19)            |
| <b>Diluted earnings (loss) per share attributable to Harsco Corporation common stockholders</b> | <b>\$ (0.14)<sup>(a)</sup></b> | <b>\$ 0.08</b>               | <b>\$ 1.47</b>    |

(a) Does not total due to rounding.

The complete financial statements for Harsco Corporation as of December 31, 2011 may be found in the Company's Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on February 28, 2012.

# Condensed Consolidated Statements of Cash Flows

(In thousands)

Years ended December 31

|   | 2011              | 2010               | 2009               |
|---|-------------------|--------------------|--------------------|
| <b>Cash flows from operating activities:</b>  |                   |                    |                    |
| Net income (loss)   | \$ (9,556)        | \$ 12,459          | \$125,772          |
| Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities: |                   |                    |                    |
| Depreciation  | 276,021           | 279,234            | 282,976            |
| Amortization  | 34,420            | 36,005             | 28,555             |
| Equity in income of unconsolidated entities, net  | (690)             | (390)              | (504)              |
| Dividends or distributions from unconsolidated entities   | 226               | 176                | 410                |
| Harsco Infrastructure Segment 2010 Restructuring Program non-cash adjustment                    | –                 | 43,158             | –                  |
| Harsco 2011/2012 Restructuring Program non-cash adjustment                                      | 67,320            | –                  | –                  |
| Other, net  | (7,432)           | (20,629)           | 6,145              |
| Changes in assets and liabilities, net of acquisitions and dispositions of businesses:          |                   |                    |                    |
| Accounts receivable   | (58,011)          | 4,395              | 111,207            |
| Inventories   | 7,976             | 12,599             | 35,798             |
| Accounts payable  | (2,713)           | 36,529             | (54,701)           |
| Accrued interest payable  | (375)             | (2,615)            | (1,305)            |
| Accrued compensation  | 12,554            | 16,305             | (23,402)           |
| Harsco Infrastructure Segment 2010 Restructuring Program accrual                                | (19,629)          | 29,817             | –                  |
| Harsco 2011/2012 Restructuring Program accrual  | 30,471            | –                  | –                  |
| Other assets and liabilities  | (31,806)          | (45,616)           | (76,493)           |
| <b>Net cash provided by operating activities</b>  | <b>298,776</b>    | <b>401,427</b>     | <b>434,458</b>     |
| <b>Cash flows from investing activities:</b>  |                   |                    |                    |
| Purchases of property, plant and equipment  | (313,101)         | (192,348)          | (165,320)          |
| Proceeds from sales of assets   | 42,653            | 22,663             | 2,115              |
| Purchase of businesses, net of cash acquired*   | (1,938)           | (27,643)           | (103,241)          |
| Other investing activities, net   | 16,564            | (4,695)            | (2,914)            |
| <b>Net cash used by investing activities</b>  | <b>(255,822)</b>  | <b>(202,023)</b>   | <b>(269,360)</b>   |
| <b>Cash flows from financing activities:</b>  |                   |                    |                    |
| Short-term borrowings, net  | 21,637            | (25,706)           | (79,670)           |
| Current maturities and long-term debt:  |                   |                    |                    |
| Additions   | 301,515           | 747,213            | 482,493            |
| Reductions  | (297,854)         | (821,038)          | (487,171)          |
| Cash dividends paid on common stock   | (66,146)          | (65,976)           | (63,813)           |
| Dividends paid to noncontrolling interests  | (4,171)           | (5,850)            | (3,487)            |
| Purchase of noncontrolling interests  | –                 | (1,159)            | (13,057)           |
| Contributions from noncontrolling interests   | 8,851             | 698                | 5,332              |
| Common stock issued-options   | 2,403             | 997                | 995                |
| Common stock acquired for treasury  | (5,788)           | –                  | –                  |
| Other financing activities, net   | (1)               | (700)              | (5,705)            |
| <b>Net cash used by financing activities</b>  | <b>(39,554)</b>   | <b>(171,521)</b>   | <b>(164,083)</b>   |
| Effect of exchange rate changes on cash   | (6,454)           | 2,171              | 1,833              |
| Net increase (decrease) in cash and cash equivalents  | (3,054)           | 30,054             | 2,848              |
| Cash and cash equivalents at beginning of period  | 124,238           | 94,184             | 91,336             |
| <b>Cash and cash equivalents at end of period</b>   | <b>\$121,184</b>  | <b>\$124,238</b>   | <b>\$ 94,184</b>   |
| <b>*Purchase of businesses, net of cash acquired</b>  |                   |                    |                    |
| Working capital, other than cash  | \$ –              | \$ (1,918)         | \$ (2,399)         |
| Property, plant and equipment   | (1,394)           | (15,600)           | (68,906)           |
| Other noncurrent assets and liabilities, net  | (544)             | (10,125)           | (31,936)           |
| <b>Net cash used to acquire businesses</b>  | <b>\$ (1,938)</b> | <b>\$ (27,643)</b> | <b>\$(103,241)</b> |

The complete financial statements for Harsco Corporation as of December 31, 2011 may be found in the Company's Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on February 28, 2012.

# Condensed Consolidated Statements of Changes in Equity

| (In thousands, except share and per share amounts)                                  | Common Stock |             | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Noncontrolling<br>Interests | Total       |
|---|--------------|-------------|----------------------------------|----------------------|--|-----------------------------|-------------|
|   | Issued       | Treasury    |                                  |                      |  |                             |             |
| <b>Balances, January 1, 2009</b>  | \$138,925    | \$(733,203) | \$137,083                        | \$2,079,170          | \$(208,299)  | \$36,296                    | \$1,449,972 |
| Net income  |              |             |                                  | 118,777              |  | 6,995                       | 125,772     |
| Cash dividends declared:  |              |             |                                  |                      |  |                             |             |
| Common @ \$0.805 per share  |              |             |                                  | (64,650)             |  |                             | (64,650)    |
| Noncontrolling interests  |              |             |                                  |                      |  | (3,487)                     | (3,487)     |
| Translation adjustments, net of deferred income taxes of \$(21,866)                 |              |             |                                  |                      | 96,802   | 262                         | 97,064      |
| Cash flow hedging instrument adjustments, net of deferred income taxes of \$10,849  |              |             |                                  |                      | (30,041)   |                             | (30,041)    |
| Purchase of subsidiary shares from noncontrolling interests                         |              |             | (3,905)                          |                      |  | (9,141)                     | (13,046)    |
| Contributions from noncontrolling interests   |              |             |                                  |                      |  | 5,332                       | 5,332       |
| Pension liability adjustments, net of deferred income taxes of \$26,012             |              |             |                                  |                      | (60,150)   |                             | (60,150)    |
| Marketable securities unrealized loss, net of deferred income taxes of \$(2)        |              |             |                                  |                      | 4  |                             | 4           |
| Stock options exercised, net 76,605 shares  | 115          | (423)       | 1,366                            |                      |  |                             | 1,058       |
| Vesting of restricted stock units, net 101,918 shares                               | 194          | (1,390)     | (684)                            |                      |  |                             | (1,880)     |
| Amortization of unearned compensation on restricted stock units, net of forfeitures |              |             | 3,886                            |                      |  |                             | 3,886       |
| <b>Balances, December 31, 2009</b>  | \$139,234    | \$(735,016) | \$137,746                        | \$2,133,297          | \$(201,684)  | \$36,257                    | \$1,509,834 |
| Net income  |              |             |                                  | 6,754                |  | 5,705                       | 12,459      |
| Cash dividends declared:  |              |             |                                  |                      |  |                             |             |
| Common @ \$0.82 per share   |              |             |                                  | (66,131)             |  |                             | (66,131)    |
| Noncontrolling interests  |              |             |                                  |                      |  | (5,850)                     | (5,850)     |
| Translation adjustments, net of deferred income taxes of \$7,612                    |              |             |                                  |                      | (6,430)  | (203)                       | (6,633)     |
| Cash flow hedging instrument adjustments, net of deferred income taxes of \$347     |              |             |                                  |                      | (700)  |                             | (700)       |
| Purchase of subsidiary shares from noncontrolling interests                         |              |             | (1,003)                          |                      |  | (156)                       | (1,159)     |
| Contributions from noncontrolling interests   |              |             |                                  |                      |  | 698                         | 698         |
| Pension liability adjustments, net of deferred income taxes of \$(9,727)            |              |             |                                  |                      | 22,872   |                             | 22,872      |
| Marketable securities unrealized loss, net of deferred income taxes of \$(7)        |              |             |                                  |                      | 10   |                             | 10          |
| Stock options exercised, net 91,485 shares  | 144          | (836)       | 1,446                            |                      |  |                             | 754         |
| Vesting of restricted stock units, net 69,515 shares                                | 136          | (1,254)     | (188)                            |                      |  |                             | (1,306)     |
| Amortization of unearned compensation on restricted stock units, net of forfeitures |              |             | 3,297                            |                      |  |                             | 3,297       |
| <b>Balances, December 31, 2010</b>  | \$139,514    | \$(737,106) | \$141,298                        | \$2,073,920          | \$(185,932)  | \$36,451                    | \$1,468,145 |
| Net income (loss)   |              |             |                                  | (11,510)             |  | 1,954                       | (9,556)     |
| Cash dividends declared:  |              |             |                                  |                      |  |                             |             |
| Common @ \$0.82 per share   |              |             |                                  | (66,176)             |  |                             | (66,176)    |
| Noncontrolling interests  |              |             |                                  |                      |  | (4,171)                     | (4,171)     |
| Translation adjustments, net of deferred income taxes of \$2,504                    |              |             |                                  |                      | (60,354)   | (221)                       | (60,575)    |
| Cash flow hedging instrument adjustments, net of deferred income taxes of \$(2,101) |              |             |                                  |                      | 5,933  |                             | 5,933       |
| Contributions from noncontrolling interests   |              |             |                                  |                      |  | 9,526                       | 9,526       |
| Pension liability adjustments, net of deferred income taxes of \$19,143             |              |             |                                  |                      | (123,827)  |                             | (123,827)   |
| Marketable securities unrealized gains, net of deferred income taxes of \$7         |              |             |                                  |                      | (11)   |                             | (11)        |
| Stock options exercised, net 157,058 shares   | 249          | (840)       | 2,910                            |                      |  |                             | 2,319       |
| Vesting of restricted stock units, net 92,630 shares                                | 151          | (910)       | 985                              |                      |  |                             | 226         |
| Treasury shares repurchased, 286,577 shares   |              | (5,788)     |                                  |                      |  |                             | (5,788)     |
| Amortization of unearned stock-based compensation, net of forfeitures               |              |             | 3,873                            |                      |  |                             | 3,873       |
| <b>Balances, December 31, 2011</b>  | \$139,914    | \$(744,644) | \$149,066                        | \$1,996,234          | \$(364,191)  | \$43,539                    | \$1,219,918 |

The complete financial statements for Harsco Corporation as of December 31, 2011 may be found in the Company's Form 10-K for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on February 28, 2012.

# Five-Year Statistical Summary

| <i>(In thousands, except per share, employee information and percentages)</i>       | 2011                     | 2010                   | 2009 <sup>(a)</sup> | 2008                   | 2007 <sup>(b)</sup> |
|---|--------------------------|------------------------|---------------------|------------------------|---------------------|
| <b>Income Statement Information</b>   |                          |                        |                     |                        |                     |
| Revenues from continuing operations   | \$3,302,740              | \$3,038,678            | \$2,990,577         | \$3,967,822            | \$3,688,160         |
| <b>Amounts Attributable to Harsco Corporation Common Stockholders</b>               |                          |                        |                     |                        |                     |
| Income (loss) from continuing operations  | (9,447)                  | 10,885                 | 133,838             | 245,623                | 255,115             |
| Income (loss) from discontinued operations  | (2,063)                  | (4,131)                | (15,061)            | (4,678)                | 44,377              |
| Net income (loss)   | (11,510)                 | 6,754                  | 118,777             | 240,945                | 299,492             |
| <b>Financial Position and Cash Flow Information</b>                                 |                          |                        |                     |                        |                     |
| Working capital   | \$ 377,163               | \$ 387,082             | \$ 418,237          | \$ 317,062             | \$ 471,367          |
| Total assets  | 3,338,877                | 3,469,220              | 3,639,240           | 3,562,970              | 3,905,430           |
| Long-term debt  | 853,800                  | 849,724                | 901,734             | 891,817                | 1,012,087           |
| Total debt  | 908,772                  | 884,932                | 984,927             | 1,012,883              | 1,080,794           |
| Depreciation and amortization (including discontinued operations)                   | 310,441                  | 315,239                | 311,531             | 337,949                | 306,413             |
| Capital expenditures  | 313,101                  | 192,348                | 165,320             | 457,617                | 443,583             |
| Cash provided by operating activities   | 298,776                  | 401,427                | 434,458             | 574,276                | 471,740             |
| Cash used by investing activities   | (255,822)                | (202,023)              | (269,360)           | (443,418)              | (386,125)           |
| Cash used by financing activities   | (39,554)                 | (171,521)              | (164,083)           | (155,539)              | (77,687)            |
| <b>Ratios</b>   |                          |                        |                     |                        |                     |
| Return on average equity <sup>(c)(d)</sup>  | (0.6)%                   | 0.7%                   | 9.1%                | 14.6%                  | 18.9%               |
| Current ratio   | 1.5:1                    | 1.5:1                  | 1.6:1               | 1.4:1                  | 1.5:1               |
| Total debt to total capital <sup>(d)(e)</sup>                                       | 42.7 %                   | 37.6%                  | 39.5%               | 41.1%                  | 40.3%               |
| <b>Per Share Information Attributable to Harsco Corporation Common Stockholders</b> |                          |                        |                     |                        |                     |
| Basic   |                          |                        |                     |                        |                     |
| - Income (loss) from continuing operations  | \$ (0.12)                | \$ 0.14                | \$ 1.67             | \$ 2.94                | \$ 3.03             |
| - Income (loss) from discontinued operations  | (0.03)                   | (0.05)                 | (0.19)              | (0.06)                 | 0.53                |
| - Net income (loss)   | \$ (0.14) <sup>(f)</sup> | \$ 0.08 <sup>(f)</sup> | \$ 1.48             | \$ 2.88                | \$ 3.56             |
| Diluted   |                          |                        |                     |                        |                     |
| - Income (loss) from continuing operations  | \$ (0.12)                | \$ 0.13                | \$ 1.66             | \$ 2.92                | \$ 3.01             |
| - Income (loss) from discontinued operations  | (0.03)                   | (0.05)                 | (0.19)              | (0.06)                 | 0.52                |
| - Net income (loss)   | \$ (0.14) <sup>(f)</sup> | \$ 0.08                | \$ 1.47             | \$ 2.87 <sup>(f)</sup> | \$ 3.53             |
| Book value <sup>(e)</sup>   | \$ 15.16                 | \$ 18.23               | \$ 18.79            | \$ 18.09               | \$ 18.99            |
| Cash dividends declared per share   | \$ 0.82                  | \$ 0.82                | \$ 0.805            | \$ 0.78                | \$ 0.7275           |
| <b>Other Information</b>  |                          |                        |                     |                        |                     |
| Diluted weighted-average number of shares outstanding                               | 80,736                   | 80,761                 | 80,586              | 84,029                 | 84,724              |
| Number of employees   | 19,650                   | 19,300                 | 19,600              | 21,500                 | 21,500              |

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

(b) Includes Excell Minerals acquired February 1, 2007 (Harsco Metals & Minerals Segment).

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

(d) 2007 and 2008 reflect noncontrolling interests, previously referred to as minority interests, as a component of equity in accordance with the changes to consolidation accounting and reporting issued by the Financial Accounting Standards Board January 1, 2009.

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

(f) Does not total due to rounding.



# Board of Directors and Executive Leadership Team

(As of March 5, 2012)

## Board of Directors

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

CPA and Founding Partner  
McDonough, Eddy, Parsons & Baylous, AC  
*Director since 2004*  
*Serves as Lead Independent Director*

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

President, Agriculture and Turf Division—  
North America, Asia, Australia,  
Sub-Saharan and South Africa,  
and Global Tractor and Turf Products  
Deere & Company  
*Director since 2010*

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

Retired Chief Executive Officer  
Skanska AB  
Chairman  
Skanska USA  
*Director since 2009*

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

Retired Chairman  
The Manitowoc Company  
*Director since 2008*

### Henry W. Kneuppel

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

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

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

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

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

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

Principal  
The Wilburn Group  
*Director since 1986*

## Board Committees

<sup>1</sup> Audit Committee

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

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

<sup>c</sup> Indicates Committee Chair

## Executive Leadership Team

### Henry W. Kneuppel

Interim Chairman and Chief Executive Officer

### Galdino J. Claro

Executive Vice President and Group CEO  
Harsco Metals & Minerals

### Ivor J. Harrington

Executive Vice President and Group CEO  
Harsco Infrastructure

### Stephen J. Schnoor

Sr. Vice President, Chief Financial Officer  
and Treasurer

### Mark E. Kimmel

Sr. Vice President, Chief Administrative Officer,  
General Counsel and Corporate Secretary

### Scott W. Jacoby

Vice President and Group President  
Harsco Rail

### Scott H. Gerson

Vice President and Group President  
Harsco Industrial

### Janet L. Hogan

Vice President  
and Chief Human Resources Officer

### Douglas Eubanks

Vice President and Chief Information Officer

### Richard A. Sullivan

Vice President – Business Transformation  
and Chief Supply Chain Officer

# Shareholder Information

## Company News

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

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

### Eugene M. Truett

Vice President – Investor Relations and Credit  
Phone: 717.975.5677 Fax: 717.265.8152  
Email: [etruett@harsco.com](mailto:etruett@harsco.com)

## Annual Meeting

April 24, 2012, 8:00 am  
Radisson Penn Harris Hotel and Convention Center  
Camp Hill, PA 17011

## Transfer Agent and Registrar

Computershare  
480 Washington Boulevard  
Jersey City, NJ 07310-1900  
Phone: 800.850.3508  
[www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess)

Computershare maintains the records for our registered shareholders and can help you with a variety of shareholder-related services at no charge, including:

- Change of name or address
- Consolidation of accounts
- Duplicate mailings
- Dividend reinvestment enrollment
- Lost stock certificates
- Transfer of stock to another person
- Additional administrative services

You can also access your investor statements online 24 hours a day, seven days a week with MLink<sup>SM</sup>. For more information go to [www.bnymellon.com/shareowner/equityaccess](http://www.bnymellon.com/shareowner/equityaccess).

## Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP  
Philadelphia, PA 19103

## Quarterly Share Price and Dividend Information

Harsco Corporation common stock is listed on the New York Stock Exchange (NYSE) under ticker symbol HSC. At year-end

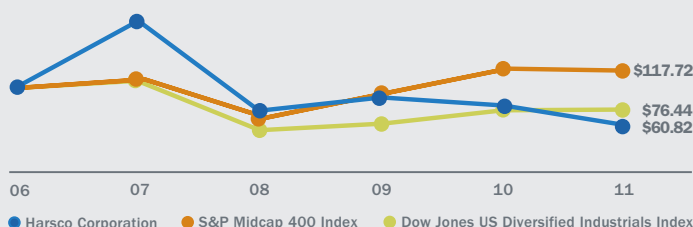
2011, there were 80,477,170 shares outstanding and approximately 16,600 stockholders.

As shown below, during 2011, the Company's common stock traded in a range of \$17.77 to \$36.78 and closed at \$20.58 at year-end. High and low per share data are as quoted on the NYSE. Four quarterly cash dividends were paid in 2011 for an annual rate of \$0.82. There are no significant restrictions on the payment of dividends.

|                       |                    | 2011     | 2010     |
|-----------------------|--------------------|----------|----------|
| <b>First Quarter</b>  | High               | \$ 36.63 | \$ 35.31 |
|                       | Low                | 28.45    | 27.96    |
|                       | Dividends Declared | 0.205    | 0.205    |
| <b>Second Quarter</b> | High               | 36.78    | 35.14    |
|                       | Low                | 29.46    | 23.47    |
|                       | Dividends Declared | 0.205    | 0.205    |
| <b>Third Quarter</b>  | High               | 34.07    | 27.50    |
|                       | Low                | 18.85    | 19.89    |
|                       | Dividends Declared | 0.205    | 0.205    |
| <b>Fourth Quarter</b> | High               | 24.96    | 28.93    |
|                       | Low                | 17.77    | 22.71    |
|                       | Dividends Declared | 0.205    | 0.205    |

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

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



|                                      | 12/06    | 12/07  | 12/08 | 12/09 | 12/10  | 12/11  |
|--------------------------------------|----------|--------|-------|-------|--------|--------|
| Harsco Corporation                   | \$100.00 | 170.85 | 75.20 | 90.03 | 81.38  | 60.82  |
| S&P Midcap 400                       | 100.00   | 107.98 | 68.86 | 94.60 | 119.80 | 117.72 |
| Dow Jones US Diversified Industrials | 100.00   | 106.74 | 54.38 | 61.72 | 75.83  | 76.44  |

\* \$100 invested on 12/31/06 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

## Summary Annual Report

This Summary Annual Report is designed to present our 2011 results in a simple, easy-to-read and cost-efficient format. The more detailed financial information and analysis included in previous annual reports is contained in our Form 10-K filing with the Securities and Exchange Commission, which was distributed to shareholders along with this summary report. A copy of our Form 10-K filing may also be obtained from Harsco Investor Relations at the address on the back cover, or it can be viewed and downloaded from our Harsco website at [www.harsco.com](http://www.harsco.com).

# HARSCO

## Harsco Corporation World Headquarters

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Camp Hill, PA 17011 USA

Tel: 717.763.7064

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

