

Free Cash Flow (Unaudited)

	Twelve Months Ended December 31	
(In thousands)	2014	2013
Net cash provided by operating activities	\$ 225,846	\$ 188,255
Less maintenance capital expenditures ^(a)	(133,231)	(128,331)
Less growth capital expenditures ^(b)	(74,747)	(117,816)
Plus capital expenditures for strategic ventures ^(c)	6,876	5,864
Plus total proceeds from sales of assets ^(d)	27,379	18,984
Free Cash Flow	\$ 52,123	\$ (33,044)
Plus Harsco Infrastructure Segment negative Free Cash Flow	—	52,962
Free Cash Flow excluding Harsco Infrastructure Segment	\$ 52,123	\$ 19,918

(a) Maintenance capital expenditures are necessary to sustain the Company's current revenue streams and include contract renewal.

(b) Growth capital expenditures, for which management has discretion as to amount, timing and geographic placement, expand the Company's revenue base and create additional future cash flow.

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

(d) Asset sales are a normal part of the business model, primarily for the Harsco Metals & Minerals Segment. For the full year ended December 31, 2014, this line item also includes proceeds of \$12.4 million from the Harsco Infrastructure Transaction net working capital settlement.

The Company's management believes that free cash flow, which is a non-U.S. GAAP financial measure, is meaningful to investors because management reviews cash flows generated from operations less capital expenditures net of asset sales proceeds. It is important to note that free cash flow does not represent the total residual cash flow available for discretionary expenditures since other non-discretionary expenditures, such as mandatory debt service requirements, are not deducted from the measure. Exclusion of the Harsco Infrastructure Segment from 2013 provides a basis for comparison of ongoing operations and prospects since the segment was divested in the fourth quarter of 2013. This measure should be considered in addition to, rather than as a substitute for, other information provided in accordance with U.S. GAAP.

Review of Operations By Segment (Unaudited)

	Twelve Months Ended December 31, 2014		Twelve Months Ended December 31, 2013	
(In thousands)	Revenues	Operating Income (Loss)	Revenues	Operating Income (Loss)
Harsco Metals & Minerals	\$1,377,592	\$ 9,858	\$1,359,004	\$ 95,310
Harsco Infrastructure	—	—	885,377	(255,326)
Harsco Industrial	412,532	63,680	365,972	58,977
Harsco Rail	275,614	37,137	286,167	27,710
General Corporate	—	(47,204)	—	(61,470)
Consolidated Totals	\$2,065,738	\$ 63,471	\$2,896,520	\$(134,799)

The Company has reclassified segment operating results for the twelve months ended December 31, 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 was consummated in the fourth quarter of 2013. The changes do not impact the Company's previously reported consolidated revenues from continuing operations, operating income from continuing operations or income from continuing operations before income taxes and equity income.