COVANTA HOLDING CORP
Form 424B2
March 03, 2017
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Filed Pursuant to Rule 424(b)(2)

Registration No. 333-199593

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.875% Senior Notes due 2025	$400,000,000	$46,360

(1) This Calculation of Registration Fee table updates the Calculation of Registration Fee table in the Company s Registration Statement on Form S-3 (File No. 333-199593) in accordance with Rule 456(b) and 457(r) under the Securities Act of 1933, as amended.

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Prospectus supplement

(To prospectus dated October 24, 2014)

Covanta Holding Corporation

$400,000,000

5.875% Senior Notes due 2025

Interest payable January 1 and July 1

Issue price: 100.000%

We are offering $400,000,000 aggregate principal amount of our 5.875% Senior Notes due 2025 (the notes). The notes will mature on July 1, 2025. Interest will accrue from March 16, 2017, and the first interest payment date will be July 1, 2017.

We may redeem some or all of the notes at any time on or after July 1, 2020 at the redemption prices set forth in this prospectus supplement. We may also redeem up to 35% of the notes using the proceeds of certain equity offerings completed before July 1, 2020 at a redemption price of 105.875% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption. In addition, at any time prior to July 1, 2020, we may redeem the notes, in whole but not in part, at a price equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to the date of redemption, plus a make-whole premium.

If we sell certain of our assets or experience specific kinds of changes in control, we may be required to offer to purchase the notes as described under Description of notes Repurchase at the option of holders Change of Control Triggering Event and Description of notes Repurchase at the option of holders Asset sales.

The notes will be our senior unsecured obligations, will rank equally in right of payment with all of our existing and future senior unsecured indebtedness that is not subordinated, and senior in right of payment to all of our existing and future indebtedness that is expressly subordinated in right of payment to the notes. The notes will be effectively subordinated in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to the existing and future liabilities of any of our subsidiaries, including their guarantees under our Tax-Exempt Bonds, and their indebtedness and guarantees under the credit facilities of our subsidiary, Covanta Energy. We conduct all of our business through our subsidiaries. None of our subsidiaries will guarantee the notes.

We intend to use the net proceeds of this offering along with cash on hand and/or direct borrowings under our subsidiary, Covanta Energy s revolving credit facility to fund the redemption of all of our 7.25% Senior Notes due 2020 (the Senior Notes due 2020) on April 3, 2017 and to pay transaction fees and expenses and accrued interest. Pending such use, we intend to use a portion of the net proceeds of this offering to repay borrowings outstanding under Covanta Energy s revolving credit facility in an amount of up to $152 million and invest the remaining net proceeds in short-term interest-bearing accounts, securities or similar investments.

You should read this prospectus supplement and the accompanying prospectus carefully before you invest in our notes. Investing in our notes involves a high degree of risk. See Risk factors beginning on page S-17 and Item 1A. Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, filed on February 28, 2017, for a discussion of certain risks that you should consider in connection with an investment in the notes.

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

	Public offering price(1)	Underwriting discount	Proceeds, before expenses, to Covanta(1)
Per note	100.000%	1.500%	98.500%
Total	400,000,000	6,000,000	394,000,000

(1) Plus accrued interest, if any, from March 16, 2017.

The notes will not be listed on any securities exchange or automated quotation system. Currently, there is no public market for the notes.

We expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company (DTC) on or about March 16, 2017.

Joint book-running managers

J.P. Morgan

BofA Merrill Lynch

Credit Agricole CIB

Citizens Capital Markets

MUFG

Co-managers

SMBC Nikko

TD Securities

BBVA

BB&T Capital Markets

The date of this prospectus supplement is March 2, 2017.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may provide to you. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. If anyone provides you with different, inconsistent or unauthorized information or representations, you must not rely on it and neither we nor the underwriters take any responsibility for, or provide assurances as to the reliability of, any other information that others may give you. Further, you should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the dates of this prospectus supplement or the accompanying prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference.

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of notes and certain terms of the notes. The second part is the accompanying prospectus, which gives more general information. If the information varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement. This prospectus supplement does not contain all of the information that is important to you. You should read the accompanying prospectus, the registration statement described in the accompanying prospectus (including the exhibits thereto) and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See Incorporation by reference in this prospectus supplement and Where You Can Find More Information in the accompanying prospectus.

Notice to investors

This prospectus supplement and the accompanying prospectus do not offer to sell or ask for offers to buy any of the securities in any jurisdiction where it is unlawful, where the person making the offer is not qualified to do so, or to any person who cannot legally be offered the securities.

Prospective investors should not construe anything in this prospectus supplement and the accompanying prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment, or similar laws or regulations.

This prospectus supplement and the accompanying prospectus contain summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us.

We are a Delaware corporation. Our principal executive offices are located at 445 South Street, Morristown, NJ 07960 and our telephone number at that address is (862) 345-5000. Our website is located at *http://www.covanta.com*. Our website and the information contained on our website are not part of this prospectus supplement, and you should rely only on the information contained or incorporated by reference in this prospectus supplement when making a decision as to whether to invest in the notes.

Except as otherwise stated or unless the context otherwise requires, references in this prospectus supplement to Covanta Holding, Covanta, we, our, us and similar terms refer to Covanta Holding Corporation and its subsidiaries; references to the Issuer refer to Covanta Holding Corporation and not to its subsidiaries; references to Covanta Energy refer to Covanta Energy, LLC, a direct wholly-owned subsidiary of Covanta Holding, and its subsidiaries. References to underwriters refer to the firms listed on the cover page of this prospectus supplement.

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Cautionary note regarding forward-looking statements

Certain statements in this prospectus supplement, including documents incorporated by reference herein, may constitute forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended (the Securities Act), Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), the Private Securities Litigation Reform Act of 1995 (the PSLRA) or in releases made by the SEC, all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results, performance or achievements of Covanta or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words plan, believe, expect, anticipate, intend, estimate, project, may, will, would, could, should, seeks, or sche words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the safe harbor provisions of such laws. We caution investors that any forward-looking statements made by us are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to us include, but are not limited to, the risks and uncertainties affecting our businesses described in the Risk factors section in this prospectus supplement and in the filings with the SEC incorporated by reference herein. Important factors, risks and uncertainties that could cause actual results to differ materially from those forward-looking statements include, but are not limited to:

seasonal or long-term fluctuations in the prices of energy, waste disposal, scrap metal and commodities;

our ability to renew or replace expiring contracts at comparable prices and with other acceptable terms;

adoption of new laws and regulations in the United States and abroad, including energy laws, environmental laws, tax laws, labor laws and healthcare laws;

failure to maintain historical performance levels at our facilities and our ability to retain the rights to operate facilities we do not own;

our ability to avoid adverse publicity or reputational damage relating to our business;

advances in technology;

difficulties in the operation of our facilities, including fuel supply and energy delivery interruptions, failure to obtain regulatory approvals, equipment failures, labor disputes and work stoppages, and weather interference and catastrophic events;

difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays;

limits of insurance coverage;

our ability to avoid defaults under our long-term contracts;

performance of third parties under our contracts and such third parties observance of laws and regulations;

concentration of suppliers and customers;

geographic concentration of facilities;

increased competitiveness in the energy and waste industries;

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- changes in foreign currency exchange rates;
- limitations imposed by our existing indebtedness and our ability to perform our financial obligations and guarantees and to refinance our existing indebtedness;
- exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions;
- the scalability of our business;
- our ability to attract and retain talented people;
- failures of disclosure controls and procedures and internal controls over financial reporting;
- our ability to utilize net operating loss carryforwards;
- general economic conditions in the United States and abroad, including the availability of credit and debt financing;
- restrictions in our certificate of incorporation and debt documents regarding strategic alternatives; and
- other risks and uncertainties affecting our businesses described in Item 1A. Risk Factors of Covanta s Annual Report on Form 10- K for the year ended December 31, 2016 and in other filings by Covanta with the SEC.

Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this prospectus supplement or the documents incorporated herein by reference are made only as of the date hereof and we do not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

Non-GAAP financial measures

To supplement our results prepared in accordance with United States Generally Accepted Accounting Principles (GAAP), we have included in this prospectus supplement certain non-GAAP measures, including Adjusted EBITDA, Free Cash Flow and Adjusted Debt (each as defined below), which are non-GAAP measures as defined by the SEC. These non-GAAP financial measures are not intended as substitutes and should not be considered in isolation from measures of financial performance prepared in accordance with GAAP. In addition, our use of non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The presentation of Adjusted EBITDA, Free Cash Flow and Adjusted Debt are intended to enhance the usefulness of our financial information by providing measures which management internally uses to assess and evaluate the overall performance of its business and those of possible acquisition candidates, and highlight trends in the overall business.

We use Adjusted EBITDA to provide further information that is useful to an understanding of the financial covenants contained in Covanta Energy s credit facilities, and as an additional way of viewing aspects of its operations that, when viewed with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, we believe provide a more complete understanding of our business. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, as adjusted for additional items subtracted from or added to net income. For further information on these additional items, see Summary historical consolidated financial information.

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Adjusted EBITDA should not be considered as an alternative to net income or cash flow provided by operating activities as indicators of our performance or liquidity or any other measures of performance or liquidity in accordance with GAAP.

We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. Free Cash Flow is defined as cash flow provided by operating activities less maintenance capital expenditures, which are capital expenditures primarily to maintain our existing facilities. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our businesses, such as making acquisitions, investing in construction of new projects or making principal payments on debt. For further information, see Summary historical consolidated financial information.

Free Cash Flow should not be considered as an alternative to cash flow provided by operating activities as an indicator of our liquidity or any other measure of liquidity in accordance with GAAP.

We use the non-GAAP measure of Adjusted Debt to provide further information that is useful to an understanding of the financial incurrence covenants contained in our indentures. Adjusted Debt is defined as total debt, less restricted funds held in trust for the express purpose of repayment of debt principal. The definition of Adjusted Debt is consistent with that of Consolidated Indebtedness as defined in the indenture, which is used in the calculation of the Combined Leverage Ratio in the indenture governing the notes. Adjusted Debt should not be considered as an alternative to total debt as an indicator of our liquidity or any other measures of liquidity derived in accordance with GAAP.

For more information, see Summary historical consolidated financial information and the financial statements and related notes thereto incorporated by reference in this prospectus supplement for a reconciliation of non-GAAP financial measures to GAAP financial measures.

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Market, ranking, industry data and forecasts

This prospectus supplement and the documents incorporated by reference herein include market share, ranking, industry data and forecasts that we obtained from industry publications and surveys, public filings and internal company sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. We have not independently verified any of the data from third-party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position and ranking are based on market data currently available to us, management s estimates and assumptions we have made regarding the size of our markets within the energy-from-waste industry. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk factors in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016. Neither we nor the underwriters can guarantee the accuracy or completeness of such information contained or incorporated by reference in this prospectus supplement.

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Summary

This summary highlights selected information contained elsewhere, or incorporated by reference, in this prospectus supplement and the accompanying prospectus and may not contain all of the information that may be important to you. You should carefully read this together with the entire prospectus supplement and the accompanying prospectus, and the documents incorporated by reference, including the Risk factors section in this prospectus supplement and in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, and the historical financial statements and the notes to those financial statements.

References herein to the financial measures Adjusted EBITDA, Free Cash Flow and Adjusted Debt refer to financial measures that do not comply with GAAP. For information about how we calculate Adjusted EBITDA, Free Cash Flow and Adjusted Debt, see Summary historical consolidated financial information.

Our company

Covanta is one of the world s largest owners and operators of infrastructure for the conversion of waste to energy (known as energy-from-waste or EfW), and also owns and operates related waste transport and disposal and other renewable energy production businesses. EfW serves two key markets as both a sustainable waste management solution that is environmentally superior to landfilling and as a source of clean energy that reduces overall greenhouse gas emissions and is considered renewable under the laws of many states and under federal law. Our facilities are critical infrastructure assets that allow our customers, which are principally municipal entities, to provide an essential public service.

Our EfW facilities earn revenue from both the disposal of waste and the generation of electricity and/or steam, generally under contracts, as well as from the sale of metal recovered during the EfW process. We process approximately 20 million tons of post-recycled solid waste annually, equivalent to 8% of post-recycled municipal solid waste (MSW) generated in the United States. We also recover approximately 500,000 gross tons of ferrous and non-ferrous metal annually for recycling. We operate and/or have ownership positions in 42 EfW facilities, which are primarily located in North America. In total, these assets produce the equivalent of approximately 10 million megawatt hours of baseload electricity annually.

In addition to our core EfW business, we offer a variety of sustainable waste management solutions in response to customer demand, including onsite clean-up services, wastewater treatment, transportation and logistics, recycling and depackaging. Together with our processing of non-hazardous profiled waste for purposes of assured destruction or sustainability goals in our EfW facilities, we offer these services under our Covanta Environmental Solutions brand. Through acquisitions, we have expanded our network of material processing facilities to enable us to provide a range of services, including sustainable material management, field and site services as well as transportation services, to customers across a broad spectrum of industries including pharmaceuticals, consumer products, health and beauty, food, automotive and chemicals. These businesses are highly synergistic with our existing profiled waste business, offer us the opportunity to expand the geographical sourcing of our waste streams, and allow us to drive higher valued non-hazardous profiled waste volumes into our EfW facilities and access additional revenue growth opportunities.

We have one reportable segment, North America, which is comprised of waste and energy services operations located primarily in the United States and Canada. We are currently constructing an EfW facility in Dublin, Ireland, which we own and will operate upon completion. We hold interests in an EfW operating company in China and an EfW project in Italy.

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Our mission is to provide sustainable waste and energy solutions to ensure that no waste is ever wasted. We intend to pursue our mission through the following key strategies:

- Preserve and grow the value of our existing portfolio;
- Expand through acquisitions and/or development in selected attractive markets;
- Develop and commercialize new technology;
- Advocate for public policy favorable to EfW and other sustainable waste solutions;
- Maintain a focus on sustainability; and
- Allocate capital efficiently for long-term shareholder value.

During 2016, we generated $1,699 million of revenue, $410 million of Adjusted EBITDA and $172 million of Free Cash Flow. For a discussion and reconciliation of Adjusted EBITDA and Free Cash Flow to their comparable GAAP measures, see footnote (1) under Summary historical consolidated financial information.

The EfW process

Energy-from-waste facilities produce energy through the combustion of non-hazardous MSW in specially-designed power plants. Most of our facilities are mass-burn facilities, which combust the MSW on an as-received basis without any pre-processing such as shredding, sorting, or sizing. The process reduces the waste to an inert ash while extracting ferrous and non-ferrous metals for recycling. In addition to our mass-burn facilities, we own and/or operate additional facilities that use other processes or technologies, such as refuse-derived fuel facilities which process waste prior to combustion and a gasification technology, in which waste is heated to create gases that are then combusted.

Environmental benefits of EfW

We believe that EfW offers solutions to public sector leaders around the world for addressing two key issues: sustainable management of waste and renewable energy generation. We believe that the environmental benefits of EfW, as an alternative to landfilling, are clear and compelling: by processing MSW in EfW facilities, we reduce greenhouse gas (GHG) emissions, lower the risk of groundwater contamination, and conserve land. Increased use of EfW facilities can reduce GHG emissions, as the methane emitted by landfills is over 80 times more potent than carbon dioxide over a 20-year period. At the same time, EfW generates clean, reliable energy from a renewable fuel source, thus reducing dependence on fossil fuels, the combustion of which is itself a major contributor of GHG emissions. The United States Environmental Protection Agency (EPA), using lifecycle tools such as its own Municipal Solid Waste Decision Support Tool, has found that, on average, approximately one ton of carbon dioxide equivalent is reduced relative to landfilling for every ton of waste processed. Compared with fossil fuel based generation, each ton of waste processed eliminates the need to consume approximately one barrel of oil or one-quarter ton of coal, in order to generate the equivalent amount of electricity. We believe EfW is also an important component of business and community efforts to divert post-recycled waste from landfills as part of their zero-waste and zero-waste-to-landfill initiatives. As public planners and commercial and industrial companies address their needs for more environmentally sustainable waste management and energy generation in the years ahead, we believe that EfW will be an increasingly attractive alternative.

Revenue sources

Our EfW projects generate revenue from three main sources: (1) fees charged for operating projects or processing waste received, (2) the sale of electricity and/or steam, and (3) the sale of ferrous and non-ferrous

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metals that are recovered from the waste stream as part of the EfW process. We may also generate additional revenue from the construction, expansion or upgrade of a facility, when a municipal client owns the facility. Our customers for waste services or facility operations are principally municipal entities, though we also market disposal capacity at certain facilities to commercial customers. Our facilities primarily sell electricity, either to utilities at contracted rates or, in situations where a contract is not in place, at prevailing market rates in regional markets (primarily the Pennsylvania-New Jersey-Maryland Interconnection (PJM), the New England Power Pool (NEPOOL) and the New York Independent System Operator (NYISO) in the Northeastern United States), and in some cases sell steam directly to industrial users.

We also operate and/or have ownership positions in environmental services businesses, transfer stations and landfills (primarily for ash disposal) that are ancillary and complementary to our EfW projects and generate additional revenue from disposal or service fees.

EfW contract structures

Most of our EfW projects were developed and structured contractually as part of competitive procurement processes conducted by municipal entities. As a result, many of these projects have common features. However, each contractual agreement is different, reflecting the specific needs and concerns of a client community, applicable regulatory requirements and/or other factors.

Our EfW projects can generally be divided into three categories, based on the applicable contract structure at a project: (1) tip fee projects, (2) service fee projects that we own, and (3) service fee projects that we do not own but operate on behalf of a municipal owner. At tip fee projects, we receive a per-ton fee for processing waste, and we typically retain all of the revenue generated from energy and recycled metal sales. We own or lease the tip fee facilities. At service fee projects, we typically charge a fixed fee for operating the facility, and the facility capacity is dedicated either primarily or exclusively to the host community client, which also retains the majority of any revenue generated from energy and recycled metal sales. As a result of these distinctions, the revenue and income generated at tip fee projects is heavily dependent on operating performance, as well as waste, energy and metal market conditions. Service fee projects have much less revenue exposed to waste, energy or metal markets and variations in operating performance have a smaller impact on revenue. Notwithstanding distinctions among these general classifications in contract structures, in all cases we focus on a consistent set of performance indicators to optimize service to customers and operating results: (i) boiler availability; (ii) turbine availability; (iii) safety and environmental performance measures; (iv) tons processed; (v) steam sold; (vi) megawatt hours sold; and (vii) recycled metal tons sold.

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The following summarizes the typical contractual and economic characteristics of the three project structures in the North America segment:

	Tip fee	**Service fee (Owned)**	**Service fee (Operated)**
Number of facilities:	20	4	17
Client(s):	Host community and municipal and commercial waste customers	Host community, with limited merchant capacity in some cases	Dedicated to host community exclusively
Waste and service revenue:	Per ton tipping fee	Fixed fee, with performance incentives and inflation escalation	
Energy revenue:	Covanta retains 100%	Share with client (Covanta retains approximately 20% on average)	
Metals revenue:	Covanta retains 100%	Share with client (Covanta typically retains approximately 50%)	
Operating costs:	Covanta responsible for all operating costs	Pass through certain costs to municipal client (e.g. ash disposal)	
Project debt service:	Covanta project subsidiary responsible	Paid by client explicitly as part of service fee	Client responsible for debt service
After service contract expiration:	N/A	Covanta owns the facility; clients have certain rights set forth in contracts; facility converts to tip fee or remains service fee with new terms	Client owns the facility; extend with Covanta or tender for new contract

Competitive strengths

World leader in EfW with proven track record of strong operating performance

Covanta is one of the world leaders in providing municipalities and corporate customers with sustainable waste and energy solutions. Our EfW facilities process an estimated two-thirds of the post-recycled solid waste sent to energy-from-waste facilities in the United States. We believe that we have more experience in developing, constructing and operating energy-from-waste facilities than any other company. In addition, we believe that we have earned a strong reputation in our industry for maintaining successful long-term partnerships with our host communities, which are critical to our long-term success.

Our facilities have processed over 470 million tons of waste as of December 31, 2016. As a result of our experience and expertise in facility operations and maintenance, our facilities have maintained average boiler availability above 90% since 2003, which is significantly in excess of our contractually-required levels. In 2016, our average boiler availability was 91%. Consistent production allows us to provide steady and reliable service for our customers.

The depth and scope of our experience is also evident in our outstanding record of environmental performance, where our emphasis is to go beyond mere compliance with legal and permit requirements. Our U.S.-based EfW facilities routinely achieve emission levels for various measures up to 97% below the established requirements

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of the U.S. EPA. Our approach to environmental performance is an important element of our corporate risk management strategy, which enhances both the service we provide our customers and our prospects for growth.

Highly contracted revenue with creditworthy counterparties

We generated 84% of our waste and service revenue from EfW waste processing in 2016 under contracts at set rates, while 16% was generated at prevailing market prices. The charts below illustrate the contractual mix of our waste and service EfW waste processing, energy and metals revenue in 2016. Our waste disposal/service and energy contracts expire at various times between 2017 and 2038. To date, we have been successful in extending the substantial majority of our existing contracts to operate EfW facilities owned by municipal clients.

Waste & service EfW waste processing revenues	**Energy revenues**	**Recycled metals revenues**
2016: $962 million	**2016: $361 million**	**2016: $61 million**

Over time, we will seek to renew, extend or sign new waste and service contracts and pursue opportunities with commercial customers and municipalities that are not necessarily stakeholders in our facilities in order to maintain a significant majority of our waste and service revenue (and EfW fuel supply) under multi-year contracts. We expect that multi-year contracts for energy sales will be generally less available than in the past, thereby increasing our exposure to energy market prices upon expiration. As our existing contracts have expired and our exposure to market energy prices has increased, we have entered into hedging arrangements in order to mitigate our exposure to near-term (one to three years) revenue fluctuations in energy markets, and we expect to continue to do so in the future.

Our customers for waste services are principally municipal entities for whom waste disposal is an essential public service. For facility capacity that we market to private waste haulers, we primarily contract with large, national and regional waste companies. For energy sales, we generally contract with regulated utilities, and where we do not sell under long-term contracts, we sell our output directly into the local electricity grid at prevailing rates and are paid by the independent system operator.

Substantial free cash flow generation and strong balance sheet

Our business generates substantial annual Free Cash Flow, with cash flow from operating activities for the year ended December 31, 2016 of $282 million and Free Cash Flow for the year ended December 31, 2016 of $172 million (after maintenance capital expenditures). This Free Cash Flow represented approximately 10% of revenue and 42% of Adjusted EBITDA in 2016. See Summary historical consolidated financial information.

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Our project debt is repaid over time based on set amortization schedules, with payments often made directly by our municipal clients as a component of our fees paid under service agreements. We repaid $52 million in project debt in 2016. As of December 31, 2016, we had $406 million of project debt principal outstanding, and based on existing maturity schedules, approximately 5% of that principal is scheduled to be repaid by December 31, 2017. This ongoing project debt repayment enhances the strength of our credit over time.

Stable industry fundamentals in attractive geographic markets

Post recycled solid waste generation in the United States totals approximately 250 million tons per year. EfW is an important part of the waste management infrastructure of the United States, particularly in regions with high population density but limited availability of land for landfilling, with 77 facilities currently in operation in the U.S. that collectively process approximately 30 million tons of post-recycled solid waste and serve the needs of over 30 million people and produce enough electricity for the equivalent of 1.3 million homes.

Our EfW facilities in North America are also concentrated in the Northeastern U.S., primarily along the Washington, D.C. to Boston, Massachusetts corridor, where population density and constraints on landfill capacity drive some of the highest waste disposal fees of any region in the country. In addition, our facilities are typically located near or within the populations that they serve, and often enjoy a geographic advantage over competing landfills, which are increasingly located farther away from the sources of waste in less populated areas where landfill capacity is less expensive and easier to permit. As a result, landfills generally must incur greater transportation costs than our facilities.

The Northeast is also an attractive regional electricity market, where similar drivers (dense populations and constrained capacity) have supported prices over time. The majority of our merchant electricity sales are in the PJM, NEPOOL and NYISO markets, which are among the most liquid electricity markets in the country. In addition, our facilities are generally located near or within the load centers of the regions they serve, where market electricity prices are typically at a premium due to transmission congestion.

Unique portfolio of critical infrastructure assets concentrated in attractive markets

Waste disposal infrastructure is difficult and costly to replicate or expand. While all aspects of waste management are subject to extensive regulation, EfW is among the most highly regulated sectors of the market. EfW requires a larger initial investment than most waste disposal alternatives. There are currently 77 EfW facilities in operation in the United States, of which we own and/or operate 39. We believe our asset portfolio is very important to the key geographies that we serve.

Landfills represent our primary competition in the waste disposal market. In the densely populated areas of the Northeast where the majority of our facilities are located, construction of new landfill capacity is constrained due to both increased regulation and the difficulty of building or expanding landfills close to urban areas. The number of landfills in the U.S. overall has decreased dramatically, from over 7,500 facilities in 1986 to fewer than 2,000 today. While less costly than EfW in terms of initial investment, we believe that the environmental advantages of EfW as an alternative to landfilling are now widely recognized and increasingly factored into the development of energy and waste management policies, as they have been in other countries for many years. As a result, as public planners and commercial and industrial companies address the need for more environmentally sustainable waste management and energy generation in the years ahead, we believe that EfW will be an increasingly attractive alternative and that our existing EfW asset base will become increasingly valuable over time.

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Favorable environmental and regulatory trends

Public policy in the United States, at both the state and national levels, has developed over the past several years in support of increased generation of renewable energy as a means of combating the potential effects of climate change, as well as increasing domestic energy security. Today in the United States, approximately 13% of electricity is generated from renewable sources, approximately half of which is hydroelectric power.

EfW contributes approximately 18% of the nation s non-hydroelectric baseload renewable power. EfW is designated as renewable energy in 31 states, the District of Columbia, and Puerto Rico, as well as in several federal statutes and policies. Unlike most other renewable resources, EfW generation can serve base-load demand and is more often located near population centers where demand is greatest, minimizing the need for expensive incremental transmission infrastructure.

We believe that all forms of EfW technologies offer an environmentally superior solution to post-recycled waste management and energy challenges faced by leaders around the world and that the environmental benefits of energy-from-waste as both a sustainable waste disposal solution and source of clean, renewable energy will continue to support a favorable regulatory framework in the markets where we operate. Examples of this include European Union Directive 1999/31/EC concerning the landfill of waste (known as the Landfill Directive), which directs member states to substantially reduce their reliance on landfills by the year 2020 (and thus, in many cases, rely more heavily on energy-from-waste as an alternative), and existing legislation in numerous U.S. states that support energy-from-waste as a renewable energy source. In addition, we believe that the benefits of energy-from-waste as a net reducer of GHG emissions should increasingly be recognized as regulations are developed to combat climate change, and that our other renewable energy operations will benefit from such regulations as well.

Strategy

Our mission is to provide sustainable waste and energy solutions. We seek to do this through a variety of service offerings, including our core business of owning and operating infrastructure for the conversion of waste to energy. Each of our service offerings responds to customer demand for sustainable waste management services that are superior to landfilling according to the waste hierarchy and assists our customers in meeting their own zero-waste, zero-waste-to-landfill and other sustainability goals. Our primary offering is EfW but we are increasingly offering a variety of environmental services, in response to customer demand with some of our new services being offered through joint ventures or with third parties. Each of our service offerings is focused on providing cost effective and sustainable solutions that leverage our extensive network of EfW facilities and transfer stations in North America.

We intend to pursue our mission through the following key strategies:

Preserve and grow the value of our existing portfolio. We intend to maximize the long-term value of our existing portfolio of facilities by continuously improving safety, health and environmental performance, working to provide superior customer service, continuing to operate at our historic production levels, maintaining our facilities in optimal condition, extending waste and service contracts, and conducting our business more efficiently. We intend to achieve organic growth by expanding our customer base, service offerings and metal recovery, adding waste, service or energy contracts, investing in and enhancing the capabilities of our existing assets, and deploying new or improved technologies, systems, processes and controls, all targeted at increasing revenue or reducing costs.

Expand through acquisitions and/or development in selected attractive markets. We seek to grow our portfolio primarily through acquisitions and the development of new facilities or businesses where we believe that market and regulatory conditions will enable us to utilize our skills and invest our capital at attractive risk-adjusted rates of return. We focus these efforts in markets where we currently have projects in operation or under construction, and in other markets with strong economic fundamentals and predictable legal and policy support. In addition to our focus on EfW and related waste sourcing activities, we are seeking to expand our environmental service offerings through both organic growth and acquisitions.

We believe that our approach to these opportunities is highly-disciplined, both with regard to our required rates of return and the manner in which potential acquired businesses or new projects will be structured and financed.

Develop and commercialize new technology. We believe that our efforts to protect and expand our business will be enhanced by the development of additional technologies in such fields as recycling, alternative waste treatment processes, gasification, combustion controls, emission controls and residue disposal. We have advanced our research and development efforts in some of these areas relevant to our EfW business, and have patents and patents pending for advances in controlling emissions.

Advocate for public policy favorable to EfW and other sustainable waste solutions. We seek to educate policymakers and regulators about the environmental and economic benefits of energy-from-waste and advocate for policies and regulations that appropriately reflect these benefits. Our business is highly regulated, and as such we believe that it is critically important for us, as an industry leader, to play an active role in the debates surrounding potential policy developments that could impact our business.

Maintain a focus on sustainability. Providing sustainable waste, materials, and energy services to our customers is the cornerstone of our business. Our corporate culture is focused on the triple bottom line of sustainability (people, planet, prosperity) in support of our mission. In addition to robust financial reporting, we are committed to transparently reporting our environmental, social and governance standards, policies, and performance, including through our corporate sustainability report. We seek to continuously improve our performance across these aspects to remain an industry leader.

Allocate capital efficiently for long-term shareholder value. We plan to allocate capital to maximize shareholder value by: investing in strategic acquisitions or development projects that offer attractive returns on invested capital and further our strategic goals; maintaining a strong balance sheet; and consistently returning excess capital to our shareholders.

Corporate information

We are organized as a holding company, which was incorporated in Delaware on April 16, 1992. We conduct all of our operations through subsidiaries, which are engaged predominantly in the businesses of waste and energy services. We have one reportable segment, North America, which is comprised of waste and energy services operations located primarily in the United States and Canada. Outside of North America, we hold interests in an EfW operating company in China and an EfW facility in Italy. We are currently constructing an EfW facility in Dublin, Ireland, which we own and will operate upon completion.

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The offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section entitled Description of notes in this prospectus supplement.

Issuer	Covanta Holding Corporation
Securities offered	$400.0 million aggregate principal amount of 5.875% Senior Notes due 2025.
Maturity date	July 1, 2025.
Interest rate	5.875% per year.
Interest payment dates	January 1 and July 1, commencing with a short first coupon payable on July 1, 2017.
Optional redemption	The notes will be redeemable at the Issuer s option, in whole or in part, at any time on or after July 1, 2020, at the redemption prices set forth in this prospectus supplement, together with accrued and unpaid interest, if any, to the date of redemption.
	At any time prior to July 1, 2020, we may redeem up to 35% of the original principal amount of the notes with the proceeds of certain equity offerings at a redemption price of 105.875% of the principal amount of the notes, together with accrued and unpaid interest, if any, to the date of redemption.
	At any time prior to July 1, 2020, we may also redeem the notes, in whole but not in part, at a price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of redemption, plus a make-whole premium.
Mandatory offers to purchase	The occurrence of a Change of Control Triggering Event, subject to certain conditions, may require us to offer to purchase from you all or a portion of your notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase. See Description of notes Repurchase at the option of the holders Change of Control Triggering Event.
	Certain asset dispositions will be triggering events that may require us to use the proceeds from those asset dispositions to make an offer to purchase the notes at 100% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase if such proceeds are not otherwise used within 365 days to repay indebtedness (with a corresponding permanent reduction in commitment, if applicable) or to invest or commit to invest such proceeds in additional assets related to our business or capital stock of a restricted subsidiary (as defined under the heading Description of notes).
Ranking	The notes will be the Issuer s senior unsecured obligations and:

will rank equally in right of payment with all of the Issuer s existing and future senior unsecured indebtedness that is not subordinated;

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- will rank senior in right of payment to all of the Issuer s existing and future indebtedness that is expressly subordinated in right of payment to the notes;
- will be effectively subordinated in right of payment to any of the Issuer s existing and future secured debt, to the extent of the value of the assets securing such debt; and
- will be structurally subordinated to all of the existing and future liabilities of any of our subsidiaries (none of which will guarantee the notes), including their guarantees under our Tax-Exempt Bonds, and their indebtedness and guarantees under our subsidiary, Covanta Energy s credit facilities.

As of December 31, 2016, after giving effect to this offering and the use of proceeds from this offering as described under Use of proceeds (which includes the redemption of our Senior Notes due 2020 and the payment of transaction fees and expenses):

- we would have had $2,632 million of total consolidated indebtedness, $990 million of which would have been secured (including $343 million under Covanta Energy s revolving credit facility and $195 million under Covanta Energy s term loan), and we would have had additional commitments of $501 million under Covanta Energy s revolving credit facility available to us (after giving effect to the $156 million of outstanding letters of credit);
- none of our indebtedness would be subordinated in right of payment to the notes;
- our subsidiaries (including Covanta Energy) would have had $1,473 million of liabilities, including $383 million in project debt (excluding intercompany liabilities), all of which would have been structurally senior in right of payment to the notes; and
- we would have had $459 million of Tax-Exempt Bonds guaranteed by our subsidiaries which would be structurally senior in right of payment to the notes.

Covenants

The Issuer will issue the notes under its existing indenture with Wells Fargo Bank, National Association, as trustee, as supplemented by a supplemental indenture to be entered into on the closing date of this offering. The indenture will, among other things, limit the Issuer s ability and the ability of its restricted subsidiaries to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem their capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;

sell assets;

incur liens;

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- enter into transactions with affiliates;
- alter the businesses they conduct;
- enter into agreements restricting our subsidiaries ability to pay dividends; and
- consolidate, merge or sell all or substantially all of their assets.

These covenants will be subject to a number of important exceptions and qualifications. In addition, if and for so long as the notes have an investment grade rating from both Standard & Poor s Ratings Group Inc. (S&P) and Moody s Investors Service, Inc. (Moody s) and no default under the indenture has occurred, certain of the covenants listed above will be suspended. For more details, see Description of notes.

Absence of public market for the notes

The notes are a new issue of securities and there is currently no established trading market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. Certain of the underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued without notice.

U.S. federal income tax considerations

Holders are urged to consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of purchasing, owning and disposing of the notes. See Material U.S. federal income tax considerations.

Use of proceeds

We estimate that our net proceeds from this offering will be approximately $393 million, after deducting discounts and commissions and estimated offering expenses. We intend to use the net proceeds of this offering along with cash on hand and/or direct borrowings under Covanta Energy s revolving credit facility to fund the redemption of all of our Senior Notes due 2020 on April 3, 2017 and to pay transaction fees and expenses and accrued interest. In the period between the closing of this offering and the redemption date for the Senior Notes due 2020, we intend to use a portion of the net proceeds to repay borrowings outstanding under Covanta Energy s revolving credit facility in an amount up to $152 million and invest the remaining net proceeds in short-term interest bearing accounts, securities or similar investments. On the redemption date of the Senior Notes due 2020, we intend to utilize borrowings under Covanta Energy s revolving credit facility as well as cash on hand to redeem the Senior Notes due 2020.

Risk factors

In evaluating an investment in the notes, prospective investors should carefully consider, along with the other information in this prospectus supplement, the specific factors set forth under Risk factors in this prospectus supplement and in Item 1A. Risk Factors of our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for risks involved with an investment in the notes.

Summary historical consolidated financial information

The following table sets forth our summary consolidated financial data as of and for the periods indicated. The summary consolidated financial information as of December 31, 2015 and 2016 and the summary consolidated financial data for the three years ended December 31, 2014, 2015 and 2016 have been derived from our audited consolidated financial statements incorporated by reference herein. The summary historical consolidated balance sheet data as of December 31, 2014 has been derived from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement. Historical results may not necessarily be indicative of results that may be expected for any future period. When you read this summary consolidated financial data, it is important that you also read our audited financial statements and related notes thereto as well as the section entitled Management s discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated by reference herein. Historical results are not necessarily indicative of future performance.

The summary historical consolidated financial information below contains the non-GAAP measures of Adjusted EBITDA, Free Cash Flow and Adjusted Debt. For additional information on the calculations of Adjusted EBITDA, Free Cash Flow and Adjusted Debt, see the discussion below, as well as the section entitled Management s discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference herein.

(dollars in millions)	For the years ended December 31, 2014 (unaudited)	2015	2016
Statement of operations data:			
Operating revenues:			
Waste and service revenue	$ 1,032	$ 1,104	$ 1,187
Energy revenues	460	421	370
Recycled metals revenue	93	61	61
Other operating revenue	97	59	81
Total operating revenue	1,682	1,645	1,699
Operating expenses:			
Plant operating expense	1,055	1,129	1,177
Other operating expense	101	73	86
General and administrative expense	97	93	100
Depreciation and amortization expense	211	198	207
Impairment charges	64	43	20
Total operating expense	1,528	1,536	1,590
Operating income	154	109	109
Other income (expense):			
Investment income	1		1
Interest expense	(135)	(134)	(139)
Non-cash convertible debt related expense	(13)		
Gain on asset sales			44
Loss on extinguishment of debt	(2)	(2)	
Other expense (income), net	(1)	(1)	(1)
Total other expense	(150)	(137)	(95)

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(dollars in millions)	For the years ended December 31, 2014	2015	2016
Income (loss) from continuous operations before income tax benefit (expense) and equity in net income from unconsolidated investments	$ 4	$ (28)	$ 14
Income tax (expense) benefit	(15)	84	(22)
Equity in net income from unconsolidated investments	10	13	4
NET (LOSS) INCOME	(1)	69	(4)
Less: Net income attributable to noncontrolling interest in subsidiaries	1	1	
NET (LOSS) INCOME ATTRIBUTABLE TO COVANTA HOLDING CORPORATION	$ (2)	$ 68	$ (4)

(dollars in millions)	For the years ended December 31, 2014	2015	2016
Other financial data for continuing operations:			
Net cash provided by operating activities	$ 340	$ 249	$ 282
Net cash used in investing activities	(232)	(448)	(254)
Net cash (used in) provided by financing activities	(210)	208	(40)
Acquisition of businesses, net of cash acquired	(13)	(72)	(9)
Purchases of property, plant and equipment	(216)	(376)	(359)
Adjusted EBITDA(1)	474	428	410
Free Cash Flow(2)	$ 240	$ 147	$ 172

(dollars in millions)	2014	As of December 31, 2015	2016
Balance sheet data:			
Cash and cash equivalents	$ 84	$ 94	$ 84
Property, plant and equipment, net	2,607	2,690	3,024
Total assets	4,178	4,234	4,284
Total debt, including current portion:			
Covanta Energy debt	626	819	990
Consolidated Covanta Holding debt	2,170	2,461	2,635
Total Covanta Holding Corporation stockholders equity	782	638	469
Noncontrolling interests in subsidiaries	2	2	
Total equity	$ 784	$ 640	$ 469

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	As of December 31, 2016	
	Actual	As adjusted*
Credit Statistics(4):		
Ratio of Covanta Energy Consolidated Adjusted Debt / Net cash provided by operating activities from continuing operations(3)	3.0x	3.1x
Ratio of Consolidated Covanta Holding Adjusted Debt / Net cash provided by operating activities from continuing operations(3)	8.9x	8.8x
Leverage Ratio of Covanta Energy Consolidated Adjusted Debt / Consolidated Adjusted EBITDA(1)(3)	2.1x	2.1x
Ratio of Consolidated Covanta Holding Adjusted Debt / Consolidated Adjusted EBITDA(1)(3)	2.9x	3.1x
Interest Coverage Ratio of Consolidated Adjusted EBITDA / Consolidated Interest Expense(1)(3)	6.1x	6.1x

* Note: As adjusted to give effect to the offering of the notes and the use of proceeds therefrom as described under Use of Proceeds (which includes the redemption of our Senior Notes due 2020).

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(1) For all periods presented, Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, as adjusted for additional items subtracted from or added to net income. The presentation of Adjusted EBITDA is intended to enhance the usefulness of our financial information by providing a measure which management internally uses to assess and evaluate the overall performance of its business. We use Adjusted EBITDA to provide further information that is useful to an understanding of the financial covenants contained in the credit facilities of our most significant subsidiary, Covanta Energy, and as an additional way of viewing aspects of its operations that, when viewed with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, provide a more complete understanding of our business. The calculation of Adjusted EBITDA is based on the definition in Covanta Energy s credit facilities as described below under Description of other indebtedness, which credit facilities we have guaranteed, and is substantially similar to that of Consolidated Adjusted EBITDA as defined in the indenture, but may differ in certain respects including the inclusion of operating results of unrestricted subsidiaries. Because our business is substantially comprised of that of Covanta Energy, our financial performance is substantially similar to that of Covanta Energy. For this reason, and in order to avoid use of multiple financial measures which are not all from the same entity, the calculation of Adjusted EBITDA and other financial measures presented herein are measured on a consolidated basis. Under its credit facilities, Covanta Energy is required to satisfy certain financial covenants, including certain ratios of which Adjusted EBITDA is an important component. Compliance with such financial covenants is expected to be the principal limiting factor which will affect our ability to engage in a broad range of activities in furtherance of our business, including making certain investments, acquiring businesses and incurring additional debt. Adjusted EBITDA should not be considered as an alternative to net income or cash flow provided by operating activities as an indicator of our performance or liquidity or any other measure of performance or liquidity derived in accordance with GAAP. The following are reconciliations of net income to Adjusted EBITDA and cash flow provided by operating activities from continuing operations to Adjusted EBITDA for the three years ended December 31, 2014, 2015 and 2016:

		For the years ended December 31,	
(dollars in millions)	**2014**	**2015**	**2016**
Net (Loss) Income Attributable to Covanta Holding Corporation	$ (2)	$ 68	$ (4)
Operating loss related to insurance subsidiaries	2		
Depreciation and amortization expense	211	198	207
Interest expense, net	134	134	138
Non-cash convertible debt related expense	13		
Income tax expense (benefit)	15	(84)	22
Impairment charges(A)	64	43	20
Gain on asset sales(A)			(44)
Loss on extinguishment of debt	2	2	
Net income attributable to noncontrolling interests in subsidiaries	1	1	
Other adjustments:			
Capital type expenditures at service fee operated facilities(B)		31	39
Debt service billing in excess of revenue recognize	2	1	4
Severance and reorganization costs(A)	9	4	3
Non-cash compensation expense(C)	17	18	16
Other non-cash items	5	6	6
Other(D)	1	6	3
Total adjustments	476	360	414
Adjusted EBITDA	**$ 474**	**$ 428**	**$ 410**
Cash flow provided by operating activities from continuing operations	$		