Covanta Holding Corporation

Fourth Quarter and Year End 2012 Earnings Conference Call

NYSE: CVA

February 7, 2013

Cautionary Statements

All information included in this earnings presentation is based on continuing operations.

Forward-Looking Statements

Certain statements in this presentation may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA") or in releases made by the Securities and Exchange Commission ("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 the actual results, performance or achievements of Covanta and its subsidiaries, or general industry or broader economic performance in global markets in which Covanta operates or competes, 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 "scheduled to," or other similar 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. Covanta cautions investors that any forward-looking statements made by Covanta 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 Covanta, include, but are not limited to, the risk that Covanta may not successfully grow its business as expected or close its announced or planned acquisitions or projects in development, and those factors, risks and uncertainties that are described in periodic securities filings by Covanta with the SEC. Although Covanta believes that its 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 forward-looking statements. Covanta's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties. The forward-looking statements contained in this press release are made only as of the date hereof and Covanta does 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

We use a number of different financial measures, both United States generally accepted accounting principles ("GAAP") and non-GAAP, in assessing the overall performance of our business. The non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow and Adjusted EPS, as described and used in this earnings presentation, are not intended as a substitute or as an alternative to net income, cash flow provided by operating activities or diluted earnings per share as indicators of our performance or liquidity or any other measures of performance or liquidity derived in accordance with GAAP. In addition, our non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The presentations of Adjusted EBITDA, Free Cash Flow and Adjusted EPS are intended to enhance the usefulness of our financial information by providing measures which management internally use to assess and evaluate the overall performance of its business and those of possible acquisition candidates, and highlight trends in the overall business. In each case, a reconciliation to the nearest GAAP measure is provided.

2012 Highlights

(Unaudited, in millions, except EPS)	FY 2011	FY 2012	2012 Guidance[1]
Revenue	$1,650	$1,644	N/A
Adjusted EBITDA	$494	$492	$490 - $500
Free Cash Flow	$282	$262	$250 - $265
Adjusted EPS	$0.54	$0.52	$0.50 - $0.55

- **Excellent operating performance**
  - Record setting year for EfW boiler availability of 92.3%
  - Extended waste and energy contracts totaling $2.5 billion in revenue with an average term of 12 years
- **Challenging external factors caused flat year-over-year Adjusted EBITDA**
  - Year-over-year energy and metal pricing caused a $15 million decline
  - Hurricane Sandy adverse impact of $9 million
- **Continued strong Free Cash Flow and focused capital allocation**
  - Returned $169 million of capital to stockholders; doubled quarterly dividend
  - Acquired Delaware Valley EfW facility
  - Successfully refinanced $1.9 billion in debt, creating substantial financial flexibility

(1) As of 11/7/2012.

Waste Update

- **2012 assessment and current trends:**
  - Most recent contract renewal: Bristol bundled services offering
    - 20 year contract for half of the facility's waste capacity
    - Converts from "Service Fee" to "Tip Fee" in June 2014
  - Overall, secured two million tons of waste per year with an average contract term of 11 years
  - Contract escalators and special waste help offset challenging market environment
    - Tip fee pricing for 2012 up ~1%
    - Special waste revenue over $55 million in 2012
- **2013 outlook:**
  - Anticipate ~80% of waste revenue to be contracted; typically moves with inflation
  - Waste revenues expected to be flat vs FY2012
    - Contract escalation
    - Continued double digit growth in special waste
    - Above market contracts adjusting down to market
    - Reduction in debt service pass through billings of ~$16 million

Recycled Metals Update

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- **2012 assessment and current trends:**
  - Year-over-year net metal revenue was relatively flat despite significant price decline
    - HMS average price declined from $410/ton in 2011 to $368/ton in 2012 → ~$7 million impact
  - Price decline largely offset by organic growth initiatives
    - Installation of new recovery equipment
    - Cleaner, higher quality product which reduces quantity sold but increases price
  - Installation of new recovery equipment somewhat behind original aggressive schedule
- **2013 outlook:**
  - Outlook for full year based on current recycled metals market pricing for full year
    - Current ferrous pricing (HMS #1) → slightly down
    - Current non-ferrous pricing → basically flat
  - Updated 2013 rough rule of thumb (based on $350/ton FY2013 HMS#1)
    - $50 change in HMS #1 Index → ~$10-15 million annual impact on Adjusted EBITDA
    - Increasing exposure to non-ferrous metals
      - Rule of thumb not precise -- assumes ferrous and non-ferrous prices move in tandem
  - Expect significant metals recovery growth from 2011 to end of 2013
    - Targeting year-end net metal tons run rate of: ~340k ferrous; ~25k non-ferrous

Energy Update

- **2012 assessment and current trends:**
  - 2012 market impact: ~$3 million reduction from original guidance
  - Successfully contracted ~750,000 MWh of power with average term of 14 years

(unaudited)

Energy Portfolio (MWh, millions)	2012A	2013E	Chg.
EfW Contracted	*3.3*	*3.7*	*+0.4*
EfW Hedged	*0.7*	*0.8*	*+0.1*
EfW Exposed	*0.8*	*1.0*	*+0.2*
Total EfW	**4.8**	**5.5**	**+0.7**
Biomass (Contracted & Exposed)	0.7	0.7	-----
Total CVA	**5.5**	**6.2**	**+0.7**

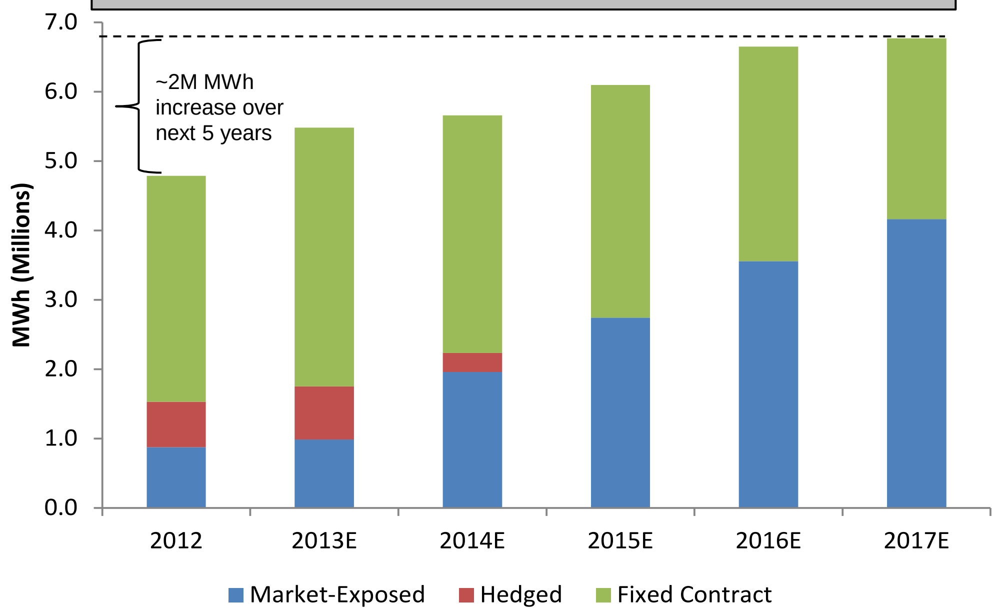
- **2013 outlook:**
  - Increase in EfW energy share (~700,000 MWh) offset by lower waste revenues, increased expenses
  - Rough rule of thumb: $1/MMBtu natural gas → ~$5-10 million annual impact on Adjusted EBITDA
    - 2013 guidance assumes full year average natural gas price of $3.50/MMBtu
  - 2013 per MWh pricing of total EfW portfolio expected to be about flat with 2012

Contract Transitions & Market Exposure

- **Over next 5 years ~2.5M tons/yr of "Service Fee" contracts will transition to "Tip Fee"**
  - Seek contract extensions with existing Service Fee clients
    - Excellent track record of mutually beneficial renewals
    - Working for us: higher share of energy, metals and special waste revenue
    - Working against us: reduction in debt service pass-through billings and elimination of pass-through expenses
  - Combined impact: headwind in 2013/14, neutral in 2015, tailwind in 2016

- **CVA will have higher energy market exposure**
  - Primarily Service Fee transitions will cause Covanta's share of revenue to grow by:
    - ~0.7 million MWh in 2013
    - ~1.3 million MWh 2014 - 2017
  - ~1 million MWh of contracts end after 2013
    - Several contracts above market
  - Plan to continue hedging to reduce near-term market volatility

CVA North American EfW Energy Production (increase is primarily due to Service Fee transitions)



Note: Position as of 2/6/13; Assumes no new contracts, hedges, renewals or additional energy sharing; excludes biomass.

Long-Term Growth Outlook

- **Expect to modestly grow Adjusted EBITDA and Free Cash Flow**
    - Assumes stable market conditions for waste, energy and metal market pricing
    - Baseline growth excludes any impact from long-term upside “options”
  - Working for us:
    - Organic growth initiatives (metals, special waste, process improvements)
    - Contract escalation provisions
    - Higher share of energy, metal and special waste revenue due to Service Fee contract transitions
  - Working against us:
    - Above market energy and waste contracts expiring
    - Reduction in debt service pass-through billings and elimination of pass-through expenses due to Service Fee contract transitions
- **Several upside long-term “options” on the business**
  - Improvement in market energy and/or metals pricing
  - “Green-field” development projects
  - Policy changes to support alternative energy
  - CLEERGAS™ technology – early stages, but growth potential

2012 Summary & 2013 Outlook

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- **2012 summary:**
  - Pleased with execution and management of the business
  - Strong operational year with record EfW boiler availability
  - Excluding challenging external factors (Hurricane Sandy, commodities pricing), would have achieved mid-point of original guidance
- **2013 outlook:**
  - Continued focus on operations, organic growth initiatives and contract renewals
  - Grow Adjusted EBITDA ~5% at the midpoint of guidance (up ~3% adjusting for Hurricane Sandy)
  - Strong Free Cash Flow: 2012 refinancings improved flexibility but increased interest expense
  - Optimize capital allocation for growth opportunities and shareholder returns

(Unaudited, in millions, except EPS)	FY 2012	FY 2013 Guidance[1]	% Change[2] 2012 vs. 2013
Adjusted EBITDA	$492	$500 – $530	+5%
Free Cash Flow	$262	$250 – $280	+1%
Adjusted EPS	$0.52	$0.40 – $0.50	-13%

(1) As of 2/6/2013.
(2) At midpoint of guidance, as of 2/6/2013.

Financial Overview

2012 Highlights

(Unaudited, in millions, except EPS)	FY 2011	FY 2012	FY 2012 Guidance[1]
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(1) As of 11/7/2012.

Revenue: 2011 vs. 2012

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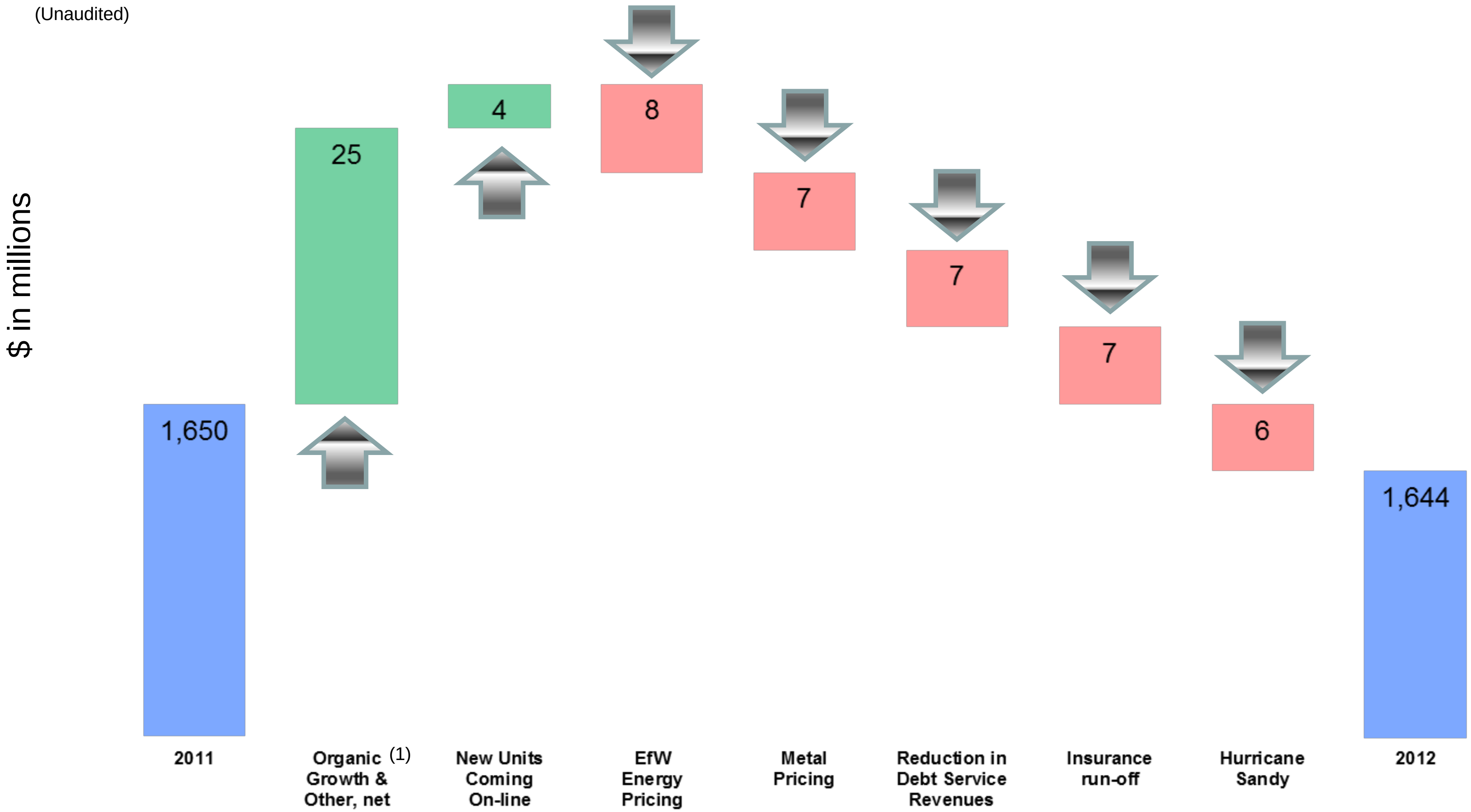


(1) Organic Growth & Other, net includes metals (quality & quantity), special waste, contract transitions & extensions, contract escalations, energy production, biomass, construction and other organic growth initiatives and operational improvements.

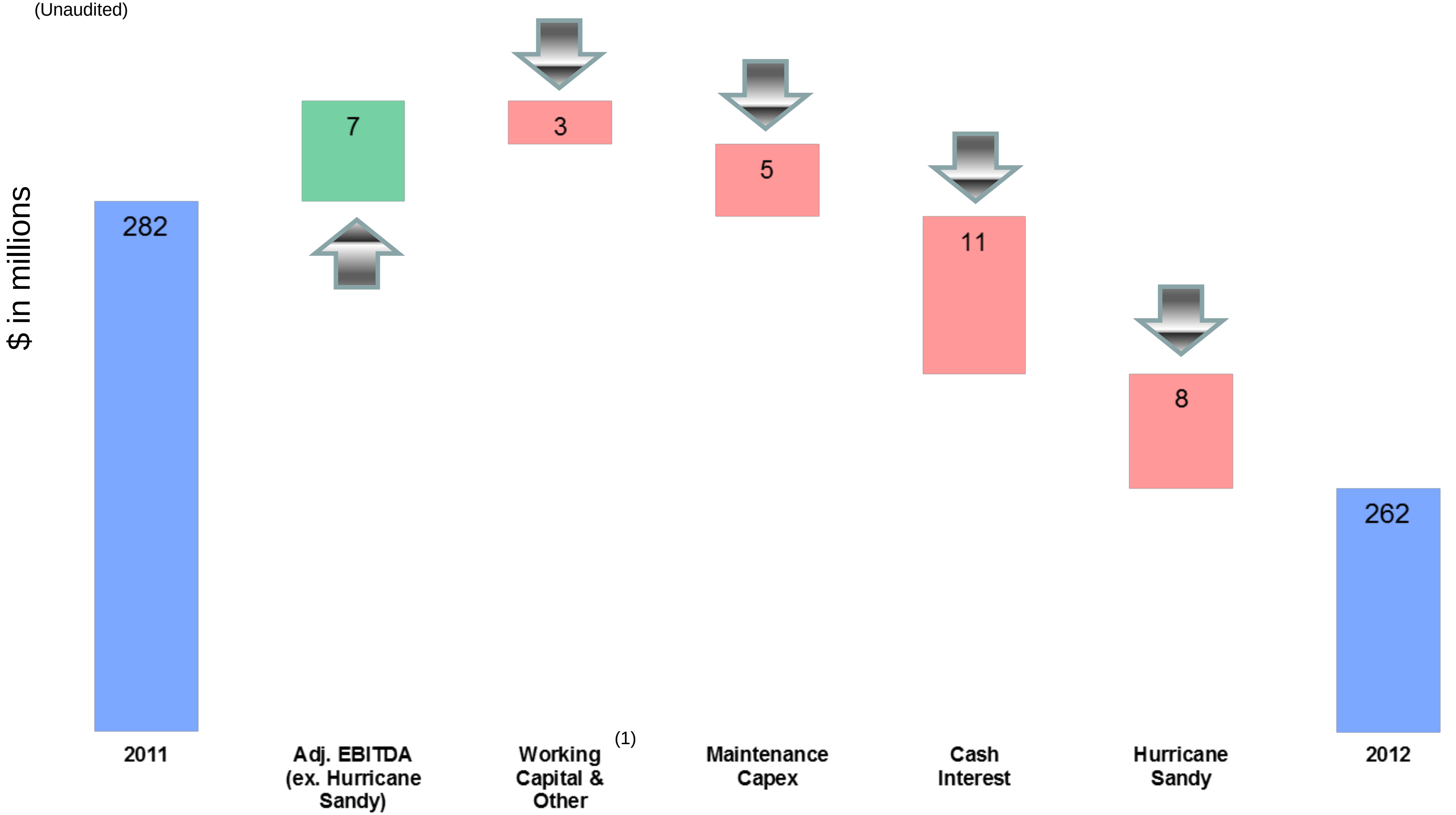
Adjusted EBITDA: 2011 vs. 2012

(Unaudited)

(1) Organic Growth & Other, net includes metals (quality & quantity), special waste, contract transitions & extensions, contract escalations, energy production, biomass, construction and other organic growth initiatives and operational improvements.

Free Cash Flow: 2011 vs. 2012

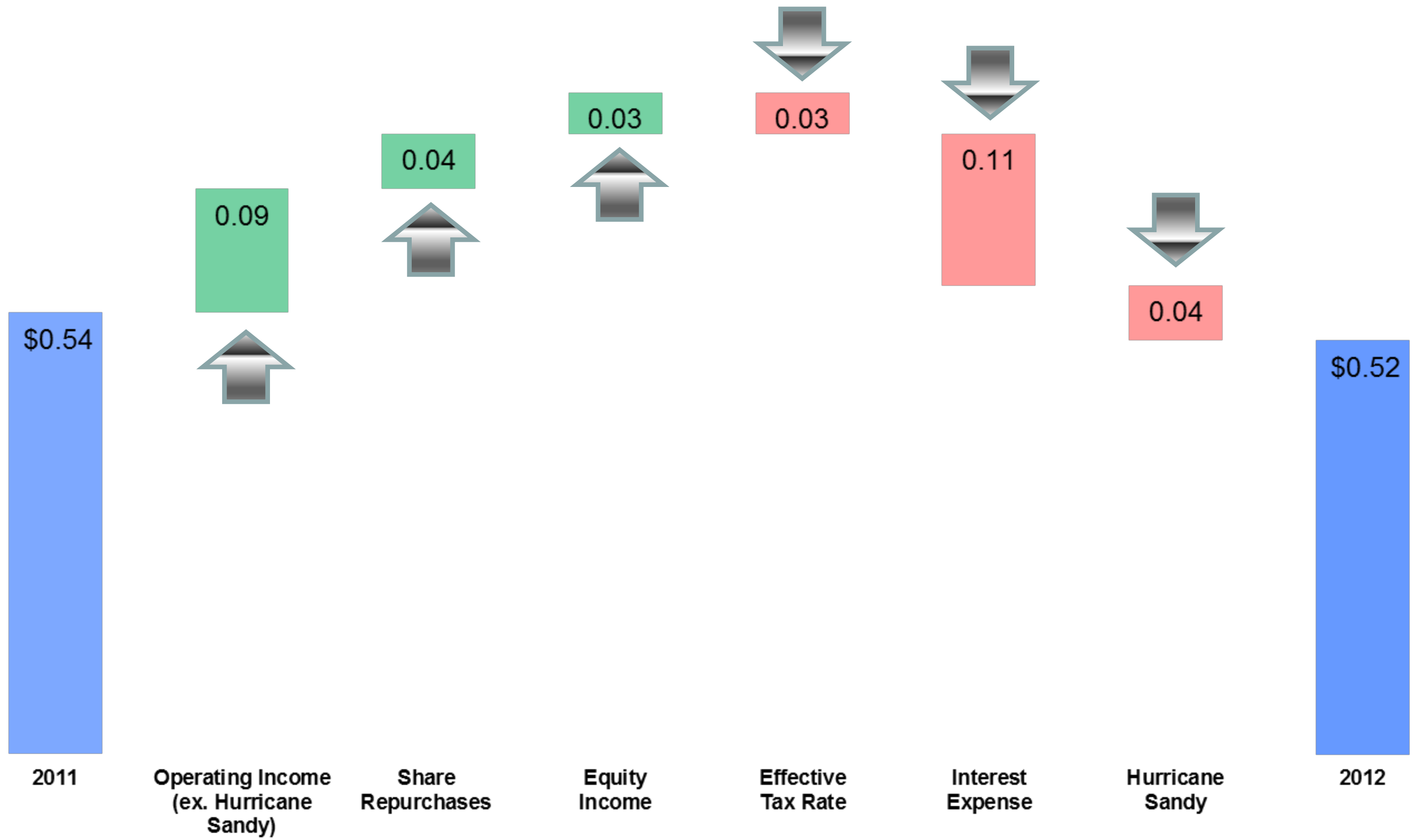
(Unaudited)



(1) Includes both construction and other working capital.

Adjusted EPS: 2011 vs. 2012

(Unaudited)



Actively Returning Capital

- **Dividend**
  - Declared and paid quarterly cash dividend of $0.15 per share during Q4 2012
  - Annualized cash dividend is $0.60 per share → 3.1% yield[1]
    - Equates to ~30% payout of Free Cash Flow[2]
- **Share repurchases**
  - Repurchased 5.3 million shares during 2012 (~3.9% of shares outstanding)
    - Repurchased 16.7% of shares outstanding since program inception
  - As of 12/31/2012, $87 million remaining in share repurchase authorization

(Unaudited, in millions)	FY 2010	FY 2011	FY 2012
Share Repurchases	$95	$230	$88
Dividends Declared	$233	$42	$81
Total Capital Returned	$328	$272	$169
Shares Outstanding End of Period	*150*	*136*	*132*

(1) Based on share price of $19.52 as of 2/1/2013.
(2) At midpoint of guidance as of 2/6/2013.

Sources and Uses of Cash

(Unaudited, in millions)	2012	2011
Sources		
Free Cash Flow	$262	$282
Asset Sales, net	11	267
Debt Borrowings, net [1]	55	---
Total Sources	**$328**	**$549**
Uses		
Debt Repayments, net	---	138
Growth Investments[2]	31	44
Acquisition of Businesses	94	10
Total Growth Spending	125	54
Dividends Paid [3]	90	32
Stock Buyback [4]	88	229
Total Shareholder Return	178	261
Other Net Uses	11	(10)
Total Uses	**314**	**443**
Net Change	**$14**	**$106**

(1) Debt borrowings, net of debt repayments, change in debt principal-related restricted funds and financing costs.
(2) Growth investments include organic growth initiatives, technology, business development, and other similar expenditures, but does not include acquisitions of businesses.
(3) Amounts shown are dividends paid, not declared. Therefore, the 2012 includes $10 million of dividends declared on December 8, 2011, but paid on January 5, 2012.
(4) Amounts shown reflect actual cash payments. In 2011, we repurchased $230 million of shares, but $1 million of those stock buybacks was actually paid in January 2012. Therefore, we are showing $229 million, not $230 million.

Note: Please see appendix slide 42 for supporting reconciliations.

Capitalization Summary

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(Unaudited, in millions)

	12/31/2010	12/31/2011	12/31/2012
Cash and Cash Equivalents	$ 126	$ 232	$ 246
Restricted Funds - Debt Service Principal	157	113	72
Corporate Debt (1)	$ 1,543	$ 1,504	$ 1,953
Project Debt (1)	791	672	314
Total Debt Outstanding	$ 2,334	$ 2,176	$ 2,267
Stockholders' Equity	$ 1,159	$ 1,088	$ 1,055
Net Debt (2)	$ 2,051	$ 1,831	$ 1,949
Availability under Revolving Credit Facility	$ 300	$ 300	$ 584
Net Debt / Adjusted EBITDA (3)	4.3 x	3.7 x	4.0 x
Debt / Capitalization (4)	66.8%	66.7%	68.2%

- **Balance sheet remains very strong with flexibility and ample liquidity**
- **Notable events in 2012:**
  - $335 million new tax-exempt bonds (~5% rate; average 27 year maturity) to refinance project debt
  - $1.6 billion corporate balance sheet financing in early 2012
  - Accretive Delaware Valley transaction increased asset balances, project debt and restricted cash

(1) Debt balances are presented at principal value, not book value.
(2) Net debt is calculated as total principal amount of debt outstanding less cash and cash equivalents and debt service principal-related restricted funds.
(3) Ratio is computed on consolidated basis. Differs from calculation required under Covanta's credit facility. See slide 40 for a reconciliation of 2010, 2011 and 2012 Adjusted EBITDA.
(4) Capitalization is calculated as total debt outstanding plus stockholders' equity.

2013 Guidance Summary

(Unaudited, in millions, except EPS)	FY 2012	FY 2013 Guidance[1]	% Change[2] 2012 vs. 2013
Adjusted EBITDA	$492	$500 – $530	+5%
Free Cash Flow	$262	$250 – $280	+1%
Adjusted EPS	$0.52	$0.40 – $0.50	-13%

- **Adjusted EBITDA growth in 2013 of ~5%[2]**
  - Growth of ~3% excluding Hurricane Sandy impact
  - Organic growth initiatives and Delaware Valley acquisition driving improvement; partially offset by debt service billing decline and lower market metal pricing
- **Free Cash Flow up 1%[2] year-over-year**
  - Adjusted EBITDA growth, offset by construction working capital and interest expense
  - Underlying performance remains very strong
  - 2013 growth spending outlook of $75 million to $100 million (versus $125 million in 2012)
- **Adjusted EPS down ~13%[2] vs 2012**
  - Interest expense and depreciation primary drivers of lower Adjusted EPS
  - Underlying cash flow generation remains strong

(1) As of 2/6/2013.
(2) At midpoint of guidance, as of 2/6/2013.

Adjusted EBITDA: 2012 vs. 2013E

(Unaudited)

(1) Organic Growth & Other, net includes metals (quality & quantity), special waste, contract transitions & extensions, contract escalations, energy production, biomass, construction and other organic growth initiatives and operational improvements.

(2) Guidance as of 2/6/2013.

Free Cash Flow: 2012 vs. 2013E

(Unaudited)

(1) Midpoint of our Adjusted EBITDA guidance ($500 million to $530 million) vs. 2012 Adjusted EBITDA of $501 million excluding Hurricane Sandy.
(2) Includes both construction and other working capital.
(3) Guidance as of 2/6/2013.

Adjusted EPS: 2012 vs. 2013E

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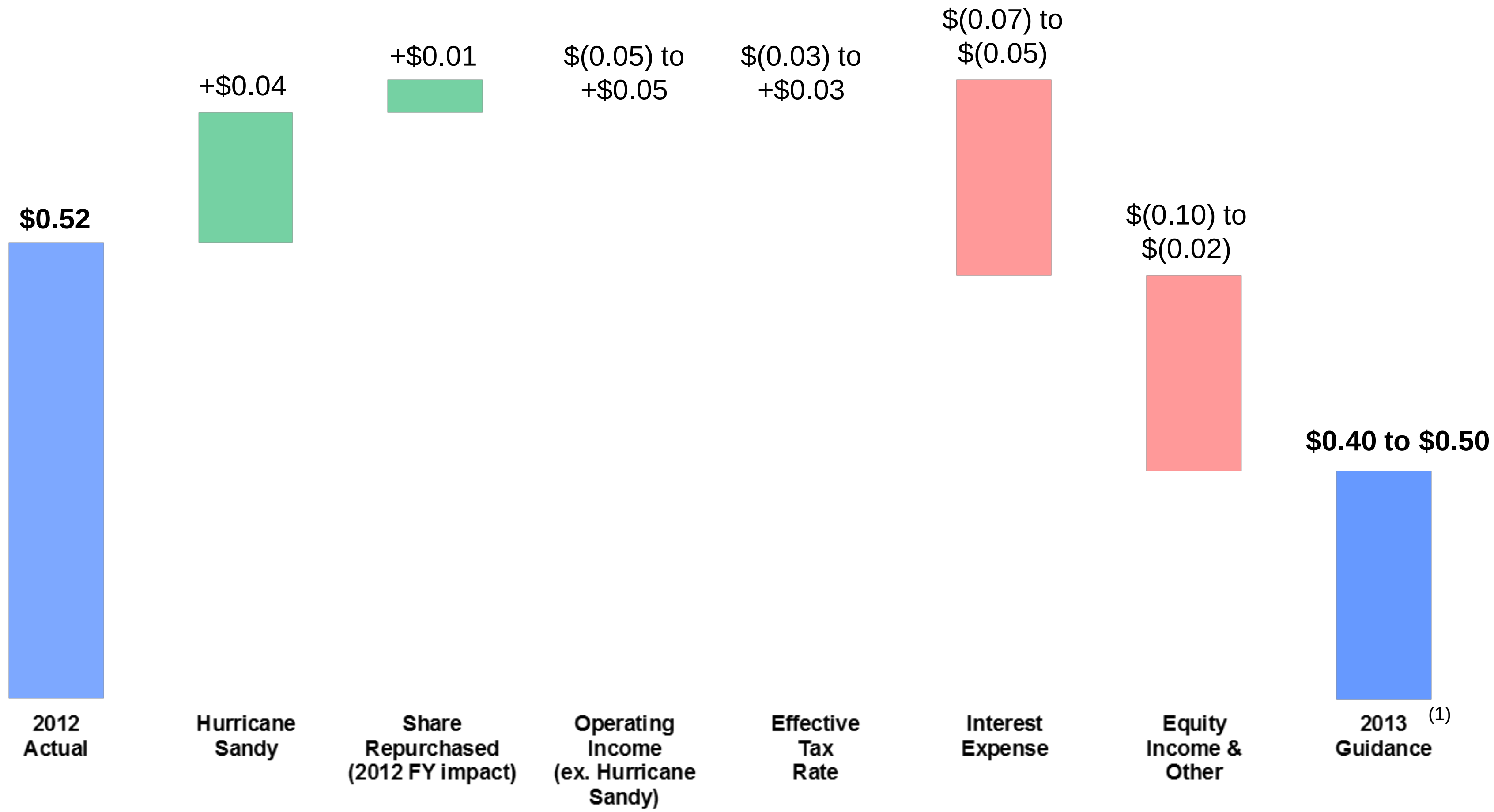
(Unaudited)



(1) Guidance as of 2/6/2013.

Note: Based on year end 2012 balance of 132 million shares outstanding; does not reflect any potential impact of 2013 share repurchases.

Tax Outlook

- **NOL continues to represent significant value for shareholders**

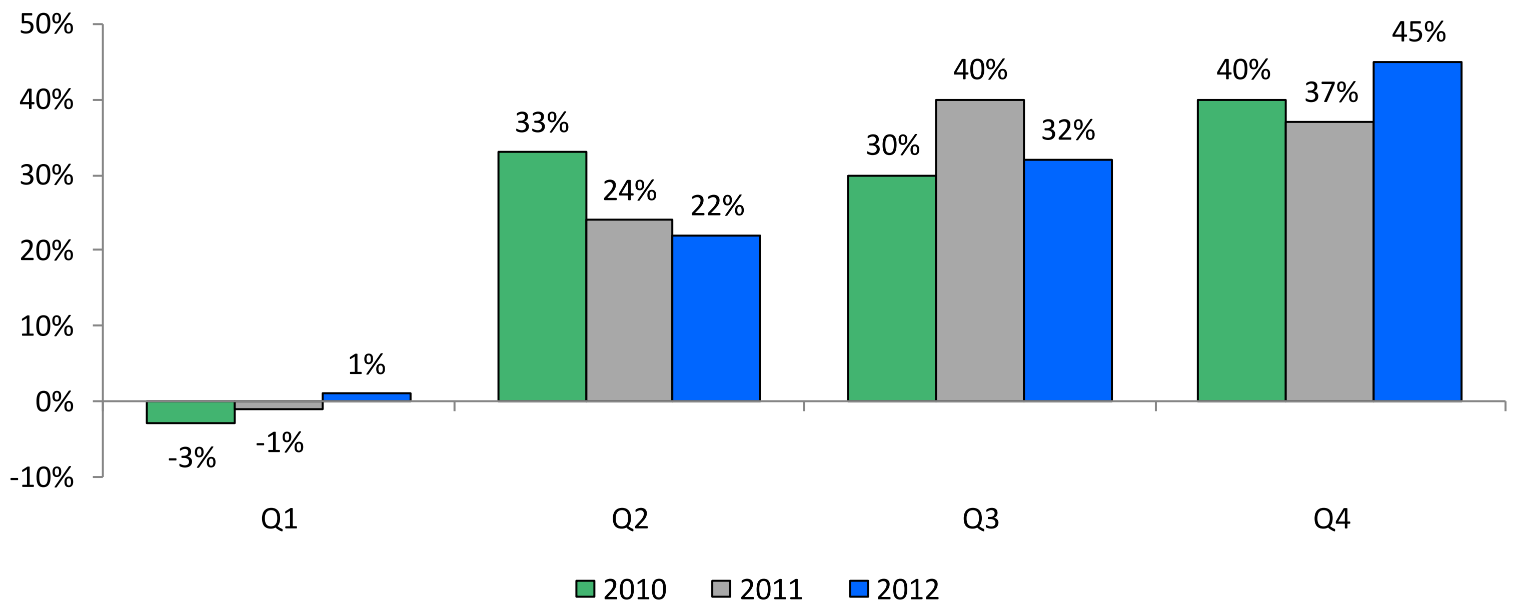
(Unaudited, in millions)	2008	2009	2010	2011	2012
Book Taxes	$79	$42	$24	$28	$26
Cash Taxes (net of refunds)	17	2	4	13	8
Difference	$62	$40	$20	$15	$18

- **2013 tax outlook:**
  - 2013 effective tax rate expected to be 42-47%; cash taxes expected to be $10-15 million
- **Federal NOL availability and utilization outlook unchanged since last update**
  - 2012 U.S. Federal NOL balance of $392 million to be fully utilized by mid-decade
  - AMT and PTC carry-forwards to provide partial tax shield past NOL utilization
  - Under current assumptions, not fully tax paying until late into the decade
- **Actual Federal NOL utilization driven by Covanta operating performance, Federal tax law changes, current IRS audit outcome and further tax planning**

Q1 2013 Year-over-Year Outlook

- **Adjusted EBITDA relatively flat**
  - As always, Q1 earnings impacted by scheduled maintenance outages
- **Free Cash Flow expected to be down significantly**
  - Large decline to be driven by timing of construction working capital
- **Adjusted EPS expected to decline significantly**
  - Negatively impacted by 2012 refinancings and increased depreciation

Historical Operating Income Trend



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Appendix

Q4 and FY 2012 Summary Results

(Unaudited, in millions, except per share a	Q4		Full Year	
	2012	2011	2012	2011
Operating revenues				
Waste and service revenues	$ 264	$ 263	$ 1,011	$ 1,008
Recycled metals revenues	17	19	72	74
Electricity and steam sales	97	99	394	400
Other operating revenues	52	49	167	168
Total operating revenues	**430**	**430**	**1,644**	**1,650**
Operating expenses				
Plant operating expenses	228	222	963	962
Other operating expenses	56	36	156	138
General and administrative expenses	23	29	97	103
Depreciation and amortization expense	50	51	195	193
Net interest expense on project debt	5	7	27	31
Net (gains) write-offs	(44)	5	(46)	5
Total operating expenses	**318**	**350**	**1,392**	**1,432**
Operating income	**$ 112**	**$ 80**	**$ 252**	**$ 218**
Adjusted EBITDA	**$ 143**	**$ 147**	**$ 492**	**$ 494**
% of Revenue	*33%*	*34%*	*30%*	*30%*
Free Cash Flow	**$ 57**	**$ 63**	**$ 262**	**$ 282**
Adjusted EPS	**$ 0.20**	**$ 0.27**	**$ 0.52**	**$ 0.54**
Memo:				
Shares Outstanding End of Period	132	136	132	136

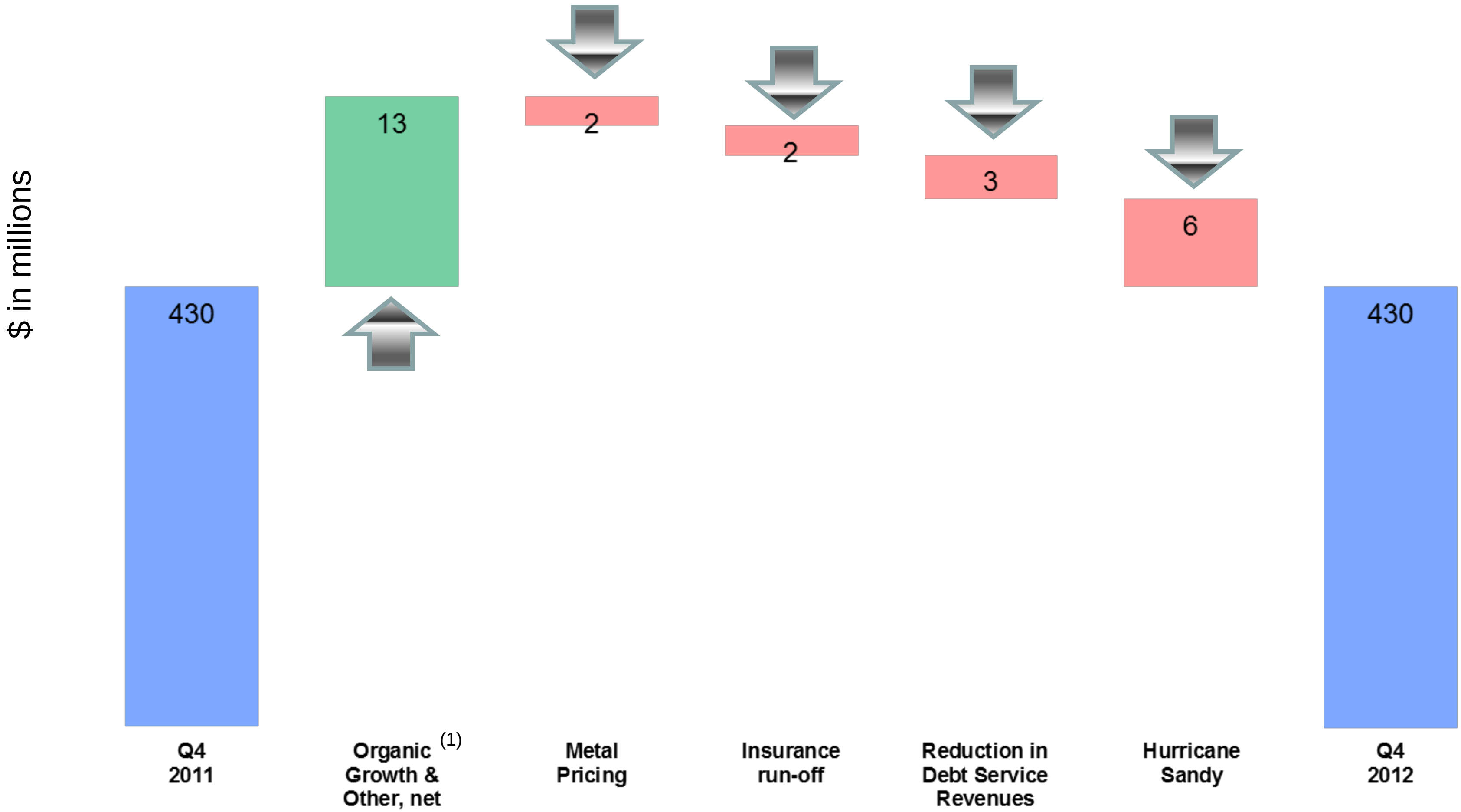
Note:
Operating income above does not exclude the following expenses: negative effect of Hurricane Sandy of $9 million in 2012, an $11 million expense relating to a pension plan settlement in 2012, the impact of net (gains) write-offs of $(46) million in 2012 and $5 million in 2011, and $7 million relating to adverse loss development and transition to runoff of our insurance business in 2012.

Q4 2012 Financial Highlights

(Unaudited, in millions, except EPS)	Q4 '11	Q4 '12	Management Remarks
Revenue	$430	$430	▲ Organic growth initiatives in special waste, recycled metals and other ▲ Service Fee contract escalations ▼ Hurricane Sandy ▼ Lower debt service revenue ▼ Lower recycled metals pricing ▼ Lower revenues from insurance business
Adjusted EBITDA	$147	$143	▲ Organic growth initiatives in special waste, recycled metals and other ▼ Hurricane Sandy ▼ Lower recycled metals pricing ▼ Alternative fuel tax credits
Free Cash Flow	$63	$57	▲ Higher adjusted EBITDA (excluding Hurricane Sandy) ▲ Working capital (timing) ▼ Hurricane Sandy ▼ Higher interest expense
Adjusted EPS	$0.27	$0.20	▲ Higher operating income (excluding Hurricane Sandy) ▲ Lower share count ▼ Hurricane Sandy ▼ Higher effective tax rate ▼ Increased interest expense

Revenue: Q4 11 vs. Q4 12

(Unaudited)



(1) Organic Growth & Other, net includes metals (quality & quantity), special waste, contract transitions & extensions, contract escalations, energy production, biomass, construction, new units coming online and other organic growth initiatives and operational improvements.

Adjusted EBITDA: Q4 11 vs. Q4 12

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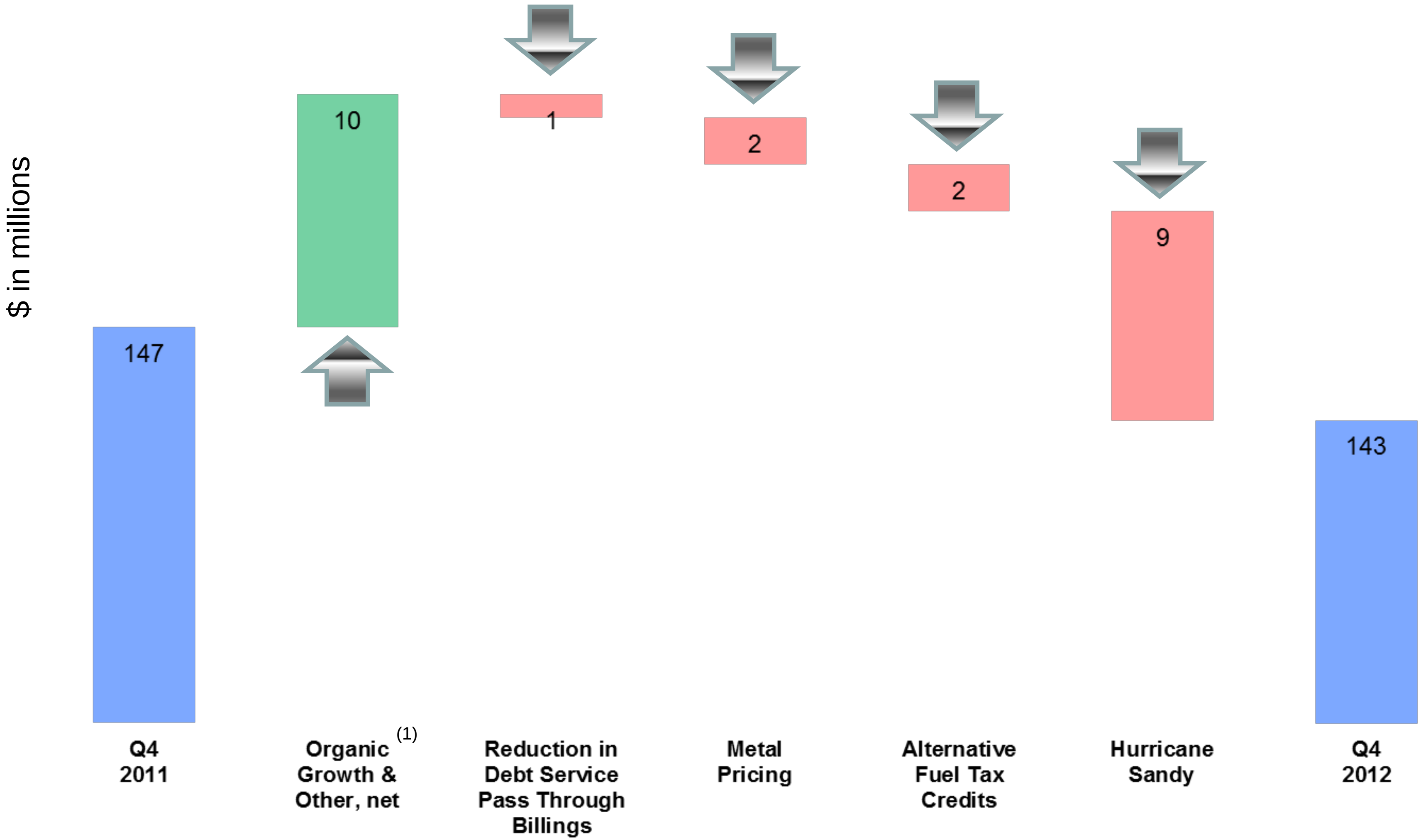
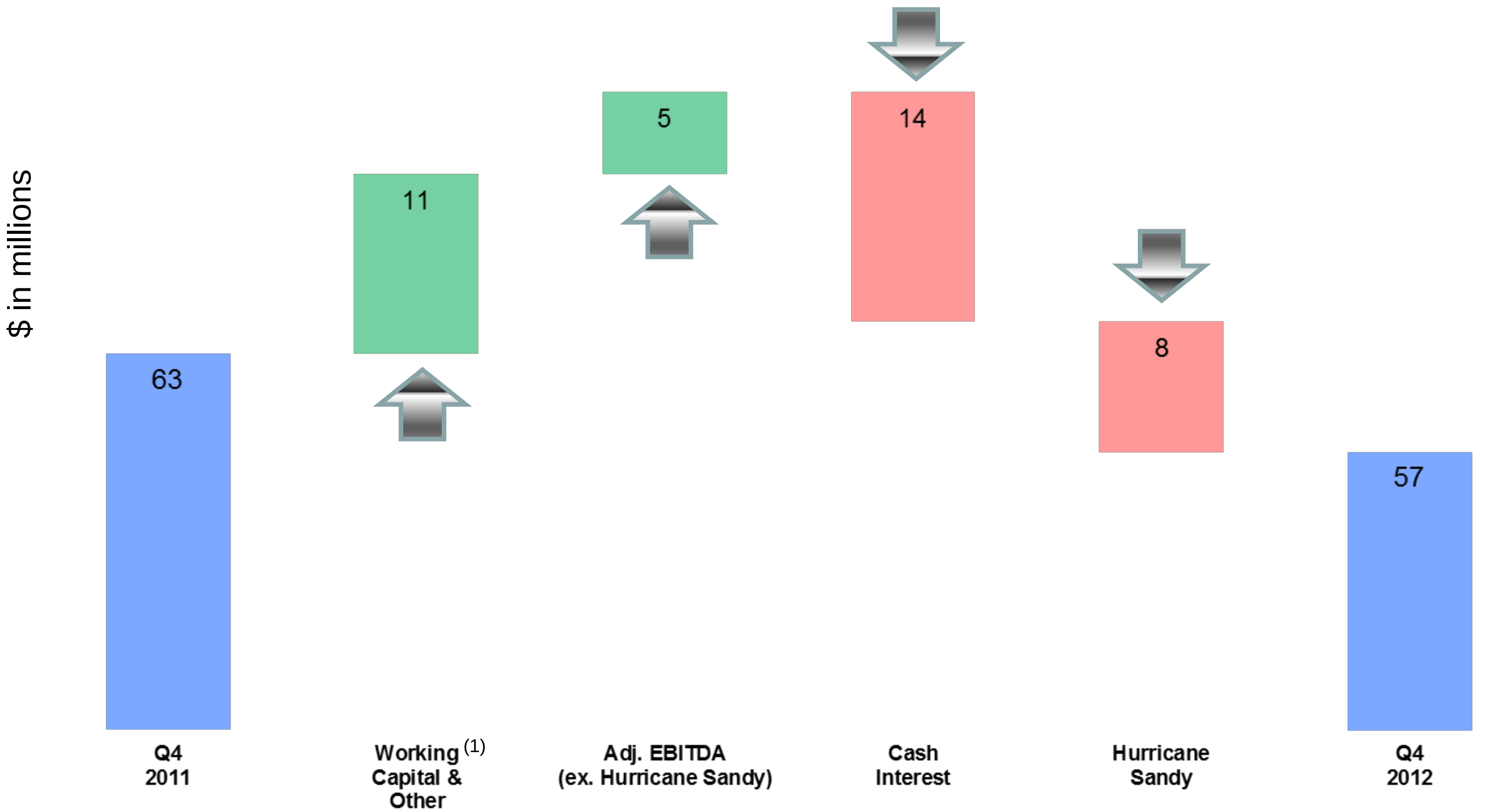
(Unaudited)



(1) Organic Growth & Other, net includes metals (quality & quantity), special waste, contract transitions & extensions, contract escalations, energy production, biomass, construction, new units coming online and other organic growth initiatives and operational improvements.

Free Cash Flow: Q4 11 vs. Q4 12

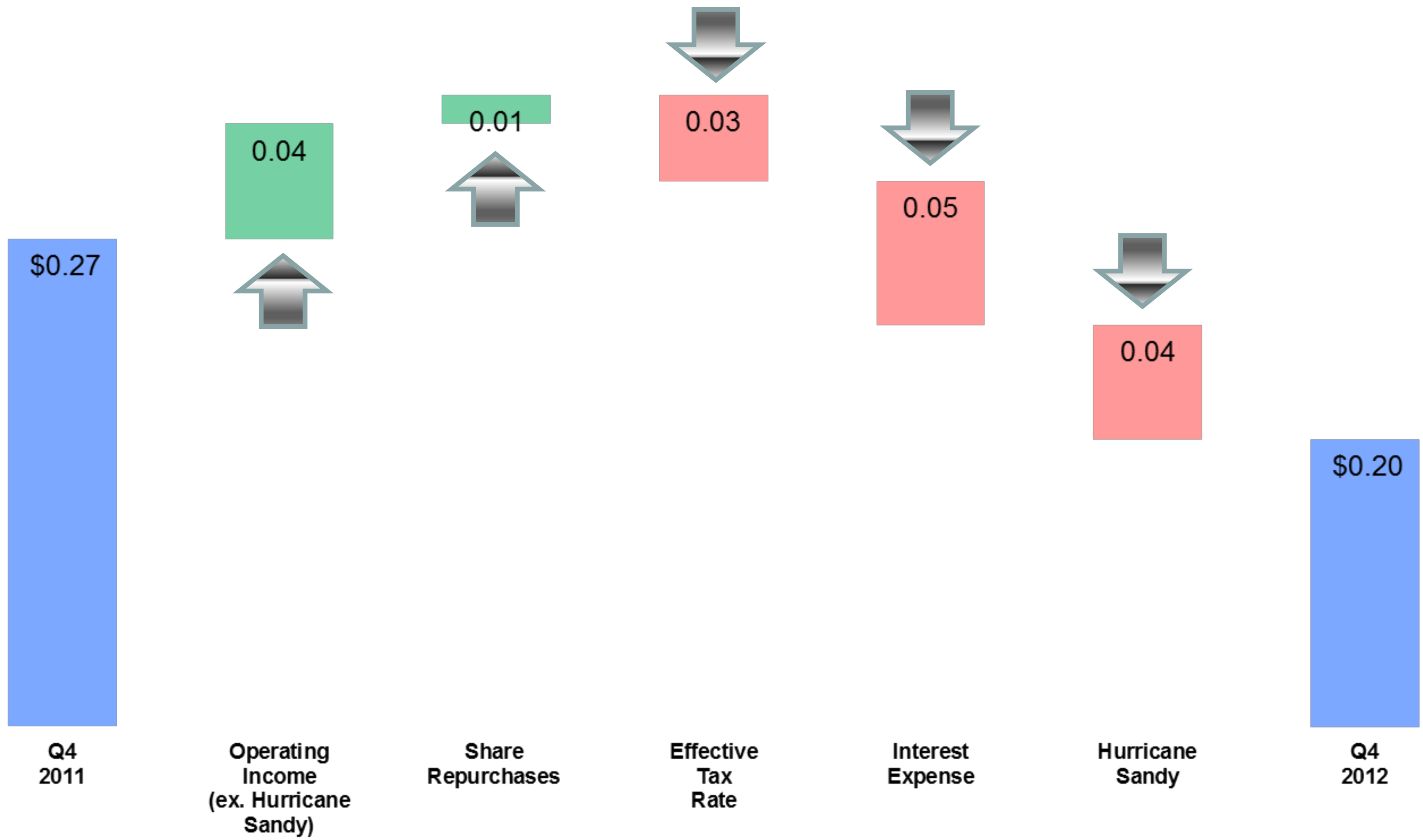
(Unaudited)



(1) Includes both construction and other working capital.

Adjusted EPS: Q4 11 vs. Q4 12

(Unaudited)



Maintenance Seasonality

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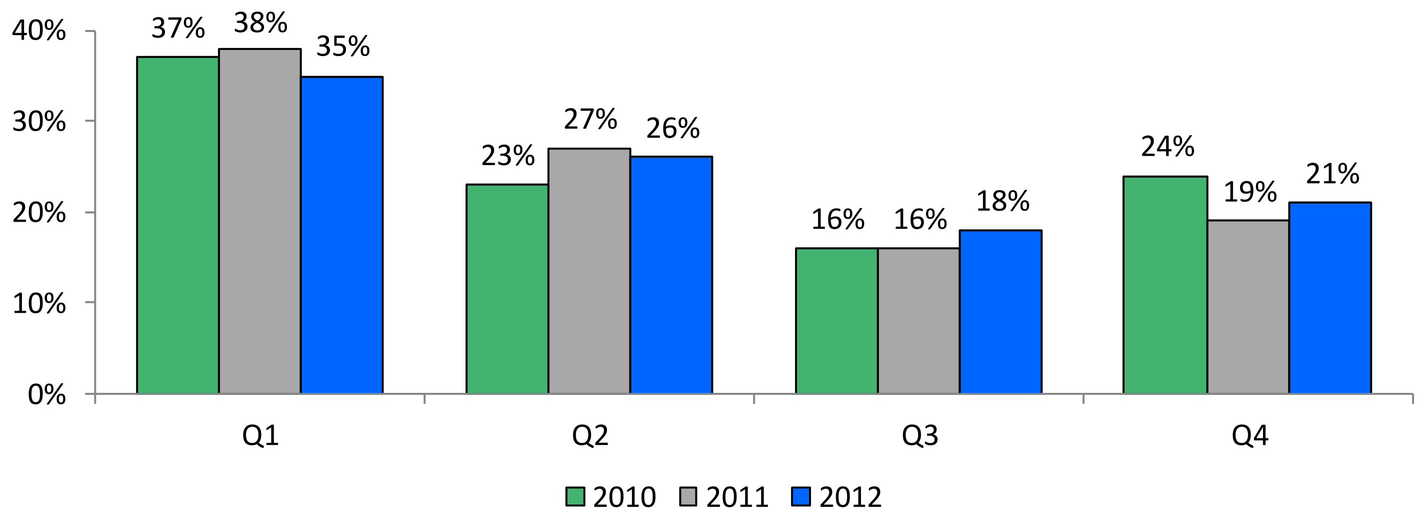
- **Maintenance activity is seasonal (unlike most other plant operating expenses)**
  - Represents about 25% of plant operating expense
  - Typically occurs during the first half (with most activity in Q1)

% of Maintenance Expense by Quarter



- **2013 quarterly maintenance expense timing forecasted to be similar to 2012**
  - Focus is on optimizing operating performance and on the annual spend

Project Debt Repayment Schedule

(unaudited, $ in millions)

Project Debt Repayment	2012	2013	2014	2015	2016	2017	Beyond 2017
Total Principal Payments	93	77	55	37	14	15	93
Total Change in Principal-Related Restricted Funds	(23)	(22)	(26)	(7)	--	--	(14)
Net Cash Used for Project Debt Principal Repayment	**$70**	**$55**	**$29**	**$30**	**$14**	**$15**	**$79**

Client Payments for Debt Service [1]	2012	2013	2014	2015	2016	2017	Beyond 2017
Debt Service Revenue – Principal [1]	$43	$30	$19	$9	$3	$3	$2
Debt Service Revenue – Interest	8	5	3	2	1	1	--
Debt Service Billings in Excess of Revenue Recognized	9	9	2	2	5	5	--
Client Payments for Debt Service [2]	**$60**	**$44**	**$24**	**$13**	**$9**	**$9**	**$2**
Net Change in Year-Over-Year Debt Service Billings	**$(20)**	**$(16)**	**$(20)**	**$(11)**	**$(3)**	**--**	

(1) Includes pass-through lease payments for emission control system ($4 million in 2012).
(2) Related to Service Fee facilities only.
Note: Americas operations only. 2012 excludes payments related to project debt refinancing.

Impact of Project Debt Refinancing

- **Issued $335 million new tax-exempt bonds to refinance project debt at Haverhill, Niagara and SEMASS facilities and to fund certain capital expenditures**
  - Extended weighted average life of refinanced debt from less than 3 years to ~27 years
  - Reduced average interest rates by over 50 basis points
  - Raised $20 million of new tax-exempt debt to fund qualifying capital expenditures
  - Frees up ~$290 million of discretionary cash over next five years

(unaudited, $ in millions)

Project Debt Repayment	2012	2013	2014	2015	2016	2017	Thereafter
Principal Payments Extended	$50	$74	$76	$62	$31	$8	$28
Change in Principal-Related Restricted Funds	1	1	(1)	(20)	(23)	--	--
Net Principal Extended	$51	$75	$75	$42	$8	$8	$28
Other Cash Raised [1]	28	4	--	--	--	--	--
Total Cash Impact[2]	**$79**	**$79**	**$75**	**$42**	**$8**	**$8**	**$28**

Total Cash Impact through 2017: ~$290 million

(1) Includes new proceeds and release of other restricted funds, net of transaction costs.
(2) Excludes additional interest expense associated with refinance.
Note: Americas operations only.

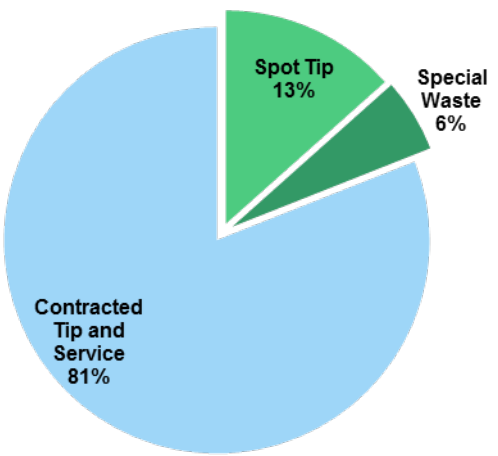
Highly Contracted Revenue

Waste & Service Revenue	Energy Revenue	Metal Revenue

Waste & Service Revenue

- ~80% contracted
- Contracts typically have inflation escalators
- Excellent track record extending long-term contracts

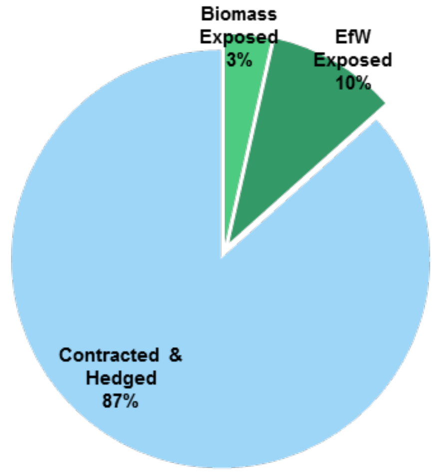
2012: $1,008 million



Energy Revenue

- ~85% contracted or hedged
- Concentration in attractive markets
- Exposed output increasing over time

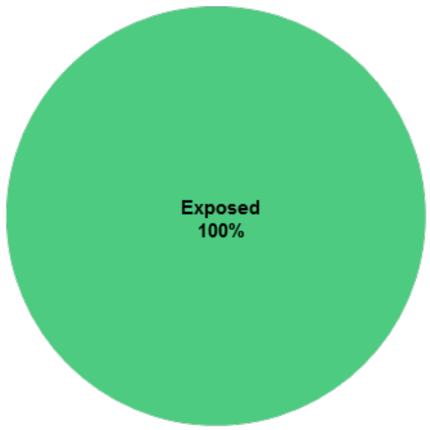
2012: $367 million



Metal Revenue

- Metals are sold at market

2012: $72 million

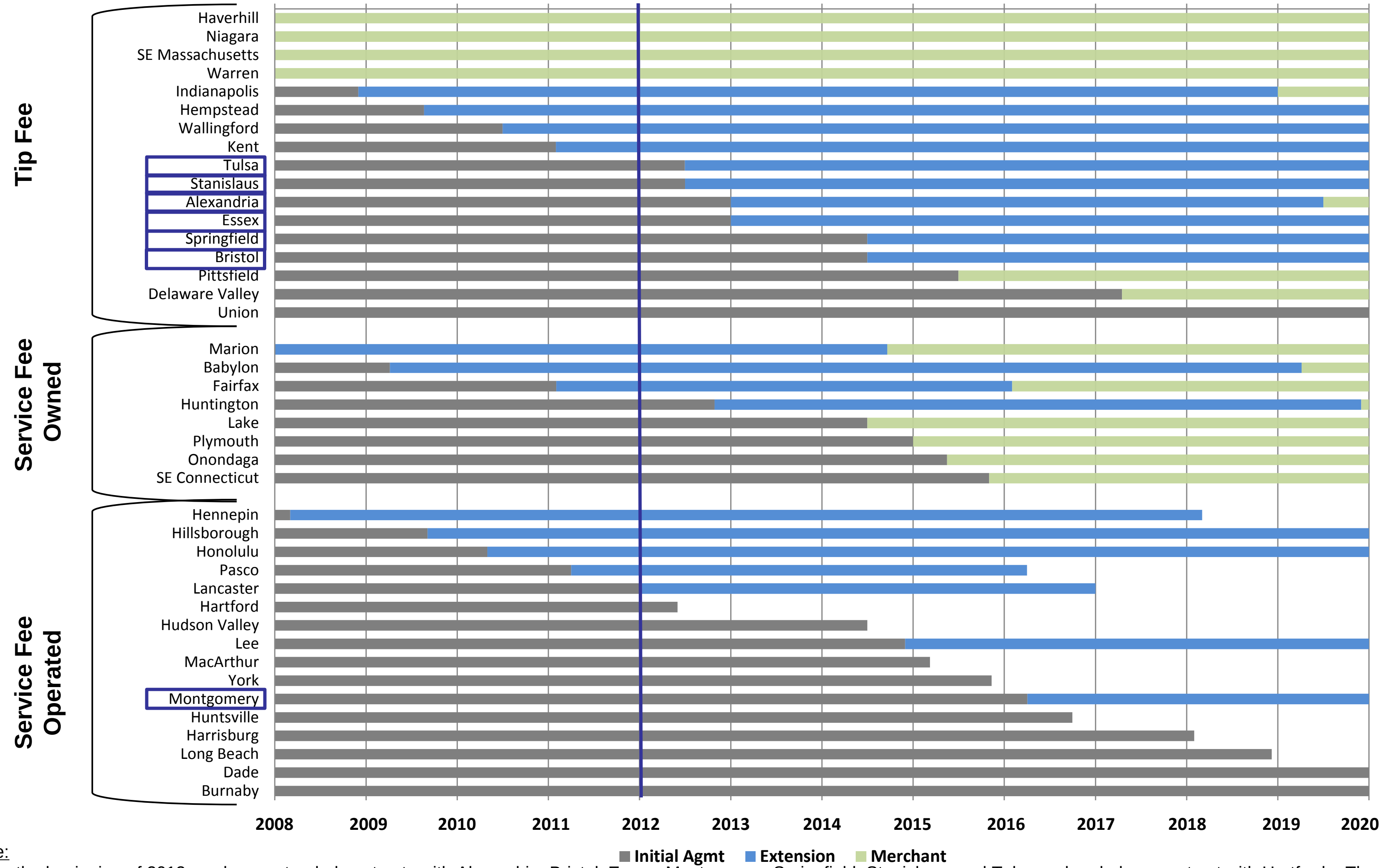


Note: Figures presented for Americas operations only. Unaudited

2013 to be similarly contracted

Major Municipal Waste Contract Transitions from 2008 - 2020

Renewed 22 out of 23 contracts representing ~7.6M tons* of waste annually & average contract extension of 11 years



Note:
Since the beginning of 2012, we have extended contracts with Alexandria, Bristol, Essex, Montgomery, Springfield, Stanislaus, and Tulsa and ended our contract with Hartford. The original Stanislaus agreement ended on 1/1/2011 and we extended it 5 years to 1/1/2016. During Q2 2012, we extended the contract again, out to 2027, and converted it from Service Fee Owned to Tip Fee. Essex converted from Service Fee Owned to Tip Fee on 1/1/2013 and Bristol will convert from Service Fee Owned to Tip Fee in 2014. The ~7.6M tons referenced above is Guaranteed Annual Tons.

Strong Free Cash Flow

- **Full year Free Cash Flow (FCF) significantly exceeds Net Income on a consistent, sustainable basis**
  - Strong Free Cash Flow yield of 10%[1]
- **Three important factors in FCF calculation to highlight (refer to slide 38 for numerical detail):**
  - Debt Service Billings (DSB) in excess of revenue recognized
    - Debt Service Revenue recorded on straight line basis (per GAAP)
    - DSB paid in line with actual payment schedule. Adjustments reflect cash payments received
  - Depreciation and amortization (D&A) is higher than maintenance capex
    - Acquisitions resulted in significant intangible assets/step ups to fair value of acquired fixed assets → higher run-rate D&A (no corresponding maintenance capex)
    - Original construction costs of facilities depreciated over the useful life of the asset (up to 50 years)
      - Assets do not have recurring maintenance capex on an annual basis
      - Certain maintenance and repair costs are recorded as an expense in plant maintenance (rather than capitalized)
  - Tax expense is significantly higher than cash taxes
    - Significant tax NOL balance (~$392 million as of 12/31/2012) → used to offset federal taxes
    - Once NOLs fully utilized, Free Cash Flow will be impacted
      - NOLs to be fully utilized by mid-decade; PTC and AMT carry-forwards to provide additional partial tax shield beyond NOL utilization into late decade

(1) At midpoint of guidance revised on 2/6/2013, based on share price of $19.52 as of 2/1/2013.

Strong Free Cash Flow

COVANTA ENERGY for a cleaner world

(Unaudited, in millions)	Q4 2012	Q4 2011	Full Year 2012	Full Year 2011	Full Year Estimated 2013 [1]
Net Income from Continuing Operations Attributable to Covanta Holding Corporation	$ 82	$ 27	$ 116	$ 79	$53 - $66
Operating loss related to insurance subsidiaries	1	1	10	2	(5) - 0
Depreciation and amortization expense [2]	50	51	195	193	220 - 210
Debt service expense	37	29	145	122	171 - 155
Income tax expense [3]	(4)	25	26	52	40 - 65
Reversal of uncertain tax positions related to pre-emergence tax matters	-	-	-	(24)	
Contractual liability to pre-petition creditors	-	-	-	15	
Write-off of intangible liability	-	-	(29)	-	
Write-off of renewable fuels project	-	-	16	-	
Development costs	-	5	11	5	
Net gain related to lease termination	(44)	-	(44)	-	
Pension plan settlement expense	11	-	11	-	
Gain on sale of business	-	(8)	-	(9)	
Loss on extinguishment of debt	1	-	3	1	
Net income loss attributable to noncontrolling interests in subsidiaries	1	2	2	5	3 - 8
Other adjustments:					
Debt service billings in excess of revenue recognized [4]	3	1	9	22	
Non-cash compensation expense	4	5	17	18	
Other non-cash items [5]	1	9	4	13	
Subtotal other adjustments	**8**	**15**	**30**	**53**	**18 - 26**
Adjusted EBITDA [6]	**$ 143**	**$ 147**	**$ 492**	**$ 494**	**$500 - $530**
Adjusted EBITDA [6]	**$ 143**	**$ 147**	**$ 492**	**$ 494**	**$500 - $530**
Cash interest payments	(54)	(39)	(112)	(101)	
Cash taxes [3]	1	(3)	(8)	(13)	
Working capital/other	(16)	(21)	(30)	(20)	
Cash Flow Provided by Operating Activities	**$ 74**	**$ 84**	**$ 342**	**$ 360**	**$325 - $360**
Cash Flow Provided by Operating Activities	**$ 74**	**$ 84**	**$ 342**	**$ 360**	**$325 - $360**
Plus: Cash flow used in (provided by) operating activities from insurance subsidiaries	1	(2)	5	2	5 - 10
Less: Maintenance capital expenditures	(18)	(19)	(85)	(80)	(80) - (90)
Free Cash Flow	**$ 57**	**$ 63**	**$ 262**	**$ 282**	**$250 -$280**
Memo:					
Shares Outstanding End of Period	132	136	132	136	

(1) Guidance as of 2/6/2013.
Note: Please see slide 39 in the Supplemental Schedules for the text of footnotes 2 to 6.

Non-GAAP Reconciliation: Adjusted EBITDA & Free Cash Flow

COVANTA ENERGY for a cleaner world

(Unaudited, in millions)	Q4 2012	Q4 2011	Full Year 2012	Full Year 2011	Full Year Estimated 2013 [1]
Net Income from Continuing Operations Attributable to Covanta Holding Corporation	$ 82	$ 27	$ 116	$ 79	$53 - $66
Operating loss related to insurance subsidiaries	1	1	10	2	(5) - 0
Depreciation and amortization expense [2]	50	51	195	193	220 - 210
Debt service expense	37	29	145	122	171 - 155
Income tax expense [3]	(4)	25	26	52	40 - 65
Reversal of uncertain tax positions related to pre-emergence tax matters	-	-	-	(24)	
Contractual liability to pre-petition creditors	-	-	-	15	
Write-off of intangible liability	-	-	(29)	-	
Write-off of renewable fuels project	-	-	16	-	
Development costs	-	5	11	5	
Net gain related to lease termination	(44)	-	(44)	-	
Pension plan settlement expense	11	-	11	-	
Gain on sale of business	-	(8)	-	(9)	
Loss on extinguishment of debt	1	-	3	1	
Net income loss attributable to noncontrolling interests in subsidiaries	1	2	2	5	3 - 8
Other adjustments:					
Debt service billings in excess of revenue recognized [4]	3	1	9	22	
Non-cash compensation expense	4	5	17	18	
Other non-cash items [5]	1	9	4	13	
Subtotal other adjustments	**8**	**15**	**30**	**53**	**18 - 26**
Adjusted EBITDA [6]	**$ 143**	**$ 147**	**$ 492**	**$ 494**	**$500 - $530**
Adjusted EBITDA [6]	**$ 143**	**$ 147**	**$ 492**	**$ 494**	**$500 - $530**
Cash interest payments	(54)	(39)	(112)	(101)	
Cash taxes [3]	1	(3)	(8)	(13)	
Working capital/other	(16)	(21)	(30)	(20)	
Cash Flow Provided by Operating Activities	**$ 74**	**$ 84**	**$ 342**	**$ 360**	**$325 - $360**
Cash Flow Provided by Operating Activities	**$ 74**	**$ 84**	**$ 342**	**$ 360**	**$325 - $360**
Plus: Cash flow used in (provided by) operating activities from insurance subsidiaries	1	(2)	5	2	5 - 10
Less: Maintenance capital expenditures	(18)	(19)	(85)	(80)	(80) - (90)
Free Cash Flow	**$ 57**	**$ 63**	**$ 262**	**$ 282**	**$250 -$280**
Memo:					
Shares Outstanding End of Period	132	136	132	136	

(1) Guidance as of 2/6/2013.
(2) Depreciation and amortization expense is significantly higher than maintenance capital expenditures due to (a) amortization expense associated with intangible assets recognized in connection with business combinations; (b) the net step-up in our fixed asset book basis recognized in connection with business combinations; and (c) facility construction expenditures related to long-lived assets (40-50 year useful lives) incurred during initial construction, which will not have recurring maintenance capital expenditures on annual basis related to these assets.
(3) Cash taxes are significantly lower than income tax expense due to the utilization of our net operating loss carryforwards (NOLs).
(4) This amount represents a true-up between (a) revenue recognized in the period for client payments of project debt principal under service fee contract structures, which is accounted for on a straight-line basis over the term of the project debt, and (b) actual billings to clients for debt principal payments in the period. As a result of this adjustment, Adjusted EBITDA reflects the actual amounts billed to clients for debt service principal, not the straight-lined revenue as recognized.
(5) Other is primarily non-cash compensation expense, but does include other non-cash expenses.
(6) The calculation of Adjusted EBITDA is based on the definitions in the credit facilities of our most significant subsidiary, Covanta Energy, through which we conduct our core waste and energy services business.

Non-GAAP Reconciliation: Adjusted EBITDA

COVANTA ENERGY for a cleaner world

(Unaudited, in millions)	Full Year 2010	Full Year 2011	Full Year 2012
Net Income from Continuing Operations	$ 30	$ 79	$ 116
Operating loss related to Insurance subsidiaries	6	2	10
Depreciation and amortization expense [(2)]	190	193	195
Debt service expense	121	122	145
Income tax expense (adjusted for reversal of uncertain tax positions related to pre-emergence tax matters) [(3)]	24	52	26
Reversal of uncertain tax positions related to pre-emergence tax matters	-	(24)	-
Non-cash liability to pre-petition creditors	-	15	-
Write-off of intangible liability	-	-	(29)
Write-off of renewable fuels project	-	-	16
Net gain related to lease termination	-	-	(44)
Write-down of assets	34	-	-
Development costs	-	5	11
Pension plan settlement expense	-	-	11
Loss on extinguishment of debt	15	1	3
Gain on sale of business	-	(9)	-
Net income attributable to noncontrolling interests in subsidiaries	5	5	2
Other adjustments:			
Debt service billings in excess of revenue recognized [(4)]	29	22	9
Non-cash compensation expense	17	18	17
Other non-cash items [(5)]	5	13	4
Subtotal other adjustments	**51**	**53**	**30**
Adjusted EBITDA	**$ 476**	**$ 494**	**$ 492**

Note: Adjusted EBITDA results provided to reconcile the denominator of the Net Debt / Adjusted EBITDA ratios on slide 18

Please see slide 39 for the text of footnotes 2 to 6.

Non-GAAP Reconciliation: Adjusted EPS

COVANTA ENERGY for a cleaner world

(Unaudited, in millions, except per share amounts)	Q4 2012	Q4 2011	Full Year 2012	Full Year 2011	Full Year Estimated 2013 [1]
Continuing Operations - Diluted Earnings Per Share	$ 0.62	$ 0.20	$ 0.87	$ 0.56	$0.40 - $0.50
Reconciling Items	(0.42)	0.07	(0.35)	(0.02)	-
Adjusted EPS	**$ 0.20**	**$ 0.27**	**$ 0.52**	**$ 0.54**	**$0.40 - $0.50**
Reconciling Items					
Operating loss related to insurance subsidiaries	$ 1	$ 1	$ 10	$ 2	
Write-off of intangible liability	-	-	(29)	-	
Write-off of renewable fuels project	-	-	16	-	
Development costs	-	5	11	5	
Net gain related to lease termination	(44)	-	(44)	-	
Gain on sales of business	-	(8)	-	(9)	
Pension plan settlement expense	11	-	11	-	
Loss on extinguishment of debt	1	-	3	1	
Effect on income of derivative instruments not designated as hedging instruments	-	(2)	(1)	(2)	
Effect of foreign exchange loss (gain) on indebtedness	-	6	(3)	4	
Contractual liability to pre-petition creditors	-	-	-	15	
Other	(1)	1	-	1	
Total Reconciling Items, pre-tax	(32)	3	(26)	17	
Proforma income tax impact	(24)	8	(22)	4	
Grantor trust activity	1	-	1	1	
Reversal of uncertain tax positions related to pre-emergence tax matters	-	-	-	(24)	
Total Reconciling Items, net of tax	**$ (55)**	**$ 11**	**$ (47)**	**$ (2)**	
Diluted (Loss) Earnings Per Share Impact	**$ (0.42)**	**$ 0.07**	**$ (0.35)**	**$ (0.02)**	
Weighted Average Diluted Shares Outstanding	132	137	133	142	

(1) Guidance as of 2/6/2013.

Supporting Reconciliations

(Unaudited, in millions)	Full Year 2012	Full Year 2011
Growth Investments & Acquisition of Businesses:		
Capital expenditures associated with construction	$ -	$ 16
Capital expenditures associated with technology development and organic growth initiatives	27	10
Capital expenditures - other	14	12
Total non-maintenance capital expenditures	41	38
Acquisition of land use rights	1	8
Other growth investments	2	14
Non-growth non-maintenance capital expenditures[1]	(13)	(1)
Project debt proceeds specific to non-maintenance capital expenditures	-	(15)
Growth Investments	31	44
Acquisition of businesses, net of cash acquired	94	10
Total Growth Spending	**$ 125**	**$ 54**

	Full Year 2012	Full Year 2011
Debt Borrowings / (Repayments), net		
Proceeds from borrowings on long-term debt	$ 1,034	$ -
Payment of deferred financing costs	(33)	-
Principal payments on long-term debt	(622)	(7)
Principal payments on project debt	(424)	(137)
Convertible debenture repurchases	(25)	(32)
Net borrowing on revolving credit facility	60	-
Change in restricted funds held in trust	65	38
Total Debt Borrowings / (Repayments), net	**$ 55**	**$ (138)**

(1) Capital expenditures associated with property insurance events.

Non-GAAP Financial Measures

Free Cash Flow

Free Cash Flow is defined as cash flow provided by operating activities from continuing operations less maintenance capital expenditures, which are capital expenditures primarily to maintain our existing facilities. We use the non-GAAP measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. We use Free Cash Flow as a measure of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions, invest in construction of new projects or make principal payments on debt. In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow reconciled for all periods to cash flow provided by operating activities from continuing operations, which we believe to be the most directly comparable measure under GAAP.

Adjusted EBITDA

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, through which we conduct our core waste and energy services business, and as additional ways 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 core business. The calculation of Adjusted EBITDA is based on the definition in Covanta Energy's credit facilities, which we have guaranteed. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization, as adjusted for additional items subtracted from or added to net income. 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 ours, measured on a consolidated basis for continuing operations. In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EBITDA reconciled for all periods to net loss from continuing operations and cash flow provided by operating activities from continuing operations, which are believed to be the most directly comparable measures under GAAP.

Adjusted EPS

We use the non-GAAP measure of Adjusted EPS to enhance the usefulness of our financial information by providing a measure which management internally uses to assess and evaluate the overall performance and highlight trends in the ongoing business. Adjusted EPS excludes certain income and expense items that are not representative of our ongoing business and operations, which are included in the calculation of Diluted Earnings Per Share in accordance with GAAP. The following items are not all-inclusive, but are examples of reconciling items in prior comparative and future periods. They would include write-down of assets, the effect of derivative instruments not designated as hedging instruments, significant gains or losses from the disposition or restructuring of businesses, income and loss from discontinued operations, transaction-related costs, income and loss on the extinguishment of debt and other significant items that would not be representative of our ongoing business. In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EPS reconciled for all periods to diluted earnings per share from continuing operations, which is believed to be the most directly comparable measure under GAAP.