

COVANTA HOLDING CORP

Form 424B5

November 17, 2010

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**Filed Pursuant to Rule 424(b)(5)
File No. 333-158409**

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
7.250% Senior Notes due 2020	\$400,000,000	\$28,520

(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. 333-158409) in accordance with Rule 456(b) and 457(r) under the Securities Act of 1933, as amended.

**Prospectus supplement
(To Prospectus dated April 3, 2009)**

Covanta Holding Corporation***\$400,000,000******7.250% Senior Notes due 2020****Interest payable June 1 and December 1***Issue price:100.00%**

We are offering \$400,000,000 aggregate principal amount of our 7.250% Senior Notes due 2020 (the notes). The notes will mature on December 1, 2020. Interest will accrue from December 1, 2010, and the first interest payment date will be June 1, 2011.

We may redeem some or all of the notes at any time on or after December 1, 2015. We may also redeem up to 35% of the notes using the proceeds of certain equity offerings completed before December 1, 2013. In addition, at any time prior to December 1, 2015, we may redeem some or all of the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, plus a make-whole premium. If we sell certain of our assets or experience specific kinds of changes in control, we must offer to purchase the notes.

The notes will be our senior unsecured obligations, ranking equally in right of payment with all of our existing and future senior unsecured indebtedness and senior to our future subordinated indebtedness. The notes will be effectively subordinated to our existing and future secured indebtedness to the extent of the value of the assets securing that indebtedness and to the existing and future indebtedness and other liabilities of our subsidiaries. We conduct all of our business through our subsidiaries. None of our subsidiaries will guarantee the notes.

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-21 for a discussion of certain risks that you should consider in connection with an investment in the notes.

Public Underwriting discounts Proceeds, before

	offering price⁽¹⁾	and commissions	expenses, to us⁽¹⁾
Per note	100.00%	2.00%	98.00%
Total	\$400,000,000	\$8,000,000	\$392,000,000

(1) Plus accrued interest, if any, from December 1, 2010.

The notes will not be listed on any securities exchange or automated quotation system.

The Issuer expects that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about December 1, 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

Joint book-running managers

J.P. Morgan

BofA Merrill Lynch

Barclays Capital

Citi

Joint lead managers

Credit Agricole CIB

RBS

Co-managers

HSBC

Mizuho Securities USA Inc.

TD Securities

November 16, 2010

This prospectus supplement is part of a registration statement that we have filed with the Securities and Exchange Commission, or the SEC, utilizing a shelf registration process. This prospectus supplement relates to the offer and sale of the notes.

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement. We and the underwriters have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it.

We and the underwriters are offering to sell the notes only in places where offers and sales are permitted.

You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than its date or that the information incorporated by reference in this prospectus supplement is accurate as of any date other than the date of the incorporated document. Neither the delivery of this prospectus supplement nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus supplement.

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We are a Delaware corporation. Our principal executive offices are located at 40 Lane Road, Fairfield, NJ 07004 and our telephone number at that address is (973) 882-9000. Our website is

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located at <http://www.covantaholding.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 and unless the context otherwise requires, references in this prospectus supplement to Covanta Holding, Covanta, the Issuer, we, our, us and similar terms refer to Covanta Holding Corporation and its subsidiaries; references to Covanta Energy refer to Covanta Energy Corporation, 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.

Cautionary statement regarding forward-looking statements

Certain statements in this prospectus supplement, including documents incorporated by reference therein, contain statements that 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 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 us, or general industry or broader economic performance in domestic and international markets in which we operate or compete, 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, 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. 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.

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.

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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 and Free Cash Flow, 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 and Free Cash Flow 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 provides 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 Management's discussion and analysis of financial condition and results of operations Supplementary Financial Information Adjusted EBITDA (Non-GAAP Discussion).

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 Management's discussion and analysis of financial condition and results of operations Supplementary Financial Information Free Cash Flow (Non-GAAP Discussion).

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.

For more information, see Summary historical consolidated financial information, Selected historical consolidated financial information and the financial statements and related notes thereto incorporated by reference in this prospectus supplement.

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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. 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

Our company

We are 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). Energy-from-waste serves two key markets as both a sustainable waste disposal 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, generally under long-term contracts, as well as from the sale of metal recovered during the energy-from-waste process. We process approximately 19 million tons of solid waste annually, representing approximately 5% of U.S. waste generation, and produce over 11 million megawatt hours of baseload electricity annually, representing over 5% of the nation's non-hydroelectric renewable power. We operate and/or have ownership positions in 44 energy-from-waste facilities, which are primarily located in North America, and 20 additional energy generation facilities, including other renewable energy production facilities in North America (wood biomass, landfill gas and hydroelectric) and independent power production (IPP) facilities in Asia. We also operate waste management infrastructure that is complementary to our core EfW business.

For the twelve months ended September 30, 2010 (LTM), we generated \$1,696 million of revenue and \$524 million of Adjusted EBITDA.

The energy-from-waste process

Energy-from-waste facilities produce energy through the combustion of non-hazardous municipal solid waste (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. In a typical mass-burn facility, waste collection trucks deliver waste to the facility, where it is dumped into a concrete storage pit, then loaded by an overhead crane into a feed chute leading to a furnace. The waste is combusted in a self-sustaining process at temperatures greater than 2,000 degrees Fahrenheit, and heat from the combustion process converts water inside steel tubes that form the furnace walls and boilers into steam. A superheater further heats the steam before it is either sent to a turbine generator to produce electricity (in most facilities), or sold directly to industrial or commercial users. From the boiler, the cooled gases enter an advanced air pollution control system, where dry scrubbers neutralize any acid-forming gases and a high-efficiency fabric baghouse captures more than 99% of particulate matter. The process reduces the waste to an inert ash that is only about 10% of its original volume. In addition, ferrous and non-ferrous metals are removed and recycled during the process. On average, each ton of waste processed yields approximately 550 kilowatt hours of electricity and approximately 50 pounds of recycled metal. The amount of waste generated annually by a family of four could power an average home for roughly two months. New facilities currently under development are even more efficient and can recover 700 to 800 kilowatt hours of electricity or more from each ton of waste processed.

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Revenue sources

Our energy-from-waste 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 metals that are recycled as part of the energy-from-waste process. We may also generate additional revenue from the construction or expansion of a facility when a municipal client owns the facility. Our customers for waste disposal or facility operations are principally municipal entities, though we also market disposal capacity at certain facilities to commercial waste haulers. Our facilities sell energy primarily to utilities at contracted rates or, in situations where a contract is not in place, at prevailing market rates in regional markets (primarily PJM, NEPOOL and NYISO in the Northeastern U.S.). Our revenue is highly contracted, with over 75% of our waste and service revenue under contract for the LTM period. Further, over 70% of our energy revenue was under contract and not subject to market price fluctuation for the LTM period.

**LTM Revenue by Source
(\$1,696 million)**

**LTM Revenue by Facility Type
(\$1,696 million)**

Energy-from-waste contract structures

Most of our energy-from-waste 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 individual project structure 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 energy and recycled metal sales. We generally 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 energy and recycled metal sales. As a result of these distinctions, the revenue generated at Tip Fee projects tends to be more dependent on operating performance, as well as market conditions, than the revenue at Service Fee projects.

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Our projects were generally financed at construction with project debt in the form of tax-exempt municipal bonds issued by a sponsoring municipality, which generally matures at the same time the initial term of our service contract expires and is repaid over time based on set amortization schedules. At Tip Fee facilities, our project subsidiary is responsible for meeting any debt service or lease payment obligations out of the revenue generated by the facility. At Service Fee projects that we own and where project debt is in place, a portion of our monthly fee from the municipal client is dedicated, dollar-for-dollar, to project debt service. We are not responsible for debt service for projects that we neither own nor lease. When the service contract expires and the debt is paid off, the project owner (either Covanta or the municipal entity) will determine the form of any new contractual arrangements.

The following summarizes the typical contractual and economic characteristics of the three project structures:

	Tip fee	Service fee (owned)	Service fee (operated)
Number of facilities:	17	11	16
% of Tons Processed (LTM):	37%	23%	40%
Client(s):	Host community and/or merchant customers	Host community, with limited merchant capacity in some cases	Dedicated to host community exclusively
Waste or service revenue:	Per ton tipping fee	Fixed fee, with performance incentives and inflation escalation	Fixed fee, with performance incentives and inflation escalation
Energy revenue:	Covanta retains 100%	Share with client (typically retain 10%)	Share with client (typically retain 10%)
Metals revenue:	Covanta retains 100%	Share with client	Share with client
Operating costs:	Covanta responsible for all operating costs	Pass through certain costs to municipal client (e.g., ash disposal)	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

N/A

**After service contract
expiration:**

Covanta owns the
facility; clients have
certain rights; new
contract(s) negotiated

Client controls the
facility; extend with
Covanta or tender for
new contract

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Industry

Waste disposal

The U.S. generates more than 380 million tons of waste annually (nearly 1.3 tons for every person), which is approximately 20% of the world's total. Of that amount, approximately 29% is recycled, 64% is landfilled, and 7% is processed by energy-from-waste (of which approximately two-thirds is processed by us). In the U.S., waste generation has increased steadily over time, growing by a 2% annual rate over the past 19 years. At the same time, the number of landfills in the U.S. has decreased dramatically, from over 7,500 in 1986 to under 2,000 today. We believe that these trends, and the fact that waste disposal is an essential service, mean that the industry is relatively recession-resistant.

Energy-from-waste is an important part of the waste management infrastructure of the U.S., with approximately 85 facilities currently in operation, processing over 29 million tons and serving the needs of nearly 25 million people, while producing enough electricity for 1.3 million homes. The use of energy-from-waste is even more prevalent in Western Europe and many countries in Asia, such as Japan. An estimated 800 energy-from-waste facilities are in use today around the world, processing approximately 140 million tons of waste per year. In the waste management hierarchies of the U.S. EPA and the European Union, energy-from-waste is designated as a superior solution to landfilling.

Renewable energy

Public policy in the U.S., 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 U.S., approximately 10.5% of electricity is generated from renewable sources, two-thirds of which is hydroelectric power.

Energy-from-waste contributes approximately 10% of the nation's non-hydroelectric renewable power. Energy-from-waste is designated as renewable energy in 25 states, the District of Columbia, and Puerto Rico, as well as in several federal statutes and policies. In addition, unlike 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.

Environmental benefits of energy-from-waste

We believe that energy-from-waste offers solutions to public sector leaders around the world in addressing two key issues: sustainable waste disposal and renewable energy generation. We believe that the environmental benefits of energy-from-waste, as an alternative to landfilling, are clear and compelling: by processing municipal solid waste in energy-from-waste facilities we reduce greenhouse gas (GHG) emissions (as the methane emitted by landfills is over 20 times more potent a GHG than carbon dioxide), lower the risk of groundwater contamination, and conserve land. At the same time, energy-from-waste 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. Based on estimates using the EPA's Decision Support Tool, one ton of CO₂-equivalent is reduced relative to landfilling for every ton of waste processed. In addition, 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

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of electricity. As public planners in North America, Europe and Asia address their needs for more environmentally sustainable waste disposal and energy generation in the years ahead, we believe that energy-from-waste will be an increasingly attractive alternative.

Competitive strengths

World leader in energy-from-waste with consistently strong long-term operating performance

We are one of the world's largest owners and operators of energy-from-waste facilities, operating an estimated two-thirds of the energy-from-waste capacity in North America. We believe that we have more experience in developing, constructing and operating energy-from-waste facilities than any other company in the world. We operate over 10 different types of energy-from-waste technologies, representing many of the commercially viable systems in the world. 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.

As a result of our experience and expertise in facility operations and maintenance, we have a track record of consistently high availability, and our facilities have processed nearly 350 million tons of waste. Our facilities have maintained average boiler availability above 90% since 2001, which is significantly in excess of our contractually-required levels. In 2009, we achieved our highest portfolio availability on record at 91.6%. Consistent production allows us to provide steady and reliable service for our customers. In addition, we believe that our maintenance practices are critical to maximizing the long-term value of our assets. Most of our facilities have been in operation for over 15 years, and we are confident that their useful lives will extend at least as long into the future.

Waste Tons Processed (millions) Americas

Boiler Availability Americas

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 60 to 90 percent below the established requirements of the U.S. EPA. We believe that this approach to environmental performance is an important element of our corporate risk management, which enhances both the service we provide our customers and our prospects for growth.

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Highly contracted revenue with credit-worthy counterparties

Our revenue is highly contracted, with over 75% of our waste and service revenue under contract for the LTM period. Further, over 70% of our energy revenue was under contract and not subject to market price fluctuation for the LTM period. As our existing service agreements and waste contracts expire, we will generally seek to renew or replace these contracts in order to maintain a substantial portion of our facility capacity under contract. We have historically been able to renew or extend our waste and service contracts on commercially agreeable terms. As our energy contracts expire, we will also pursue opportunities to enter into new contracts; however, we expect that the percentage of our energy revenue sold at market prices will increase over time, but with a substantial contracted profile remaining in place over the next several years.

Our customers for waste services are principally municipal entities for whom waste disposal is an essential public service. We have encountered no material counterparty issues with any of our municipal clients relating to waste services during the recent economic downturn. 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 directly into the electricity grid and are paid by the independent system operator. Overall, our revenue sources are also highly diversified, with no facility or counterparty contributing more than 7% of total revenue during the LTM period.

Substantial and consistent free cash flow generation and strong balance sheet

Our business generates substantial Free Cash Flow. In 2009, we generated \$397 million of cash flow from operating activities and \$345 million of Free Cash Flow (after maintenance capital expenditures). This Free Cash Flow represented 22% of revenue and 67% of Adjusted EBITDA. See Management's discussion and analysis of financial condition and results of operations Supplementary Financial Information Free Cash Flow (Non-GAAP Discussion).

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 \$194 million in project debt in 2009 and have repaid a further \$123 million during the nine months ended September 30, 2010. As of September 30, 2010, we had \$877 million of project debt principal outstanding, and based on existing bond maturity schedules, more than half of that principal is scheduled to be repaid by 2013. This ongoing project debt repayment enhances the strength of our credit over time.

We believe that these financial characteristics provide us with an important competitive advantage, as they enable us to pursue attractive growth opportunities, and we believe that they also provide our municipal clients with confidence that we will have the ability to serve as long-term partners and continue to satisfy our contractual obligations for facility performance well into the future.

Strong industry fundamentals in attractive geographic markets

Our energy-from-waste facilities are critical infrastructure assets that provide a necessary and essential service to our client communities. While the recent economic downturn has negatively impacted waste generation rates, industry fundamentals overall have remained strong, as per capita waste generation in North America remains the highest in the world and waste disposal capacity is constrained in many of the geographic markets where we operate. Given the

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essential nature of waste disposal services, we believe that our business is relatively recession-resistant.

Our energy-from-waste facilities in North America are concentrated in the attractive Northeastern U.S. where population density and constraints on landfill capacity drive 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, and we believe that these costs will increase to the extent that fossil fuel costs rise in the future.

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.

Critical infrastructure assets that are difficult to replicate

Waste disposal infrastructure is difficult and costly to replicate or expand. While all aspects of waste disposal are subject to extensive regulation, and energy-from-waste is among the most highly regulated sectors of the market, EfW requires a larger initial investment than most waste disposal alternatives. There are currently approximately 85 EfW facilities in operation in the United States, and while we expect that there will be new facilities built in the future, it has been almost 15 years since the last new facility was constructed.

Landfills represent our primary competition in the waste disposal market, and 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 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 under 2,000 today. While less costly than EfW in terms of initial investment, we believe that the environmental disadvantages of landfilling are now widely recognized and factored into the development of energy and waste management policies, as they have been in other countries for many years. As a result, we believe that our existing EfW asset base will become increasingly valuable over time, and our EfW focus and experience will enhance our ability to expand our business with new project development.

Favorable environmental and regulatory trends

We believe 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 the European Union Landfill Directive, which directs member states to substantially reduce their reliance on landfills over the next 10 years (and thus, in many cases, rely more heavily on energy-from-waste as an alternative), and existing legislation in numerous U.S. states that supports 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

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developed to combat climate change, and that our other renewable energy operations will benefit from such regulations as well.

Experienced operational management team with long continuity

We believe that our senior operational management has a level of experience in energy-from-waste and continuity at Covanta that is unmatched in our industry. Our President and CEO, Anthony Orlando, has been with Covanta for 23 years and held the position of CEO for 7 years. John Klett, our Chief Operating Officer, has 33 years of industry experience, including 24 with Covanta. Each member of our senior-level operating team worked for us for more than 20 years.

Strategy

Our mission is to be the leading energy-from-waste company in the world, which we intend to pursue through the following key strategies:

Maximize the value of our existing portfolio. We intend to maximize the long-term value of our existing portfolio by continuing to operate at our historic production levels, maintaining our facilities in optimal condition through our ongoing maintenance programs, extending or replacing waste and service contracts upon their expiration, seeking incremental revenue opportunities with our existing assets and expanding facility capacity where possible.

Grow in selected attractive markets. We seek to grow our portfolio primarily through the development of new facilities where we believe that market and regulatory conditions will enable us to invest our capital at attractive risk-adjusted rates of return. We are currently focusing on development opportunities in the U.S., Canada and Europe, which we consider to be our core markets. We believe that there are numerous attractive opportunities in the United Kingdom in particular, where national policies, such as a substantial tax on landfill use, are intended to achieve compliance with the EU Landfill Directive, which we believe will result in the development of over 10 million tons of new energy-from-waste capacity within the next 10 years.

We believe that our approach to development opportunities is highly-disciplined, both with regard to our required rates of return and the manner in which potential new projects will be structured and financed. In general, prior to the commencement of construction of a new facility, we intend to enter into long-term contracts with municipal and/or commercial customers for a substantial portion of the disposal capacity and obtain non-recourse project financing for a majority of the capital investment. We intend to finance new projects in a prudent manner, minimizing the impact on our balance sheet and credit profile at the parent company level where possible.

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 emission controls, residue disposal, alternative waste treatment processes, and combustion controls. We have advanced our research and development efforts in these areas, and have developed and have patents pending for major advances in controlling nitrogen oxide (NO_x) emissions and have a patent for a proprietary process to improve the handling of the residue from our energy-from-waste facilities. We have also entered into various agreements with multiple partners to invest in the development, testing or licensing of new technologies related to the transformation of waste materials into renewable fuels or the generation of energy, as well as improved environmental performance.

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Advocate for public policy favorable to energy-from-waste. We seek to educate policymakers about the environmental and economic benefits of energy-from-waste and advocate for policies that appropriately reflect these benefits. Energy-from-waste is a highly regulated business, 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.

Corporate information

We were incorporated in Delaware as a holding company in 1992. We conduct all of our operations through subsidiaries, which are predominantly engaged in the waste and energy businesses. We also continue to operate subsidiaries that are engaged in insurance operations, primarily in California; however, these collectively account for only approximately 1% of our consolidated revenue.

Recent developments

We have announced our intention to pursue a sale of our interests in four independent power production facilities in the Philippines, India and Bangladesh, representing all of our IPP operations in Asia outside of China. In anticipation of this potential transaction, our foreign subsidiaries that are involved in the operation or ownership of our businesses in Asia are designated as unrestricted subsidiaries under the indenture under which the notes will be issued. For the twelve months ended September 30, 2010, our unrestricted subsidiaries, which also include our insurance subsidiaries, contributed approximately 10% of our total Adjusted EBITDA.

The tender offer

On November 9, 2010, we commenced a tender offer to purchase for cash any and all of our outstanding 1.00% Senior Convertible Debentures due 2027 (the Debentures). We are offering to purchase the Debentures at a purchase price of \$990 for each \$1,000 principal amount of Debentures, plus accrued and unpaid interest to, but excluding, the date of payment for Debentures accepted for payment. The tender offer will expire at 12:00 midnight, New York City time, on December 8, 2010 unless extended or earlier terminated by us. We intend to use a portion of the proceeds of this offering to finance the tender offer. See Use of proceeds. This prospectus supplement is not an offer to purchase or a solicitation of an offer to sell the Debentures. The tender offer is made only by and pursuant to the terms of the Offer to Purchase, dated November 9, 2010, and the related Letter of Transmittal, as they may be amended or supplemented. The consummation of the tender offer is conditioned upon the satisfaction of certain conditions set forth in the Offer to Purchase, including the closing in this offering of at least \$400 million of notes on terms and conditions satisfactory to us. We reserve the right to waive any or all conditions to the tender offer. As of November 9, 2010, there was \$373.75 million aggregate principal amount of Debentures outstanding.

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Organization and indebtedness

The following chart illustrates, in summary form, our organization and indebtedness (principal amounts) immediately after giving effect to the offering and tender offer (assuming that 100% of the holders tender their Debentures in the tender offer):

- (1) As adjusted for the tender offer assuming 100% of the holders tender their Debentures in the tender offer. Under the terms of the tender offer we have offered to purchase any and all of the outstanding Debentures at a purchase price of \$990 for each \$1,000 principal amount of Debentures tendered. As of November 9, 2010, there was \$373.75 million aggregate principal amount of Debentures outstanding.
- (2) As of September 30, 2010, we had no borrowings outstanding under our revolving credit facility, with the full \$300 million of capacity available, of which up to \$200 million may be utilized for letters of credit. For additional information, see Management's discussion and analysis of financial conditions and results of operations Available Sources of Liquidity Short-Term Liquidity and Description of other indebtedness.
- (3) As of September 30, 2010, we had \$294.5 million in letters of credit outstanding under our \$320 million funded letter of credit facility, with remaining capacity of up to an additional \$25.5 million. For additional information, see Management's discussion and analysis of financial conditions and results of operations Available Sources of Liquidity Short-Term Liquidity and Description of other indebtedness.
- (4) Guaranteed by Covanta Holding and each of Covanta Energy's domestic subsidiaries (as such term is defined in the Credit and Guaranty Agreement dated February 9, 2007).
- (5) Project debt is included as the principal portion of Project debt (short- and long-term) in our condensed consolidated financial statements incorporated by reference herein. Generally, project debt is secured by the revenues generated by the project and other project assets, including the related facility. The only recourse to Covanta Holding or Covanta Energy with respect to project debt arises under the operating performance guarantees described under Description of other indebtedness. Certain subsidiaries have project debt which is recourse to our subsidiary Covanta ARC LLC, but is non-recourse to Covanta Holding or Covanta Energy, which as of September 30, 2010 aggregated to \$208.5 million.

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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 million aggregate principal amount of 7.250% Senior Notes due 2020.
Maturity date	December 1, 2020.
Interest rate	7.250% per year.
Interest payment dates	June 1 and December 1, commencing June 1, 2011.
Optional redemption	<p>The notes will be redeemable at the Issuer's option, in whole or in part, at any time on or after December 1, 2015, at the redemption prices set forth in this prospectus supplement, together with accrued and unpaid interest, if any, to the date of redemption.</p> <p>At any time prior to December 1, 2013, 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 107.25% of the principal amount of the notes, together with accrued and unpaid interest, if any, to the date of redemption.</p> <p>At any time prior to December 1, 2015, we may also redeem some or all of the notes at a price equal to 100% of the principal amount of the notes, plus accrued and unpaid interest, plus a make-whole premium.</p>
Mandatory offers to purchase	<p>The occurrence of specific kinds of changes in control will be a triggering event requiring 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.</p> <p>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").</p>

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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;

will rank senior in right of payment to all of the Issuer's existing and future subordinated indebtedness;

will be effectively subordinated 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 (including trade payables) of each of our subsidiaries.

As of September 30, 2010, after giving effect to this offering and the completion of the tender offer (assuming that 100% of the holders tender their Debentures (as defined below) in the tender offer) with the net proceeds from this offering:

we would have had approximately \$2,375.5 million of total consolidated indebtedness (including the notes), of which \$456.6 million would have ranked equally with the notes;