



Powering Today. Protecting Tomorrow.

**COVANTA HOLDING CORPORATION REPORTS
2016 THIRD QUARTER RESULTS AND
REAFFIRMS 2016 FULL YEAR GUIDANCE**

MORRISTOWN, NJ, OCTOBER 25, 2016 - Covanta Holding Corporation (NYSE: CVA) ("Covanta" or the "Company"), a world leader in sustainable waste and energy solutions, reported financial results today for the three and nine months ended September 30, 2016.

	Three Months Ended September 30,	
	2016	2015
	<small>(Unaudited, \$ in millions, except per share amounts)</small>	
Revenue	\$421	\$422
Net Income	\$54	\$34
Adjusted EBITDA	\$124	\$139
Cash flow provided by operating activities	\$88	\$123
Free Cash Flow	\$74	\$107
Diluted Earnings Per Share	\$0.42	\$0.25
Adjusted EPS	\$0.18	\$0.22

Reconciliations of non-GAAP measures can be found in the exhibits to this press release.

"Our waste business continues to grow, benefiting from strong market conditions and demand for our environmental solutions offerings," stated Stephen J. Jones, Covanta's President and CEO. "Overall, operating performance is on track with the plan we laid out in the beginning of the year. In addition, construction of the Dublin EfW facility is now over 75% complete, and this quarter we signed the remaining waste supply contracts to secure 90% of the facility's capacity. We look forward to moving into commercial operations by the end of Q3 2017."

Third Quarter Results

For the three months ended September 30, 2016, total revenue decreased by \$1 million to \$421 million from \$422 million in Q3 2015. An increase in waste and service revenue was offset by decreases in metals and energy revenue.

Same store North America EfW revenue increased by \$6 million as follows:

- waste and service revenue increased by \$8 million, driven by price and volume improvements of \$6 million and \$2 million, respectively;
- energy revenue increased by \$1 million, with higher prices and capacity revenue offsetting lower production volume; and

- recycled metals revenue decreased by \$3 million, primarily driven by lower market prices.

Also within North America EfW revenue, contract transitions resulted in an increase of \$4 million due to additional energy revenue sharing partially offset by the expiration of an above-market power purchase agreement.

All other revenue (non-EfW operations) decreased by \$15 million on a consolidated basis. Energy revenue from non-EfW operations decreased by \$22 million, representing the contribution from biomass facilities and China operations in the prior year. This was partially offset by a \$6 million increase in waste and service revenue primarily from newly acquired environmental solutions businesses.

Operating expense increased by \$13 million to \$361 million. The year-over-year increase was primarily due to:

- an \$11 million increase in North America EfW plant operating expense driven by the Durham-York facility coming online and same store cost escalation;
- an \$8 million increase in North America segment non-EfW plant operating expense, primarily related to operations in our newly acquired environmental solutions businesses and higher accruals for employee incentive compensation, partially offset by shutting down remaining biomass facilities; and
- a \$7 million decrease in plant operating expense outside the North America segment due to the exchange of ownership interests in EfW facilities located in China.

Adjusted EBITDA declined by \$15 million on a year-over-year basis to \$124 million, driven primarily by the China transaction and increased accrual for employee incentive compensation.

Free Cash Flow decreased by \$33 million to \$74 million, primarily as a result of lower Adjusted EBITDA and working capital.

Adjusted EPS decreased by \$0.04 to \$0.18. The decrease was driven primarily by the China transaction and increased accrual for employee incentive compensation.

Shareholder Returns

During the quarter, the Company declared a regular cash dividend of \$0.25 per share, totaling \$33 million.

2016 Guidance

The Company is reaffirming its guidance for 2016 for the following key metrics:

(In millions)

Metric	2015 Actual	2016 Guidance Range⁽¹⁾
Adjusted EBITDA	\$ 428	\$390 - \$430
Free Cash Flow	\$ 147	\$140 - \$180

⁽¹⁾ For additional information on the reconciliation of Free Cash Flow to Cash flow provided by operating activities, see Exhibit 5 of this press release.

Conference Call Information

Covanta Holding Corporation (NYSE:CVA) ("Covanta" or the "Company") will host a conference call at 8:30 AM (Eastern) on Wednesday, October 26, 2016 to discuss its third quarter 2016 results. The conference call will begin with prepared remarks, which will be followed by a question and answer session. To participate, please dial 1-844-887-9404 approximately 10 minutes prior to the scheduled start of the call. If calling from Canada, please dial 1-866-605-3852. If calling outside of the United States and Canada, please dial 1-412-317-9257. Please request the "Covanta Holding Corporation call" when prompted by the conference call operator. The conference call will also be webcast live from the Investor Relations section of the Company's website. A presentation will be made available during the call and will be found on the Investor Relations section of the Covanta website at www.covanta.com.

A replay will be available one hour after the end of the conference call through 9:00 AM (Eastern) November 2, 2016. To access the replay, please dial 1-877-344-7529, or from outside of the United States 1-412-317-0088 and use the replay conference ID number 10093874. The webcast will also be archived on www.covanta.com.

About Covanta

Covanta is a world leader in providing sustainable waste and energy solutions. Annually, Covanta's modern Energy-from-Waste facilities safely convert approximately 20 million tons of waste from municipalities and businesses into clean, renewable electricity to power one million homes and recycle approximately 500,000 tons of metal. Through a vast network of treatment and recycling facilities, Covanta also provides comprehensive industrial material management services to companies seeking solutions to some of today's most complex environmental challenges. For more information, visit www.covanta.com.

Cautionary Note Regarding Forward-Looking Statements

Certain statements in this press release 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 Holding Corporation and its subsidiaries ("Covanta") or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks," or "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 factors, risks and uncertainties that could cause actual results to differ materially from those forward-looking statements with respect to Covanta include, but are not limited to: fluctuations in the prices of energy, waste disposal, scrap metal and commodities; adoption of new laws and regulations in the United States and abroad; the fee structures of our contracts; difficulties in the operation of our facilities, including fuel supply and

energy transfer interruptions, failure to obtain regulatory approvals, equipment failures, labor disputes and work stoppages, weather interference and catastrophic events; difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays; limits of insurance coverage; our ability to avoid defaults under our long-term service contracts; performance of third parties under our contractual arrangements; concentration of suppliers and customers; increased competitiveness in the energy industry; changes in foreign currency exchange rates; limitations imposed by our existing indebtedness; exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions; our ability to utilize our net operating losses; failures of disclosure controls and procedures; general economic conditions in the United States and abroad, including the availability of credit and debt financing and market conditions at the time our contracts expire; and other risks and uncertainties affecting our businesses described in Item 1A. Risk Factors of our Annual Report on Form 10-K and in other 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 of its forward-looking statements. Covanta's 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 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.

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Covanta Holding Corporation
Condensed Consolidated Statements of Operations

Exhibit 1

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
(Unaudited) (In millions, except per share amounts)				
Operating revenue				
Waste and service revenue	\$ 299	\$ 283	\$ 875	\$ 805
Energy revenue	92	108	279	319
Recycled metals revenue	14	16	44	49
Other operating revenue	16	15	44	40
Total operating revenue	<u>421</u>	<u>422</u>	<u>1,242</u>	<u>1,213</u>
Operating expense				
Plant operating expense	272	260	901	849
Other operating expense	14	18	45	55
General and administrative expense	23	20	71	71
Depreciation and amortization expense	52	50	155	148
Impairment charges ^(a)	—	—	19	24
Total operating expense	<u>361</u>	<u>348</u>	<u>1,191</u>	<u>1,147</u>
Operating income	<u>60</u>	<u>74</u>	<u>51</u>	<u>66</u>
Other income (expense)				
Interest expense, net	(35)	(34)	(103)	(102)
Gain on asset sales ^(a)	43	—	43	—
Loss on extinguishment of debt	—	—	—	(2)
Other expense, net	(1)	—	(1)	(1)
Total other income (expense)	<u>7</u>	<u>(34)</u>	<u>(61)</u>	<u>(105)</u>
Income (loss) before income tax (expense) benefit and equity in net (loss) income from unconsolidated investments	<u>67</u>	<u>40</u>	<u>(10)</u>	<u>(39)</u>
Income tax (expense) benefit	(12)	(11)	(5)	19
Equity in net (loss) income from unconsolidated investments	(1)	5	3	11
Net Income (Loss) Attributable to Covanta Holding Corporation	<u><u>\$ 54</u></u>	<u><u>\$ 34</u></u>	<u><u>\$ (12)</u></u>	<u><u>\$ (9)</u></u>
Weighted Average Common Shares Outstanding:				
Basic	<u>129</u>	<u>132</u>	<u>129</u>	<u>132</u>
Diluted	<u>131</u>	<u>134</u>	<u>129</u>	<u>132</u>
Income (Loss) Per Share:				
Basic	<u>\$ 0.42</u>	<u>\$ 0.26</u>	<u>\$ (0.09)</u>	<u>\$ (0.07)</u>
Diluted	<u>\$ 0.42</u>	<u>\$ 0.25</u>	<u>\$ (0.09)</u>	<u>\$ (0.07)</u>
Cash Dividend Declared Per Share	<u><u>\$ 0.25</u></u>	<u><u>\$ 0.25</u></u>	<u><u>\$ 0.75</u></u>	<u><u>\$ 0.75</u></u>

(a) For additional information, see Exhibit 4 of this Press Release.

	September 30, 2016	December 31, 2015
	(Unaudited)	
	(In millions, except per share amounts)	
ASSETS		
Current:		
Cash and cash equivalents	\$ 113	\$ 94
Restricted funds held in trust	62	77
Receivables (less allowances of \$9 million and \$7 million, respectively) . . .	299	312
Prepaid expenses and other current assets	73	114
Assets held for sale	—	97
Total Current Assets	547	694
Property, plant and equipment, net	2,997	2,690
Restricted funds held in trust	57	83
Waste, service and energy contract intangibles, net	269	284
Other intangible assets, net	35	38
Goodwill	303	301
Other assets	67	121
Total Assets	\$ 4,275	\$ 4,211
LIABILITIES AND EQUITY		
Current:		
Current portion of long-term debt	\$ 9	\$ 8
Current portion of project debt	23	16
Accounts payable	52	90
Accrued expenses and other current liabilities	234	234
Liabilities held for sale	—	23
Total Current Liabilities	318	371
Long-term debt	2,286	2,255
Project debt	381	159
Deferred income taxes	595	595
Waste, service and other contract intangibles, net	8	13
Other liabilities	187	178
Total Liabilities	3,775	3,571
Equity:		
Covanta Holding Corporation stockholders' equity:		
Preferred stock (\$0.10 par value; authorized 10 shares; none issued and outstanding)	—	—
Common stock (\$0.10 par value; authorized 250 shares; issued 136 shares, outstanding 130 and 131, respectively)	14	14
Additional paid-in capital	804	801
Accumulated other comprehensive loss	(53)	(34)
Accumulated deficit	(264)	(143)
Treasury stock, at par	(1)	—
Total Covanta Holding Corporation stockholders' equity	500	638
Noncontrolling interests in subsidiaries	—	2
Total Equity	500	640
Total Liabilities and Equity	\$ 4,275	\$ 4,211

	Nine Months Ended September 30,	
	2016	2015
	(Unaudited, in millions)	
OPERATING ACTIVITIES:		
Net loss	\$ (12)	\$ (9)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	155	148
Impairment charges ^(a)	19	24
Gain on asset sales ^(a)	(43)	—
Loss on extinguishment of debt	—	2
Stock-based compensation expense	13	15
Deferred income taxes	3	(22)
Other, net	1	(2)
Change in restricted funds held in trust	22	14
Change in working capital, net of effects of acquisitions	(12)	(16)
Net cash provided by operating activities	146	154
INVESTING ACTIVITIES:		
Proceeds from asset sales	107	—
Purchase of property, plant and equipment	(282)	(267)
Acquisition of business, net of cash acquired	(9)	(70)
Property insurance proceeds	2	—
Other, net	4	—
Net cash used in investing activities	(178)	(337)
FINANCING ACTIVITIES:		
Proceeds from borrowings on long-term debt	—	294
Proceeds from borrowings on revolving credit facility	658	655
Proceeds from equipment financing capital leases	—	15
Proceeds from borrowings on project debt	—	59
Proceeds from Dublin financing	139	85
Payments on long-term debt	(2)	(196)
Payments of borrowings on revolving credit facility	(623)	(509)
Payments of equipment financing capital leases	(3)	(3)
Payments on project debt	(17)	(63)
Payments of deferred financing costs	(5)	(8)
Cash dividends paid to stockholders	(98)	(100)
Change in restricted funds held in trust	19	(62)
Common stock repurchased	(20)	—
Net cash provided by financing activities	48	167
Effect of exchange rate changes on cash and cash equivalents	1	(4)
Net increase (decrease) in cash and cash equivalents	17	(20)
Cash and cash equivalents at beginning of period	96	91
Cash and cash equivalents at end of period	113	71
Less: Cash and cash equivalents of assets held for sale at end of period	—	2
Cash and cash equivalents of continuing operations at end of period	\$ 113	\$ 69

(a) For additional information, see Exhibit 4 of this Press Release.

Consolidated Reconciliation of Net Income (Loss) and Net Cash Provided by Operating Activities to Adjusted EBITDA

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited, in millions)			
Net Income (Loss) Attributable to Covanta Holding Corporation	\$ 54	\$ 34	\$ (12)	\$ (9)
Depreciation and amortization expense	52	50	155	148
Interest expense, net	35	34	103	102
Income tax expense (benefit)	12	11	5	(19)
Impairment charges ^(a)	—	—	19	24
Gain on asset sales ^(b)	(43)	—	(43)	—
Loss on extinguishment of debt	—	—	—	2
Other adjustments:				
Debt service billings in excess of revenue recognized	1	—	3	1
Severance and reorganization costs	1	1	3	3
Non-cash compensation expense ^(c)	4	4	13	15
Capital type expenditures at service fee operated facilities ^(d)	6	3	29	25
Other ^(e)	2	2	7	9
Total adjustments	70	105	294	310
Adjusted EBITDA	\$ 124	\$ 139	\$ 282	\$ 301
Cash paid for interest, net of capitalized interest	(24)	(22)	(91)	(83)
Cash paid for taxes	(3)	(2)	(7)	(6)
Capital type expenditures at service fee operated facilities ^(d)	(6)	(3)	(29)	(25)
Adjustment for working capital and other	(3)	11	(9)	(33)
Net cash provided by operating activities	\$ 88	\$ 123	\$ 146	\$ 154

(a) During the nine months ended September 30, 2016, we recorded non-cash impairment charges totaling \$19 million, of which \$13 million related to the planned closure of our Pittsfield EfW facility in March 2017 and \$3 million related to an investment in a joint venture to recover and recycle metals.

During the nine months ended September 30, 2015, we recorded non-cash impairment charges totaling \$24 million related to our biomass assets.

(b) During the three months ended September 30, 2016, we recorded a \$41 million gain on the sale of our interests in China.

(c) The nine months ended September 30, 2015 includes \$4 million of costs incurred in connection with separation agreements related to the departure of two executive officers.

(d) Adjustment for impact of adoption of FASB ASC 853 - *Service Concession Arrangements*. These types of expenditures at our service fee operated facilities were historically capitalized prior to adoption of this new accounting standard effective January 1, 2015.

(e) Includes certain other items that are added back under the definition of Adjusted EBITDA in Covanta Energy, LLC's credit agreement.

Reconciliation of Cash Flow Provided by Operating Activities to Free Cash Flow

	Three Months Ended September 30,		Nine Months Ended September 30,		Full Year Estimated 2016
	2016	2015	2016	2015	
(Unaudited, in millions)					
Cash flow provided by operating activities	\$ 88	\$ 123	\$ 146	\$ 154	\$245 - \$295
Less: Maintenance capital expenditures ^(a)	(14)	(16)	(82)	(71)	(105) - (115)
Free Cash Flow	\$ 74	\$ 107	\$ 64	\$ 83	\$140 - \$180

Uses of Free Cash Flow

Investments:

Growth investments ^(b)	\$ (84)	\$ (78)	\$ (209)	\$ (266)
Other investing activities, net	6	—	8	—
Total investments	\$ (78)	\$ (78)	\$ (201)	\$ (266)

Return of capital to stockholders:

Cash dividends paid to stockholders	\$ (33)	\$ (34)	\$ (98)	\$ (100)
Common stock repurchased	—	—	(20)	—
Total return of capital to stockholders	\$ (33)	\$ (34)	\$ (118)	\$ (100)

Capital raising activities:

Net proceeds from issuance of corporate debt ^(c)	\$ —	\$ 96	\$ —	\$ 98
Net proceeds from issuance of project debt ^(d)	—	—	—	15
Proceeds from Dublin financing	62	40	139	85
Proceeds from equipment financing capital leases ^(e)	—	—	—	15
Change in restricted funds held in trust	4	(53)	17	(64)
Other financing activities, net	(3)	(5)	—	—
Deferred financing costs	(2)	(2)	(5)	(5)
Proceeds from sale of China assets	105	—	105	—
Net proceeds from capital raising activities	\$ 166	\$ 76	\$ 256	\$ 144

Debt repayments:

Net cash used for scheduled principal payments on corporate debt	\$ (1)	\$ —	\$ (2)	\$ (1)
Net cash used for scheduled principal payments on project debt ^(f)	(11)	(9)	(15)	(19)
Payments of equipment financing capital leases ^(e)	(1)	(1)	(3)	(3)
Total debt repayments	\$ (13)	\$ (10)	\$ (20)	\$ (23)
Borrowing activities - Revolving credit facility, net	\$ (110)	\$ (60)	\$ 35	\$ 146
Effect of exchange rate changes on cash and cash equivalents	\$ (1)	\$ (1)	\$ 1	\$ (4)
Net change in cash and cash equivalents	\$ 5	\$ —	\$ 17	\$ (20)

(a) Purchases of property, plant and equipment are also referred to as capital expenditures. Capital expenditures that primarily maintain existing facilities are classified as maintenance capital expenditures. The following table provides the components of total purchases of property, plant and equipment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Maintenance capital expenditures	\$ (14)	\$ (16)	\$ (82)	\$ (71)
Capital expenditures associated with organic growth initiatives	(16)	(9)	(38)	(27)
Capital expenditures associated with the New York City contract	—	(9)	(3)	(28)
Capital expenditures associated with Essex County EfW emissions control system	(9)	(5)	(27)	(18)
Capital expenditures associated with construction of Dublin EfW facility	(59)	(33)	(132)	(123)
Total capital expenditures associated with growth investments	(84)	(56)	(200)	(196)
Total purchases of property, plant and equipment	\$ (98)	\$ (72)	\$ (282)	\$ (267)

(b) Growth investments include investments in growth opportunities, including organic growth initiatives, technology, business development, and other similar expenditures.

Capital expenditures associated with growth investments . . .	\$ (84)	\$ (56)	\$ (200)	\$ (196)
Acquisition of business, net of cash acquired	—	(22)	(9)	(70)
Total growth investments	\$ (84)	\$ (78)	\$ (209)	\$ (266)

(c) Excludes borrowings under Revolving Credit Facility. Calculated as follows:

Proceeds from borrowings on long-term debt	\$ —	\$ 129	\$ —	\$ 294
Refinanced long-term debt	—	(33)	—	(195)
Less: Financing costs related to issuance of long-term debt .	—	—	—	(1)
Net proceeds from issuance of corporate debt	\$ —	\$ 96	\$ —	\$ 98

(d) Calculated as follows:

Proceeds from borrowings on project debt	\$ —	\$ —	\$ —	\$ 59
Refinanced project debt	—	—	—	(42)
Less: Financing costs related to the issuance of project debt .	—	—	—	(2)
Net proceeds from issuance of project debt	\$ —	\$ —	\$ —	\$ 15

(e) During the nine months ended September 30, 2015, we financed \$15 million for transportation equipment related to our contract with New York City.

(f) Calculated as follows:

Total scheduled principal payments on project debt	\$ (8)	\$ (6)	\$ (17)	\$ (21)
Decrease in related restricted funds held in trust	(3)	(3)	2	2
Net cash used for principal payments on project debt	\$ (11)	\$ (9)	\$ (15)	\$ (19)

Covanta Holding Corporation
Reconciliation of Diluted Earnings (Loss) Per Share to Adjusted EPS

Exhibit 6

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited)			
Diluted Earnings (Loss) Per Share	\$ 0.42	\$ 0.25	\$ (0.09)	\$ (0.07)
Reconciling Items ^(a)	(0.24)	(0.03)	(0.14)	0.11
Adjusted EPS	\$ 0.18	\$ 0.22	\$ (0.23)	\$ 0.04

(a) For details related to the Reconciling Items, see Exhibit 6A of this Press Release.

Covanta Holding Corporation
Reconciling Items

Exhibit 6A

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
	(Unaudited)			
	(In millions, except per share amounts)			
Reconciling Items				
Impairment charges ^(a)	\$ —	\$ —	\$ 19	\$ 24
Gain on asset sales ^(a)	(43)	—	(43)	—
Severance and reorganization costs ^(b)	—	1	2	7
Loss on extinguishment of debt	—	—	—	2
Effect on income of derivative instruments not designated as hedging instruments	1	(3)	2	(3)
Effect of foreign exchange loss (gain) on indebtedness	—	1	(1)	2
Total Reconciling Items, pre-tax	(42)	(1)	(21)	32
Pro forma income tax impact ^(c)	10	(4)	2	(18)
Grantor trust activity	1	1	1	1
Total Reconciling Items, net of tax	\$ (31)	\$ (4)	\$ (18)	\$ 15
Diluted Earnings Per Share Impact	\$ (0.24)	\$ (0.03)	\$ (0.14)	\$ 0.11
Weighted Average Diluted Shares Outstanding	131	134	129	132

(a) For additional information, see Exhibit 4 of this Press Release.

(b) The nine months ended September 30, 2015, includes \$6 million of costs incurred in connection with separation agreements related to the departure of two executive officers, of which \$4 million related to non-cash compensation.

(c) We calculate the federal and state tax impact of each item using the statutory federal tax rate and applicable blended state rate.

Covanta Holding Corporation
Supplemental Information on Operations ^(a)
(Unaudited, \$ in millions)

Exhibit 7A

	Three Months Ended September 30, 2016				
	North America			Other	Consolidated
	EfW	Other	Total		
Revenue:					
Waste and service:					
Waste processing & handling	\$ 241	\$ 30	\$ 271	\$ —	\$ 271
Debt service	2	—	2	—	2
Other revenue	3	23	26	—	26
Total waste and service	246	53	299	—	299
Energy:					
Energy sales	81	—	81	—	81
Capacity	11	—	11	—	11
Total energy revenue	92	—	92	—	92
Recycled metals:					
Ferrous	6	2	8	—	8
Non-ferrous	6	—	6	—	6
Total recycled metals	12	2	14	—	14
Other revenue	—	16	16	—	16
Total revenue	\$ 350	\$ 71	\$ 421	\$ —	\$ 421
Operating expense:					
Plant operating expense:					
Plant maintenance	\$ 46	\$ 2	\$ 48	\$ —	\$ 48
Other plant operating expense	159	63	222	2	224
Total plant operating expense	205	65	270	2	272
Other operating expense	(1)	15	14	—	14
General and administrative	—	23	23	—	23
Depreciation and amortization	44	8	52	—	52
Total operating expense	\$ 248	\$ 111	\$ 359	\$ 2	\$ 361
Operating Income (Loss)	\$ 102	\$ (40)	\$ 62	\$ (2)	\$ 60

(a) Supplemental information provided in order to present the financial performance of our North America EfW operations. “Other” within our North America segment includes all non-EfW operations, including transfer stations, landfills, e-waste, biomass facilities, construction and corporate overhead. This information is provided as supplemental detail only and is not intended to replace our North America reporting segment.

Note: Certain amounts may not total due to rounding

Covanta Holding Corporation
Supplemental Information on Operations ^(a)
(Unaudited, \$ in millions)

Exhibit 7B

	Three Months Ended September 30, 2015				
	North America			Other	Consolidated
	EfW	Other	Total		
Revenue:					
Waste and service:					
Waste processing & handling	\$ 230	\$ 30	\$ 260	\$ 1	\$ 261
Debt service	4	—	4	—	4
Other revenue	2	16	18	—	18
Total waste and service	236	46	282	1	283
Energy:					
Energy sales	76	7	83	10	93
Capacity	10	5	15	—	15
Total energy revenue	86	12	98	10	108
Recycled metals:					
Ferrous	8	2	10	—	10
Non-ferrous	6	—	6	—	6
Total recycled metals	14	2	16	—	16
Other revenue	—	15	15	—	15
Total revenue	\$ 336	\$ 75	\$ 411	\$ 11	\$ 422
Operating expense:					
Plant operating expense:					
Plant maintenance	\$ 43	\$ 3	\$ 46	\$ —	\$ 46
Other plant operating expense	151	54	205	9	214
Total plant operating expense	194	57	251	9	260
Other operating expense	1	17	18	—	18
General and administrative	—	19	19	1	20
Depreciation and amortization	43	9	52	(2)	50
Total operating expense	\$ 238	\$ 102	\$ 340	\$ 8	\$ 348
Operating Income (Loss)	\$ 98	\$ (27)	\$ 71	\$ 3	\$ 74

(a) Supplemental information provided in order to present the financial performance of our North America EfW operations. “Other” within our North America segment includes all non-EfW operations, including transfer stations, landfills, e-waste, biomass facilities, construction and corporate overhead. This information is provided as supplemental detail only and is not intended to replace our North America reporting segment.

Note: Certain amounts may not total due to rounding

Revenue and Operating Income Changes - Q3 2015 to Q3 2016

(Unaudited, \$ in millions)

	Q3 2015	Same Store ^(a)						Contract Transitions ^(b)			Total Changes	Q3 2016
		Price	%	Volume	%	Total	%	Waste	PPA	Transactions ^(c)		
Waste and service:												
Waste processing	\$ 230	\$ 6	2.5%	\$ 2	0.9%	\$ 8	3.4%	\$ —	\$ —	\$ 3	\$ 11	\$241
Debt service	4					—		(1)	—	—	(2)	2
Other revenue	2					—		—	—	—	1	3
Total waste and service . .	236					8	3.4%	(1)	—	3	10	246
Energy:												
Energy sales	76	4	5.4%	(4)	-5.4%	—	—%	6	(1)	—	5	81
Capacity	10					1	7.0%	—	(1)	—	1	11
Total energy revenue . . .	86					1	0.6%	6	(2)	—	6	92
Recycled metals:												
Ferrous	8	(3)	-30.4%	—	3.3%	(2)	-27.1%	—	—	—	(2)	6
Non-ferrous	6	(1)	-17.2%	1	10.8%	—	-6.3%	—	—	—	—	6
Total recycled metals . . .	14	(4)	-24.9%	1	6.4%	(3)	-18.4%	—	—	—	(2)	12
Total revenue	\$ 336					\$ 6	1.8%	\$ 6	\$ (2)	\$ 3	\$ 14	\$350
Operating expense:												
Plant operating expense:												
Plant maintenance	\$ 43					\$ 4	8.5%	\$ —	\$ —	\$ —	\$ 3	\$ 46
Other plant operating expense	151					4	2.7%	—	—	3	8	159
Total plant operating expense	194					8	4.0%	—	—	3	11	205
Other operating expense	1					(2)		—	—	—	(2)	(1)
Depreciation and amortization	43					—		1	—	—	1	44
Total operating expense .	\$ 238					\$ 5		\$ 1	\$ —	\$ 3	\$ 10	\$248
Operating Income (Loss)	\$ 98					\$ 1		\$ 5	\$ (2)	\$ (1)	\$ 4	\$102

(a) Reflects the performance at each facility on a comparable period-over-period basis, excluding the impacts of transitions and transactions.

(b) Includes the impact of the expiration of: (1) long-term major waste and service contracts, most typically representing the transition to a new contract structure, and (2) long-term energy contracts.

(c) Includes the impacts of acquisitions, divestitures and the addition or loss of operating contracts.

Note: Excludes Impairment charges

Note: Certain amounts may not total due to rounding

North America
Operating Metrics (Unaudited)

Exhibit 9

	Three Months Ended September 30,	
	2016	2015
<u>EfW Waste</u>		
Tons: (in millions)		
Contracted	4.6	4.4
Uncontracted	0.5	0.5
Total Tons.	5.1	4.9
Revenue per Ton:		
Contracted	\$ 44.21	\$ 44.57
Uncontracted	\$ 76.76	\$ 69.21
Average Revenue per Ton	\$ 47.45	\$ 47.01
<u>EfW Energy</u>		
Energy Sales: (MWh in millions)		
Contracted	0.8	0.8
Hedged.	0.5	0.3
Market	0.2	0.4
Total Energy Sales	1.5	1.5
Market Sales by Geography:		
PJM East.	0.1	0.1
NEPOOL	—	0.1
NYISO	—	—
Other.	0.1	0.1
Revenue per MWh: (excludes capacity)		
Contracted	\$ 65.82	\$ 63.69
Hedged.	\$ 37.98	\$ 44.05
Market	\$ 37.32	\$ 30.86
Average Revenue per MWh.	\$ 52.63	\$ 50.78
<u>Metals</u>		
Tons Sold: (in thousands)		
Ferrous	72	90
Non-Ferrous.	10	9
Revenue per Ton:		
Ferrous	\$ 117	\$ 113
Non-Ferrous.	\$ 581	\$ 716
<u>EfW Plant Operating Expense</u> (\$ in millions)		
Plant Operating Expense - Gross	\$ 217	\$ 211
Less: Client pass-through costs	(9)	(14)
Less: REC sales - contra expense	(2)	(3)
Plant Operating Expense - Reported	\$ 205	\$ 194
Client pass-throughs as % of gross costs	4.3%	6.5%

Note: Waste volume includes solid tons only. Metals and energy volume are presented net of client revenue sharing. Steam sales are converted to MWh equivalent at an assumed average rate of 11 klbs of steam / MWh. Uncontracted energy sales include sales under PPAs that are based on market prices.

Note: Certain amounts may not total due to rounding

Discussion of 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. To supplement our assessment of results prepared in accordance with GAAP, we use the measures of Adjusted EBITDA, Free Cash Flow, and Adjusted EPS, which are non-GAAP measures as defined by the Securities and Exchange Commission. The non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow, and Adjusted EPS as described below, and used in the tables above, 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.

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 as of September 30, 2016 of our most significant subsidiary, Covanta Energy, LLC, (“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 as of September 30, 2016, 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.

Under the credit facilities as of September 30, 2016, Covanta Energy is required to satisfy certain financial covenants, including certain ratios of which Adjusted EBITDA is an important component. Compliance with such financial covenants is expected to be the principal limiting factor which will affect our ability to engage in a broad range of activities in furtherance of our business, including making certain investments, acquiring businesses and incurring additional debt. Covanta Energy was in compliance with these covenants as of September 30, 2016. Failure to comply with such financial covenants could result in a default under these credit facilities, which default would have a material adverse affect on our financial condition and liquidity.

These financial covenants are measured on a trailing four quarter period basis and the material covenants are as follows:

- maximum Covanta Energy leverage ratio of 4.00 to 1.00, which measures Covanta Energy’s Consolidated Adjusted Debt (which is the principal amount of its consolidated debt less certain restricted funds dedicated to repayment of project debt principal and construction costs) to its Adjusted EBITDA (which for purposes of calculating the leverage ratio and interest coverage ratio, is adjusted on a pro forma basis for acquisitions and dispositions made during the relevant period); and
- minimum Covanta Energy interest coverage ratio of 3.00 to 1.00, which measures Covanta Energy’s Adjusted EBITDA to its consolidated interest expense plus certain interest expense of ours, to the extent paid by Covanta Energy.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EBITDA for the three and nine months ended September 30, 2016 and 2015, reconciled for each such period to net income and cash flow provided by operating activities, which are believed to be the most directly comparable measures under GAAP.

Our projected full year 2016 Adjusted EBITDA is not based on GAAP net income/loss and is anticipated to be adjusted to exclude the effects of events or circumstances in 2016 that are not representative or indicative of our results of operations. Projected GAAP net income/loss for the full year would require inclusion of the projected impact of future excluded items, including items that are not currently determinable, but may be significant, such as asset impairments and one-time items, charges, gains or losses from divestitures, or other items. Due to the uncertainty of the likelihood, amount and timing of any such items, we do not have information available to provide a quantitative reconciliation of full year 2016 projected net income/loss to an Adjusted EBITDA projection.

Free Cash Flow

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 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, make principal payments on debt, or amounts we can return to our stockholders through dividends and/or stock repurchases.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Free Cash Flow for the three and nine months ended September 30, 2016 and 2015, reconciled for each such period to cash flow provided by operating activities, which we believe to be the most directly comparable measure under GAAP.

Adjusted EPS

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 impairment charges, the effect of derivative instruments not designated as hedging instruments, significant gains or losses from the disposition or restructuring of businesses, gains and losses on assets held for sale, transaction-related costs, income and loss on the extinguishment of debt and other significant items that would not be representative of our ongoing business.

We will 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.

In order to provide a meaningful basis for comparison, we are providing information with respect to our Adjusted EPS for the three and nine months ended September 30, 2016 and 2015, reconciled for each such period to diluted income per share, which is believed to be the most directly comparable measure under GAAP.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this press release 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 Holding Corporation and its subsidiaries (“Covanta”) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “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 us are not guarantees or indicative of future performance. Important factors, risks and uncertainties that could cause actual results to differ materially from those forward-looking statements include, but are not limited to:

- seasonal or long-term fluctuations in the prices of energy, waste disposal, scrap metal and commodities, and our ability to renew or replace expiring contracts at comparable pricing;
- adoption of new laws and regulations in the United States and abroad, including energy laws, environmental laws, labor laws and healthcare laws;
- our ability to avoid adverse publicity relating to our business expansion efforts;
- advances in technology;
- difficulties in the operation of our facilities, including fuel supply and energy delivery interruptions, failure to obtain regulatory approvals, equipment failures, labor disputes and work stoppages, and weather interference and catastrophic events;
- failure to maintain historical performance levels at our facilities and our ability to retain the rights to operate facilities we do not own;

- difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays;
- our ability to realize the benefits of long-term business development and bear the costs of business development over time;
- our ability to utilize net operating loss carryforwards;
- limits of insurance coverage;
- our ability to avoid defaults under our long-term contracts;
- performance of third parties under our contracts and such third parties' observance of laws and regulations;
- concentration of suppliers and customers;
- geographic concentration of facilities;
- increased competitiveness in the energy and waste industries;
- changes in foreign currency exchange rates;
- limitations imposed by our existing indebtedness and our ability to perform our financial obligations and guarantees and to refinance our existing indebtedness;
- exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions;
- the scalability of our business;
- restrictions in our certificate of incorporation and debt documents regarding strategic alternatives;
- failures of disclosure controls and procedures and internal controls over financial reporting;
- our ability to attract and retain talented people;
- general economic conditions in the United States and abroad, including the availability of credit and debt financing; and
- other risks and uncertainties affecting our businesses described in Item 1A. Risk Factors of Covanta's Annual Report on Form 10-K for the year ended December 31, 2015 and in other filings by Covanta with the SEC.

Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this press release 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.