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

Registration No. 333-199593

CALCULATION OF REGISTRATION FEE

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

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

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Prospectus supplement

(To prospectus dated October 24, 2014)

Covanta Holding Corporation

$400,000,000

5.875% Senior Notes due 2025

Interest payable January 1 and July 1

Issue price: 100.000%

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

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

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

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

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

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

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

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

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

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

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

Joint book-running managers

J.P. Morgan

BofA Merrill Lynch

Credit Agricole CIB

Citizens Capital Markets

MUFG

Co-managers

SMBC Nikko

TD Securities

BBVA

BB&T Capital Markets

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

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Prospectus supplement

Prospectus

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

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

Notice to investors

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

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

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

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

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

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Cautionary note regarding forward-looking statements

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

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

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

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

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

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

advances in technology;

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

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

limits of insurance coverage;

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

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

concentration of suppliers and customers;

geographic concentration of facilities;

increased competitiveness in the energy and waste industries;

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

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

Non-GAAP financial measures

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

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

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

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

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

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

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

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Market, ranking, industry data and forecasts

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

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Summary

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

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

Our company

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

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

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

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

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

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

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

The EfW process

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

Environmental benefits of EfW

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

Revenue sources

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

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

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

EfW contract structures

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

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

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

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

Competitive strengths

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

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

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

The depth and scope of our experience is also evident in our outstanding record of environmental performance, where our emphasis is to go beyond mere compliance with legal and permit requirements. Our U.S.-based EfW facilities routinely achieve emission levels for various measures up to 97% below the established requirements of the U.S. EPA. Our approach to environmental performance is an important element of our corporate risk management strategy, which enhances both the service we provide our customers and our prospects for growth.

Highly contracted revenue with creditworthy counterparties

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

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

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

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

Substantial free cash flow generation and strong balance sheet

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

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

Stable industry fundamentals in attractive geographic markets

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

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

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

Unique portfolio of critical infrastructure assets concentrated in attractive markets

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

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

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Favorable environmental and regulatory trends

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

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

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

Strategy

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

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

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

- *Expand through acquisitions and/or development in selected attractive markets.* We seek to grow our portfolio primarily through acquisitions and the development of new facilities or businesses where we believe

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

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

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

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

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

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

Corporate information

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

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The offering

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

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

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

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- will rank senior in right of payment to all of the Issuer s existing and future indebtedness that is expressly subordinated in right of payment to the notes;

- will be effectively subordinated in right of payment to any of the Issuer s existing and future secured debt, to the extent of the value of the assets securing such debt; and

- will be structurally subordinated to all of the existing and future liabilities of any of our subsidiaries (none of which will guarantee the notes), including their guarantees under our Tax-Exempt Bonds, and their indebtedness and guarantees under our subsidiary, Covanta Energy s credit facilities.

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

- we would have had $2,632 million of total consolidated indebtedness, $990 million of which would have been secured (including $343 million under Covanta Energy s revolving credit facility and $195 million under Covanta Energy s term loan), and we would have had additional commitments of $501 million under Covanta Energy s revolving credit facility available to us (after giving effect to the $156 million of outstanding letters of credit);

- none of our indebtedness would be subordinated in right of payment to the notes;

- our subsidiaries (including Covanta Energy) would have had $1,473 million of liabilities, including $383 million in project debt (excluding intercompany liabilities), all of which would have been structurally senior in right of payment to the notes; and

- we would have had $459 million of Tax-Exempt Bonds guaranteed by our subsidiaries which would be structurally senior in right of payment to the notes.

Covenants

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

- incur additional indebtedness;

- pay dividends or make other distributions or repurchase or redeem their capital stock;

- prepay, redeem or repurchase certain debt;

- make loans and investments;

sell assets;

incur liens;

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

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

Absence of public market for the notes

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

U.S. federal income tax considerations

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

Use of proceeds

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

Risk factors

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

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Summary historical consolidated financial information

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

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

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

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

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

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

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

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

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

			For the years ended December 31,
(dollars in millions)	**2014**	**2015**	**2016**
Net (Loss) Income Attributable to Covanta Holding Corporation	$ (2)	$ 68	$ (4)
Operating loss related to insurance subsidiaries	2		
Depreciation and amortization expense	211	198	207
Interest expense, net	134	134	138
Non-cash convertible debt related expense	13		
Income tax expense (benefit)	15	(84)	22
Impairment charges(A)	64	43	20
Gain on asset sales(A)			(44)
Loss on extinguishment of debt	2	2	
Net income attributable to noncontrolling interests in subsidiaries	1	1	
Other adjustments:			
Capital type expenditures at service fee operated facilities(B)		31	39
Debt service billing in excess of revenue recognize	2	1	4
Severance and reorganization costs(A)	9	4	3
Non-cash compensation expense(C)	17	18	16
Other non-cash items	5	6	6
Other(D)	1	6	3
Total adjustments	476	360	414
Adjusted EBITDA	**$ 474**	**$ 428**	**$ 410**
Cash flow provided by operating activities from continuing operations	$ 340	$ 249	$ 282
Cash paid for interest, net of capitalized interest	119	131	135
Cash paid for taxes	11	2	6
Capital type expenditures at service fee operated facilities(B)		31	39
Adjustment for working capital and other	4	15	(52)
Adjusted EBITDA	**$ 474**	**$ 428**	**$ 410**

(A) For additional information, see Item 7. Management s Discussion And Analysis of Financial Condition and Results Of Operations Adjusted EPS (Non-GAAP) included in our Annual Report on Form 10-K for the year ended December 31, 2016, which is incorporated by reference herein.

(B) 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 accounting standard effective January 1, 2015.

(C) For the year ended December 31, 2015, non-cash compensation expense included $4 million of costs incurred in connection with separation agreements related to the departure of two executive officers.

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

(2) We use the non-GAAP financial measure of Free Cash Flow as a criterion of liquidity and performance-based components of employee compensation. For all periods presented, Free Cash Flow is defined as cash flow provided by operating activities, excluding the cash flow provided by or used in our insurance subsidiaries, less maintenance capital expenditures, which are capital expenditures primarily to maintain

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our existing facilities. 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 return capital to our shareholders through dividends and/or stock repurchases. 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. The following is a summary reconciliation of net cash provided by operating activities to Free Cash Flow for the three years ended December 31, 2014, 2015 and 2016:

	For the years ended December 31,		
(dollars in millions)	**2014**	**2015**	**2016**
Computation of Free Cash Flow:			
Cash flow provided by operating activities of continuing operations	$ 340	$ 249	$ 282
Plus: Cash flow used in operating activities from insurance activities	1		
Less: Maintenance capital expenditures(1)	(101)	(102)	(110)
Continuing Operations Free Cash Flow	**$ 240**	**$ 147**	**$ 172**

(1) 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:

	For the years ended December 31,		
(dollars in millions)	**2014 (unaudited)**	**2015**	**2016**
Maintenance capital expenditures	$ (101)	$ (102)	$ (110)
Capital expenditures associated with organic growth initiatives	(25)	(34)	(46)
Capital expenditures associated with New York City MTS contract	(59)	(30)	(3)
Capital expenditures associated with the Essex County EfW emissions control system	(17)	(26)	(33)
Capital expenditures associated with construction of the Dublin EfW facility	(14)	(184)	(162)
Total Capital Expenditures associated with growth investments(A)	(115)	(274)	(244)
Capital expenditures associated with property insurance events			(5)
Total purchase of property, plant and equipment	**$ (216)**	**$ (376)**	**$ (359)**

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

(3) For all periods presented, Adjusted Debt is calculated as total debt, less cash and cash equivalents, escrowed construction financing proceeds and restricted funds held in trust for the express purpose of repayment of debt principal. Adjusted Debt should not be considered as an alternative to total debt as an indicator of our liquidity or any other measures of liquidity derived in accordance with GAAP. For purposes of calculating Credit Statistics, net cash provided by operating activities from continuing operations and Consolidated Interest Expense have been adjusted to reflect lower cash interest expense as if the new notes had been outstanding since January 1, 2016 using an assumed 6% interest rate on the new notes. The following are reconciliations of Covanta Energy Debt to Covanta Energy Adjusted Debt and Consolidated Covanta Holding Debt to Consolidated Covanta Holding Adjusted Debt:

	December 31, 2016	
(dollars in millions)	**Actual**	**As adjusted***
Computation of Adjusted Debt:		
Covanta Energy Debt	$ 990	$ 990

Less: Cash and cash equivalents	(84)	(65)
Less: Escrowed construction financing proceeds	(30)	(30)
Less: Restricted funds held in trust principal related	(17)	(17)
Covanta Energy Adjusted Debt	**$ 859**	**$ 878**
Consolidated Covanta Holding Debt	$ 2,635	$ 2,632
Less: Cash and cash equivalents	(84)	(65)
Less: Escrowed construction financing proceeds	(30)	(30)
Less: Restricted funds held in trust principal related	(17)	(17)
Consolidated Covanta Holding Adjusted Debt	**$ 2,504**	**$ 2,520**

* Book value of debt as adjusted to give effect to the offering of the notes and the use of proceeds therefrom as described in the footnotes under Capitalization (including the application of the net proceeds of the offering of the notes along with cash on hand and/or direct borrowings under Covanta Energy s revolving credit facility to fund the redemption of our Senior Notes due 2020 and to pay transaction fees and expenses).

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Risk factors

You should carefully consider the following factors and other information contained or incorporated by reference in this prospectus supplement, including the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2016 as well as other reports we file with the SEC that are incorporated by reference herein, before deciding to invest in the notes. Any of these risks or other risks and uncertainties not presently known to us or that we currently deem immaterial could materially adversely affect our business, financial condition, results of operations and cash flow, which could in turn materially adversely affect the price of the notes. In addition to the risk factors incorporated by reference herein, you should consider the additional risk factors below. If any of the following risks and uncertainties, or the risks and uncertainties incorporated by reference herein, develop into actual events, our business, financial condition, results of operations or cash flows could be materially adversely affected. In that case, the trading price of the notes could decline and you may lose all or part of your investment.

This prospectus supplement also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us described below and elsewhere in this prospectus supplement and the documents incorporated by reference herein. Please see Cautionary note regarding forward-looking statements.

Risks relating to this offering

Our substantial indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations under our indebtedness, including the notes.

As of December 31, 2016, after giving effect to this offering and the use of proceeds therefrom as described under Use of proceeds (which includes the redemption of our Senior Notes due 2020 and the payment of transaction fees and expenses), we would have had $2,632 million of total consolidated indebtedness, $990 million of which would have been secured (including $343 million under Covanta Energy s revolving credit facility and $195 million under Covanta Energy s term loan), and we would have had additional commitments of $501 million under Covanta Energy s revolving credit facility available to us (after giving effect to the $156 million of outstanding letters of credit); and our subsidiaries (including Covanta Energy) would have had $1,473 million of liabilities, including $383 million in project debt (excluding intercompany liabilities), all of which would have been structurally senior in right of payment to the notes; and we would have had $459 million of Tax-Exempt Bonds guaranteed by our subsidiaries which would be structurally senior in right of payment to the notes.

The level of our consolidated indebtedness could have significant consequences on our future operations, including:

- making it difficult for us to meet our payment and other obligations under our outstanding indebtedness;
- limiting our ability to obtain additional financing to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- subjecting us to the risk of increased sensitivity to interest rate increases on indebtedness under Covanta Energy s credit facilities;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industries in which we operate and the general economy; and
- placing us at a competitive disadvantage compared to our competitors that have less debt or are less leveraged.

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Any of the above-listed factors could have an adverse effect on our business, financial condition and results of operations and our ability to meet our payment obligations under the notes, the Senior Notes due 2020 (if not redeemed), our 6.375% Senior Notes due 2022 (the Senior Notes due 2022), our 5.875% Senior Notes due 2024 (the Senior Notes due 2024) and the Tax-Exempt Bonds (each as defined in Description of other indebtedness), Covanta Energy s credit facilities and our subsidiaries debt.

We cannot assure you that our cash flow from operations will be sufficient to service our indebtedness, which could have a material adverse effect on our financial condition.

Our ability to meet our obligations under our indebtedness depends on our ability to receive dividends and distributions from our subsidiaries in the future. This, in turn, is subject to many factors, some of which are beyond our control, including the following:

- the continued operation and maintenance of our facilities, consistent with historical performance levels;
- maintenance or enhancement of revenue from renewals or replacement of existing contracts and from new contracts to expand existing facilities or operate additional facilities;
- market conditions affecting waste disposal and energy pricing, as well as competition from other companies for contract renewals, expansions and additional contracts, particularly after our existing contracts expire;
- the continued availability of the benefits of our net operating loss carryforwards; and
- general economic, financial, competitive, legislative, regulatory and other factors.

We cannot assure you that our business will generate cash flow from operations, or that future borrowings will be available to us under Covanta Energy s credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under our outstanding indebtedness, including the notes, and to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure our debt, including the notes, sell assets, reduce or delay capital investments, or seek to raise additional capital. If we are unable to implement one or more of these alternatives, we may not be able to meet our payment obligations under our outstanding indebtedness, including the notes, which could have a material and adverse effect on our financial condition.

We may not have access to the cash flow and other assets of our subsidiaries that may be needed to make payments on our indebtedness, including the notes.

All of our business is conducted through our subsidiaries. Our ability to make payments on the notes is dependent on the earnings of, and the distribution of funds to us from, our subsidiaries. Certain of our subsidiaries and affiliates are currently subject to project and other financing arrangements that restrict their ability to make dividends or distributions to us. While the indenture governing the notes and the agreements governing certain of our other existing indebtedness will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make intercompany payments to us, these limitations are subject to qualifications and exceptions.

We derive our cash flow principally from our domestic and international project operations and businesses. A material portion of our domestic cash flows are expected to be derived from projects where financial tests and other covenants contained in respective debt arrangements must be satisfied in order for project subsidiaries to make cash distributions to our intermediate subsidiaries. We cannot assure you that our project subsidiaries will be able to satisfy such financial tests and covenants in the future, and that we will be able to receive cash distributions from such subsidiaries. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the notes.

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The notes will be effectively subordinated to any of our existing and future secured indebtedness and structurally subordinated to any existing and future indebtedness and other liabilities of our subsidiaries.

The notes will be our unsecured obligations and therefore will be effectively junior to our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness. Further, the indenture governing the notes will allow us to incur senior secured indebtedness in the future. As a result, in the event of our bankruptcy, liquidation, dissolution, reorganization, or similar proceeding, our assets will be available to satisfy obligations of our secured indebtedness before any payment may be made on the notes. To the extent that such assets cannot satisfy in full our secured indebtedness, the holders of such indebtedness would have a claim for any shortfall that would rank equally in right of payment with the notes. In such an event, we may not have sufficient assets remaining to pay amounts on any or all of the notes.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries will not guarantee the notes and have no obligation to pay any amounts due on the notes or, subject to existing or future contractual obligations between us and our subsidiaries, to provide us with funds for our payment obligations on our indebtedness or guarantees, whether by dividends, distributions, loans or other payments. Our right to receive any assets of any of our subsidiaries upon liquidation or reorganization, and, as a result, the right of the holders of the notes to participate in those assets, will be structurally subordinated to the claims of that subsidiary s creditors, including lenders under Covanta Energy s credit facilities and lenders under the project level indebtedness.

As of December 31, 2016, after giving effect to this offering and the use of proceeds therefrom as described under Use of proceeds (which includes the redemption of our Senior Notes due 2020 and the payment of transaction fees and expenses), we would have had $2,632 million of total consolidated indebtedness, $990 million of which would have been secured (including $343 million under Covanta Energy s revolving credit facility and $195 million under Covanta Energy s term loan), and we would have had additional commitments of $501 million under Covanta Energy s revolving credit facility available to us (after giving effect to the $156 million of outstanding letters of credit); and our subsidiaries (including Covanta Energy) would have had $1,473 million of liabilities, including $383 million in project debt (excluding intercompany liabilities), all of which would have been structurally senior in right of payment to the notes; and we would have had $459 million of Tax-Exempt Bonds guaranteed by our subsidiaries which would be structurally senior in right of payment to the notes.

Despite our current and anticipated indebtedness levels, we may still incur substantially more indebtedness or take other actions which would intensify the risks associated with our substantial indebtedness.

Despite our current and anticipated consolidated indebtedness levels, we may be able to incur substantial additional indebtedness in the future, in connection with acquisitions or otherwise. Under Covanta Energy s credit facilities, upon the request of Covanta Energy, and subject to the satisfaction of certain conditions, additional term loan facilities and/or additional revolving credit facility commitments and incremental funded letter of credit facilities up to the greater of $500 million and the amount that, after giving effect to the incurrence of such incremental facilities, would not result in a leverage ratio, as defined in Covanta Energy s credit agreement, exceeding 2.75:1.00 may become available to Covanta Energy. Although the terms of Covanta Energy s credit facilities, the indenture governing the Senior Notes due 2020 (if not redeemed), the indenture governing the Senior Notes due 2022 and the indenture governing the Senior Notes due 2024 contain, and the indenture that will govern the notes will contain, restrictions on the incurrence of additional indebtedness by us, Covanta Energy and certain of our subsidiaries, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, indebtedness incurred in compliance with these restrictions could be substantial. For example, as of December 31, 2016, Covanta Energy would have had commitments available to be borrowed under the revolving credit facility of $501 million (after giving effect to the $156 million of outstanding letters of credit) to which the notes would have been effectively subordinated. If

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new indebtedness is added to our current or anticipated indebtedness levels, the substantial risks described above would intensify. Our ability and Covanta Energy s and its project subsidiaries ability to recapitalize, incur additional debt, secure existing or future debt, and take a number of other actions that are not limited by the terms of the indenture for the notes could have the effect of diminishing our ability to make payments on the notes when due.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under Covanta Energy s credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming all revolving loans are fully drawn, each quarter point change in interest rates would result in a $2 million change in annual interest expense on our indebtedness under Covanta Energy s credit facilities. In the future, we may enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any swaps we enter into may not fully mitigate our interest rate risk.

We may not be able to repurchase the notes upon a change of control.

Upon the occurrence of a Change of Control Triggering Event, subject to certain conditions, we may be required to offer to repurchase all outstanding notes at 101% of their principal amount, plus accrued and unpaid interest to the purchase date. Additionally, under Covanta Energy s credit facilities, a change of control (as defined therein) constitutes an event of default that permits the lenders to accelerate the maturity of borrowings under the respective agreements and terminate their commitments to lend. The source of funds for any purchase of the notes and repayment of borrowings under Covanta Energy s credit facilities would be our available cash or cash generated from our subsidiaries operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the notes upon a change of control because we may not have sufficient financial resources to purchase all of the debt securities that are tendered upon a change of control and repay our other indebtedness that will become due. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. Further, our ability to repurchase the notes may be limited by law. In order to avoid the obligations to repurchase the notes and events of default and potential breaches of the credit agreement governing Covanta Energy s credit facilities, we may have to avoid certain change of control transactions that would otherwise be beneficial to us.

The indenture under which the notes are issued will not protect holders of the notes if we are involved in certain highly leveraged transactions in the future.

Some important corporate events, such as leveraged recapitalizations, may not, under the indenture that will govern the notes, constitute a change of control that would require us to repurchase the notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the notes. See Description of notes Change of Control. Our ability to recapitalize, incur additional debt or take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due.

Holders of the notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased has occurred following a sale of substantially all of our assets.

The definition of change of control in the indenture that will govern the notes includes a phrase relating to the sale of all or substantially all of our assets. There is no precise established definition of the phrase

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substantially all under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale of less than all of our assets to another person may be uncertain.

If, and for so long as, the notes are rated investment grade by both of Moody s and S&P, and no Default or Event of Default has occurred and is continuing, certain of the restrictive covenants contained in the indenture that will govern the notes will be suspended.

If, and for so long as, the credit rating on the notes, as determined by both of Moody s and S&P, equals or exceeds Baa3 and BBB-, respectively, or any equivalent replacement ratings, we will not be subject to certain of the restrictive covenants contained in the indenture that will govern the notes. If these covenants are no longer in force, we will be permitted to engage in certain transactions that would not be permitted while these covenants are in force. To the extent the covenants are subsequently reinstated, any such actions taken while the covenants were suspended would not result in an event of default under the indenture governing the notes. See Description of notes Certain covenants. Any restrictive covenants that cease to apply to us as a result of achieving these ratings will be restored as if such covenants had never been suspended if the credit ratings on the notes from one of these ratings agencies no longer equal or exceed these thresholds or in certain other circumstances.

We may redeem the notes before maturity and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem all or a portion of the notes at any time, as described under Description of notes. If a redemption occurs, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return for the notes.

Federal and state fraudulent transfer laws may permit a court to void the notes, and if that occurs, you may not receive any payments on the notes.

Federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes. Under federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes could be voided as a fraudulent transfer or conveyance if we (a) issued the notes with the intent of hindering, delaying or defrauding creditors or (b) received less than reasonably equivalent value or fair consideration in return for either issuing the notes and, in the case of (b) only, one of the following is also true at the time thereof:

- we were insolvent or rendered insolvent by reason of the issuance of the notes;
- the issuance of the notes left us with an unreasonably small amount of capital or assets to carry on the business;
- we intended to, or believed that we would, incur debts beyond our ability to pay as they mature; or
- we were a defendant in an action for money damages, or had a judgment for money damages docketed against us, and the judgment is unsatisfied after final judgment.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is secured or satisfied. A court would likely find that we did not receive reasonably equivalent value or fair consideration for the notes to the extent we did not obtain a reasonably equivalent benefit directly or indirectly from the issuance of the notes.

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We cannot be certain as to the standards a court would use to determine whether or not we were insolvent at the relevant time or, regardless of the standard that a court uses, whether the notes would be subordinated to our other debt. In general, however, a court would deem an entity insolvent if:

- the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

If a court were to find that the issuance of the notes was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes and could subordinate the notes to presently existing and future indebtedness of us. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes. Further, the avoidance of the notes could result in an event of default with respect to our and our subsidiaries other debt that could result in acceleration of that debt.

Finally, as a court of equity, the bankruptcy court may subordinate the claims in respect of the notes to other claims against us under the principle of equitable subordination if the court determines that (1) the holder of notes engaged in some type of inequitable conduct, (2) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of notes and (3) equitable subordination is not inconsistent with the provisions of the bankruptcy code.

There is currently no public market for the notes, and an active trading market may not develop for the notes. The failure of a market to develop for the notes could adversely affect the liquidity and value of your notes.

The notes are a new issue of securities for which there is currently no active trading market. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the underwriters that following the completion of this offering, certain of the underwriters intend to make a market in the notes. However, they are not obligated to do so and any market-making activities with respect to the notes may be discontinued by them at any time without notice. In addition, any market-making activity will be subject to limits imposed by law. A liquid trading market may not develop for the notes, and there can be no assurance that holders will be able to sell their notes at a particular time or that the price such holders receive when they sell their notes will be favorable. If an active, liquid market does not develop for the notes, the market price and liquidity of the notes may be harmed. If any of the notes are traded after their initial issuance, they may trade at a discount from their initial offering price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, financial performance and prospects, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in these factors. It is possible that the market for the notes will be subject to disruptions which may have a negative effect on the holders of the notes, regardless of our operating results, financial performance or prospects.

The market price of the notes may be volatile.

The market price of the notes will depend on many factors that may vary over time and some of which are beyond our control including:

- our financial performance;

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- the amount of indebtedness we have outstanding;
- market interest rates;
- the market for similar securities;
- competition;
- the size and liquidity of the market for the notes; and
- general economic conditions.

As a result of these factors, you may only be able to sell your notes at prices below those you believe to be appropriate, including prices below the price you paid for them.

An increase in interest rates could result in a decrease in the relative value of the notes.

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value. Consequently, if you purchase the notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Any decline in the ratings of our corporate credit could adversely affect the value of the notes.

Any decline in the ratings of our corporate credit or any indications from the rating agencies that their ratings on our corporate credit are under surveillance or review with possible negative implications could adversely affect the value of the notes. In addition, a ratings downgrade could adversely affect our ability to access capital.

Pending use of the net proceeds to redeem our Senior Notes due 2020, we will have broad discretion as to the use of proceeds of this offering.

As described under the Use of proceeds section, we will have significant flexibility in allocating a portion of the net proceeds of this offering. We intend to use the net proceeds of this offering along with cash on hand and/or direct borrowings under Covanta Energy s revolving credit facility to fund the redemption in full of our Senior Notes due 2020 on April 3, 2017 and to pay transaction fees and expenses and accrued interest. However, pending such use, we intend to use a portion of the net proceeds of this offering to repay borrowings under Covanta Energy s revolving credit facility in an amount of up to $152 million and invest the remaining net proceeds in short-term interest-bearing accounts, securities or similar investments.

Provisions of our restated certificate of incorporation, our amended and restated bylaws, Covanta Energy s credit facilities and the indentures governing each of our Senior Notes due 2020 (if not redeemed), the Senior Notes due 2022, the Senior Notes due 2024, the Tax-Exempt Bonds and the notes could discourage an acquisition of us by a third party.

Certain provisions of Covanta Energy s credit facilities and the indentures governing each of our Senior Notes due 2020 (if not redeemed), the Senior Notes due 2022, the Senior Notes due 2024, the Tax-Exempt Bonds and the notes could make it more difficult or more expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, the lenders holding commitments under Covanta Energy s credit facilities and the holders of our Senior Notes due 2020 (if not redeemed), the Senior Notes due 2022, the Senior Notes due 2024, Tax-Exempt Bonds and the notes will have the right to require Covanta Holding or Covanta Energy, as the case may be, to repurchase their Senior Notes due 2020 (if not redeemed), Senior Notes due 2022, Senior Notes due 2024, Tax-Exempt Bonds or notes, or repay the facility, as applicable. In addition, provisions of our restated certificate of incorporation and amended and restated bylaws, each as amended, could make it more difficult for a third party to acquire control of us. For example, our restated certificate of incorporation authorizes our board of directors to issue preferred stock without requiring any stockholder approval, and preferred stock could be issued as a defensive measure in response to a takeover

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proposal. All these provisions could make it more difficult for a third party to acquire us or discourage a third party from acquiring us even if an acquisition might be in the best interest of our stockholders.

The notes will be initially held in book-entry form and therefore you must rely on the procedures of DTC to exercise any rights and remedies.

Unless and until definitive notes are issued in exchange for book-entry interests in the notes, owners of the book-entry interests will not be considered owners or holders of notes. Instead, a nominee of DTC will be the sole holder of the notes.

Payments of amounts owing in respect of the global notes will be made by us to the paying agent. The paying agent will, in turn, make such payments to DTC or its nominee, which will distribute such payments to participants in accordance with their respective procedures.

Unlike holders of the notes themselves, owners of book-entry interests will not have the direct right to act upon solicitations for consents or requests for waivers or other actions from holders of notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from DTC or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

The lack of physical certificates could also:

- result in payment delays to you because the trustee will be sending distributions on the notes to DTC instead of directly to you;
- make it difficult or impossible for you to pledge certificates if physical certificates are required by the party demanding the pledge; and
- hinder your ability to resell notes because some investors may be unwilling to buy notes that are not in physical form.

Covanta Energy s credit facilities and the indentures governing each of the notes, the Senior Notes due 2020 (if not redeemed), the Senior Notes due 2022, the Senior Notes due 2024 and the Tax-Exempt Bonds contain covenant restrictions that may limit our ability to operate our business.

Covanta Energy s credit facilities contain operating and financial restrictions and covenants that impose operating and financial restrictions on us and require us to meet certain financial tests. Additionally, the indentures governing our Senior Notes due 2020 (if not redeemed), the Senior Notes due 2022, the Senior Notes due 2024 and the Tax-Exempt Bonds contain, and the indenture governing the notes will contain, operating and financial restrictions and covenants that impose operating and financial restrictions on us and require us to meet certain financial tests. Complying with these covenant restrictions may have a negative impact on our business, results of operations and financial condition by limiting our ability to engage in certain transactions or activities, including:

- incurring additional indebtedness or issuing guarantees, in excess of specified amounts;
- creating liens, in excess of specified amounts;
- making certain investments, in excess of specified amounts;
- entering into transactions with our affiliates;
- selling certain assets, in excess of specified amounts;
- making cash distributions or paying dividends to us, in excess of specified amounts;
- redeeming capital stock or making other restricted payments to us, in excess of specified amounts; and
- merging or consolidating with any person.

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Our ability to comply with these covenants is dependent on our future performance, which will be subject to many factors, some of which are beyond our control, including prevailing economic conditions. As a result of these covenants, our ability to respond to changes in business and economic conditions and to obtain additional financing, if needed, may be restricted, and we may be prevented from engaging in transactions that might otherwise be beneficial to us. In addition, the failure to comply with these covenants in Covanta Energy s credit facilities could result in a default thereunder and a default under the notes, the Senior Notes due 2020 (if not redeemed), the Senior Notes due 2022, the Senior Notes due 2024 and the Tax-Exempt Bonds. Upon the occurrence of such an event of default, the lenders under Covanta Energy s credit facilities could elect to declare all amounts outstanding under such agreement, together with accrued interest, to be immediately due and payable. If the lenders accelerate the payment of the indebtedness under Covanta Energy s credit facilities, we cannot assure you that the assets securing such indebtedness would be sufficient to repay in full indebtedness under the notes and our other indebtedness, which could have a material and adverse effect on our financial condition.

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Ratio of earnings to fixed charges

The following table sets forth our ratio of earnings to fixed charges for the periods indicated. For purposes of computing the ratio of earnings to fixed charges, earnings consists of income from continuing operations before income tax expense and equity in net income from unconsolidated investments plus dividends from unconsolidated investments and fixed charges less capitalized interest. Fixed charges consists of interest expense, capitalized interest and imputed interest for operating leases.

	For the years ended December 31,				
(In millions, except ratios)	**2012**	**2013**	**2014**	**2015**	**2016**
Earnings					
Income (loss) from continuing operations before income tax expense, equity in net income from unconsolidated investments	$ 159	$ 79	$ 4	$ (28)	$ 14
Capitalized interest	(1)	(1)	(2)	(9)	(26)
Dividends from unconsolidated investments	8	7	11	5	2
Fixed charges	158	168	157	151	168
Total Earnings	$ 324	$ 253	$ 170	$ 119	$ 158
Interest expense	$ 146	$ 159	$ 147	$ 134	$ 138
Capitalized interest	1	1	2	9	26
Imputed interest on operating leases	11	8	8	8	4
Total Fixed Charges	$ 158	$ 168	$ 157	$ 151	$ 168
Ratio of Earnings to Fixed Charges	2.05x	1.51x	1.08x	0.79x	0.94x

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Use of proceeds

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

As of December 31, 2016, we had $400 million aggregate principal amount of our Senior Notes due 2020 outstanding, bearing interest at 7.25% and maturing on December 1, 2020, and Covanta Energy had $343 million of borrowings outstanding and $501 million available borrowing capacity under its revolving credit facility, which bears interest at a variable rate. Amounts borrowed under Covanta Energy s revolving credit facility mature on April 10, 2020 (for Tranche A revolving commitments) and March 28, 2019 (for Tranche B revolving commitments). Amounts repaid under Covanta Energy s revolving credit facility may be reborrowed, subject to the terms of the credit agreement governing Covanta Energy s credit facilities.

Certain of the underwriters or their affiliates may hold a portion of our Senior Notes due 2020 and, consequently, would receive a portion of the net proceeds of this offering. Additionally, affiliates of certain of the underwriters are lenders under Covanta Energy s existing revolving credit facility, up to $152 million of borrowings under which is expected to be repaid with a portion of the net proceeds of this offering, and will receive a portion of the amounts repaid under that facility, pending the redemption of the Senior Notes due 2020. See Underwriting.

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Capitalization

The following table sets forth (a) our cash and cash equivalents and restricted funds held in trust and (b) our capitalization as of December 31, 2016:

- on an actual basis using the book amount of debt; and

- as adjusted to give effect to the issuance of $400.0 million in aggregate principal amount of the notes in this offering, after deducting discounts and commissions and estimated offering expenses of $7 million and the $9.7 million call premium, and applying these proceeds to the redemption of our Senior Notes due 2020.

This table should be read in conjunction with Summary historical consolidated financial information and Use of proceeds, each as included in this prospectus supplement, and the section entitled Management s discussion and analysis of financial conditions and results of operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016 and our consolidated financial statements and the notes thereto incorporated by reference in this prospectus supplement.

	As of December 31, 2016	
(dollars in millions)	**Actual**	**As adjusted(1)**
Cash and cash equivalents and restricted funds held in trust:		
Cash and cash equivalents	$ 84	$ 65
Restricted funds held in trust	110	110
Total cash and cash equivalents and restricted funds held in trust	$ 194	$ 175
Capitalization:		
Debt:		
Project debt(2)	$ 383	$ 383
Revolving credit facility due 2019-2020(3)	343	343
Term loan facility due 2020	195	195
Equipment lease financing due 2024-2027	69	69
Covanta Energy debt	$ 990	$ 990
Tax-Exempt Bonds due from 2024 to 2045(4)	459	459
Senior Notes due 2020(5)	396	
Senior Notes due 2022(6)	395	395
Senior Notes due 2024(7)	395	395
Notes offered hereby(8)		393
Covanta Holding debt	$ 2,635	$ 2,632
Equity:		
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 and outstanding 130 shares)(9)	14	14
Additional paid-in capital	807	807
Accumulated other comprehensive loss	(62)	(62)
Accumulated deficit	(289)	(303)
Treasury stock, at par	(1)	(1)

Total Covanta Holding Corporation stockholders equity	$	469	$	455
Noncontrolling interests in subsidiaries				
Total equity	$	469	$	455
Total capitalization	$	3,104	$	3,087

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(1) The As Adjusted column reflects a $19 million decrease in cash and cash equivalents, which, when coupled with the net proceeds of the notes, will provide sufficient funds to redeem the $400.0 million aggregate principal amount of the Senior Notes due 2020, including the $9.7 million call premium and accrued interest. The As Adjusted column reflects the presentation that the source of all additional funds required to redeem the Senior Notes due 2020 will come from cash on hand and none from direct borrowings under Covanta Energy s revolving credit facility.

(2) Consists of face value of project debt including a $4 million unamortized premium and net of a $7 million debt discount and $20 million deferred financing cost.

(3) As of December 31, 2016, on an actual and as adjusted basis, we would have had unused revolving credit facility commitments of $501 million (after giving effect to the $156 million of outstanding letters of credit).

(4) Consists of face value of tax exempt bonds net of deferred financing cost of $5 million.

(5) Consists of face value of notes net of deferred financing costs of $4 million.

(6) Consists of face value of notes net of deferred financing costs of $5 million.

(7) Consists of face value of notes net of deferred financing costs of $5 million.

(8) Consists of face value of the notes offered hereby of $400.0 million net of $7 million of commissions and estimated offering expenses.

(9) The number of issued shares in the table above as of December 31, 2016 on an actual and as adjusted basis does not include up to approximately 4.0 million shares of our common stock issuable upon exercise of outstanding stock options and upon vesting of restricted stock awards and units.

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Selected historical consolidated financial information

The following table sets forth our selected consolidated financial data as of and for the periods indicated. The selected consolidated financial information for the three years ended December 31, 2014, 2015 and 2016 and the selected historical consolidated balance sheet data as of December 31, 2015 and 2016 have been derived from our audited consolidated financial statements incorporated by reference herein. The selected historical consolidated financial information for the years ended December 31, 2012 and 2013 and the selected historical consolidated balance sheet data as of December 31, 2012, 2013 and 2014 have been derived from our audited consolidated financial statements not included or incorporated by reference in this prospectus supplement. Historical results may not necessarily be indicative of results that may be expected for any future period. When you read this selected consolidated financial data, it is important that you also read our audited and unaudited financial statements and related notes thereto as well as the section entitled Management s discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2016, which are incorporated by reference herein. Historical results are not necessarily indicative of future performance.

				For the year ended December 31,	
	2012	**2013**	**2014**	**2015**	**2016**
					(dollars in millions)
Statement of operations data					
Operating revenues	$ 1,643	$ 1,630	$ 1,682	$ 1,645	$ 1,699
Operating expenses	(1,339)	(1,395)	(1,528)	(1,536)	(1,590)
Operating income	$ 304	$ 235	$ 154	$ 109	$ 109
Loss (income) from continuing operations	$ 138	$ 42	$ (1)	$ 69	$ (4)
Income (loss) from discontinued operations, net of taxes	(20)	(52)			
Net (loss) income	**$ 118**	**$ (10)**	**$ (1)**	**$ 69**	**$ (4)**
Less: Net income (loss) from continuing operations attributable to noncontrolling interests in subsidiaries	2	(1)	1	1	
Net (loss) income attributable to Covanta Holding Corporation	**$ 116**	**$ (9)**	**$ (2)**	**$ 68**	**$ (4)**
Net (loss) income attributable to Covanta Holding Corporation:					
Continuing operations	136	43	(2)	68	(4)
Discontinued operations	(20)	(52)			
Net (loss) income attributable to Covanta Holding Corporation:	**$ 116**	**$ (9)**	**$ (2)**	**$ 68**	**$ (4)**

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	2012	2013	2014	As of December 31, 2015	2016
				(dollars in millions)	
Balance Sheet Data					
Cash and cash equivalents	$ 233	$ 190	$ 84	$ 94	$ 84
Property, plant and equipment, net	2,509	2,579	2,607	2,690	3,024
Total assets	4,501	4,357	4,178	4,234	4,284
Long-term debt (incl. current portion)	1,988	2,062	1,948	2,263	2,252
Project debt (incl. current portion)(A)	293	212	222	198	383
Total liabilities	3,452	3,451	3,394	3,594	3,815
Total Covanta Holding Corporation stockholders equity	1,042	902	782	638	469
Noncontrolling interests in subsidiaries	7	4	2	2	
Total equity	$ 1,049	$ 906	$ 784	$ 640	$ 469

(A) As of December 31, 2016, Project debt included $4 million of unamortized premium.

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Description of other indebtedness

Credit agreement

Covanta Energy s existing $1.2 billion senior secured credit facilities are comprised of:

- a $1.0 billion revolving credit facility consisting of a $950 million commitment due 2020 and a $50 million commitment due 2019, with $600 million available for the issuance of letters of credit and a $50 million sub-facility for the issuance of swing-line loans; $499 million of the $1.0 billion revolving credit facility was utilized as of December 31, 2016; and

- a term loan facility, due 2020, in the initial amount of $200 million and of which $195 million (net of debt discount) was outstanding as of December 31, 2016.

Covanta Energy is the borrower under our existing credit facilities, and Covanta Energy s obligations thereunder are guaranteed by Covanta Holding and each of Covanta Energy s domestic restricted subsidiaries (excluding special purpose project company subsidiaries and subsidiaries restricted from providing guarantees by contract, regulatory limitation or otherwise). The obligations of Covanta Energy and each guarantor in respect of the existing credit facilities are secured by a perfected first priority security interest in their tangible and intangible assets, including all of the capital stock of Covanta Energy and each of its restricted subsidiaries (limited, in the case of foreign subsidiaries, to 65% of the capital stock of first tier foreign subsidiaries and other limited exceptions).

Financial covenants

The loan documentation under Covanta Energy s credit facilities contains customary affirmative and negative covenants and financial covenants as discussed in Item 8. Financial Statements and Supplementary Information Note 11. Consolidated Debt included in our Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated by reference herein. We are in compliance with the covenants under these credit facilities.

The financial maintenance covenants of these credit facilities, which are measured on a trailing four quarter period basis, include the following:

- maximum Covanta Energy leverage ratio of 4.00 to 1.00 for the trailing four quarter period ended March 31, 2015 and ended each quarter thereafter, which measures the principal amount of Covanta Energy s consolidated debt less certain restricted funds dedicated to repayment of project debt principal and construction costs to Adjusted EBITDA. The definition of Adjusted EBITDA in the credit facilities excludes certain non-recurring and/or non-cash charges, and for purposes of calculating the leverage ratio and interest coverage ratios 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.

Long-term debt

In addition to our existing credit facilities, we have outstanding, as of December 31, 2016, the following notes or other debt issued by us:

- 7.25% Senior Notes due 2020;
- 6.375% Senior Notes due 2022;

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- 5.875% Senior Notes due 2024;
- 4.00% 5.25% Tax-Exempt Bonds Due 2024-2045; and
- 3.48% 4.52% Equipment financing capital lease arrangements due 2024 through 2027.

The notes are our senior unsecured obligations, ranking equally in right of payment with any of our existing and future senior unsecured indebtedness that is not subordinated, and are effectively subordinated in right of payment to any of our existing and future secured indebtedness to the extent of the value of the assets securing such indebtedness, and are structurally subordinated to the existing and future liabilities of any of our subsidiaries, including their guarantees under our Tax-Exempt Bonds, and their indebtedness and guarantees under the credit facilities of our subsidiary, Covanta Energy. The notes are not guaranteed by any of our subsidiaries and are effectively subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.

The indentures governing the notes may limit our ability and the ability of certain of our subsidiaries to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem their capital stock;
- prepay, redeem or repurchase certain debt;
- make loans and investments;
- sell restricted assets;
- incur liens;
- enter into transactions with affiliates;
- alter the businesses they conduct;
- enter into agreements restricting our subsidiaries ability to pay dividends; and
- consolidate, merge or sell all or substantially all of their assets.

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

For a detailed description of the terms and accounting treatment of the notes, see Item 8. Financial Statements and Supplementary Information Notes 11, 13 and 14 to our audited financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

4.00% 5.25% tax-exempt bonds due 2024-2045 (the Tax-Exempt Bonds)

In November 2012, we issued tax-exempt corporate bonds totaling $335 million. Proceeds from the offerings were utilized to refinance tax-exempt project debt at our Haverhill, Niagara and Southeast Massachusetts (SEMASS) facilities, as well as to fund certain capital expenditures in Massachusetts. We incurred approximately $7 million of financing costs related to this transaction, of which $3 million was expensed and $4 million will be recognized over the term of the debt.

In August 2015, we issued two new series of fixed rate tax-exempt corporate bonds totaling $130 million Proceeds from the offerings were utilized to refinance tax-exempt project debt at our Delaware Valley facility and to fund certain capital improvements at our Essex County facility. Financing costs were not material.

We entered into a loan agreement with the Massachusetts Development Finance Agency under which they issued the Resource Recovery Revenue Bonds (the Massachusetts Series bonds in the table below) and loaned

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the proceeds to us for the purposes of (i) financing qualifying capital expenditures at certain solid waste disposal facilities in Massachusetts and (ii) redeeming the outstanding principal balance of the SEMASS and Haverhill project debt.

We entered into a loan agreement with the Niagara Area Development Corporation under which they issued the Solid Waste Disposal Facility Refunding Revenue Bonds (the Niagara Series bonds in the table below) and loaned the proceeds to us for the purpose of redeeming the outstanding principal balance of the Niagara project debt.

The Massachusetts Series bonds and the Niagara Series bonds are obligations of Covanta Holding, are guaranteed by Covanta Energy, and are not secured by project assets. Principal and interest on the Massachusetts Series bonds and the Niagara Series bonds are payable from the loan repayments received by the Massachusetts Development Finance Agency and Niagara Area Development Corporation, respectively, from us pursuant to the respective loan agreements.

The Massachusetts Series bonds and the Niagara Series bonds bear interest at the interest rates per annum set forth in the table below, payable semi-annually on May 1 and November 1 of each year, commencing on May 1, 2013.

We entered into a loan agreement with the Essex County Improvement Authority under which they issued the Solid Waste Disposal Revenue Bonds (the New Jersey Series bonds in the table below) and loaned the proceeds to us for the purpose of financing capital improvements at our Essex County facility, including a new emissions control system.

We entered into a loan agreement with the Delaware County Industrial Development Authority under which they issued the Refunding Revenue Bonds (the Pennsylvania Series bonds in the table below) and loaned the proceeds to us for the purpose of redeeming the outstanding $34 million principal amount of tax-exempt corporate variable-rate demand bonds due 2043 and refinancing $6 million of project debt due on July 1, 2015 at our Delaware Valley facility.

Each of the loan agreements contains customary events of default, including failure to make any payments when due, failure to perform its covenants under the respective loan agreement, and our bankruptcy or insolvency. Additionally, each of the loan agreements contains cross-default provisions that relate to our other indebtedness. Upon the occurrence of an event of default, the unpaid balance of the loan under the applicable loan agreement will become due and payable immediately.

The Massachusetts Series bonds and the Niagara Series bonds contain certain terms including mandatory redemption requirements in the event that (i) the respective loan agreement is determined to be invalid, or (ii) the respective bonds are determined to be taxable. In the event of a mandatory redemption of the bonds, we will have an obligation under each respective loan agreement to prepay the respective loan in order to fund the redemption.

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For a detailed description of the terms of the Tax-Exempt bonds, see Item 8. Financial Statements and Supplementary Information Note 11. Consolidated Debt included in our Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated by reference herein.

Series	Amount	Maturity	Coupon	Use of proceeds
Massachusetts Series 2012A	$ 20	2027	4.875%	Finance for qualifying capital expenditures in Massachusetts
Massachusetts Series 2012B	67	2042	4.875%	Redeem SEMASS project debt
Massachusetts Series 2012C	82	2042	5.25%	Redeem Haverhill project debt
Niagara Series 2012A	130	2042	5.25%	Redeem Niagara project debt
Niagara Series 2012B	35	2024	4.00%	Redeem Niagara project debt
New Jersey Series 2015A	90	2045	5.25%	Finance qualifying expenditures in New Jersey
Pennsylvania Series 2015A	40	2043	5.00%	Refinance outstanding tax-exempt debt
	$ 464			

Equipment financing capital lease arrangements

In 2014, we entered into equipment financing capital lease arrangements to finance the purchase of barges, railcars, containers and intermodal equipment related to our New York City contract. During the years ended December 31, 2015 and 2014, we borrowed $15 million and $63 million, respectively, under certain equipment financing capital lease arrangements. The lease terms range from 10 years to 12 years and the fixed interest rates range from 3.48% to 4.52%.

The outstanding borrowings under the equipment financing capital lease arrangements were $69 million as of December 31, 2016, and have mandatory amortization payments remaining as follows (in millions):

	2017	2018	2019	2020	2021	Thereafter
Annual Remaining Amortization	$ 5	$ 5	$ 5	$ 5	$ 5	$ 44

Union County EfW capital lease arrangement

In June 2016, we extended the lease term related to the Union County EfW facility through 2053, which resulted in capital lease treatment for the revised lease. We recorded lease liability of $104 million, calculated utilizing an incremental borrowing rate of 5.0%. The lease includes certain periods of contingent rentals based upon plant performance as either a share of revenue or a share of plant profits. These contingent payments have been excluded from the calculation of the lease liability and instead will be treated as a period expense when incurred.

As of December 31, 2016, the outstanding borrowings under the capital lease have mandatory amortization payments remaining as follows (in millions):

	2017	2018	2019	2020	2021	Thereafter
Annual Remaining Amortization	$ 5	$ 5	$ 5	$ 6	$ 6	$ 72

Depreciation associated with these capital lease arrangements are included in Depreciation and amortization expense on our consolidated statement of operations. For additional information see *Item 8. Financial Statements and Supplementary Information Note 1. Organization and Summary of Significant Accounting*

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Policies Property, Plant and Equipment included in our Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated by reference herein.

Other non-current liabilities

As of December 31, 2016, the Dublin convertible preferred instrument of $87 million was included in other noncurrent liabilities in our condensed consolidated balance sheet.

Project debt

Americas project debt

Project debt associated with the financing of energy-from-waste facilities is arranged by municipal entities through the issuance of tax-exempt and taxable revenue bonds or other borrowings. For those facilities we own, that project debt is recorded as a liability on our consolidated financial statements. Generally, debt service for project debt related to service fee structures is the primary responsibility of municipal entities, whereas debt service for project debt related to tip fee structures is paid by our project subsidiary from project revenue expected to be sufficient to cover such expense.

Payment obligations for our project debt associated with energy-from-waste facilities are generally limited recourse to the operating subsidiary and non-recourse to us, subject to operating performance guarantees and commitments. These obligations are secured by the revenues pledged under various indentures and are collateralized principally by a mortgage lien and a security interest in each of the respective energy-from-waste facilities and related assets. As of December 31, 2016, such revenue bonds were collateralized by property, plant and equipment with a net carrying value of $669 million and restricted funds held in trust of approximately $84 million.

Dublin project financing

During 2014, we executed agreements for project financing totaling 375 million to fund a majority of the construction costs of the Dublin EfW facility. The project financing package includes: (i) 300 million of project debt under a credit facility agreement with various lenders, which consists of a 250 million senior secured term loan and a 50 million second lien term loan, and (ii) a 75 million convertible preferred investment, which has been committed by a leading global energy infrastructure investor. For additional information related to this project, see Item 8. Financial Statements and Supplementary Data Note 3 New Business and Asset Management to our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 and incorporated by reference herein.

Project debt other

Financing for international projects in which we have an ownership or operating interest is generally raised through commercial loans from local lenders; financing arranged through international banks; and/or bonds issued to institutional investors. Such debt is generally secured by the revenues generated by the project and by project assets and is without recourse to us. In most international projects, the instruments defining the rights of debt holders generally provide that the project subsidiary may not make distributions to its parent until periodic debt service obligations are satisfied and other financial covenants are complied with.

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Restricted funds held in trust

Restricted funds held in trust are primarily amounts received and held by third-party trustees relating to certain projects we own. We generally do not control these accounts and these funds may be used only for specified purposes. These funds primarily include debt service reserves for payment of principal and interest on project debt. Revenue funds are comprised of deposits of revenues received with respect to projects prior to their disbursement. Other funds are primarily amounts held in trust for operations, maintenance, environmental obligations, operating lease reserves in accordance with agreements with our clients, and amounts held for future scheduled distributions. Such funds are invested principally in money market funds, bank deposits and certificates of deposit, United States treasury bills and notes, United States government agency securities and high-quality municipal bonds.

Restricted fund balances are as follows (dollars in millions):

	As of December 31, 2016		As of December 31, 2015	
	Current	Noncurrent	Current	Noncurrent
Debt service funds principal	$ 10	$ 7	$ 9	$ 8
Debt service funds interest	1		1	
Total debt service funds	$ 11	$ 7	$ 10	$ 8
Revenue funds	3		4	
Other funds	42	47	63	75
Total	$ 56	$ 54	$ 77	$ 83

Other commitments and performance guarantees

Other commitments as of December 31, 2016 were as follows (dollars in millions):

		Commitments expiring by period	
	Total	Less than one year	More than one year
Letters of credit issued under the revolving credit facility	$ 156	$	$ 156
Letter of credit, other	61		61
Surety bonds	158		158
Total other commitments net	$ 375	$	$ 375

The letters of credit were issued under the revolving credit facility to either secure our performance under various contractual undertakings related to our domestic and international projects, or to secure obligations under our insurance program. Each letter of credit relating to a project is required to be maintained in effect for the period specified in related project contracts, and generally may be drawn if it is not renewed prior to expiration of that period.

We believe that we will be able to fully perform under our contracts to which these existing letters of credit relate, and that it is unlikely that letters of credit would be drawn because of a default of our performance obligations. If any of these letters of credit were to be drawn by the beneficiary, the amount drawn would be immediately repayable by us to the issuing bank. If we do not immediately repay such amounts drawn under these letters of credit, unreimbursed amounts would be treated under Covanta Energy s credit facilities as either additional term loans or as revolving loans in the case of letters of credit issued under the revolving credit facility.

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The surety bonds listed in the table above relate primarily to construction and performance obligations and support for other obligations, including closure requirements of various energy projects when such projects cease operating. Were these bonds to be drawn upon, we would have a contractual obligation to indemnify the surety company.

We have either issued or are party to guarantees and related contractual support obligations undertaken pursuant to agreements to construct and operate waste and energy facilities. For some projects, such performance guarantees include obligations to repay certain financial obligations if the project revenues are insufficient to do so, or to obtain or guarantee financing for a project. With respect to our businesses, we have issued guarantees to municipal clients and other parties that our subsidiaries will perform in accordance with contractual terms, including, where required, the payment of damages or other obligations. Additionally, damages payable under such guarantees for our energy-from-waste facilities could expose us to recourse liability on project debt. If we must perform under one or more of such guarantees, our liability for damages upon contract termination would be reduced by funds held in trust and proceeds from sales of the facilities securing the project debt and is presently not estimable. Depending upon the circumstances giving rise to such damages, the contractual terms of the applicable contracts, and the contract counterparty s choice of remedy at the time a claim against a guarantee is made, the amounts owed pursuant to one or more of such guarantees could be greater than our then-available sources of funds. To date, we have not incurred material liabilities under such performance guarantees. See the section entitled Item 1A. Risk Factors We have provided guarantees and financial support in connection with our projects included in our Annual Report on Form 10-K for the year ended December 31, 2016, and incorporated by reference herein.

We are focused on developing new projects and making acquisitions to grow our business. We are pursuing additional growth opportunities through the development and construction of new waste and energy facilities. Due to permitting and other regulatory factors, these projects generally evolve over lengthy periods and project financing is generally obtained at the time construction begins, at which time we can more accurately determine our commitment for a development project.

Description of notes

The Company will issue the notes under the Indenture (the *Base Indenture*), dated as of January 18, 2007, between the Company and Wells Fargo Bank, National Association, as trustee (the *Trustee*), as supplemented by a supplemental indenture thereto (the *Supplemental Indenture*, and, together with the Base Indenture, the *Indenture*), to be dated as of March 16, 2017. The notes will be a series of debt securities under the Base Indenture the terms of which will be established by the Supplemental Indenture. The terms of the notes include those expressly set forth in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the *Trust Indenture Act*).

This description of notes is intended to be a useful overview of the material provisions of the notes and the Indenture. You should read the following information in conjunction with the statements under Description of Securities Debt Securities in the accompanying prospectus. This description of notes replaces the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus to the extent the terms of the notes described below are inconsistent with the provisions of the debt securities set forth in the accompanying prospectus.

In addition, since this description of notes is only a summary, it does not contain all of the details found in the full text of, and is qualified in its entirety by the provisions of, the notes and the Indenture. You should refer to the Indenture for a complete description of the obligations of the Company and your rights. The Company will make a copy of the Indenture available to the Holders and to prospective investors upon request.

You will find the definitions of capitalized terms used in this description under the heading Certain definitions.

For purposes of this description, references to the Company, we, our and us refer only to Covanta Holding Corporation and not to its subsidiaries. The risks relating to the status of the Company as a holding company are discussed under Risk Factors The notes will be effectively subordinated to any of our existing and future secured indebtedness and structurally subordinated to any existing and future indebtedness and other liabilities of our subsidiaries and Risk Factors We may not have access to the cash flow and other assets of our subsidiaries that may be needed to make payments on our indebtedness, including the notes.

General

The notes

The notes:

- will be general unsecured, senior obligations of the Company;
- will be limited to an aggregate principal amount of $400.0 million, subject to our ability to issue Additional Notes (as defined below);
- will be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof;
- will mature on July 1, 2025;
- will rank equally in right of payment with any existing and future senior Indebtedness of the Company, without giving effect to collateral arrangements;
- will be effectively subordinated to all Secured Indebtedness of the Company (including Obligations under the Senior Credit Facility) to the extent of the value of the pledged assets;

will be senior in right of payment to any future Subordinated Obligations of the Company;

will be structurally subordinated to obligations, including Obligations under the Senior Credit Facility, of any of our Subsidiaries, none of which will Guarantee the notes; and

will be represented by one or more registered notes in global form, but in certain circumstances may be represented by notes in definitive form.

Interest

Interest on the notes will:

accrue at the rate of 5.875% per annum;

accrue from the date of original issuance or, if interest has already been paid, from the most recent interest payment date;

be payable in cash semi-annually in arrears on January 1 and July 1, commencing with a short first coupon payable on July 1, 2017;

be payable to the Holders of record at the close of business on the December 15 and June 15 immediately preceding the related interest payment dates; and

be computed on the basis of a 360-day year comprised of twelve 30-day months.

Amount unlimited; notes issued as a series

The Indenture is unlimited in aggregate principal amount, although the issuance of notes in this offering will be limited to $400.0 million. If we are in compliance with the covenants contained in the Indenture and our other debt agreements, we may issue an unlimited principal amount of additional notes having identical terms and conditions as the notes other than the issue date, the issue price and the first interest payment date (the *Additional Notes*). Any Additional Notes will be part of the same issue as the notes that we are currently offering and will vote on all matters with the notes, except that Additional Notes may be required to trade under a separate CUSIP number if they are not fungible with the notes for U.S. federal income tax purposes.

Payments on the notes; paying agent and registrar

We will pay, or cause to be paid, the principal of, premium, if any, and interest on the notes at the office or agency designated by the Company, except that we may, at our option, pay interest on the notes by check mailed to Holders at their registered address set forth in the Registrar s books. We have initially designated the corporate trust office of the Trustee to act as our paying agent and registrar. We may, however, change the paying agent or registrar without prior notice to the Holders, and the Company or any of its Restricted Subsidiaries may act as paying agent or registrar.

We will pay principal of, premium, if any, and interest on, notes in global form registered in the name of or held by The Depository Trust Company (*DTC*) or its nominee in immediately available funds to DTC or its nominee, as the case may be, as the registered Holder of such global note.

Transfer and exchange

A Holder may transfer or exchange notes in accordance with the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents. No service charge will be imposed by the Company, the Trustee or the Registrar for any registration of transfer or exchange of notes, but the Company may require a Holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. The Company is not required

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to transfer or exchange any note selected for redemption. Also, the Company is not required to transfer or exchange any note for a period of 15 days before the day of the mailing of a notice of redemption of notes to be redeemed.

The registered Holder of a note will be treated as its owner for all purposes.

Ranking

The notes will be general unsecured obligations of the Company and will rank equal in right of payment with all existing and future senior unsecured Indebtedness of the Company, will be effectively subordinated to all of our Secured Indebtedness (to the extent of the value of the assets securing such Indebtedness), and will be structurally subordinated to all of the existing and future liabilities of our Subsidiaries, none of which will Guarantee the notes. The notes will rank senior in right of payment to any existing and future Indebtedness that is expressly subordinated in right of payment to the notes.

In the event of bankruptcy, liquidation, reorganization or other winding up of the Company or upon a default in payment with respect to, or the acceleration of, any senior Secured Indebtedness, the assets of the Company that secure such senior Secured Indebtedness will be available to pay obligations on the notes only after all Indebtedness under such senior Secured Indebtedness and certain hedging obligations and cash management obligations has been repaid in full from such assets. We advise you that there may not be sufficient assets remaining to pay amounts due on any or all the notes then outstanding.

Assuming that we had applied the net proceeds we receive from the offering in the manner described under Use of proceeds, as of December 31, 2016:

- we would have had $2,632 million of total consolidated indebtedness, $990 million of which would have been secured (including $343 million under Covanta Energy s revolving credit facility and $195 million under Covanta Energy s term loan), and we would have had additional commitments of $501 million under Covanta Energy s revolving credit facility available to us (after giving effect to the $156 million of outstanding letters of credit);

- none of our indebtedness would be subordinated in right of payment to the notes; and

- our subsidiaries (including Covanta Energy) would have had $1,473 million of liabilities, including $383 million in project debt (excluding intercompany liabilities), all of which would have been structurally senior in right of payment to the notes; and

- we would have had $459 million of Tax-Exempt Bonds guaranteed by our subsidiaries which would be structurally senior in right of payment to the notes.

Although the Indenture will limit the amount of Indebtedness that the Company and its Restricted Subsidiaries may Incur, such Indebtedness may be substantial and a significant portion of such Indebtedness may be Secured Indebtedness or structurally senior to the notes. The risks relating to the Company s incurrence of additional indebtedness are discussed under Risk factors Despite our current and anticipated indebtedness levels, we may still incur substantially more indebtedness or take other actions which would intensify the risks associated with our substantial indebtedness.

Optional redemption

Except as described below, the notes are not redeemable until July 1, 2020. On and after July 1, 2020, the Company may redeem the notes, in whole or in part, upon not less than 30 nor more than 60 days notice,

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at the following redemption prices (expressed as a percentage of principal amount of the notes to be redeemed) set forth below, plus accrued and unpaid interest on the notes, if any, to the applicable date of redemption, (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date following on or prior to such redemption date), if redeemed during the twelve-month period beginning on July 1 of the years indicated below:

Year	Percentage
2020	104.406%
2021	102.938%
2022	101.469%
2023 and thereafter	100.000%

Prior to July 1, 2020, the Company may on any one or more occasions redeem up to 35% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of Additional Notes) in an amount not to exceed the Net Cash Proceeds of one or more Equity Offerings at a redemption price equal to 105.875% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to the applicable redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date following on or prior to such redemption date); provided that

(1) at least 65% of the original aggregate principal amount of the notes (calculated after giving effect to any issuance of Additional Notes) remains outstanding after each such redemption; and

(2) such redemption occurs within 90 days after the closing of such Equity Offering.

In addition, at any time prior to July 1, 2020, the Company may redeem the notes, in whole but not in part, upon not less than 30 nor more than 60 days prior notice mailed to each Holder or otherwise in accordance with the procedures of the depositary at a redemption price equal to 100% of the aggregate principal amount of the notes plus the Applicable Premium, plus accrued and unpaid interest, if any, to the redemption date (subject to the right of Holders of record on the relevant record date to receive interest due on an interest payment date falling on or prior to such redemption date).

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the note is registered at the close of business, on such record date, and no additional interest will be payable to Holders whose notes will be subject to redemption by the Company.

In the case of any partial redemption, selection of the notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed or, if the notes are not listed, then on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate or in accordance with DTC procedures, although no note of $2,000 in original principal amount or less will be redeemed in part. If any note is to be redeemed in part only, the notice of redemption relating to such note will state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original note.

Any redemption or notice may, at the Company s discretion, be subject to one or more conditions precedent, including completion of an Equity Offering or other corporate transaction.

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Mandatory redemption; open market purchases

The Company is not required to make any mandatory redemption or sinking fund payments with respect to the notes. However, under certain circumstances, the Company may be required to offer to purchase the notes as described under the caption Repurchase at the option of holders.

The Company may acquire notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Repurchase at the option of holders

Change of control triggering event

Within 30 days following any Change of Control Triggering Event, unless the Company has exercised its right to redeem all of the notes as described above under Optional redemption, the Company will be required to offer to purchase (a *Change of Control Offer*) all of the notes at a purchase price in cash equal to 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of purchase (a *Change of Control Payment*) by mailing a Change of Control Offer Notice to each Holder, with a copy to the Trustee.

A *Change of Control Triggering Event* will occur when (i) a Change of Control has occurred and (ii) the notes are downgraded by either Moody s Investors Service, Inc. or Standard & Poor s Ratings Group, Inc. on any date during the period commencing 60 days prior to the consummation of such Change of Control and ending 60 days following consummation of such Change of Control.

A *Change of Control* will occur when:

(1) any person or group of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act but excluding any employee benefit plan of the Company and its Subsidiaries and any person acting in its capacity as trustee, agent or other fiduciary or administrator of such plan), becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that such person or group shall be deemed to have beneficial ownership of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company or any of its direct or indirect parent entities (or their successors by merger, consolidation or purchase of all or substantially all of their assets); or

(2) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or

(3) the sale, assignment, conveyance, transfer, lease or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to any person (as such term is used in Sections 13(d) and 14 (d) of the Exchange Act); or

(4) the adoption by the stockholders of the Company of a plan or proposal for the liquidation or dissolution of the Company.

Prior to repurchasing any notes pursuant to a Change of Control Offer, the Company will be required as a condition to making the repurchase payment to either:

(1) obtain consent from the requisite holders of each issue of Indebtedness that may be violated by the repurchase to make the repurchase payment and waive any event of default caused by the Change of Control; or

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(2) repay all such Indebtedness that may be violated by making the repurchase payment, or offer to repay that Indebtedness and pay all holders of such Indebtedness that accept that offer, and obtain waivers of any event of default arising under such Indebtedness.

The Company will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the Indenture requirements applicable to such a Change of Control Offer made by the Company, and purchases all notes validly tendered and not withdrawn in that Change of Control Offer.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to a Change of Control Offer.

A Change of Control is triggered by a disposition of all or substantially all of the property and assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase all or substantially all in this context, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be uncertainty as to whether a particular transaction would constitute a disposition of all or substantially all of the property or assets of the Company under the Indenture. As a result, it may be unclear as to whether a Change of Control has occurred and whether a Holder may require the Company to make an offer to repurchase the notes as described above.

The Indenture will not contain any other provisions that require the Company to repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction. Moreover, the Change of Control provisions described above may deter mergers, tender offers and other takeover attempts involving the Company by increasing the capital required to complete such transactions.

In addition, under a Delaware Chancery Court interpretation of a change of control repurchase requirement with a continuing director provision, a board of directors may approve a slate of stockholder-nominated directors for purposes of the change of control repurchase event feature of the notes without endorsing them at the stockholder meeting or while simultaneously recommending and endorsing its own slate instead. The foregoing interpretation would permit the Company s board of directors to approve a slate of directors that included a majority of dissident directors nominated pursuant to a proxy contest, and the ultimate election of such dissident slate would not constitute a change of control repurchase event that would trigger the requirement that the Company repurchase the notes as described above.

Asset sales

The Company will not, and will not permit any of its Restricted Subsidiaries to make any Asset Disposition unless:

(1) the Company or Restricted Subsidiary receives consideration at least equal to the Fair Market Value (determined as of the date of entering into the contractual agreement for such Asset Disposition) of the shares and assets subject to such Asset Disposition;

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration from the Asset Disposition received by the Company or Restricted Subsidiary is in the form of cash or Cash Equivalents; and

(3) all Net Available Cash from the Asset Disposition is applied by the Company or Restricted Subsidiary within 365 days from the later of the date the Asset Disposition is completed or the Net Available Cash is received, as follows:

(a) to permanently reduce obligations and related commitments under (x) the Senior Credit Facility or (y) Secured Indebtedness of the Company (other than any Disqualified Stock or Subordinated

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Obligations) or Secured Indebtedness of a Restricted Subsidiary (other than any Disqualified Stock), in each case, other than Indebtedness owed to the Company or an Affiliate of the Company;

(b) to permanently reduce obligations under other Indebtedness of the Company (other than any Disqualified Stock or Subordinated Obligations) or Indebtedness of a Restricted Subsidiary (other than any Disqualified Stock), in each case other than Indebtedness owed to the Company or an Affiliate of the Company; *provided* that, except in the case of a reduction in obligations of Indebtedness of a Restricted Subsidiary, the Company shall reduce Obligations under the notes

(i) by redeeming notes as provided in Optional redemption,

(ii) through open market purchases at prices that are at or above 100% of their principal amount, or

(iii) by making an offer to all Holders to purchase their notes at 100% of their principal amount, plus accrued but unpaid interest to the date of purchase in accordance with the procedures for an Asset Disposition Offer; or

(c) to invest in Additional Assets.

Any Net Available Cash from Asset Dispositions that is not applied or invested as provided in the preceding paragraph will be deemed to constitute Excess Proceeds.

For the purposes of clause (2) above and for no other purpose, the following will be deemed to be cash:

(1) any liabilities (as shown on the Company s or Restricted Subsidiary s most recent balance sheet) of the Company or any Restricted Subsidiary (other than liabilities that are by their terms subordinated to the notes) that are assumed by the transferee of any such assets and from which the Company and all Restricted Subsidiaries have been validly released by all creditors in writing;

(2) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from the transferee that are converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received) within 180 days following the closing of such Asset Disposition; and

(3) any Designated Noncash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Noncash Consideration received pursuant to this clause (3) that is at that time outstanding, not to exceed the greater of (x) $100.0 million and (y) 2.5% of Total Tangible Assets at the time of the receipt of such Designated Noncash Consideration, with the Fair Market Value of each item of Designated Noncash Consideration being measured at the time received without giving effect to subsequent changes in value.

In the case of clause (c), a binding commitment to invest in Additional Assets shall be treated as a permitted application of the Net Available Cash from the date of such commitment so long as the Company or such other Restricted Subsidiary enters into the commitment with the good faith expectation that the Net Available Cash will be applied to satisfy the commitment within 270 days of such commitment (an *Acceptable Commitment*). In the event any Acceptable Commitment is later cancelled or terminated for any reason before the Net Available Cash is applied in connection with the Acceptable Commitment, the Company or Restricted Subsidiary enters into another Acceptable Commitment (a *Second Commitment)* within 90 days of such cancellation or termination and with the good faith expectation that the Net Available Cash will be applied within 180 days of such Second Commitment. If a Second Commitment is later cancelled or terminated for any reason before the Net Available Cash is applied, then the Net Available Cash will constitute Excess Proceeds.

Pending the final application of any Net Available Cash in accordance with clause (a), (b) or (c) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness (including under a revolving Senior Credit Facility) or invest the Net Available Cash in any manner not prohibited by the Indenture.

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If the aggregate amount of Excess Proceeds exceeds $25.0 million on the 366th day after an Asset Disposition, the Company will be required to offer (an *Asset Disposition Offer*) to all Holders and, to the extent required by the terms of outstanding Pari Passu Indebtedness, to all holders of such Pari Passu Indebtedness, to purchase the maximum aggregate principal amount of notes and any such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date), in accordance with the procedures set forth in the Indenture or the agreements governing the Pari Passu Indebtedness, as applicable.

To the extent that the aggregate amount of notes and Pari Passu Indebtedness validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for any purpose not prohibited by the Indenture.

If the aggregate principal amount of notes surrendered by Holders thereof and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, tendered notes and Pari Passu Indebtedness shall be repaid on a *pro rata* basis and selection of the notes to be repurchased shall be made by the Trustee on a *pro rata* basis, by lot or by such other method as the Trustee in its sole discretion will deem to be fair and appropriate or in accordance with DTC procedures.

Upon completion of the Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

If the date of completion of the application of the Excess Proceeds to the purchase of the aggregate principal amount of notes and, if applicable, Pari Passu Indebtedness, pursuant to an Asset Disposition Offer is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest will be paid to the Person in whose name a note is registered at the close of business on such record date.

The Company will comply, to the extent applicable, with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws or regulations in connection with the repurchase of notes pursuant to an Asset Disposition Offer.

Certain covenants

Covenant suspension

The Company and its Restricted Subsidiaries will not be subject to the provisions of the Indenture summarized under the headings below (collectively, the Suspended Covenants) if, and for so long as, (a) the notes have an Investment Grade Rating from both of the Rating Agencies; and (b) no Default or Event of Default has occurred and is continuing under the Indenture:

- Repurchase at the option of holders Asset sales ;
- Limitation on indebtedness ;
- Limitation on restricted payments ;
- Limitation on restrictions on distributions from restricted subsidiaries ;
- Limitation on affiliate transactions ; and
- Clause (4) of the first paragraph of Merger and consolidation.

If at any time the credit rating for the notes is downgraded from an Investment Grade Rating by any Rating Agency or if a Default or Event of Default occurs and is continuing, then the Suspended Covenants will thereafter be reinstated as if such covenants had never been suspended (the *Reinstatement Date*) and be applicable pursuant to the terms of the Indenture (including in connection with performing any calculation or assessment to determine compliance with the terms of the Indenture), unless and until the notes subsequently attain an Investment Grade Rating from both of the Rating Agencies and no Default or Event of Default is in existence (in which event the Suspended Covenants shall no longer be in effect for such time that the notes maintain an Investment Grade Rating from both of the Rating Agencies and no Default or Event of Default is in existence).

The period of time between the date of suspension of the covenants and the Reinstatement Date is referred to as the *Suspension Period.* No Default, Event of Default or breach of any kind shall be deemed to exist under the Indenture or the notes with respect to the Suspended Covenants based on, and none of the Company or any of its Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during the Suspension Period.

On the Reinstatement Date, the amount of Excess Proceeds from Asset Dispositions shall be reset at zero. In addition, all Indebtedness Incurred during the Suspension Period will be classified to have been Incurred pursuant to the first paragraph of Limitation on indebtedness or one of the clauses set forth in the second paragraph of Limitation on indebtedness (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reinstatement Date and after giving effect to Indebtedness Incurred prior to the Suspension Period and outstanding on the Reinstatement Date). To the extent such Indebtedness would not be so permitted to be Incurred pursuant to the first or second paragraph of Limitation on indebtedness, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (3) of the second paragraph of Limitation on indebtedness. Calculations made after the Reinstatement Date of the amount available to be made as Restricted Payments under Limitation on restricted payments will be made as though the covenants described under Limitation on restricted payments had been in effect since the Prior Issue Date and throughout the Suspension Period. Accordingly, Restricted Payments made during the Suspension Period will reduce the amount available to be made as Restricted Payments under the first paragraph of Limitation on restricted payments.

During any period when the Suspended Covenants are suspended, neither the Board of Directors of the Company nor Senior Management may designate any of the Company s Subsidiaries as Unrestricted Subsidiaries or Excluded Project Subsidiaries pursuant to the Indenture.

Limitation on indebtedness

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness); *provided*, *however*, that the Company and its Restricted Subsidiaries may Incur Indebtedness if on the date thereof and after giving effect thereto on a *pro forma* basis:

(1) the Consolidated Coverage Ratio for the Company and its Restricted Subsidiaries is at least 2.00 to 1.00;

(2) in the case of Indebtedness Incurred by a Restricted Subsidiary, the Combined Leverage Ratio for the Company s Restricted Subsidiaries is no greater than 4.00 to 1.00; and

(3) no Default or Event of Default will have occurred or be continuing or would occur as a consequence of Incurring the Indebtedness or entering into the transactions relating to such Incurrence.

The first paragraph of this covenant will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness of the Company or any Restricted Subsidiary Incurred under a Debt Facility and the issuance and creation of letters of credit and bankers acceptances thereunder (with undrawn trade letters of credit and reimbursement obligations relating to trade letters of credit satisfied within 30 days being excluded,

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and bankers acceptances being deemed to have a principal amount equal to the face amount thereof) together with the principal component of amounts outstanding under Qualified Receivables Transactions in an aggregate amount up to the greater of (a) $1,800.0 million and (b) 40.0% of Total Assets at any time outstanding, less the aggregate principal amount of all principal repayments with the proceeds from Asset Dispositions made pursuant to clause 3(a) of the first paragraph of Repurchase at the option of holders Asset sales in satisfaction of the requirements of that covenant;

(2) Indebtedness represented by the notes (other than any Additional Notes);

(3) Indebtedness of the Company and its Restricted Subsidiaries in existence on the Issue Date (other than Indebtedness described in clauses (1), (2), (4), (5), (7), (9), (10) and (11) of this paragraph);

(4) Guarantees by (a) Excluded Project Subsidiaries of Indebtedness of any other Excluded Project Subsidiary; and (b) any Restricted Subsidiary of Indebtedness Incurred by Restricted Subsidiaries in accordance with the provisions of the Indenture;

(5) Indebtedness of the Company owing to and held by any Restricted Subsidiary (other than a Receivables Entity) or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any other Restricted Subsidiary (other than a Receivables Entity); *provided*, *however*, that

(a) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary (other than a Receivables Entity) of the Company; and

(b) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary (other than a Receivables Entity) of the Company shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary;

(6) Indebtedness of Persons Incurred and outstanding on the date on which such Person became a Restricted Subsidiary or was acquired by, or merged into, the Company or any Restricted Subsidiary (whether or not Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by the Company or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided*, *however*, that at the time such Person is acquired, either:

(a) the Company would have been able to Incur $1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (6) or

(b) the Consolidated Coverage Ratio would be greater than immediately prior to such acquisition;

(7) Indebtedness under Hedging Obligations that are Incurred in the ordinary course of business and not for speculative purposes;

(8) Indebtedness (including Capitalized Lease Obligations, but excluding Acquired Indebtedness) of the Company or a Restricted Subsidiary Incurred

(a) to finance (whether prior to or within 270 days after) all or any part of the cost of the purchase, lease, construction or improvement of any property, plant or equipment used or to be used in the business of the Company or such Restricted Subsidiary or

(b) as a result of entering into of any extension of an operating lease entered into to finance all or any portion of the cost of the purchase, lease, construction or improvement of any property, plant or equipment used or to be used in the business of the Company or such Restricted Subsidiary,

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and any Indebtedness of the Company or a Restricted Subsidiary which serves to refund or refinance any Indebtedness Incurred pursuant to this clause (8) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) and then outstanding, will not exceed the greater of (x) $200.0 million and (y) 5.0% of Total Tangible Assets at any time outstanding;

(9) Indebtedness Incurred by the Company or its Restricted Subsidiaries in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance, self-insurance obligations, performance, bid, surety statutory, appeal, payment and similar bonds and completion guarantees (not for borrowed money) (including any bonds or letters of credit issued with respect thereto and all reimbursement and indemnity agreements entered into in connection therewith) and Indebtedness consisting solely of obligations under Insurance Premium Financing Arrangements or reinsurance arrangements, provided in the ordinary course of business;

(10) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, Incurred or assumed in connection with the disposition or acquisition of any business or assets of the Company or any business, assets or Capital Stock of a Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; *provided* that:

(a) the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed (i) in the case of a disposition the gross proceeds, including non-cash proceeds (the Fair Market Value of such non-cash proceeds being measured at the time received and without giving effect to subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition and (ii) in the case of an acquisition, the Fair Market Value of such acquired business, asset or Subsidiary being measured at the time received and without giving effect to subsequent changes in value; and

(b) such Indebtedness is not reflected on the balance sheet of the Company or any of its Restricted Subsidiaries (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (10));

(11) Indebtedness (a) arising from the honoring by a bank or other financial institution of a check, draft or similar instrument (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, provided that such Indebtedness is extinguished within five Business Days of Incurrence, and (y) in respect of netting services, overdraft protections and otherwise in connection with deposit accounts, provided that such Indebtedness remains outstanding only for 10 Business Days or less;

(12) the Incurrence or issuance by the Company or any Restricted Subsidiary of Refinancing Indebtedness that serves to refund or refinance any Indebtedness Incurred as permitted under the first paragraph of this covenant and clauses (2), (3), (6) and this clause (12) of the second paragraph of this covenant, or any Indebtedness issued to so refund or refinance such Indebtedness, including additional Indebtedness Incurred to pay premiums (including reasonable, as determined in good faith by the Company, tender premiums), defeasance costs, accrued interest and fees and expenses in connection with such refunding or refinancing;

(13) the Incurrence of Non-Recourse Debt by any Excluded Project Subsidiary;

(14) the Incurrence of Non-Recourse Debt by any Restricted Subsidiary that is not an Excluded Project Subsidiary to (a) fund Construction Capital Expenditures, provided the amount of such Non-Recourse Debt does not exceed 75% of the cost of the addition or improvement to the Project that is funded by such Non-

Recourse Debt, or (b) refund or refinance any Non-Recourse Debt Incurred by such Restricted Subsidiary as permitted by the Indenture, including additional Indebtedness Incurred to pay premiums (including reasonable, as determined in good faith by the Company, tender premiums), defeasance costs, accrued interest and fees and expenses in connection therewith;

(15) Indebtedness with respect to contingent obligations incurred in exchange (or in consideration) for (a) the release of cash collateral pledged by the Company or its Restricted Subsidiaries for closure costs or other obligations Incurred in the ordinary course of business or (b) the return and cancellation of undrawn letters of credit for which the Company or its Restricted Subsidiaries are liable for reimbursement, in each case which pledge or issuance of letter of credit was outstanding on the Issue Date or made in accordance with the Indenture;

(16) Indebtedness of the Company or any Restricted Subsidiary consisting of (a) the financing of insurance premiums, or (b) take or pay obligations contained in supply agreements, in each case, in the ordinary course of business; and

(17) in addition to the items referred to in clauses (1) through (16) above, Indebtedness of the Company and its Restricted Subsidiaries in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (17) and then outstanding, will not exceed the greater of (a) $250.0 million and (b) 5.0% of Total Assets at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the second paragraph of this covenant, the Company, in its sole discretion, will classify such item of Indebtedness on the date of Incurrence and may later reclassify such item of Indebtedness in any manner that complies with the second paragraph of this covenant and only be required to include the amount and type of such Indebtedness in one of such clauses under the second paragraph of this covenant; *provided*, *however*, that all Indebtedness outstanding on the Issue Date under the Senior Credit Facility shall be deemed Incurred under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (3) of the second paragraph of this covenant and may not later be reclassified;

(2) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(3) if obligations in respect of letters of credit are Incurred pursuant to a Debt Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(4) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(5) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness;

(6) the principal amount of any Indebtedness outstanding in connection with a Qualified Receivables Transaction is the Receivables Transaction Amount relating to such Qualified Receivables Transaction; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the amortization of debt discount, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount or the aggregate principal amount outstanding in the case of Indebtedness issued with interest payable in kind and (ii) the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided*, *however*, that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced plus any premiums (including reasonable, as determined in good faith by the Company, tender premiums), defeasance costs, accrued interest and fees and expenses in connection with such refinancing. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Except as otherwise provided above, the Company will not permit any of its Unrestricted Subsidiaries or its Excluded Project Subsidiaries to Incur any Indebtedness or issue any shares of Disqualified Stock, other than Non-Recourse Debt.

If at any date an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of that date, and if such Indebtedness is not permitted to be Incurred as of that date under this Limitation on indebtedness covenant, the Company shall be in Default of this covenant.

Limitation on restricted payments

The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution (whether made in cash, securities or other property) on or in respect of its or any of its Restricted Subsidiaries Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) other than:

(a) dividends or distributions payable solely in Capital Stock of the Company (other than Disqualified Stock); and

(b) dividends or distributions by a Restricted Subsidiary, so long as, in the case of any dividend or distribution payable on or in respect of any Capital Stock issued by a Restricted Subsidiary that is not a Wholly-Owned Subsidiary, the Company or the Restricted Subsidiary holding such Capital Stock receives at least its pro rata share of such dividend or distribution;

(2) purchase, redeem, retire or otherwise acquire for value, including in connection with any merger or consolidation, any Capital Stock of the Company or any direct or indirect parent of the Company held by Persons other than the Company or a Restricted Subsidiary, other than in exchange for Capital Stock of the Company (other than Disqualified Stock);

(3) voluntarily make any principal payment on, or purchase, repurchase, redeem, defease or otherwise voluntarily acquire or retire for value, prior to any scheduled repayment, scheduled sinking fund payment or scheduled maturity, any Subordinated Obligations other than the purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement; or

(4) make any Restricted Investment

(all such payments and other actions referred to in clauses (1) through (4) (other than any exception thereto) shall be referred to as a Restricted Payment), unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default shall have occurred and be continuing (or would result therefrom);

(b) immediately after giving effect to such transaction on a *pro forma* basis, the Company could Incur $1.00 of additional Indebtedness under the provisions of the first paragraph of the Limitation on indebtedness covenant; and

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Prior Issue Date (excluding Restricted Payments made pursuant to clauses (1), (2), (3), (4), (5), (8), (9) and (10) of the next succeeding paragraph) would not exceed the sum of (without duplication):

(i) Consolidated Adjusted EBITDA of the Company and its Restricted Subsidiaries, minus (A) capital expenditures of the Company and its Restricted Subsidiaries other than Construction Capital Expenditures, and (B) 140% of Consolidated Interest Expense of the Company and its Restricted Subsidiaries, in each case, for the period (treated as one accounting period) from the beginning of the first fiscal quarter commencing October 1, 2010 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which financial statements are available, *provided* that the calculation of Consolidated Adjusted EBITDA and the adjustments to Consolidated Adjusted EBITDA for the purposes of this clause (i) shall exclude all amounts attributable to Excluded Project Subsidiaries that are Excluded Project Subsidiaries as of the date of calculation, other than to include the aggregate amount of cash that has been distributed during such period or that is distributable as of such date by such Excluded Project Subsidiary; *plus*

(ii) 100% of the aggregate Net Cash Proceeds and the Fair Market Value of marketable securities or other property received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock) or other capital contributions subsequent to the Prior Issue Date, other than: (x) Net Cash Proceeds received from an issuance or sale of such Capital Stock to a

Subsidiary of the Company or to an employee stock ownership plan, option plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination; and (y) Net Cash Proceeds received by the Company from the issue and sale of its Capital Stock or capital contributions to the extent applied to redeem notes in compliance with the provisions set forth under the second paragraph of Optional redemption ; *plus*

(iii) the amount by which Indebtedness of the Company or its Restricted Subsidiaries is reduced on the Company s consolidated balance sheet upon the conversion or exchange (other than debt held by a Subsidiary of the Company subsequent to the Prior Issue Date), of any Indebtedness of the Company or its Restricted Subsidiaries convertible or exchangeable for Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the fair market value of any other property, distributed by the Company upon such conversion or exchange); *plus*

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries in any Person resulting from: (x) repurchases or redemptions of such Restricted Investments by such Person, proceeds realized upon the sale of such Restricted Investment to an unaffiliated purchaser, repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to the Company or any Restricted Subsidiary (other than for reimbursement of tax payments); or (y) the redesignation of Unrestricted Subsidiaries as Restricted Subsidiaries or the merger or consolidation of an Unrestricted Subsidiary with and into the Company or any of its Restricted Subsidiaries (valued in each case as provided in the definition of Investment) not to exceed the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount in each case under this clause (iv) was included in the calculation of the amount of Restricted Payments; *provided*, *however*, that no amount will be included under this clause (iv) to the extent it is already included in Consolidated Net Income.

As of December 31, 2016, the amount available for Restricted Payments pursuant to the foregoing clause (c) was $1,013 million.

The preceding provisions will not prohibit:

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock or Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock and other than Capital Stock issued or sold to a Subsidiary or an employee stock ownership plan or similar trust to the extent such sale to an employee stock ownership plan or similar trust is financed by loans from or Guaranteed by the Company or any Restricted Subsidiary unless such loans have been repaid with cash on or prior to the date of determination); *provided*, *however*, that the Net Cash Proceeds from such sale of Capital Stock will be excluded from clause 4(c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of the Company made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of the Company so long as such refinancing Subordinated Obligations are permitted to be Incurred pursuant to the covenant described under Limitation on indebtedness and constitute Refinancing Indebtedness;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the

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substantially concurrent sale of Disqualified Stock of the Company or such Restricted Subsidiary, so long as such refinancing Disqualified Stock is permitted to be Incurred pursuant to the covenant described under Limitation on indebtedness and constitutes Refinancing Indebtedness;

(4) the purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of any Subordinated Obligation (a) at a purchase price not greater than 101% of the principal amount of such Subordinated Obligation in the event of a Change of Control Triggering Event in accordance with provisions similar to the Repurchase at the option of holders Change of Control Triggering Event covenant or (b) at a purchase price not greater than 100% of the principal amount thereof in accordance with provisions similar to the Repurchase at the option of holders Asset sales covenant; *provided* that, prior to or simultaneously with such purchase, repurchase, redemption, defeasance or other acquisition or retirement, the Company has made the Change of Control Offer or Asset Disposition Offer, as applicable, as provided in such covenant with respect to the notes and has completed the repurchase or redemption of all notes validly tendered for payment in connection with such Change of Control Offer or Asset Disposition Offer;

(5) any purchase or redemption of Subordinated Obligations from Net Available Cash to the extent permitted under Repurchase at the option of holders Asset sales ;

(6) dividends paid within 90 days after the date of declaration if at such date of declaration such dividend would have complied with this provision;

(7) the purchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock or equity appreciation rights of the Company or any direct or indirect parent of the Company held by any existing or former employees, consultants or management of the Company or any Subsidiary of the Company or their assigns, estates or heirs, in each case in connection with the repurchase provisions under stock option or stock purchase agreements or other agreements approved by the Board of Directors or Senior Management; *provided* that such Capital Stock or equity appreciation rights were received for services related to, or for the benefit of, the Company and its Restricted Subsidiaries; and *provided*, *further*, that such redemptions or repurchases pursuant to this clause will not exceed $5.0 million in the aggregate during any calendar year provided that any amount not used for such purpose in any calendar year may be carried over to succeeding calendar years so long as such redemption or repurchases shall not exceed $10.0 million in the aggregate in any calendar year. An amount in any calendar year may be increased by an amount not to exceed: (a) the Net Cash Proceeds from the sale of Capital Stock (other than Disqualified Stock) of the Company and, to the extent contributed to the Company, Capital Stock of any of the Company s direct or indirect parent companies, in each case to existing or former employees, consultants or members of management of the Company, any of its Subsidiaries or any of its direct or indirect parent companies that occurs after the Prior Issue Date, to the extent the Net Cash Proceeds from the sale of such Capital Stock have not otherwise been applied to the payment of Restricted Payments (provided that the Net Cash Proceeds from such sales or contributions will be excluded from clause 4(c)(ii) of the preceding paragraph); plus (b) the cash proceeds of key man life insurance policies received by the Company or its Restricted Subsidiaries after the Prior Issue Date; less (c) the amount of any Restricted Payments previously made with the Net Cash Proceeds described in clauses (a) and (b) of this clause (7); *provided*, further, that the aggregate amount of Restricted Payments made pursuant to this clause (7) shall not exceed $25.0 million in the aggregate;

(8) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Company issued in accordance with the terms of the Indenture to the extent such dividends are included in the definition of Consolidated Interest Expense ;

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(9) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants, other rights to purchase Capital Stock or other convertible securities if such Capital Stock represents a portion of the exercise price thereof;

(10) the distribution, by dividend or otherwise, of shares of Capital Stock of Unrestricted Subsidiaries (other than Unrestricted Subsidiaries the primary assets of which are cash and/or cash equivalents);

(11) any Restricted Payment of up to an amount equal to the Net Cash Proceeds of any disposition of any Unrestricted Asian Subsidiaries; and

(12) other Restricted Payments in an aggregate amount, when taken together with all other Restricted Payments made pursuant to this clause (12) (as reduced by the amount of capital returned from any such Restricted Payments that constituted Restricted Investments in the form of cash and Cash Equivalents (exclusive of items reflected in Consolidated Net Income)) not to exceed the greater of (a) $250.0 million and (b) 5.0% of Total Assets at any time outstanding;

provided, however, that at the time of and after giving effect to, any Restricted Payment permitted under clauses (7), (10), (11) and (12), no Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of such Restricted Payment of the securities or property proposed to be declared, paid or distributed by the Company or such Restricted Subsidiary pursuant to such Restricted Payment. The amount of any Restricted Payment paid in cash shall be its face amount. Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by the covenant Limitation on restricted payments were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Unrestricted and excluded project subsidiaries

Unrestricted Subsidiaries will not be subject to any of the restrictive covenants set forth in the Indenture. Excluded Project Subsidiaries are only subject to the restrictive covenants to the extent set forth therein. The Company has designated the Unrestricted Asian Subsidiaries as Unrestricted Subsidiaries. All of the Company s other existing Subsidiaries will be Restricted Subsidiaries on the Issue Date. Under the circumstances described under Certain definitions Unrestricted Subsidiaries, the Company will be permitted to designate additional of its existing or future Subsidiaries as Unrestricted Subsidiaries. The Company s Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. In addition, under the circumstances described below under Certain definitions Excluded Project Subsidiaries, the Company will be permitted to designate certain of its subsidiaries as Excluded Project Subsidiaries. The Excluded Project Subsidiaries will only be subject to the restrictive covenants to the extent specifically described in this description of notes.

The Company may not cause any Unrestricted Subsidiary to become a Restricted Subsidiary except pursuant to the last sentence of the definition of Unrestricted Subsidiary. For purposes of designating any Restricted Subsidiary as an Unrestricted Subsidiary or as an Excluded Project Subsidiary, all outstanding Investments by the Company and its Restricted Subsidiaries (except to the extent repaid) in the Subsidiary so designated will be deemed to be Restricted Payments in an amount determined as set forth in the definition of Investment. Such designation will be permitted only if a Restricted Payment in such amount would be permitted at such time and if such Subsidiary otherwise meets the definition of an Unrestricted Subsidiary or Excluded Project Subsidiary, as applicable.

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Limitation on liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, Incur, assume or suffer to exist any Lien (other than Permitted Liens) upon any of its property or assets (including Capital Stock of Subsidiaries), or income or profits therefrom, or assign or convey any right to receive income therefrom, whether owned on the Issue Date or acquired after that date, which Lien is securing any Indebtedness, unless contemporaneously with the Incurrence of such Liens:

(1) in the case of Liens securing Subordinated Obligations, the notes are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens; or

(2) in all other cases, the notes are equally and ratably secured or are secured by a Lien on such property, assets or proceeds that is senior in priority to such Liens.

Any Lien created for the benefit of Holders pursuant to this covenant shall be automatically and unconditionally released and discharged upon the release and discharge of each of the Liens described in clauses (1) and (2) above.

Limitation on sale/leaseback transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, enter into any Sale/Leaseback Transaction unless:

(1) the Company or such Restricted Subsidiary could have Incurred Indebtedness in an amount equal to the Attributable Indebtedness in respect of such Sale/Leaseback Transaction pursuant to the covenant described under Limitation on indebtedness ;

(2) the Company or such Restricted Subsidiary would be permitted to create a Lien on the property subject to such Sale/Leaseback Transaction under the covenant described under Limitation on liens ; and

(3) if the Sale/Leaseback Transaction is an Asset Disposition, all of the conditions of the Indenture described under Repurchase at the option of holders Asset sales are satisfied with respect to such Sale/Leaseback Transaction, treating all of the consideration received in such Sale/Leaseback Transaction as Net Available Cash for purposes of such covenant.

Limitation on restrictions on distributions from restricted subsidiaries

The Company will not, and will not permit any Restricted Subsidiary (other than Excluded Project Subsidiaries) to, directly or indirectly, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary (other than Excluded Project Subsidiaries) to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries (other than Excluded Project Subsidiaries), or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary (other than Excluded Project Subsidiaries), it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock;

(2) make any loans or advances to the Company or any Restricted Subsidiary (other than Excluded Project Subsidiaries), it being understood that the subordination of loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances; or

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(3) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary (other than any Excluded Project Subsidiary) (it being understood that such transfers shall not include any type of transfer described in clause (1) or (2) above).

The preceding provisions will not prohibit encumbrances or restrictions existing under or by reason of:

(a) contractual encumbrances or restrictions pursuant to the Senior Credit Facility and related documentation and other agreements or instruments in effect at or entered into on the Issue Date;

(b) the Indenture and the notes;

(c) any agreement or other instrument of a Person acquired by the Company or any of its Restricted Subsidiaries in existence at the time of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person and its Subsidiaries, or the property or assets of the Person and its Subsidiaries, so acquired (including after-acquired property);

(d) any amendment, restatement, modification, renewal, supplement, refunding, replacement or refinancing of an agreement referred to in clauses (a), (b) or (c) of this paragraph or this clause (d); *provided*, *however*, that such amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company, no more restrictive than the encumbrances and restrictions contained the agreements referred to in clauses (a), (b) or (c) of this paragraph on the Issue Date or the date such Restricted Subsidiary became a Restricted Subsidiary or was merged into a Restricted Subsidiary, whichever is applicable;

(e) in the case of clause (3) of the first paragraph of this covenant, Liens permitted to be Incurred under the provisions of the covenant described under Limitation on liens that limit the right of the debtor to dispose of the assets securing such Indebtedness;

(f) purchase money obligations for property acquired in the ordinary course of business and Capitalized Lease Obligations permitted under the Indenture, in each case, that impose encumbrances or restrictions of the nature described in clause (3) above on the property so acquired;

(g) contracts for the sale of assets, including customary restrictions with respect to a Subsidiary of the Company pursuant to an agreement that has been entered into for the sale or disposition of all or a portion of the Capital Stock or assets of such Subsidiary;

(h) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(i) any customary provisions in joint venture agreements relating to joint ventures that are not Restricted Subsidiaries and other similar agreements entered into in the ordinary course of business;

(j) any customary provisions in leases, subleases or licenses and other agreements entered into by the Company or any Restricted Subsidiary in the ordinary course of business; and

(k) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order.

Limitation on affiliate transactions

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or asset or the

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rendering of any service) with any Affiliate of the Company (an *Affiliate Transaction*), if such Affiliate Transaction or series of related Affiliate Transactions involve aggregate consideration in excess of $5.0 million, unless:

(1) the terms of such Affiliate Transaction are not materially less favorable to the Company or such Restricted Subsidiary (as reasonably determined by the Company) than those that could have been obtained by the Company or such Restricted Subsidiary in a comparable transaction at the time of such transaction in dealings with a Person that is not an Affiliate;

(2) in the event such Affiliate Transaction involves an aggregate consideration in excess of $50.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company and by a majority of the members of such Board of Directors having no personal stake in such transaction, if any, and such majority or majorities, as the case may be, determines that such Affiliate Transaction satisfies the criteria in clause (1) above; and

(3) in the event such Affiliate Transaction involves an aggregate consideration in excess of $75.0 million, the Company has received a written opinion from an Independent Financial Advisor that such Affiliate Transaction is fair from a financial point of view.

The preceding paragraph will not apply to:

(1) any transaction that is in the ordinary course of business and consistent with past practice between the Company or a Restricted Subsidiary and any Unrestricted Asian Subsidiary;

(2) any transaction involving the provision of services or the supply of goods or equipment between the Company or a Restricted Subsidiary and a Joint Venture in which the Company and/or a Restricted Subsidiary has a material ownership interest that is entered into in the ordinary course of business consistent with past practices of the Company and/or any of its Restricted Subsidiaries;

(3) any transaction between the Company and a Restricted Subsidiary (other than a Receivables Entity) or between Restricted Subsidiaries (other than a Receivables Entity or Receivables Entities) and any Guarantees issued by the Company or a Restricted Subsidiary for the benefit of the Company or a Restricted Subsidiary in accordance with Limitation on indebtedness ;

(4) any Restricted Payment permitted to be made pursuant to the covenant described under Limitation on restricted payments and the definition of Permitted Investments ;

(5) any issuance of securities or other payments, awards or grants in cash, securities or otherwise pursuant to, or as the funding of, employment agreements and other compensation arrangements, options to purchase Capital Stock of the Company, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits plans and/or indemnity or insurance provided on behalf of current or former officers and employees pursuant to any plans approved by the Board of Directors of the Company;

(6) the payment of reasonable and customary fees paid to and any indemnity and insurance provided on behalf of (x) current or former directors of the Company and any Restricted Subsidiary and (y) current or former directors of any Unrestricted Subsidiary, provided that such fees, indemnity or insurance are similar in scope to those provided in clause (6)(x);

(7)

loans or advances to employees, officers or directors of the Company or any Restricted Subsidiary in the ordinary course of business, in an aggregate amount not in excess of $10.0 million (without giving effect to the forgiveness of any such loan);

(8) any agreement as in effect as of the Issue Date, as such agreement may be amended, modified, supplemented, extended or renewed from time to time, so long as the terms of such agreement as so amended, modified, supplemented, extended or renewed are not more disadvantageous to the Holders in any material respect, when taken as a whole, than the terms of such agreement in effect on the Issue Date; provided that if such amendment, modification, supplement, extension or renewal involves an aggregate consideration in excess of $50.0 million, the terms thereof have been approved by the Board of Directors;

(9) any agreement between any Person and an Affiliate of such Person existing at the time such Person is acquired by or merged into the Company or a Restricted Subsidiary; *provided* that such agreement was not entered into contemplation of such acquisition or merger, and any amendment thereto (so long as any such agreement as so amended is not disadvantageous to the Holders, when taken as a whole, as compared to the applicable agreement as in effect on the date of such acquisition or merger, provided that if such amendment involves an aggregate consideration in excess of $50.0 million, the terms thereof have been approved by the Board of Directors);

(10) transactions with customers, clients, suppliers, joint venture partners or purchasers or sellers of goods or services, in each case in the ordinary course of the business of the Company and its Restricted Subsidiaries and otherwise in compliance with the terms of the Indenture; *provided* that in the reasonable determination of the Board of Directors or Senior Management of the Company, such transactions are on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that could have been obtained at the time of such transactions in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person;

(11) any issuance or sale of Capital Stock (other than Disqualified Stock) to Affiliates of the Company and the granting of registration and other customary rights in connection therewith;

(12) sales or other transfers or dispositions of accounts receivable and other related assets customarily transferred in an asset securitization transaction involving accounts receivable to a Receivables Entity in a Qualified Receivables Transaction, and acquisitions of Permitted Investments in connection with a Qualified Receivables Transaction;

(13) transactions in which the Company or any Restricted Subsidiary delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable than those that could have been obtained by the Company or such Restricted Subsidiary in a comparable transaction at such time on an arms-length basis from a Person that is not an Affiliate;

(14) transactions between and among Excluded Project Subsidiaries; and

(15) transactions between the Company or any Restricted Subsidiary and any Person, a director of which is also a director of the Company or any direct or indirect parent of the Company and such director is the sole cause for such Person to be deemed an Affiliate of the Company or any Restricted Subsidiary; *provided*, *however, that such director shall abstain from voting as a director of the Company or such direct or indirect parent company, as the case may be, on any matter involving such other Person.*

SEC reports

Notwithstanding that the Company may not be subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act or otherwise report on an annual and quarterly basis on forms provided for such annual and quarterly reporting pursuant to rules and regulations promulgated by the SEC, if not filed electronically with the SEC through EDGAR (or any successor system), the Company will file with the SEC (to the extent permitted by the Exchange Act), and make available to the Trustee and the Holders, without cost to any Holder, its annual reports on Form 10-K and the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that are specified in Sections 13 and 15(d) of the Exchange Act with respect to U.S. issuers within the time periods specified therein or in the relevant forms. The Company will also comply with the other provisions of the Trust Indenture Act Section 314(a).

In the event that the Company is not permitted to file such reports, documents and information with the SEC pursuant to the Exchange Act, the Company will nevertheless make available such Exchange Act reports, documents and information to the Trustee and the Holders as if the Company were subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act within the time periods specified therein or in the relevant forms, which requirement may be satisfied by posting such reports, documents and information on its website within the time periods specified by this covenant.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Unrestricted Subsidiaries, either individually or collectively, would otherwise have been a Significant Subsidiary, then the quarterly and annual financial information required by the preceding paragraph shall include in the Management s discussion and analysis of financial condition and results of operations section, revenue, Consolidated Indebtedness, Consolidated Interest Expense, Consolidated Adjusted EBITDA and capital expenditures of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries.

For purposes of this covenant, the Company will be deemed to have furnished the reports to the Trustee and the Holders as required by this covenant if it has filed such reports with the SEC via the EDGAR filing system and such reports are publicly available. The Trustee shall have no obligation whatsoever to determine whether or not such information, documents, or reports have been filed pursuant to the EDGAR system (or its successor) or the Company s website.

Merger and consolidation

The Company will not consolidate with or merge with or into or wind up into (whether or not the Company is the surviving corporation), or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets, in one or more related transactions, to any Person unless:

(1) the resulting, surviving or transferee Person (the *Successor Company*) is a Person (other than an individual) organized and existing under the laws of the United States of America, any state or territory thereof, or the District of Columbia;

(2) the Successor Company (if other than the Company) expressly assumes all of the obligations of the Company under the notes and the Indenture pursuant to a supplemental indenture or other documents or instruments in form reasonably satisfactory to the Trustee;

(3) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing;

(4) immediately after giving *pro forma* effect to such transaction and any related financing transactions, as if such transactions had occurred at the beginning of the applicable four-quarter period,

   (a) the Successor Company would be able to Incur at least $1.00 of additional Indebtedness pursuant to the first paragraph of the Limitation on indebtedness covenant, or

   (b) the Consolidated Coverage Ratio for the Successor Company and its Restricted Subsidiaries would be no less than such ratio for the Company and its Restricted Subsidiaries immediately prior to such transaction; and

(5) the Company shall have delivered to the Trustee an Officers Certificate and an Opinion of Counsel, each stating that such consolidation, merger, winding up or disposition, and such supplemental indenture, if any, comply with the Indenture.

Notwithstanding clauses (3) and (4) of the preceding paragraph,

(1) any Restricted Subsidiary may consolidate with, merge with or into or transfer all or part of its properties and assets to the Company or another Restricted Subsidiary so long as no Capital Stock of the Restricted Subsidiary is distributed to any Person other than the Company or a Restricted Subsidiary; *provided* that, in the case of a Restricted Subsidiary that merges into the Company, the Company will not be required to comply with clause (5) of the preceding paragraph; and

(2) the Company may merge with an Affiliate of the Company solely for the purpose of reincorporating the Company in another state or territory of the United States or the District of Columbia, so long as the amount of Indebtedness of the Company and its Restricted Subsidiaries is not increased thereby.

For purposes of this covenant, the sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, will be deemed to be the disposition of all or substantially all of the properties and assets of the Company.

Although there is a limited body of case law interpreting the phrase all or substantially all in this context, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be uncertainty as to whether a particular transaction would constitute a disposition of all or substantially all of the property or assets of the Company for purposes of this Merger and consolidation covenant. As a result, it may be unclear as to whether a particular transaction will implicate the requirements of this Merger and consolidation covenant.

The Company will be released from its obligations under the Indenture and the Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and such notes; *provided* that, in the case of a lease of all or substantially all its assets, the Company will not be released from the obligation to pay the principal of and interest on the notes.

Payments for consent

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the notes unless such consideration is offered to be paid and is paid to all Holders that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

Limitation on Company activities

The Company shall not conduct, transfer or otherwise engage in any business or operations other than the operation of Similar Businesses through its direct and indirect Subsidiaries, activities incidental thereto and other activities to the extent permitted by, and in compliance with, the Senior Credit Facility.

Events of default

Each of the following is an Event of Default :

(1) default in any payment of interest or on any note when due, continued for 30 days;

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(2) default in the payment of principal of or premium, if any, on any note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure by the Company to comply with its obligations under Certain covenants Merger and consolidation ;

(4) failure by the Company to comply for 30 days after notice as provided below with any of their obligations under the covenants described under Repurchase at the option of holders above or under the covenants described under Certain covenants above (in each case, other than (a) a failure to purchase notes which constitutes an Event of Default under clause (2) above, (b) a failure to comply with Certain covenants Merger and consolidation which constitutes an Event of Default under clause (3) above or (c) a failure to comply with Certain covenants SEC reports or Certain covenants Payments for consent which constitutes an Event of Default under clause (5) below);

(5) failure by the Company to comply for 60 days after notice as provided below with its other agreements contained in the Indenture or the notes;

(6) default under any mortgage, indenture or instrument under which there is issued or by which there is secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries), other than Indebtedness owed to the Company or a Restricted Subsidiary, whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness *(payment default);* or

(b) results in the acceleration of such Indebtedness prior to its maturity (the *cross acceleration provision*);

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates $50.0 million or more (or its foreign currency equivalent); *provided* that this clause (6) shall not apply to Non-Recourse Debt of the Company or any of its Subsidiaries (except to the extent that the Company or any of its Restricted Subsidiaries that are not parties to such Non-Recourse Debt becomes directly or indirectly liable, including pursuant to any contingent obligation for any such Non-Recourse Debt and such liability, which individually or in the aggregate, exceeds $50.0 million);

(7) failure by the Company or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together (as of the date of the latest audited consolidated financial statements of the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary) to pay final judgments aggregating in excess of $50.0 million (or its foreign currency equivalent) (net of any amounts that a reputable and creditworthy insurance company has acknowledged liability for in writing), which judgments are not paid, discharged or stayed for a period of 60 days or more after such judgment becomes final and non-appealable (the *judgment default provision*); or

(8) certain events of bankruptcy, insolvency or reorganization of the Company or a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements of the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary (the *bankruptcy provisions*).

However, a default under clauses (4) and (5) of this paragraph will not constitute an Event of Default until the Trustee or the Holders of 25% in principal amount of the then outstanding notes notify the Company of the default and the Company does not cure such default within the time specified in clauses (4) and (5) of this paragraph after receipt of such notice.

If an Event of Default (other than an Event of Default described in clause (8) above) occurs and is continuing, the Trustee by written notice to the Company, specifying the Event of Default, or the Holders of at least 25% in principal amount of the then outstanding notes by written notice to the Company and the Trustee, may, and the Trustee at the written request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all the notes to be due and payable. Upon such a declaration, such principal, premium, if any, and accrued and unpaid interest, if any, will be due and payable immediately. In the event of a declaration of acceleration of the notes because an Event of Default described in clause (6) under Events of default has occurred and is continuing, the declaration of acceleration of the notes shall be automatically annulled if the default triggering such Event of Default pursuant to clause (6) shall be remedied or cured by the Company or a Restricted Subsidiary or waived by the holders of the relevant Indebtedness within 20 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium, if any, or interest on the notes that became due solely because of the acceleration of the notes, have been cured or waived. If an Event of Default described in clause (8) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, if any, on all the notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders. The Holders of a majority in principal amount of the outstanding notes may waive all past defaults (except with respect to nonpayment of principal, premium or interest) and rescind any such acceleration with respect to the notes and its consequences if (1) rescission would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the notes that have become due solely by such declaration of acceleration, have been cured or waived.

Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture and the notes at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense.

Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder may pursue any remedy with respect to the Indenture or the notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in principal amount of the then outstanding notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the then outstanding notes have not given the Trustee a direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

Subject to certain restrictions, the Holders of a majority in principal amount of the then outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. The Indenture provides that in the event an Event of

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Default has occurred and is continuing, the Trustee will be required in the exercise of its powers to use the degree of care that a prudent person would use under the circumstances in the conduct of its own affairs. The Trustee, however, may refuse to follow any direction that conflicts with law or the Indenture or the notes, or that the Trustee determines in good faith is unduly prejudicial to the rights of any other Holder or that would involve the Trustee in personal liability. Prior to taking any action under the Indenture, the Trustee will be entitled to indemnity or security satisfactory to it against all losses and expenses caused by taking such action.

The Indenture provides that if a Default occurs and is continuing and is actually known to the Trustee, the Trustee will mail to each Holder notice of the Default within 90 days after it occurs. Except in the case of a Default in the payment of principal of, premium, if any, or interest on any note, the Trustee may withhold from the Holders notice of any continuing Default if the Trustee determines in good faith that withholding the notice is in the interests of the Holders. In addition, the Company is required to deliver to the Trustee, within 90 days after the end of each fiscal year ending after the Issue Date, a certificate indicating whether the signers thereof know of any Default that occurred during the previous year. The Company also is required to deliver to the Trustee, within 10 Business Days after the occurrence thereof, written notice of any events which would constitute a Default, their status and what action the Company is taking or proposing to take in respect thereof.

Amendments and waivers

Except as provided in the next two succeeding paragraphs, the Indenture and the notes may be amended or supplemented with the consent of the Holders of a majority in principal amount of the notes then outstanding (including without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes) and, subject to certain exceptions, any past default or compliance with any provisions may be waived with the consent of the Holders of a majority in principal amount of the notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, notes). However, without the consent of each affected Holder of an outstanding note, no amendment, supplement or waiver may, among other things:

(1) reduce the principal amount of notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the stated rate of interest or extend the stated time for payment of interest on any note;

(3) reduce the principal of or extend the Stated Maturity of any note;

(4) waive a Default or Event of Default in the payment of principal of, premium, if any, or interest on the notes (except a rescission of acceleration of the notes by the Holders of at least a majority in aggregate principal amount of the then outstanding notes with respect to a nonpayment default and a waiver of the payment default that resulted from such acceleration);

(5) reduce the premium payable upon the redemption or repurchase of any note or change the time at which any note may be redeemed or repurchased as described above under Optional redemption, Repurchase at the option of holders Change of Control Triggering Event or Repurchase at the option of holders Asset sales whether through an amendment or waiver of provisions in the covenants, definitions or otherwise (except amendments to the definition of Change of Control);

(6) make any note payable in money other than that stated in the note;

(7) impair the right of any Holder to receive payment of principal of, premium, if any, or interest on such Holder s notes on or after the due dates therefor or to institute suit for the enforcement of any payment on or with respect to such Holder s notes; or

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(8) make any change in the amendment or waiver provisions which require each affected Holder s consent.

Notwithstanding the foregoing, without the consent of any Holder, the Company and the Trustee may amend the Indenture and the notes to:

(1) cure any ambiguity, omission, defect or inconsistency;

(2) provide for the assumption by a successor of the obligations of the Company under the Indenture in accordance with Certain covenants Merger and consolidation ;

(3) provide for or facilitate the issuance of uncertificated notes in addition to or in place of certificated notes; *provided* that the uncertificated notes are issued in registered form for purposes of Section 163(f) of the Code;

(4) comply with the rules of any applicable depositary;

(5) secure the notes;

(6) add covenants of the Company and its Restricted Subsidiaries or Events of Default for the benefit of Holders or to make changes that would provide additional rights to the Holders or to surrender any right or power conferred upon the Company;

(7) make any change that does not adversely affect the legal rights under the Indenture of any Holder;

(8) comply with any requirement of the SEC in connection with any required the qualification of the Indenture under the Trust Indenture Act;

(9) evidence and provide for the acceptance of an appointment under the Indenture of a successor trustee; *provided* that the successor trustee is otherwise qualified and eligible to act as such under the terms of the Indenture;

(10) conform the text of the Indenture or the notes to any provision of this Description of notes to the extent that such provision in this Description of notes was intended to be a verbatim recitation of a provision of the Indenture or the notes as confirmed in an Officer s Certificate; or

(11) make any amendment to the provisions of the Indenture relating to the transfer and legending of notes as permitted by the Indenture, including, without limitation to facilitate the issuance and administration of the notes or, if Incurred in compliance with the Indenture, Additional Notes; *provided*, *however*, that (A) compliance with the Indenture as so amended would not result in notes being transferred in violation of the Securities Act or any applicable securities law and (B) such amendment does not materially and adversely affect the rights of Holders to transfer notes.

The consent of the Holders is not necessary under the Indenture to approve the particular form of any proposed amendment, supplement or waiver. It is sufficient if such consent approves the substance of the proposed amendment or supplement. A consent to any amendment, supplement or waiver under the Indenture by any Holder given in connection with a tender of such Holder s notes will not be rendered invalid by such tender. After an amendment, supplement or waiver under the Indenture becomes effective, the Company is required to give to the Holders a notice briefly describing such amendment, supplement or waiver. However, the failure to give such notice to all the Holders, or any defect in the notice will not impair or affect the validity of the amendment, supplement or waiver.