

COVANTA HOLDING CORP
Form 424B5
March 08, 2012

This preliminary prospectus supplement relates to an effective registration statement but it is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
File No. 333-178503

Subject to completion, dated March 8, 2012

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated December 15, 2011)

\$400,000,000

Covanta Holding Corporation

% Senior Notes due 2022

Interest payable and

We are offering \$400,000,000 aggregate principal amount of our % Senior Notes due 2022 (the notes). We will pay interest on the notes on and of each year beginning on , 2012. Interest on the notes will accrue from , 2012. The notes will mature on , 2022.

We may redeem some or all of the notes at any time on or after , 2017 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 , 2015 at a redemption price of % of the principal amount, plus accrued and unpaid interest. In addition, at any time prior to , 2017, we may redeem the notes, in whole but not in part, at a price

Edgar Filing: COVANTA HOLDING CORP - Form 424B5

equal to 100% of the principal amount, plus accrued and unpaid interest, plus a make-whole premium. If we sell certain of our assets or experience specific kinds of changes in control, we must offer to purchase the notes.

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

You should read this prospectus supplement and the accompanying prospectus carefully before you invest in our notes. Investing in our notes involves a high degree of risk. See Risk factors beginning on page S-19 for a discussion of certain risks that you should consider in connection with an investment in the notes.

PRICE % AND ACCRUED INTEREST, IF ANY

	Public offering price(1)	Underwriting discount	Proceeds, before expenses, to Covanta(1)
Per note			
Total			

(1) Plus accrued interest, if any, from , 2012.

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

Delivery of the notes in book-entry form will be made on or about , 2012, through The Depository Trust Company.

Neither the Securities and Exchange Commission 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.

Morgan Stanley

BofA Merrill Lynch

Barclays Capital

Credit Agricole CIB

J.P. Morgan

Citigroup

Senior Co-Managers

HSBC

Mitsubishi UFJ Securities

RBS

TD Securities

Co-Managers

Avondale Partners

Wedbush Securities

Wunderlich Securities

, 2012

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

	Page
<u>Summary</u>	S-1
<u>Risk factors</u>	S-19
<u>Ratio of earnings to fixed charges</u>	S-27
<u>Use of proceeds</u>	S-28
<u>Capitalization</u>	S-29
<u>Selected historical consolidated financial information</u>	S-31
<u>Description of other indebtedness</u>	S-32
<u>Description of notes</u>	S-38
<u>Material U.S. federal income tax considerations</u>	S-95
<u>Certain ERISA considerations</u>	S-99
<u>Underwriting</u>	S-101
<u>Incorporation by reference</u>	S-104
<u>Legal matters</u>	S-105
<u>Experts</u>	S-106

PROSPECTUS

	Page
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation by Reference</u>	1
<u>Risk Factors</u>	2
<u>Forward-Looking Statements</u>	2
<u>Covanta Holding Corporation</u>	3
<u>Ratio of Earnings to Fixed Charges</u>	4
<u>Use of Proceeds</u>	4
<u>Description of Securities</u>	4
<u>Selling Stockholders</u>	11
<u>Experts</u>	11
<u>Legal Matters</u>	11

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. We have not authorized anyone to provide you with different or additional information. 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.

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 can not 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.covantaholding.com>. Our website and the information contained on our website are not part of this prospectus supplement, and you should rely only on the information contained or incorporated by reference in this prospectus supplement when making a decision as to whether to invest in the notes.

Except as otherwise stated and unless the context otherwise requires, references in this prospectus supplement to Covanta Holding, Covanta, the Issuer, we, our, us and similar terms refer to Covanta Holding Corporation and its subsidiaries; references to Covanta Energy refer to Covanta Energy Corporation, a direct wholly-owned subsidiary of Covanta Holding, and its subsidiaries. References to underwriters refer to the firms listed on the cover page of this prospectus supplement.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this prospectus supplement, including documents incorporated by reference herein, contain statements that may constitute forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended (the Securities Act), Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), the Private Securities Litigation Reform Act of 1995 (the PSLRA) or in releases made by the Securities and Exchange Commission (SEC), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause

our actual results, performance or achievements, or general industry or broader economic performance in domestic and international markets in which we operate or compete, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words plan, believe, expect, anticipate, intend, estimate, project, will, would, could, should, seeks, or scheduled to, or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the safe harbor provisions of such laws. We caution investors that any forward-looking statements made by us are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to us include, but are not limited to, the risks and uncertainties affecting our businesses described in the Risk factors section in this prospectus supplement and in the filings with the SEC incorporated by reference herein.

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

NON-GAAP FINANCIAL MEASURES

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

We use Adjusted EBITDA to provide further information that is useful to an understanding of the financial covenants contained in Covanta Energy's credit facilities, and as an additional way of viewing aspects of its operations that, when viewed with the GAAP results and the accompanying reconciliations to corresponding GAAP financial measures, we believe 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.

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.

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

MARKET, RANKING, INDUSTRY DATA AND FORECASTS

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

SUMMARY

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). We conduct all of our operations through subsidiaries which are engaged predominantly in the businesses of waste and energy services. Energy-from-waste serves two key markets as both a sustainable waste disposal solution that is environmentally superior to landfilling and as a source of clean energy that reduces overall greenhouse gas (GHG) emissions and is considered renewable under the laws of many states and under federal law. Our facilities are critical infrastructure assets that allow our customers, which are principally municipal entities, to provide an essential public service.

Our EfW facilities earn revenue from both the disposal of waste and the generation of electricity, generally under long-term contracts, as well as from the sale of metal recovered during the energy-from-waste process. In the United States, we process approximately 19 million tons of solid waste annually, representing approximately 5% of solid waste generation in the United States. In total, these assets produce approximately 10 million megawatt hours of baseload electricity annually, representing approximately 7% of the United States' non-hydroelectric renewable power. We operate and/or have ownership positions in 46 energy-from-waste facilities, which are primarily located in North America, and 15 additional energy generation facilities, including other renewable energy production facilities in North America (wood biomass and hydroelectric). We also operate waste management infrastructure that is complementary to our core EfW business.

We own and hold equity interests in EfW facilities in China and Italy. We are pursuing additional growth opportunities in parts of Europe, primarily in the United Kingdom, where the market demand, regulatory environment or other factors encourage technologies, such as energy-from-waste, to reduce dependence on landfilling for waste disposal and fossil fuels for energy production in order to reduce greenhouse gas emissions.

During 2011, we generated \$1,650 million of revenue, \$492 million of Adjusted EBITDA and \$280 million of Free Cash Flow from continuing operations.

The energy-from-waste process

Energy-from-waste facilities produce energy through the combustion of non-hazardous municipal solid waste (MSW) in specially-designed power plants. Most of our facilities are mass-burn facilities, which combust the MSW on an as-received basis without any pre-processing such as shredding, sorting, or sizing. In a typical mass-burn facility, waste collection trucks deliver waste to the facility, where it is dumped into a concrete storage pit, then loaded by an overhead crane into a feed chute leading to a furnace. The waste is combusted in a self-sustaining process at temperatures greater than 2,000 degrees Fahrenheit, and heat from the combustion process converts water inside steel tubes that form the furnace walls and boilers into steam. A superheater further heats the steam before it is either sent to a turbine generator to produce electricity (in most facilities), or sold directly to industrial or commercial users. From the boiler, the cooled gases enter an advanced air pollution control system, where scrubbers neutralize any acid-forming gases and a high-efficiency fabric baghouse captures more than 99% of particulate matter. The process reduces the waste to an inert ash that is only about 10% of its original volume. In addition, ferrous and non-ferrous metals are removed and recycled during the process. On average, each ton of waste processed yields approximately 550 kilowatt hours of electricity and approximately 50 pounds of recycled metal. The amount of waste generated annually by a family of four could power an average home for roughly two months. New facilities currently under development are even more efficient and can recover 700 to 800 kilowatt hours of electricity or more from each ton of waste processed.

Edgar Filing: COVANTA HOLDING CORP - Form 424B5

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 which are then combusted.

S-1

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 metals that are recycled as part of the EfW process. We may also generate additional revenue from the construction or expansion of a facility when a municipal client owns the facility. Our customers for waste disposal or facility operations are principally municipal entities, though we also market disposal capacity at certain facilities to commercial waste haulers. Our facilities sell energy primarily to utilities at contracted rates or, in situations where a contract is not in place, at prevailing market rates in regional markets (primarily the Pennsylvania-New Jersey-Maryland Interconnection (PJM), the New England Power Pool (NEPOOL) and the New York Independent System Operator (NYISO) in the Northeastern U.S.). Our revenue is highly contracted, with over 75% of our waste and service revenue under contract for the year ended December 31, 2011. Further, over 75% of our energy revenue was under contract or hedged and not subject to market price fluctuation for the year ended December 31, 2011.

Energy-from-waste contract structures

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

Our EfW projects can generally be divided into three categories, based on the applicable contract structure at a project: (1) Tip Fee projects, (2) Service Fee projects that we own, and (3) Service Fee projects that we do not own but operate on behalf of a municipal owner. At Tip Fee projects, we receive a per-ton fee for processing waste, and we typically retain all of the revenue generated from the energy and recycled metal sales. We generally own or lease the Tip Fee facilities. At Service Fee projects, we typically charge a fixed fee for operating the facility, and the facility capacity is dedicated either primarily or exclusively to the host community client, which also retains the majority of any revenue generated from energy and recycled metal sales. As a result of these distinctions, the revenue generated at Tip Fee projects tends to be more dependent on operating performance, as well as market conditions, than the revenue at Service Fee projects.

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

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

	Tip fee	Service fee (owned)	Service fee (operated)
Number of facilities:	14	11	16
% of tons processed (2011):	39%	23%	38%
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 or service revenue:	Per ton tipping fee	Fixed fee, with performance incentives and inflation escalation	Fixed fee, with performance incentives and inflation escalation
Energy revenue:	Covanta retains 100%	Share with client (typically retain 10%)	Share with client (typically retain 10%)
Metals revenue:	Covanta retains 100%	Share with client	Share with client
Operating costs:	Covanta responsible for all operating costs	Pass through certain costs to municipal client (e.g., ash disposal)	Pass through certain costs to municipal client (e.g., ash disposal)
Project debt service:	Covanta project subsidiary responsible	Paid 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	Client owns the facility; extend with Covanta or tender for new contract

Industry

Waste disposal

The United States generates approximately 390 million tons of waste annually (over 1.2 tons for every person), which is approximately 15% of the world's total. Of that amount, approximately 24% is recycled, 69% is landfilled, and 7% is processed by energy-from-waste (of which approximately two-thirds is processed by us). While waste generation in the United States has declined over the past three years, reflecting the downward trend in the Gross Domestic Product, over the past 19 years it has steadily increased, growing at an average rate of 1.3%. At the same time, the number of landfills in the United States has decreased dramatically, from over 7,500 in 1986 to fewer than 2,000 today. We believe that these longer-term trends, and the fact that waste disposal is an essential service, will provide meaningful long-term opportunities for our industry.

S-3

Energy-from-waste is an important part of the waste management infrastructure of the United States, with approximately 86 facilities currently in operation, processing over 25 million tons and serving the needs of over 25 million people, while producing enough electricity for 1.3 million homes. The use of energy-from-waste is even more prevalent in Western Europe and many countries in Asia, such as Japan. Over 2,000 energy-from-waste facilities are in use today around the world, with the capacity to process over 300 million tons of waste per year. In the waste management hierarchies of the U.S. Environmental Protection Agency (EPA) and the European Union (EU), energy-from-waste is designated as a superior solution to landfilling.

Renewable energy

Public policy in the U.S., at both the state and national levels, has developed over the past several years in support of increased generation of renewable energy as a means of combating the potential effects of climate change, as well as increasing domestic energy security. Today in the U.S., approximately 11% of electricity is generated from renewable sources, two-thirds of which is hydroelectric power.

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

Environmental benefits of energy-from-waste

We believe that energy-from-waste offers solutions to public sector leaders around the world in addressing two key issues: sustainable waste disposal and renewable energy generation. We believe that the environmental benefits of energy-from-waste, as an alternative to landfilling, are clear and compelling: by processing municipal solid waste in energy-from-waste facilities we reduce GHG emissions (as the methane emitted by landfills is over 20 times more potent a GHG than carbon dioxide), lower the risk of groundwater contamination, and conserve land. At the same time, energy-from-waste generates clean, reliable energy from a renewable fuel source, thus reducing dependence on fossil fuels, the combustion of which is itself a major contributor of GHG emissions. Based on estimates using the U.S. EPA's Decision Support Tool, one ton of CO₂-equivalent is reduced relative to landfilling for every ton of waste processed. In addition, each ton of waste processed eliminates the need to consume approximately one barrel of oil or one-quarter ton of coal, in order to generate the equivalent amount of electricity. As public planners in North America, Europe and Asia address their needs for more environmentally sustainable waste disposal and energy generation in the years ahead, we believe that energy-from-waste will be an increasingly attractive alternative.

Competitive strengths

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

We are one of the world's largest owners and operators of energy-from-waste facilities, operating an estimated two-thirds of the energy-from-waste capacity in North America. We believe that we have more experience in developing, constructing and operating energy-from-waste facilities than any other company in the world. We operate over 10 different types of energy-from-waste technologies, representing many of the commercially viable systems in the world. In addition, we believe that we have earned a strong reputation in our industry for maintaining successful long-term partnerships with our host communities, which are critical to our long-term success.

Edgar Filing: COVANTA HOLDING CORP - Form 424B5

As a result of our experience and expertise in facility operations and maintenance, we have a track record of consistently high availability, and our facilities have processed nearly 350 million tons of waste. Our facilities

S-4

have maintained average boiler availability above 90% since 2001, which is significantly in excess of our contractually-required levels. In 2011, we achieved our highest portfolio availability on record at 91.7%. Consistent production allows us to provide steady and reliable service for our customers. In addition, we believe that our maintenance practices are critical to maximizing the long-term value of our assets. Most of our facilities have been in operation for over 15 years, and we are confident that their useful lives will extend at least as long into the future.

Note: Figures presented for North American EfW operations.

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

Highly contracted revenue with creditworthy counterparties

Our revenue is highly contracted, with over 75% of our waste and service revenue under contract during 2011. Further, over 75% of our energy revenue was under contract or hedged and not subject to market price fluctuation during 2011. As our existing service agreements and waste contracts expire, we will generally seek to renew or replace these contracts in order to maintain a substantial portion of our facility capacity under contract. We have historically been able to renew or extend our waste and service contracts on commercially agreeable terms. As our energy contracts expire, we will also pursue opportunities to enter into new contracts; however, we expect that the percentage of our energy revenue sold at market prices will increase over time, but with a substantial contracted profile remaining in place over the next several years.

Our customers for waste services are principally municipal entities for whom waste disposal is an essential public service. For facility capacity that we market to private waste haulers, we primarily contract with large, national and regional waste companies. For energy sales, we generally contract with regulated utilities, and where we do not sell under long-term contracts, we sell directly into the electricity grid and are paid by the independent system operator. Overall, our revenue sources are also highly diversified, with no facility or counterparty contributing more than 7% of total revenue during 2011.

Substantial and consistent free cash flow generation and strong balance sheet

Our business generates substantial Free Cash Flow. In 2011, we generated \$360 million of cash flow from operating activities and \$280 million of Free Cash Flow (after maintenance capital expenditures). This Free Cash Flow represented 17% of revenue and 57% of Adjusted EBITDA. See Summary historical consolidated financial information.

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 \$137 million in project debt in 2011. As of December 31, 2011, we had \$672 million of project debt principal outstanding, and based on existing bond maturity schedules, approximately 41% of that principal is scheduled to be repaid by 2013. This ongoing project debt repayment enhances the strength of our credit over time.

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

Strong industry fundamentals in attractive geographic markets

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

Our energy-from-waste facilities in North America are concentrated in the attractive Northeastern U.S. where population density and constraints on landfill capacity drive the highest waste disposal fees of any region in the country. In addition, our facilities are typically located near or within the populations that they serve, and often enjoy a geographic advantage over competing landfills, which are increasingly located farther away from the sources of waste in less populated areas where landfill capacity is less expensive and easier to permit. As a result, landfills generally must incur greater transportation costs than our facilities, and we believe that these costs will increase to the extent that fossil fuel costs rise in the future.

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

Critical infrastructure assets that are difficult to replicate

Waste disposal infrastructure is difficult and costly to replicate or expand. While all aspects of waste disposal are subject to extensive regulation, and energy-from-waste is among the most highly regulated sectors of the market, EFW requires a larger initial investment than most waste disposal alternatives. There are currently approximately 86 EFW facilities in operation in the United States, and while we expect that there will be new facilities built in the future, it has been 17 years since the last new facility was constructed. The 140,000 tons per day (tpd) EFW facility

Edgar Filing: COVANTA HOLDING CORP - Form 424B5

we are constructing in Durham Region, Canada is the first, large-scale, commercial EfW project in North America since 1995.

Landfills represent our primary competition in the waste disposal market and in the densely populated areas of the Northeast where the majority of our facilities are located. Construction of new landfill capacity is

S-6

constrained due to increased regulation and the difficulty of building or expanding landfills close to urban areas. The number of landfills in the U.S. overall has decreased dramatically, from over 7,500 facilities in 1986 to fewer than 2,000 today. While less costly than EfW in terms of initial investment, we believe that the environmental disadvantages of landfilling are now widely recognized and factored into the development of energy and waste management policies, as they have been in other countries for many years. As a result, we believe that our existing EfW asset base will become increasingly valuable over time, and our EfW focus and experience will enhance our ability to expand our business with new project development.

Favorable environmental and regulatory trends

We believe that the environmental benefits of energy-from-waste as both a sustainable waste disposal solution and source of clean, renewable energy will continue to support a favorable regulatory framework in the markets where we operate. Examples of this include the EU Landfill Directive, which directs member states to substantially reduce their reliance on landfills over the next 10 years (and thus, in many cases, rely more heavily on energy-from-waste as an alternative), and existing legislation in numerous U.S. states that 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.

Experienced operational management team with long continuity

We believe that our senior operational management has a level of experience in energy-from-waste and continuity at Covanta that is unmatched in our industry. Our President and CEO, Anthony Orlando, has been with Covanta for 25 years and held the position of CEO for 8 years. John Klett, our Chief Operating Officer, has 35 years of industry experience, including 26 years with Covanta. Each member of our senior-level operating team has worked for us for more than 20 years.

Strategy

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

Grow the value of our existing portfolio. We intend to grow the long-term value of our existing portfolio by working in partnership with our client communities, continuing to operate at our historic production levels, maintaining our facilities in optimal condition, continuously improving safety, health and environmental performance and managing our expenses. We also intend to effect organic growth through adding or extending waste and service contracts, seeking incremental revenue opportunities by investing in and enhancing the capabilities of our existing assets, deploying new or improved technologies targeted at increasing revenue or reducing costs and expanding our customer base and service offerings.

Expand through development and/or acquisitions in selected attractive markets. We seek to expand our portfolio primarily through the development of new facilities and acquisitions where we believe that market and regulatory conditions will enable us to invest our capital at attractive risk-adjusted rates of return. We are currently focusing on development opportunities in the U.S. and Canada, which we consider to be our core markets. In addition, we believe that there are numerous attractive opportunities in the United Kingdom, where national policies, such as a substantial tax on landfill use, are intended to achieve compliance with the EU Landfill Directive.

Edgar Filing: COVANTA HOLDING CORP - Form 424B5

We believe that our approach to development opportunities is highly-disciplined, both with regard to our required rates of return and the manner in which potential new projects will be structured and financed. In general, prior to the commencement of construction of a new facility, we intend to enter

S-7

into long-term contracts with municipal and/or commercial customers for a majority of the disposal capacity and obtain non-recourse project financing for a majority of the capital investment. We intend to finance new projects in a prudent manner, minimizing the impact on our balance sheet and credit profile at the parent company level where possible.

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

Advocate for public policy favorable to energy-from-waste. 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. Energy-from-waste is a highly regulated business, and as such we believe that it is critically important for us, as an industry leader, to play an active role in the debates surrounding potential policy developments that could impact our business.

Allocate capital efficiently. We plan to allocate capital to maximize stockholder value by investing in our existing businesses to maintain and enhance assets, effecting organic growth, investing in high value core business development projects and strategic acquisitions when available, and by returning surplus capital to our stockholders.

Our business offers sustainable solutions to energy and environmental problems, and our corporate culture is increasingly focused on themes of sustainability in all of its forms. We seek to achieve continuous improvement in environmental performance, beyond mere compliance with legally required standards.

Corporate information

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

Recent developments

Refinancing of credit facilities

We are currently in discussions with potential lenders concerning refinancing Covanta Energy's existing secured credit facilities (consisting of a \$300 million revolving credit facility, a \$320 million funded letter of credit facility and a \$650 million term loan facility), with new secured credit facilities. We have not obtained a commitment for the full amount of the new credit facilities or finalized the credit documentation governing the new credit facilities. However, we expect the credit facilities to consist of a revolving credit facility of approximately \$900 million and a term loan B facility of approximately \$300 million, and for the final documentation to include collateral, guarantees, representations, covenants and events of default consistent with, but no less favorable to us or Covanta Energy (taken as a whole) than, those in Covanta Energy's existing credit facilities. See Description of other indebtedness Credit agreement. In addition, we anticipate that the full amount of the new

Edgar Filing: COVANTA HOLDING CORP - Form 424B5

revolving credit facility will be available for letters of credit, which will replace the letter of credit capacity currently provided under Covanta Energy's existing credit facility.

S-8

The closing of this offering of notes is not conditioned on the refinancing of Covanta Energy's existing credit facilities, and we cannot assure you that Covanta Energy will enter into new credit facilities on acceptable terms, or at all.

Increases in dividend and share repurchase authorization

On March 5, 2012, we announced the authorization by our board of directors of a 100% increase in our quarterly dividend to \$0.15 per share of our common stock, representing a dividend of \$0.60 per share on an annualized basis. Our board of directors also approved \$100 million for share repurchases to be added to the \$75 million remaining as of December 31, 2011 under our existing share repurchase program.

Environmental investigation

On March 5, 2012, we received a letter from the Department of Toxic Substances Control of the State of California (the Department) notifying us that the Department and several District Attorneys offices in the State of California are investigating the operation of our facilities in California focusing on issues relating to (i) the feedstock at our facilities and the impact of that fuel on the quality and character of the ash residue generated at these facilities and (ii) our compliance with California's environmental laws. We believe that our operations in California are in compliance with existing environmental laws and regulations in all material respects. We intend to fully cooperate with the Department's and District Attorneys' investigation. Although the investigation is in the initial stages and therefore the outcome is uncertain, we do not believe that the investigation or any matters arising therefrom will have a material adverse effect on our consolidated financial position or results of operations.

Organization and indebtedness

The following chart illustrates, in summary form, our organization and indebtedness (principal amounts) as of December 31, 2011, after giving effect to this offering and the use of proceeds therefrom as described under Use of proceeds. In addition, the chart reflects the purchase on February 1, 2012 and the expected redemption on March 23, 2012 (collectively, the Debenture Redemption) of an aggregate of \$25 million of our 1.00% Senior Convertible Debentures due 2027 (the Debentures), which represents the remaining outstanding balance of such debentures as of December 31, 2011 (see Description of other indebtedness 1.00% senior convertible debentures due 2027). We are currently in discussions with potential lenders concerning the refinancing of our existing credit facilities. See Recent developments Refinancing of credit facilities above.

- (1) As of December 31, 2011, we had no borrowings outstanding under our revolving credit facility, with the full \$300 million of capacity available, of which up to \$200 million was available to be utilized for issuance of letters of credit. For additional information, see Description of other indebtedness.
- (2) As of December 31, 2011, we had \$277 million in letters of credit outstanding under our \$320 million funded letter of credit facility, with remaining capacity of up to an additional \$43 million. For additional information, see Description of other indebtedness.
- (3) Guaranteed by Covanta Holding and each of Covanta Energy's domestic subsidiaries (as such term is defined in the Credit and Guaranty Agreement dated February 9, 2007).
- (4) Reflects the repayment of \$392 million of Covanta Energy's term loan as the application of the proceeds from this offering, as further described in Use of proceeds.
- (5) Project debt is included as the principal portion of Project debt (short- and long-term) in our consolidated financial statements incorporated by reference herein. Generally, project debt is secured by the revenues generated by the project and other project assets, including the related facility. The only recourse to Covanta Holding or Covanta Energy with respect to project debt arises under the operating performance guarantees described under Description of other indebtedness. Certain subsidiaries have project debt which is recourse to our subsidiary Covanta ARC Holdings, Inc., but is non-recourse to Covanta Holding or Covanta Energy, which as of December 31, 2011 aggregated to \$209 million.

The offering

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

Issuer Covanta Holding Corporation.

Securities offered \$400 million aggregate principal amount of % Senior Notes due 2022.

Maturity date , 2022.

Interest rate % per year.

Interest payment dates and , commencing , 2012.

Optional redemption The notes will be redeemable at the Issuer's option, in whole or in part, at any time on or after , 2017, 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 , 2015, 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 % 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 , 2017, 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, plus a make-whole premium.

Mandatory offers to purchase The occurrence of specific kinds of changes in control will be a triggering event requiring us to offer to purchase from you all or a portion of your notes at a price equal to 101% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase.

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;

S-11

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

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

will be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries.

As of December 31, 2011, after giving effect to this offering, the use of proceeds from this offering as described under "Use of proceeds" and the Debenture Redemption:

we would have had approximately \$2,149 million of total consolidated indebtedness (including the notes), of which \$842 million would have ranked equally with the notes;