

COVANTA CLEARS THE AIR

COVANTA HOLDING CORPORATION 2007 ANNUAL REPORT



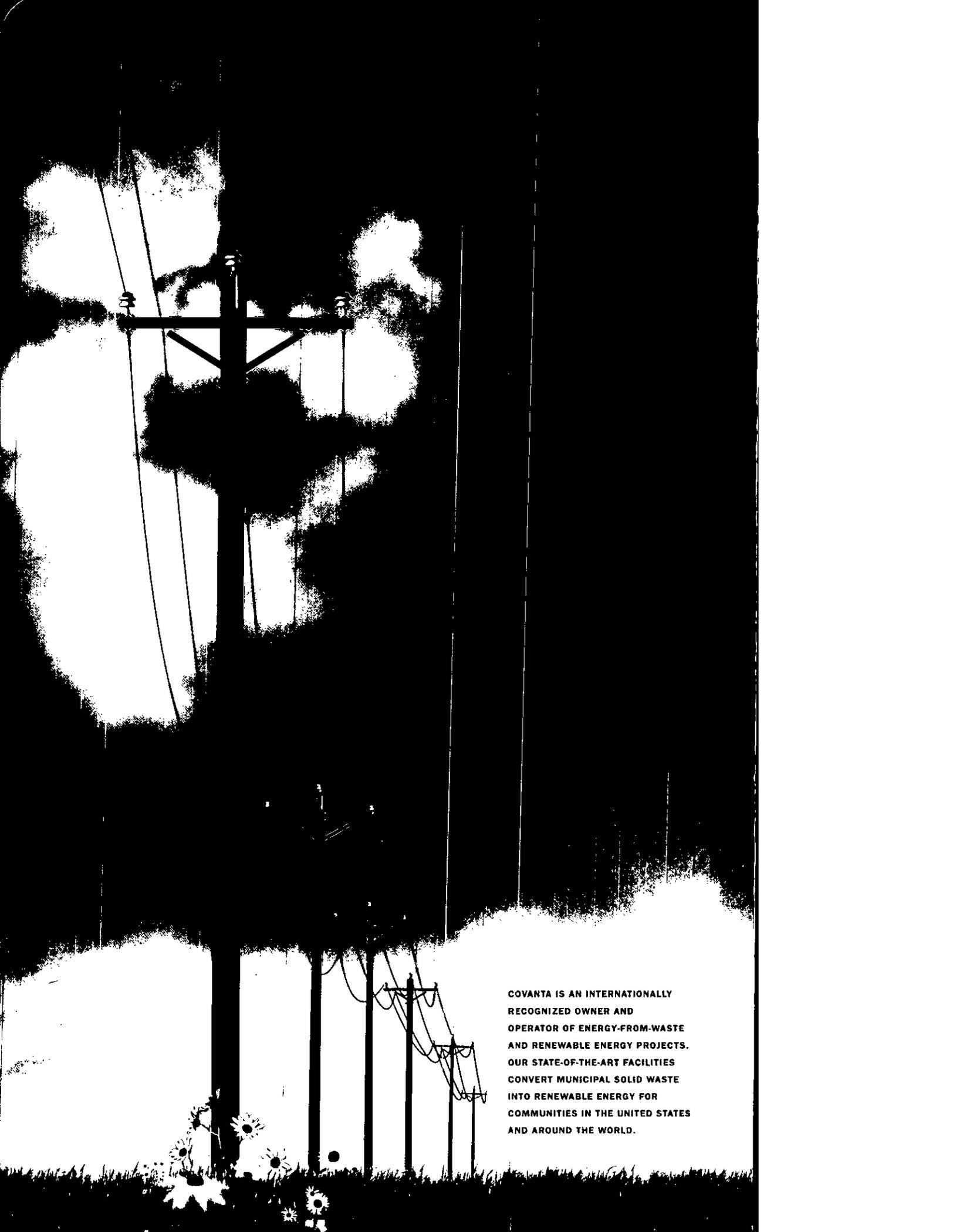
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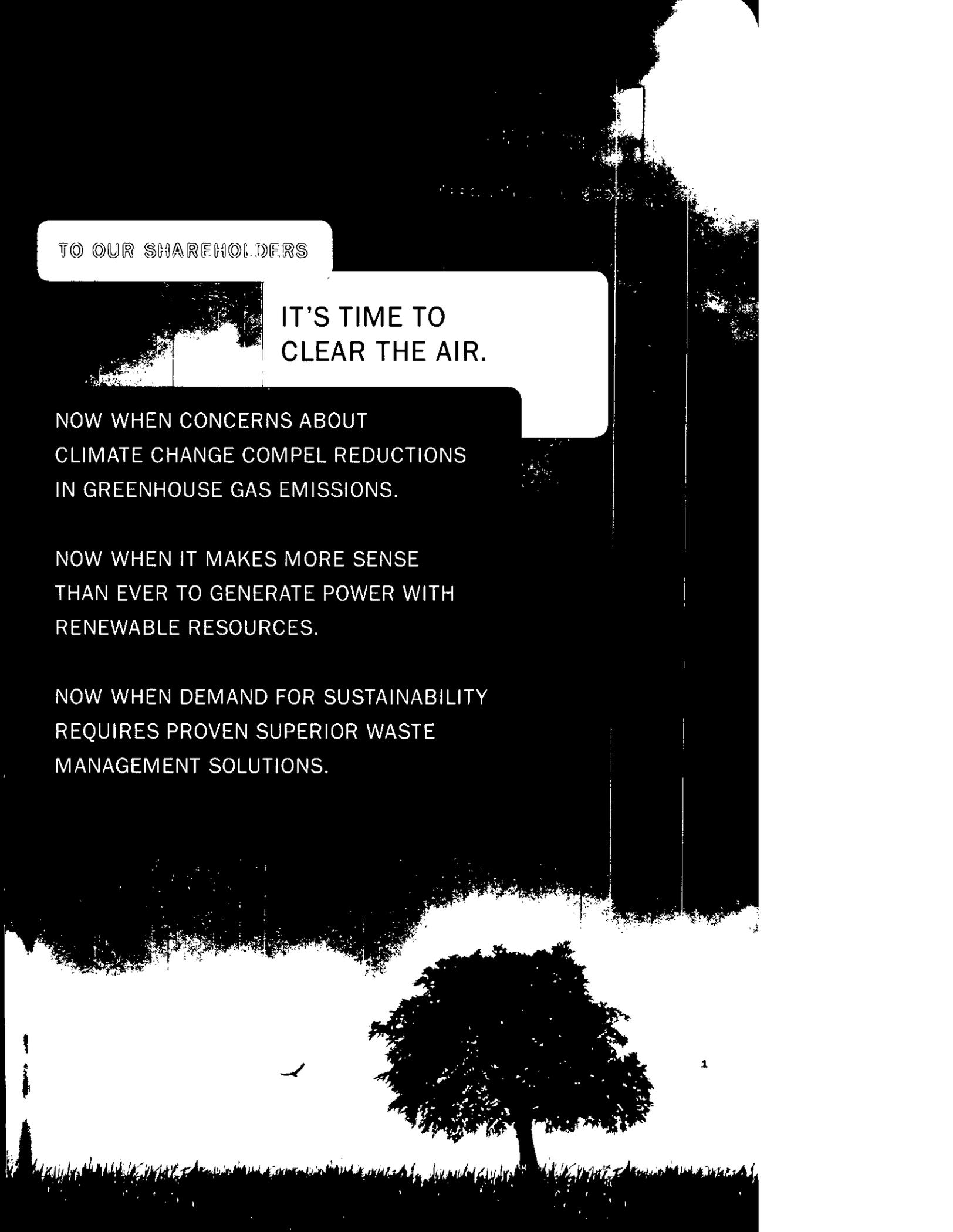
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COVANTA
ENERGY
for a cleaner world





COVANTA IS AN INTERNATIONALLY
RECOGNIZED OWNER AND
OPERATOR OF ENERGY-FROM-WASTE
AND RENEWABLE ENERGY PROJECTS.
OUR STATE-OF-THE-ART FACILITIES
CONVERT MUNICIPAL SOLID WASTE
INTO RENEWABLE ENERGY FOR
COMMUNITIES IN THE UNITED STATES
AND AROUND THE WORLD.



TO OUR SHAREHOLDERS

IT'S TIME TO
CLEAR THE AIR.

NOW WHEN CONCERNS ABOUT
CLIMATE CHANGE COMPEL REDUCTIONS
IN GREENHOUSE GAS EMISSIONS.

NOW WHEN IT MAKES MORE SENSE
THAN EVER TO GENERATE POWER WITH
RENEWABLE RESOURCES.

NOW WHEN DEMAND FOR SUSTAINABILITY
REQUIRES PROVEN SUPERIOR WASTE
MANAGEMENT SOLUTIONS.

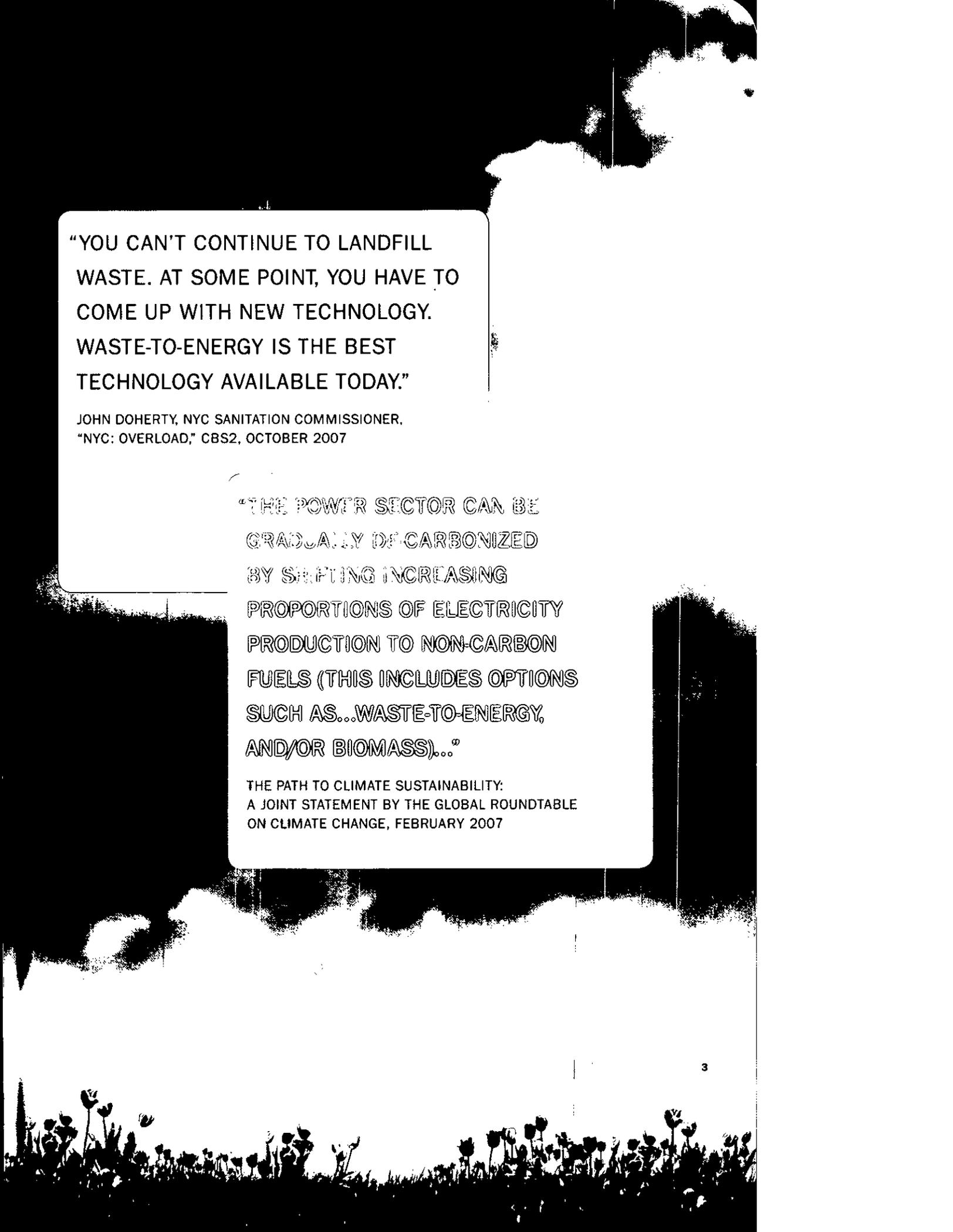
Three Challenges—One Solution

Covanta is a leading waste-to-energy business by recovering energy from waste, addressing environmental and economic challenges. As the world's largest provider of Energy-from-Waste, also known as waste-to-energy, we produce clean energy from what

is otherwise considered an intractable waste problem. Our waste-to-energy plants are the most advanced in the industry, which helps ensure that we are able to meet the growing demand for clean energy while addressing some of the most demanding problems in the waste-to-energy industry: greenhouse gas emissions, air quality, and the need for clean energy from renewable fuels and robust waste-to-energy waste disposal practices.

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Opportunities are across North America, Europe, and Asia.



"YOU CAN'T CONTINUE TO LANDFILL WASTE. AT SOME POINT, YOU HAVE TO COME UP WITH NEW TECHNOLOGY. WASTE-TO-ENERGY IS THE BEST TECHNOLOGY AVAILABLE TODAY."

JOHN DOHERTY, NYC SANITATION COMMISSIONER,
"NYC: OVERLOAD," CBS2, OCTOBER 2007

"THE POWER SECTOR CAN BE GRADUALLY DE-CARBONIZED BY SHIFTING INCREASING PROPORTIONS OF ELECTRICITY PRODUCTION TO NON-CARBON FUELS (THIS INCLUDES OPTIONS SUCH AS...WASTE-TO-ENERGY, AND/OR BIOMASS).."

THE PATH TO CLIMATE SUSTAINABILITY:
A JOINT STATEMENT BY THE GLOBAL ROUNDTABLE
ON CLIMATE CHANGE, FEBRUARY 2007

Reducing Greenhouse Gas Emissions to Combat Global Warming

2007 was a year when the world's attention was focused on climate change agendas around the globe.



Covanta's employees participate in numerous community activities.

The issue of climate change has become a global concern for all nations, and the world's attention is focused on climate change agendas around the globe. The issue of climate change has become a global concern for all nations, and the world's attention is focused on climate change agendas around the globe. The issue of climate change has become a global concern for all nations, and the world's attention is focused on climate change agendas around the globe.

Reducing greenhouse gas emissions is a key goal for all nations, and the world's attention is focused on climate change agendas around the globe. The issue of climate change has become a global concern for all nations, and the world's attention is focused on climate change agendas around the globe. The issue of climate change has become a global concern for all nations, and the world's attention is focused on climate change agendas around the globe.

China, we expect to generate carbon credits from converting municipal solid waste into clean, renewable energy because of the favorable greenhouse gas reductions from



...the United States and abroad, ... leaders who are going the pressure to ... are also coming to this realization.

...of residual waste, we reduce greenhouse ... by landfills and cut our dependence on

... U.S. Environmental Protection Agency's

... circle model to calculate the

... they provide a reduction of 150,000

... dioxide equivalents (CO₂e)

... 2008, we have reduced our greenhouse gas

... 2007, we have reduced our greenhouse gas

... 2006, we have reduced our greenhouse gas

... 2005, we have reduced our greenhouse gas

Generating Clean Energy from Renewable Fuels

... 2008, we have reduced our greenhouse gas

... 2007, we have reduced our greenhouse gas

... 2006, we have reduced our greenhouse gas

... 2005, we have reduced our greenhouse gas

... driven by population growth and the improving standards of

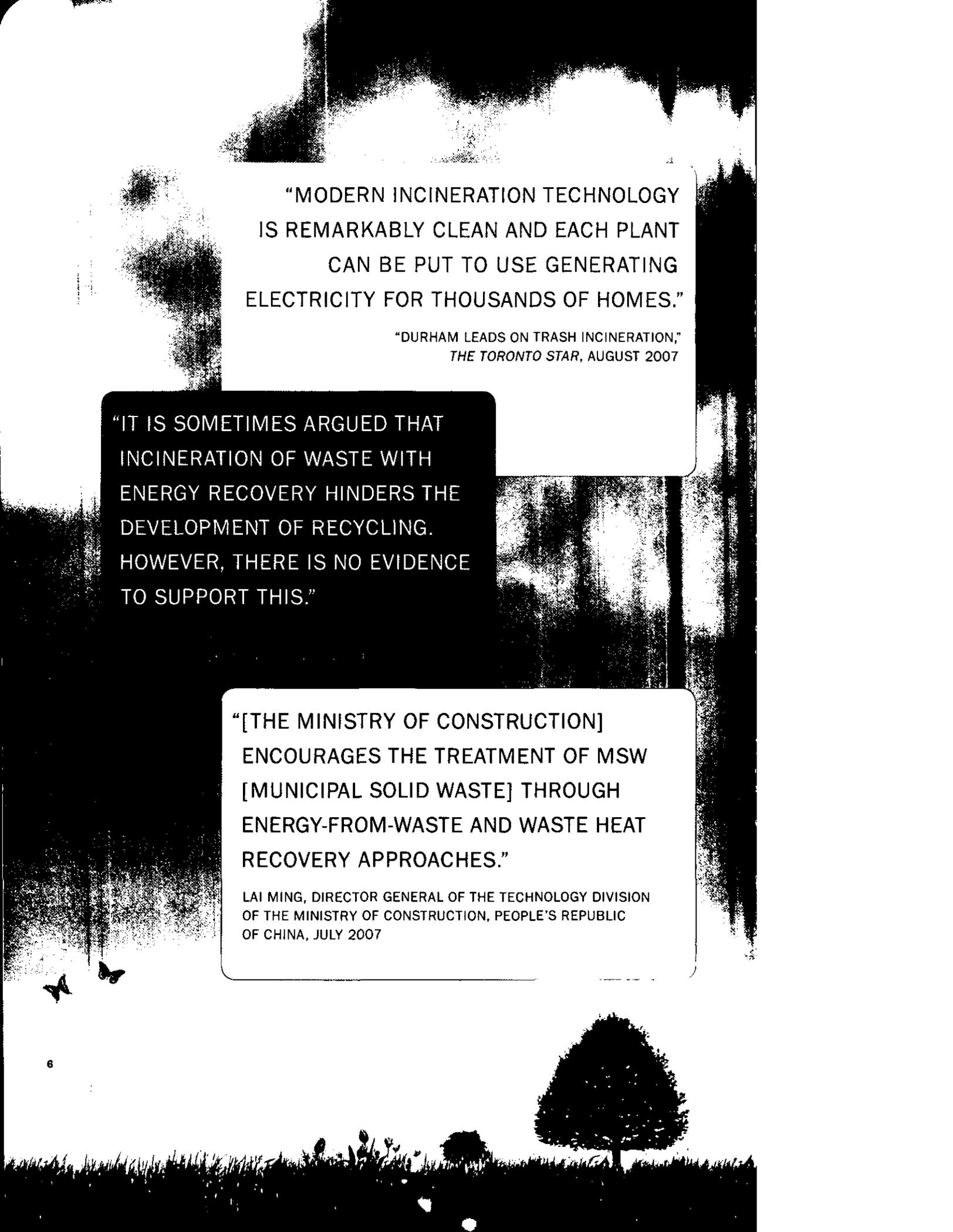
... living in developing nations.



Our facilities are equipped with advanced technologies.



By producing energy from waste, Covanta offsets the generation of 15 million tons of greenhouse gases.



“MODERN INCINERATION TECHNOLOGY
IS REMARKABLY CLEAN AND EACH PLANT
CAN BE PUT TO USE GENERATING
ELECTRICITY FOR THOUSANDS OF HOMES.”

“DURHAM LEADS ON TRASH INCINERATION,”
THE TORONTO STAR, AUGUST 2007

“IT IS SOMETIMES ARGUED THAT
INCINERATION OF WASTE WITH
ENERGY RECOVERY HINDERS THE
DEVELOPMENT OF RECYCLING.
HOWEVER, THERE IS NO EVIDENCE
TO SUPPORT THIS.”

“[THE MINISTRY OF CONSTRUCTION]
ENCOURAGES THE TREATMENT OF MSW
[MUNICIPAL SOLID WASTE] THROUGH
ENERGY-FROM-WASTE AND WASTE HEAT
RECOVERY APPROACHES.”

LAI MING, DIRECTOR GENERAL OF THE TECHNOLOGY DIVISION
OF THE MINISTRY OF CONSTRUCTION, PEOPLE'S REPUBLIC
OF CHINA, JULY 2007



Our facilities host school children to help educate them about sustainable waste management.



To produce energy 24/7, our employees adhere to strict operational standards.

Policy Act of 2005, 23 states and the U.S. Department of Energy have defined EFW as a “renewable technology.” The Energy Department has also noted that converting garbage into energy makes “important contributions to the overall effort to achieve

increased renewable energy use, and
more. We're also committed to
reducing our carbon footprint and
improving our energy efficiency.

Adopting Environmentally Sustainable Waste Disposal Practices



At Covanta, we open
our doors to the public
to view how we create
energy from waste.

As a leading provider of waste-to-energy solutions, we understand the importance of adopting environmentally sustainable waste disposal practices. We are committed to reducing our carbon footprint and improving our energy efficiency.

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Why Covanta?

Serving communities in a responsible and sustainable way is the heart of what we do. We are a leading provider of waste-to-energy services, and we are committed to providing the highest quality services to our customers. We are also committed to providing a safe and healthy work environment for our employees.



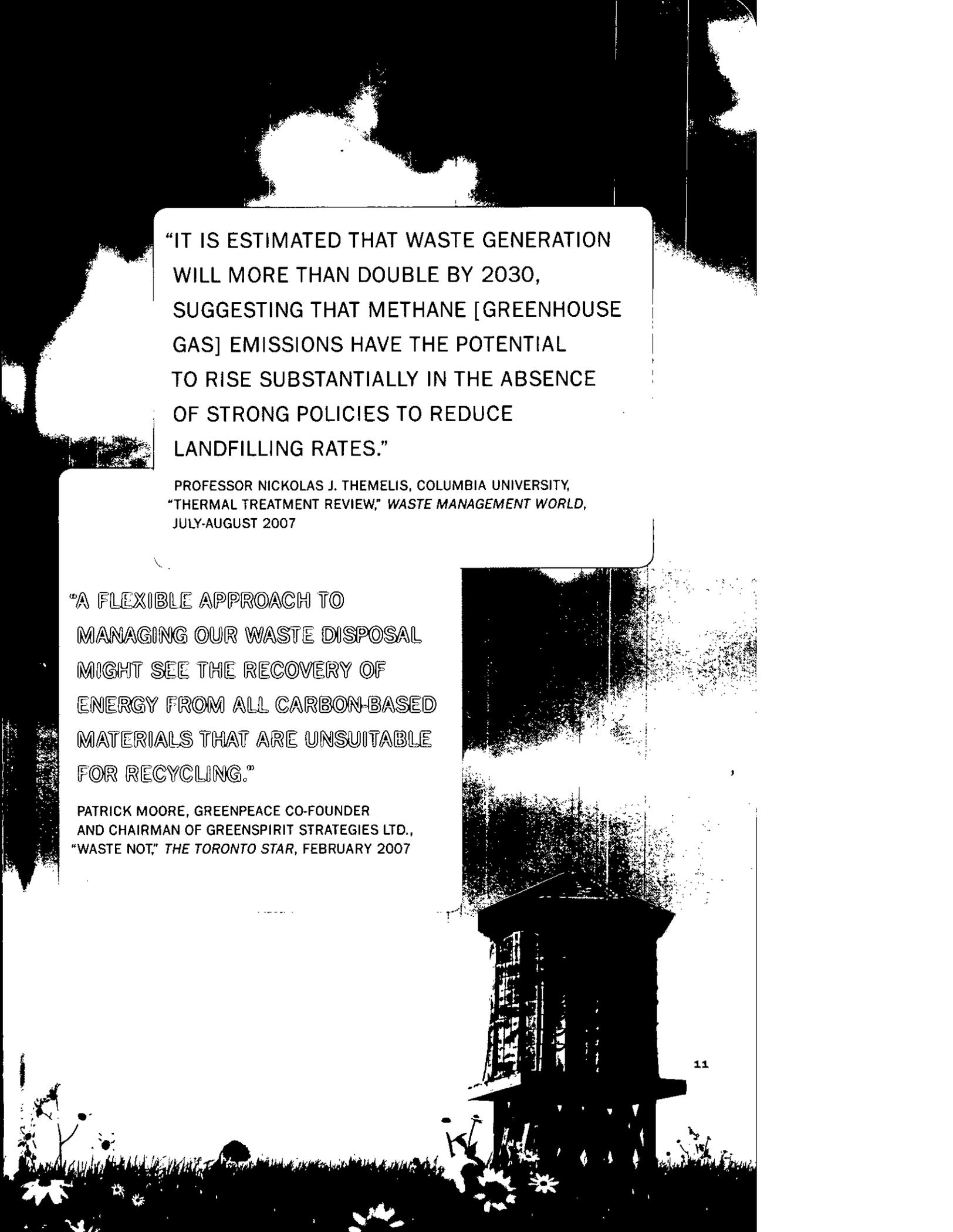
Working together,
we create solutions
that help communities
deal with today's
sustainable develop-
ment challenges.

Our commitment to safety is a top priority. We have a strong safety culture that is ingrained in everything we do. We have a proven safety program that has helped us achieve a long track record of safety success. We are committed to providing a safe and healthy work environment for our employees, and we are committed to providing the highest quality services to our customers.

Our commitment to the environment is also a top priority. We have a strong environmental program that is ingrained in everything we do. We are committed to providing the highest quality services to our customers, and we are committed to providing a safe and healthy work environment for our employees. We have a proven environmental program that has helped us achieve a long track record of environmental success. We are committed to providing the highest quality services to our customers, and we are committed to providing a safe and healthy work environment for our employees.

level of our organization. From our front line operators to our senior management, we are committed to providing the highest quality services to our customers, and we are committed to providing a safe and healthy work environment for our employees. We have a proven safety program that has helped us achieve a long track record of safety success. We are committed to providing a safe and healthy work environment for our employees, and we are committed to providing the highest quality services to our customers.

operational performance. It is this dedication that has led us to be repeatedly recognized for our exceptional safety and environmental programs.



"IT IS ESTIMATED THAT WASTE GENERATION WILL MORE THAN DOUBLE BY 2030, SUGGESTING THAT METHANE [GREENHOUSE GAS] EMISSIONS HAVE THE POTENTIAL TO RISE SUBSTANTIALLY IN THE ABSENCE OF STRONG POLICIES TO REDUCE LANDFILLING RATES."

PROFESSOR NICKOLAS J. THEMELIS, COLUMBIA UNIVERSITY,
"THERMAL TREATMENT REVIEW," *WASTE MANAGEMENT WORLD*,
JULY-AUGUST 2007

"A FLEXIBLE APPROACH TO MANAGING OUR WASTE DISPOSAL MIGHT SEE THE RECOVERY OF ENERGY FROM ALL CARBON-BASED MATERIALS THAT ARE UNSUITABLE FOR RECYCLING."

PATRICK MOORE, GREENPEACE CO-FOUNDER
AND CHAIRMAN OF GREENSPIRIT STRATEGIES LTD.,
"WASTE NOT," *THE TORONTO STAR*, FEBRUARY 2007

2007—Progress on Growth Initiatives and Steady Operations

We have made significant progress in 2007 on our growth initiatives and steady operations.

Our focus on operational excellence and financial performance has resulted in

the following highlights:

Achieved Operational Excellence

Our operational excellence is a result of our commitment to safety and

customer service. We have achieved significant milestones in 2007, including

the following highlights:

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the following highlights:

• **Operational Excellence:** We have achieved significant milestones in 2007, including

operational excellence and the safety of our sites. Our commitment to safety and

operational excellence is a result of our commitment to safety and

operational excellence.

Strong and Predictable Financial Results

Our 2007 financial performance was very good. Our revenue grew

13% to \$1.4 billion. We met or exceeded our guidance for all key

financial metrics. Our highly contracted revenue coupled with

our consistent operating performance drove these predictable

results—something to be coveted during uncertain economic con-

ditions. In particular, we were pleased with our cash flow from



Twenty-three of
Covanta's facilities
have been named
to the U.S.
EPA's National
Environmental
Performance Track.

Our progress was measurable. In 2007, \$1.2 billion. We reinvested nearly \$1.2 billion in capital expenditures. Of that, \$64 million was spent on capital expenditures for our waste-to-energy plants. We also employed 1,000 new employees, and we added 1.2 million pounds of capacity to our waste-to-energy plants. We also added 1.2 million pounds of capacity to our waste-to-energy plants.

Strengthened and Simplified Our Capital Structure

At the end of 2007, we had a strong balance sheet with a debt-to-capitalization ratio of 35%. We also had a strong operating performance, with EBITDA of \$1.2 billion. We also had a strong operating performance, with EBITDA of \$1.2 billion. We also had a strong operating performance, with EBITDA of \$1.2 billion.

Marked Progress in All Strategic Growth Initiatives

In 2007, we increased our ownership in waste-to-energy plants in the United States. We also increased our ownership in waste-to-energy plants in the United States. We also increased our ownership in waste-to-energy plants in the United States. We also increased our ownership in waste-to-energy plants in the United States. We also increased our ownership in waste-to-energy plants in the United States.



Our facilities process more than 1.5 million tons of municipal solid waste each year.

"AT THE CONCLUSION OF THESE
[ENERGY-FROM-WASTE FACILITY]
TOURS, THE MOST COMMONLY
ASKED QUESTION IS 'WHY AREN'T
THERE MORE COMMUNITIES
WITH ONE OF THESE?'"

JAMES J. WARNER, EXECUTIVE DIRECTOR, LANGLIS HILL
COUNTY SOLID WASTE MANAGEMENT AUTHORITY,
A PUBLIC DEPARTMENT, THERVA, DISTRICT OF COLUMBIA
WASTESCOPE FOR NEW YORK CITY, MARCH 2007

"BUILDING A POWER PLANT FUELED
BY WASTE IS A WIN-WIN SOLUTION."

PROFESSOR WEIPING WANG, RENMIN UNIVERSITY,
"EXPERTS: USE WASTE TO SAVE RESOURCES,"
CHINA DAILY, JUNE 2007

"EFW IS A TRIED, TESTED AND
PROVEN TECHNOLOGY WHICH IS
RUN TO STRICT ENVIRONMENTAL
STANDARDS. IT ALSO HAS THE
ADDED ADVANTAGE OF PRODUCING
ELECTRICITY WHICH CAN BE
USED TO POWER LOCAL HOMES OR
BE SOLD TO THE NATIONAL GRID."

BUCKINGHAMSHIRE COUNCIL SPOKESWOMAN, U.K.,
"BUCKINGHAMSHIRE OPTS FOR EFW," *LETSRECYCLE.COM*,
JANUARY 2008

...the new capacity will be installed at 37 plants, providing 1.2 million tons per year of new EFW capacity with an investment of \$1.2 billion. Covanta's 2011 EFW capacity will be 1.2 million tons per year, up from 1.0 million tons per year in 2010.

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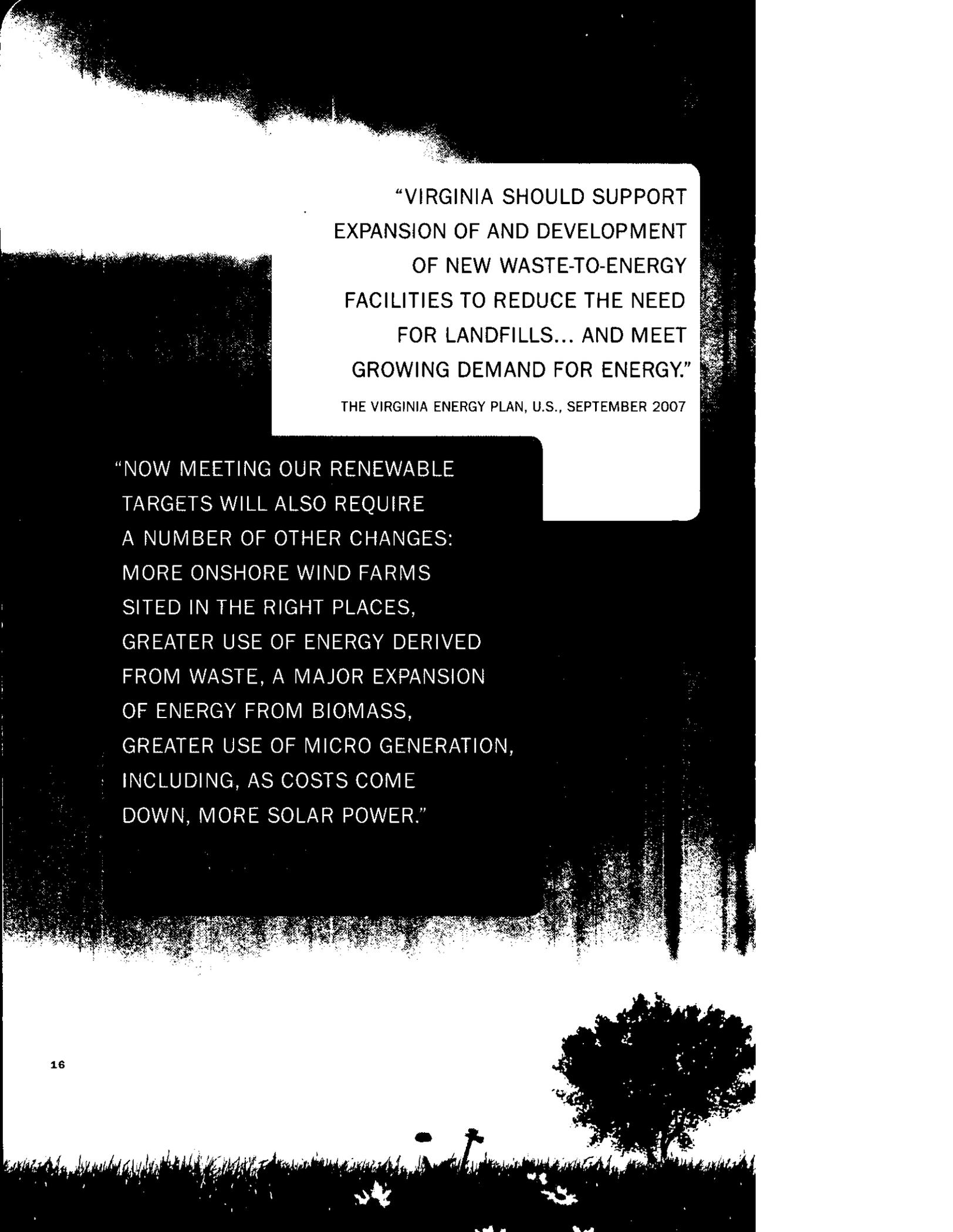
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Our technology allows us to create enough energy to power more than a million homes.



For more than 20 years, Covanta employees have helped build a world-class organization.



“VIRGINIA SHOULD SUPPORT
EXPANSION OF AND DEVELOPMENT
OF NEW WASTE-TO-ENERGY
FACILITIES TO REDUCE THE NEED
FOR LANDFILLS... AND MEET
GROWING DEMAND FOR ENERGY.”

THE VIRGINIA ENERGY PLAN, U.S., SEPTEMBER 2007

“NOW MEETING OUR RENEWABLE
TARGETS WILL ALSO REQUIRE
A NUMBER OF OTHER CHANGES:
MORE ONSHORE WIND FARMS
SITED IN THE RIGHT PLACES,
GREATER USE OF ENERGY DERIVED
FROM WASTE, A MAJOR EXPANSION
OF ENERGY FROM BIOMASS,
GREATER USE OF MICRO GENERATION,
INCLUDING, AS COSTS COME
DOWN, MORE SOLAR POWER.”

facilities in China. We believe Sanfeng's local design, fabrication construction, and technical expertise gives us a competitive advantage as we pursue additional EFW opportunities.

We also formed a new joint venture to develop, own, and operate EFW facilities in Guangdong Province in southeast China, which is a key region in China for EFW facilities.

Our new technology is designed in conjunction with our existing technology to reduce energy consumption while increasing efficiency. The technology also reduces nitrogen oxide (NOx) emissions to approximately half of current regulatory limits. The technology sets the standard for new EFW facilities with similarly dramatic NOx reductions while increasing energy efficiency to give us an additional competitive advantage.



More than 3,000 employees work at Covanta facilities located throughout the world.

The future looks brighter than ever

The Energy-from-Waste industry is poised for growth, driven by the push for reduced greenhouse gas emissions, the demand for more renewable energy, and the need for sustainable waste disposal. As the industry leader, Covanta's technology, operational expertise, and environmental stewardship position us to deliver solutions for our clients and the world. For more information, visit www.covanta.com.



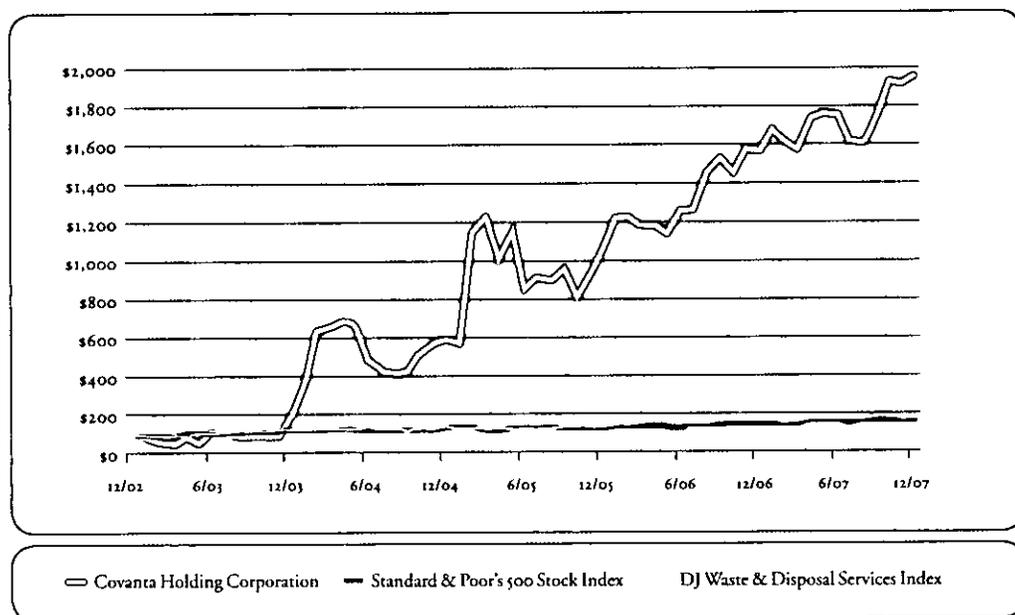
SAMUEL ZELL
Chairman of the Board of Directors



ANTHONY J. ORLANDO
President & Chief Executive Officer

Performance Graph

The following graph sets forth a comparison of the yearly percentage change in the Company's cumulative total stockholder return on common stock with the Standard & Poor's 500 Index* and the Dow Jones Waste & Disposal Services Index ("DJ Waste & Disposal Services Index").** The foregoing cumulative total returns are computed assuming (a) an initial investment of \$100, and (b) the reinvestment of dividends at the frequency which dividends were paid during the applicable years. The Company has never paid any dividends on shares of common stock. The graph below reflects comparative information for the five fiscal years beginning with the close of trading on December 31, 2002, and ending December 31, 2007. The stockholder return reflected below is not necessarily indicative of future performance.



* The Standard & Poor's 500 Stock Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

** The DJ Waste & Disposal Services Index is maintained by Dow Jones & Company, Inc. As described by Dow Jones, the DJ Waste & Services Index consists of providers of pollution control and environmental services for the management, recovery and disposal of solid and hazardous waste materials, such as landfills and recycling centers.

Selected Financial Data
Statements of Operations Data

(In thousands, except per share amounts)

For the Years Ended December 31,

OPERATING REVENUES	2007	2006	2005 (1)
Waste and service revenues	\$ 864,396	\$ 817,633	\$ 638,503
Electricity and steam sales	498,877	433,834	322,770
Other operating revenues	69,814	17,069	17,490
Total operating revenues	<u>1,433,087</u>	<u>1,268,536</u>	<u>978,763</u>
OPERATING EXPENSES			
Plant operating expenses	801,560	712,156	559,638
Depreciation and amortization expense	196,970	193,217	124,925
Net interest expense on project debt	54,579	60,210	52,431
General and administrative expenses	82,729	73,599	67,481
Other operating expenses	60,639	2,594	11,015
California Grantor Trust Settlement	-	-	10,342
Restructuring charges	-	-	2,765
Acquisition-related charges	-	-	3,950
Total operating expenses	<u>1,196,477</u>	<u>1,041,776</u>	<u>832,547</u>
Operating income	<u>236,610</u>	<u>226,760</u>	<u>146,216</u>
Operating income as a percentage of revenue	17%	18%	15%
OTHER INCOME (EXPENSE)			
Investment income	10,578	11,770	6,129
Interest expense	(67,104)	(109,507)	(89,973)
Loss on extinguishment of debt	(32,071)	(6,795)	-
Gain on derivative instruments, ACL warrants	-	-	15,193
Total other expenses	<u>(88,597)</u>	<u>(104,532)</u>	<u>(68,651)</u>
Income before income tax expense, minority interests and equity in net income from unconsolidated investments	148,013	122,228	77,565
Income tax expense	(31,040)	(38,465)	(34,651)
Minority interests	(8,656)	(6,610)	(9,197)
Equity in net income from unconsolidated investments	22,196	28,636	25,609
Net Income	<u>\$ 130,513</u>	<u>\$ 105,789</u>	<u>\$ 59,326</u>
Earnings per share of common stock—basic	<u>\$ 0.85</u>	<u>\$ 0.73</u>	<u>\$ 0.49</u>
Earnings per share of common stock—diluted	<u>\$ 0.85</u>	<u>\$ 0.72</u>	<u>\$ 0.46</u>

(1) Includes the results of operations for Covanta ARC Holdings, Inc. from June 25 through December 31, 2005.

Balance Sheet Data

(In thousands)
As of December 31,

ASSETS	2007	2006	2005
Cash and cash equivalents	\$ 149,406	\$ 233,442	\$ 128,556
Restricted funds held in trust	379,864	407,921	447,432
Property, plant and equipment, net	2,620,507	2,637,923	2,724,843
Total assets	4,368,499	4,437,820	4,702,165
Long-term debt	1,019,432	1,260,123	1,308,119
Project debt	1,280,275	1,435,947	1,598,284
Total liabilities	3,301,664	3,655,987	4,022,296
Stockholders' equity	1,026,062	739,152	599,241

Statements of Cash Flows Data

(In thousands)
For the Years Ended December 31,

	2007	2006	2005 (1)
Cash flow provided by operating activities	\$ 358,098	\$ 311,199	\$ 208,259
Purchase of property, plant and equipment	(55,483)	(54,267)	(23,527)
Capital expenditures associated with Semass Fire	(18,144)	—	—
Capital expenditures associated with certain acquisitions	(12,121)	—	—
Total purchases of property, plant and equipment	(85,748)	(54,267)	(23,527)
Acquisition of businesses, net of cash acquired	(110,465)	—	(684,990)
Purchase of equity interests	(11,199)	—	—
Acquisition of non-controlling interest in subsidiary	—	(27,500)	—
Proceeds from equity and rights offerings, net	135,757	20,498	395,791
Proceeds from borrowings on long-term debt	949,907	97,619	675,000
Principal payments on long-term debt	(1,181,130)	(140,638)	(368,432)
Principal payments on project debt	(164,167)	(151,095)	(188,975)
Net (decrease) increase in cash and cash equivalents	(84,036)	104,886	32,408
Cash paid for interest	146,677	205,807	154,545
Cash paid for income taxes	24,122	17,398	16,737

(1) Includes the results of operations for Covanta ARC Holdings, Inc. from June 25 through December 31, 2005.

Board of Directors and Executive Officers

BOARD OF DIRECTORS

Samuel Zell
Chairman of the Board
Covanta Holding Corporation
Chairman of the Board
Equity Group Investments, LLC

David M. Barse
President and Chief Executive Officer
Third Avenue Management LLC

Ronald J. Broglio
President
RJB Associates

Peter C.B. Bynoe
Senior Counsel
DLA Piper US, LLP

Linda J. Fisher
*Vice President, Safety, Health & Environment
and Chief Sustainability Officer*
E.I. du Pont de Nemours and Company

Richard L. Huber
*Managing Director, Chief Executive Officer
and Principal*
Norte Sur Partners

Anthony J. Orlando
President and Chief Executive Officer
Covanta Holding Corporation

William C. Pate
Managing Director
Equity Group Investments, LLC

Robert S. Silberman
*Chairman of the Board of Directors
and Chief Executive Officer*
Strayer Education, Inc.

Jean Smith
Managing Director
Plainfield Asset Management LLC

Clayton Yeutter
Senior Advisor
Hogan & Hartson LLP

EXECUTIVE OFFICERS

Anthony J. Orlando
President and Chief Executive Officer

John M. Klett
*Executive Vice President and
Chief Operating Officer*

Mark A. Pytosh
*Executive Vice President and
Chief Financial Officer*

Timothy J. Simpson
*Executive Vice President,
General Counsel and Secretary*

Thomas E. Bucks
Vice President and Chief Accounting Officer

Seth Myones
President, Americas
Covanta Energy Corporation

Scott Whitney
President, Europe
Covanta Energy Corporation

In 2007, our Chief Executive Officer submitted to the New York Stock Exchange ("NYSE") the annual certification regarding Covanta's compliance with the NYSE's corporate governance listing standards, stating that he was not aware of any violation of the NYSE corporate governance listing standards. In addition, our Chief Executive Officer and Chief Financial Officer provided all certifications required by the Securities and Exchange Commission regarding the quality of Covanta's public disclosures in its reports during 2007.

Shareholder Information

CORPORATE OFFICE

Covanta Holding Corporation
40 Lane Road
Fairfield, NJ 07004
www.covantaholding.com

TRANSFER AGENT

American Stock Transfer and Trust Company
59 Maiden Lane
Plaza Level
New York, NY 10038

INDEPENDENT ACCOUNTANTS AND AUDITORS

Ernst & Young LLP
Metropark, NJ

OVERNIGHT ADDRESS

American Stock Transfer and Trust Company
Operations Center
6201 15TH Avenue
Brooklyn, NY 11219

INVESTOR SERVICES

If you have questions regarding security ownership or would like to request printed information, including the most recent Form 10-K, please contact the Company's Investor Relations Department. Write to the corporate office address or call 973.882.7001.

800.937.5449
718.921.8124
718.236.2641 Fax

Please send change of address notices directly to the transfer agent.

This 2007 Annual Report to Shareholders ("2007 Annual Report") contains an overview of our business, as well as information regarding our operations during fiscal 2007 and other information that our shareholders may find useful. Our 2007 Annual Report includes certain items from our Annual Report on Form 10-K for the fiscal year ended December 31, 2007 filed with the U.S. Securities and Exchange Commission ("SEC") on February 26, 2008. (the "2007 Form 10-K"). Please note, however, that the 2007 Form 10-K is not incorporated by reference into this 2007 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this 2007 Annual Report may constitute "forward-looking" statements as defined in Section 27A of the Securities Act of 1933 (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), the Private Securities Litigation Reform Act of 1995 (the "PSLRA"), or in releases made by the Securities and Exchange Commission ("SEC"), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance, or achievements of Covanta and its subsidiaries, or industry results, to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words "plan," "believe," "expect," "anticipate," "intend," "estimate," "project," "may," "will," "would," "could," "should," "seeks," or "scheduled to," or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the "safe harbor" provisions of such laws. Covanta cautions investors that any forward-looking statements made by Covanta are not guarantees or indicative of future performance. Important assumptions and other important factors that could cause actual results to differ materially from those forward-looking statements with respect to Covanta, include, but are not limited to, those factors, risks, and uncertainties that are described in Item 1A of its Annual Report on Form 10-K for the year ended December 31, 2007, and in securities filings by Covanta with the SEC.

Although Covanta believes that its plans, intentions, and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any forward-looking statements. Covanta's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this 2007 Annual Report are made only as of the date hereof and Covanta does not have or undertake any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events, or otherwise, unless otherwise required by law.

About the production of this book

Printing

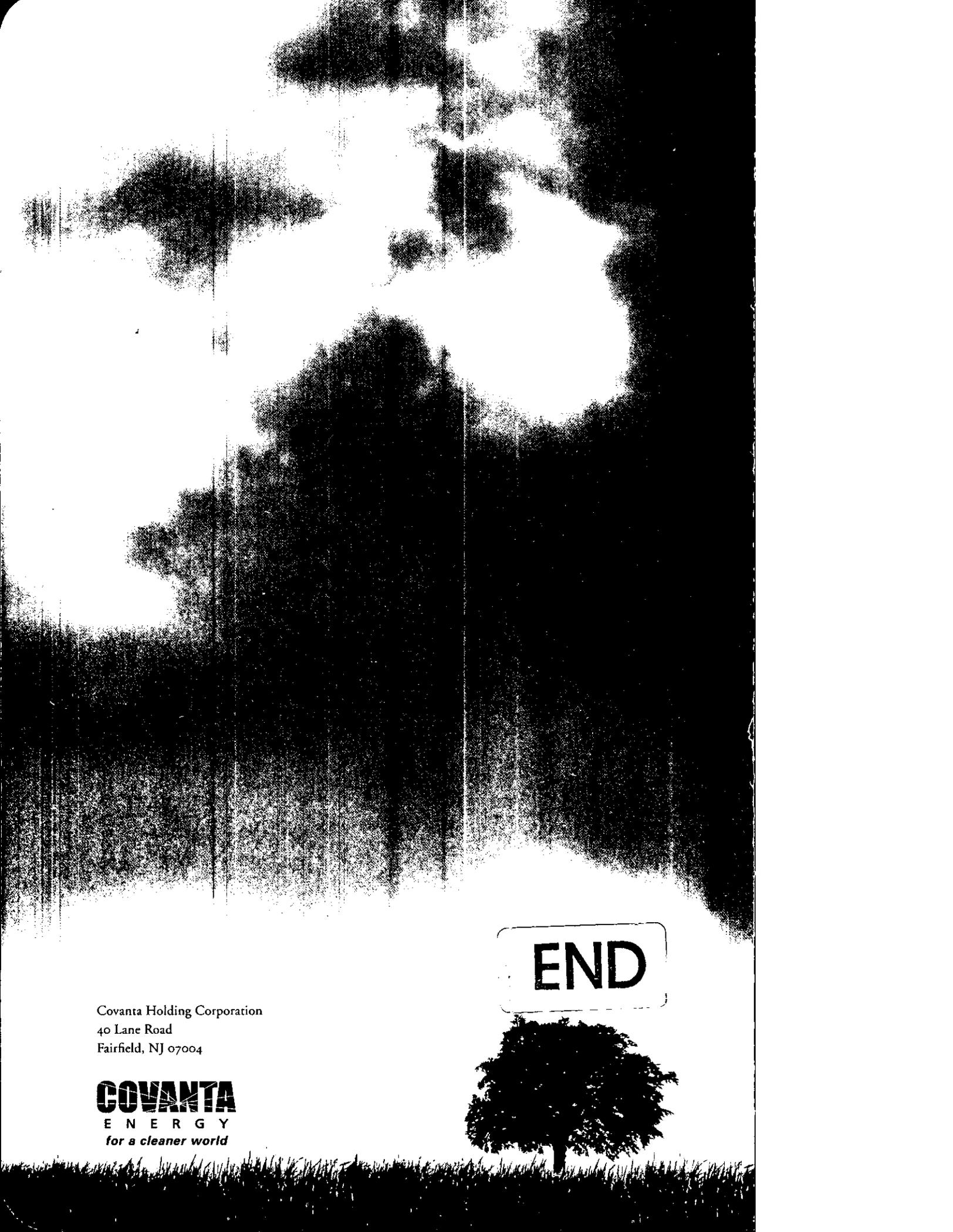
This book was printed in its entirety using the latest ultraviolet (UV) technology. UV inks do not produce harmful by-products like standard printing inks. This eliminates the need for solvents that release volatile organic compounds (VOCs) into the atmosphere. Empty ink containers require no special disposal method and UV printed material can be safely recycled. The printer of this book is FSC certified, ensuring that they meet the highest standards of responsible forest management.



Paper

The paper in this book is Environment[®] PC100 White by Neenah Paper, which is manufactured from 100% post-consumer fiber using 100% certified renewable energy. It has a neutral pH and is processed without the use of chlorine chemistry. Environment PC100 White is also certified by SmartWood, a program of the Rainforest Alliance, to the FSC standards.





Covanta Holding Corporation
40 Lane Road
Fairfield, NJ 07004

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