

COVANTA HOLDING CORP
Form 10-Q
October 24, 2011
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

▶ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2011

or

◻ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-06732

COVANTA HOLDING CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of

Incorporation or Organization)
445 South Street, Morristown, NJ
(Address of Principal Executive Office)

95-6021257
(I.R.S. Employer

Identification Number)
07960
(Zip Code)

(862) 345-5000

(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Applicable Only to Corporate Issuers:

The number of shares of the registrant's Common Stock outstanding as of the last practicable date.

Class	Outstanding at October 13, 2011
Common Stock, \$0.10 par value	137,683,203 shares

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Quarterly Report on Form 10-Q may constitute forward-looking statements as defined in Section 27A of the Securities Act of 1933 (the Securities Act), Section 21E of the Securities Exchange Act of 1934 (the Exchange Act), the Private Securities Litigation Reform Act of 1995 (the PSLRA) or in releases made by the Securities and Exchange Commission (SEC), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Covanta Holding Corporation and its subsidiaries (Covanta) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words plan, believe, expect, anticipate, intend, estimate, project, may, will, would, could, should, seeks, or 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, the risks and uncertainties affecting their businesses described in Item 1A. Risk Factors of Covanta s Annual Report on Form 10-K for the year ended December 31, 2010 and in other filings by Covanta with the SEC.

Although Covanta believes that its plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, actual results could differ materially from a projection or assumption in any of its forward-looking statements. Covanta s future financial condition and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties. The forward-looking statements contained in this Quarterly Report on Form 10-Q 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.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****COVANTA HOLDING CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended September 30, 2011		Nine Months Ended September 30, 2011	
	2010	2010	2010	2010
	(Unaudited)			
	(In millions, except per share amounts)			
OPERATING REVENUES:				
Waste and service revenues	\$ 273	\$ 257	\$ 800	\$ 766
Electricity and steam sales	109	115	301	316
Other operating revenues	50	31	119	82
Total operating revenues	432	403	1,220	1,164
OPERATING EXPENSES:				
Plant operating expenses	221	218	740	715
Other operating expenses	44	28	102	77
General and administrative expenses	24	22	74	76
Depreciation and amortization expense	48	47	142	142
Net interest expense on project debt	8	10	24	30
Write-down of assets		32		32
Total operating expenses	345	357	1,082	1,072
Operating income	87	46	138	92
Other income (expense):				
Investment income	1	1	1	1
Interest expense	(16)	(11)	(50)	(32)
Non-cash convertible debt related expense	(9)	(10)	(20)	(30)
Other expenses, net	(11)		(14)	
Total other expenses	(35)	(20)	(83)	(61)
Income from continuing operations before income tax expense and equity in net income from unconsolidated investments	52	26	55	31
Income tax expense	(2)	(15)	(3)	(18)
Equity in net income from unconsolidated investments	1	1	3	1
Income from continuing operations	51	12	55	14
(Loss) income from discontinued operations, net of income tax expense of \$0, \$1, \$3 and \$5, respectively	(7)	11	144	32
NET INCOME	44	23	199	46
Less: Net income from continuing operations attributable to noncontrolling interests in subsidiaries	(2)	(2)	(3)	(4)
Less: Net income from discontinued operations attributable to noncontrolling interests in subsidiaries		(1)	(3)	(3)
Net income attributable to noncontrolling interests in subsidiaries	(2)	(3)	(6)	(7)
NET INCOME ATTRIBUTABLE TO COVANTA HOLDING CORPORATION	\$ 42	\$ 20	\$ 193	\$ 39

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Amounts Attributable to Covanta Holding Corporation stockholders :								
Continuing operations	\$	49	\$	10	\$	52	\$	10
Discontinued operations		(7)		10		141		29
Net Income Attributable to Covanta Holding Corporation	\$	42	\$	20	\$	193	\$	39
Earnings (Loss) Per Share Attributable to Covanta Holding Corporation stockholders :								
Basic								
Continuing operations	\$	0.35	\$	0.07	\$	0.37	\$	0.07
Discontinued operations		(0.05)		0.06		0.98		0.18
Covanta Holding Corporation	\$	0.30	\$	0.13	\$	1.35	\$	0.25
Weighted Average Shares		139		153		143		154
Diluted								
Continuing operations	\$	0.35	\$	0.07	\$	0.36	\$	0.07
Discontinued operations		(0.05)		0.06		0.98		0.18
Covanta Holding Corporation	\$	0.30	\$	0.13	\$	1.34	\$	0.25