



COVANTA
Powering Today. Protecting Tomorrow.

39TH Annual Raymond James Institutional Investors Conference

NYSE: CVA MARCH 2018

Cautionary Statements



All information included in this earnings presentation is based on continuing operations, unless otherwise noted.

Forward-Looking Statements

Certain statements in this press release may constitute “forward-looking” statements as defined in Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”), the Private Securities Litigation Reform Act of 1995 (the “PSLRA”) or in releases made by the Securities and Exchange Commission (“SEC”), all as may be amended from time to time. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Covanta Holding Corporation and its subsidiaries (“Covanta”) or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements that are not historical fact are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking language, such as the words “plan,” “believe,” “expect,” “anticipate,” “intend,” “estimate,” “project,” “may,” “will,” “would,” “could,” “should,” “seeks,” or “scheduled to,” or other similar words, or the negative of these terms or other variations of these terms or comparable language, or by discussion of strategy or intentions. These cautionary statements are being made pursuant to the Securities Act, the Exchange Act and the PSLRA with the intention of obtaining the benefits of the “safe harbor” provisions of such laws. Covanta cautions investors that any forward-looking statements made by Covanta are not guarantees or indicative of future performance. Important assumptions and other important factors, risks and uncertainties that could cause actual results to differ materially from those forward-looking statements with respect to Covanta include, but are not limited to: the risks and uncertainties affecting Covanta’s business described in periodic securities filings by Covanta with the SEC. Important factors, risks, and uncertainties that could cause actual results of Covanta and the JV to differ materially from those forward-looking statements include, but are not limited to: seasonal or long-term fluctuations in the prices of energy, waste disposal, scrap metal and commodities, and Covanta’s 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, tax laws, environmental laws, labor laws and healthcare laws; advances in technology; difficulties in the operation of our facilities, including fuel supply and energy delivery interruptions, failure to obtain regulatory approvals, equipment failures, labor disputes and work stoppages, and weather interference and catastrophic events; failure to maintain historical performance levels at Covanta’s facilities and Covanta’s ability to retain the rights to operate facilities Covanta does not own; Covanta’s and the joint ventures ability to avoid adverse publicity or reputational damage relating to its business; difficulties in the financing, development and construction of new projects and expansions, including increased construction costs and delays; Covanta’s ability to realize the benefits of long-term business development and bear the costs of business development over time; Covanta’s ability to utilize net operating loss carryforwards; limits of insurance coverage; Covanta’s ability to avoid defaults under its long-term contracts; performance of third parties under its contracts and such third parties’ observance of laws and regulations; concentration of suppliers and customers; geographic concentration of facilities; increased competitiveness in the energy and waste industries; changes in foreign currency exchange rates; limitations imposed by Covanta’s existing indebtedness and its ability to perform its financial obligations and guarantees and to refinance its existing indebtedness; exposure to counterparty credit risk and instability of financial institutions in connection with financing transactions; the scalability of its business; restrictions in its certificate of incorporation and debt documents regarding strategic alternatives; failures of disclosure controls and procedures and internal controls over financial reporting; Covanta’s and the joint ventures ability to attract and retain talented people; general economic conditions in the United States and abroad, including the availability of credit and debt financing; and other risks and uncertainties affecting Covanta’s businesses described periodic securities filings by Covanta with the SEC.

Although Covanta believes that its plans, cost estimates, returns on investments, 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 and the joint ventures future financial condition and results of operations, as well as any forward-looking statements, are subject to change and to inherent risks and uncertainties. The forward-looking statements contained in this press release are made only as of the date hereof and Covanta does not have, or undertake, any obligation to update or revise any forward-looking statements whether as a result of new information, subsequent events or otherwise, unless otherwise required by law.

Note: All estimates with respect to 2018 and future periods are as of February 22, 2018. 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.

Discussion of Non-GAAP Financial Measures

We use a number of different financial measures, both United States generally accepted accounting principles (“GAAP”) and non-GAAP, in assessing the overall performance of our business. To supplement our assessment of results prepared in accordance with GAAP, we use the measures of Adjusted EBITDA, Free Cash Flow, Free Cash Flow Before Working Capital, and Adjusted EPS which are non-GAAP measures as defined by the Securities and Exchange Commission. The non-GAAP financial measures of Adjusted EBITDA, Free Cash Flow, Free Cash Flow Before Working Capital, and Adjusted EPS as described below, and used in this release, are not intended as a substitute or as an alternative to net income, cash flow provided by operating activities or diluted earnings per share as indicators of our performance or liquidity or any other measures of performance or liquidity derived in accordance with GAAP. In addition, our non-GAAP financial measures may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. The presentations of Adjusted EBITDA, Free Cash Flow, Free Cash Flow Before Working Capital, and Adjusted EPS are intended to enhance the usefulness of our financial information by providing measures which management internally use to assess and evaluate the overall performance of its business and those of possible acquisition candidates, and highlight trends in the overall business.

Covanta – World Leader in Energy-from-Waste

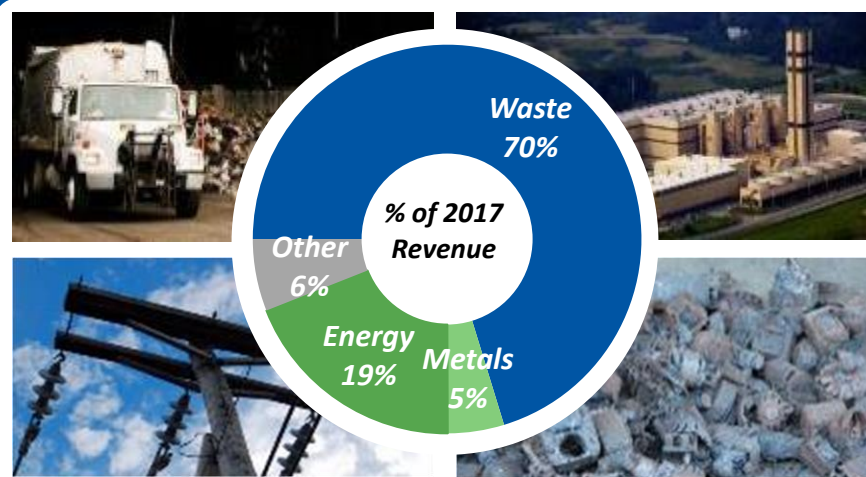


Waste:

Operate **42** Energy-from-Waste (EfW) facilities

~**20** million tons processed annually → 1:1 tons of CO₂ equivalent offset

19 material processing facilities



Energy:

~**10** million MWh generated annually

1,400+ MW base load capacity

FY 2018 Guidance:

- **Adjusted EBITDA:**
\$425 - \$455 million
- **Free Cash Flow:**
\$70 - \$100 million
- **FCF Before W/C:**
\$100 - \$130 million

\$1.00 Dividend

Metals:

~**550,000** gross tons of ferrous and non-ferrous recovered annually

EfW: Unique Renewable Energy Business

Waste



Municipal
Commercial
Industrial

Conversion Process



Technologically
advanced mass-burn
facilities

Energy / Outputs

1 ton of waste yields:

500-700 kWh power



~50lbs recycled metal



Ash: ~10% of
original volume

The only power source that reduces greenhouse gas emissions

Market Leader in the U.S.

~400 Million Tons of
Waste Annually

64%
Landfill



7%
Waste-to-
Energy



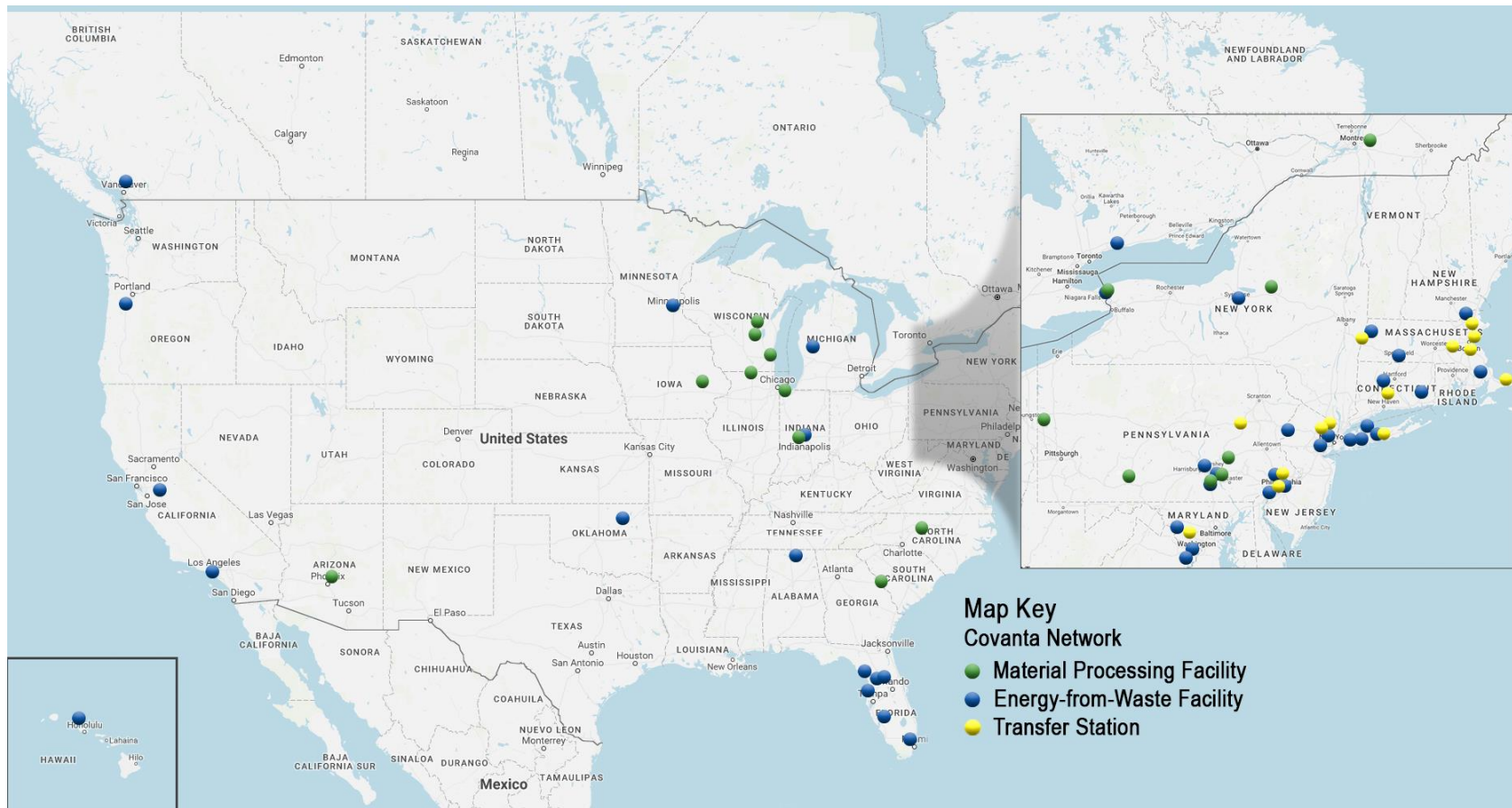
Covanta
~70%
of this market

29%
Recycling / Composting

Benefits of EfW

- Environmentally sustainable waste management
- Renewable energy source
- Combats climate change

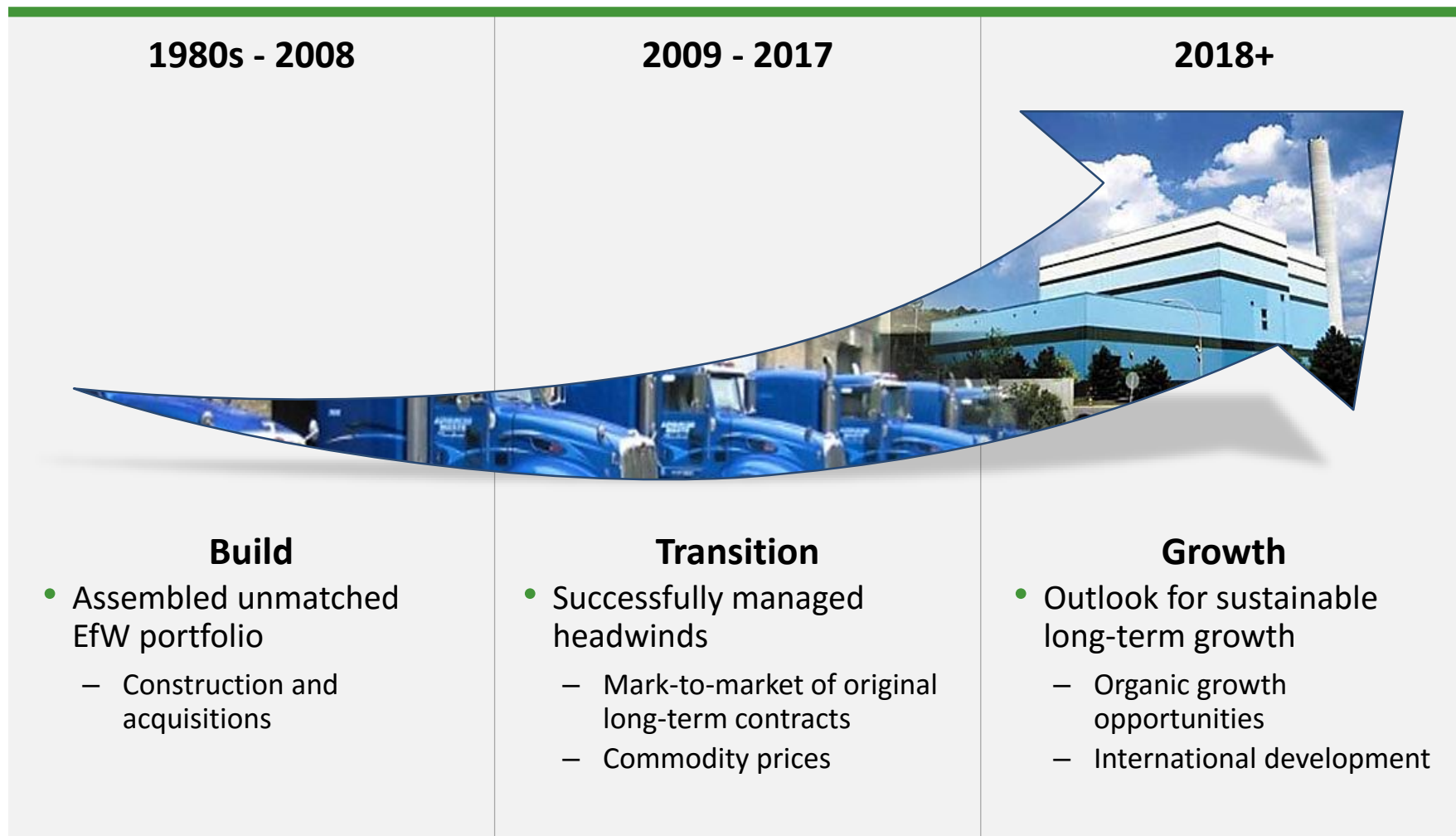
Irreplaceable Infrastructure



Advantages

- Concentrated in attractive, densely-populated markets
- Limited alternative disposal capacity in metropolitan areas
- Cost advantage vs. long haul transfer to landfills
- Electricity sold at high demand points

Entering a New Growth Era



Key Growth Drivers

Organic

Core Business

- Favorable waste market dynamics
- Environmental Solutions
- Metals recovery and ash management
- Continuous Improvement

Commodities

- Significant leverage to commodity market recovery
 - Metals
 - Energy

Underpins long-term cash flow growth and capital allocation plans

New Investment

- **EfW project development pipeline**
 - Dublin facility commenced operations in Q4 2017
 - GIG partnership provides Robust UK opportunity
 - Long-term opportunities in other international markets
- **Disciplined, synergistic acquisitions**
 - Environmental Solutions
 - EfW

Opportunities to invest capital at attractive equity returns

Targeting \$250 million Free Cash Flow by mid next decade

Growth Drivers: Environmental Solutions

EfW Profiled Waste

- Unmatched EfW footprint
- Assured destruction and/or zero landfill disposal for non-hazardous waste
- Drives higher average waste revenue per ton

~\$100 million Revenue
~50% Adjusted EBITDA margin

+

Environmental Services

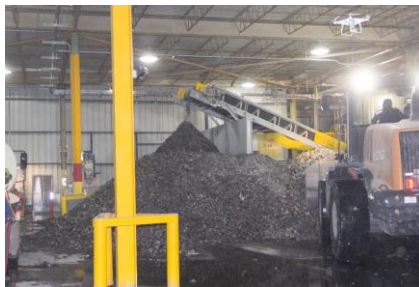
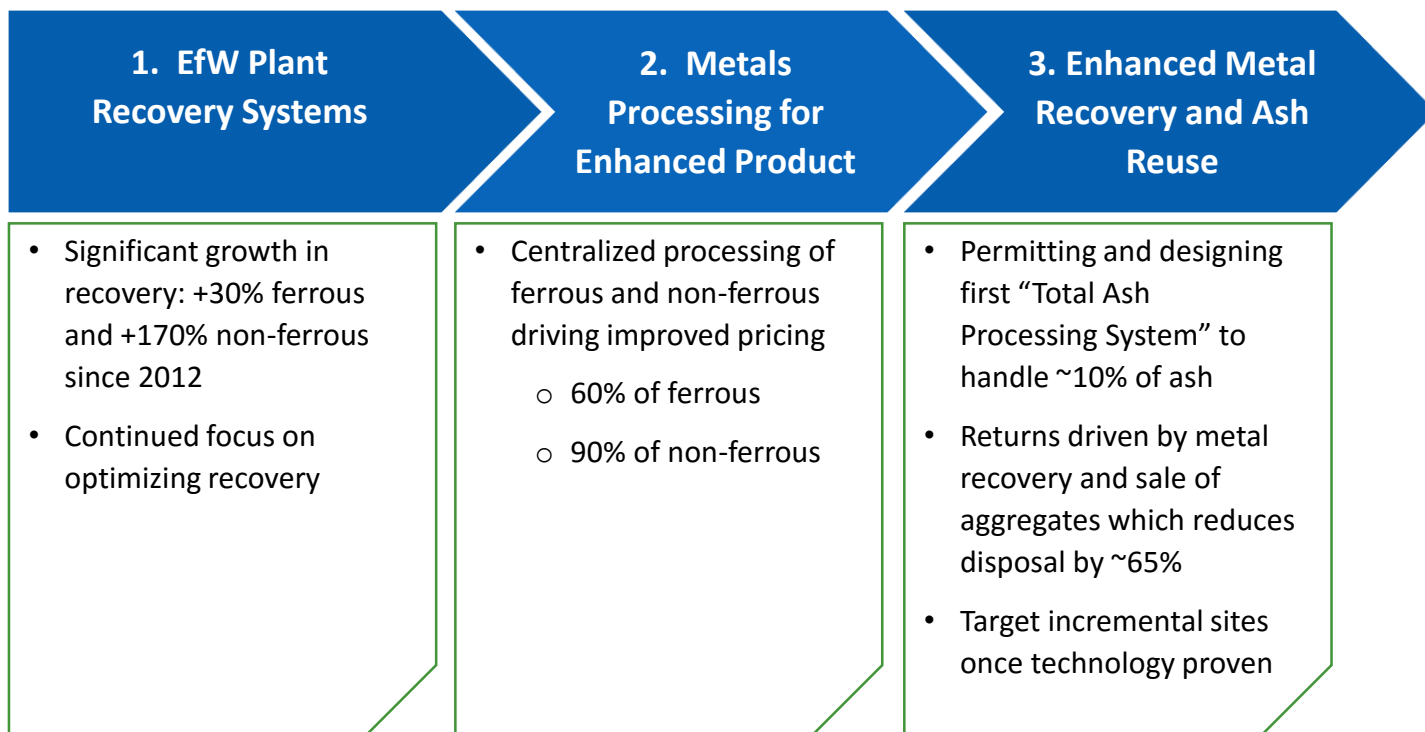
- Synergistic network of material processing facilities
- Wide range of solid and liquid waste processing, recycling and field services capabilities

~\$140 million Revenue
~20% Adjusted EBITDA margin

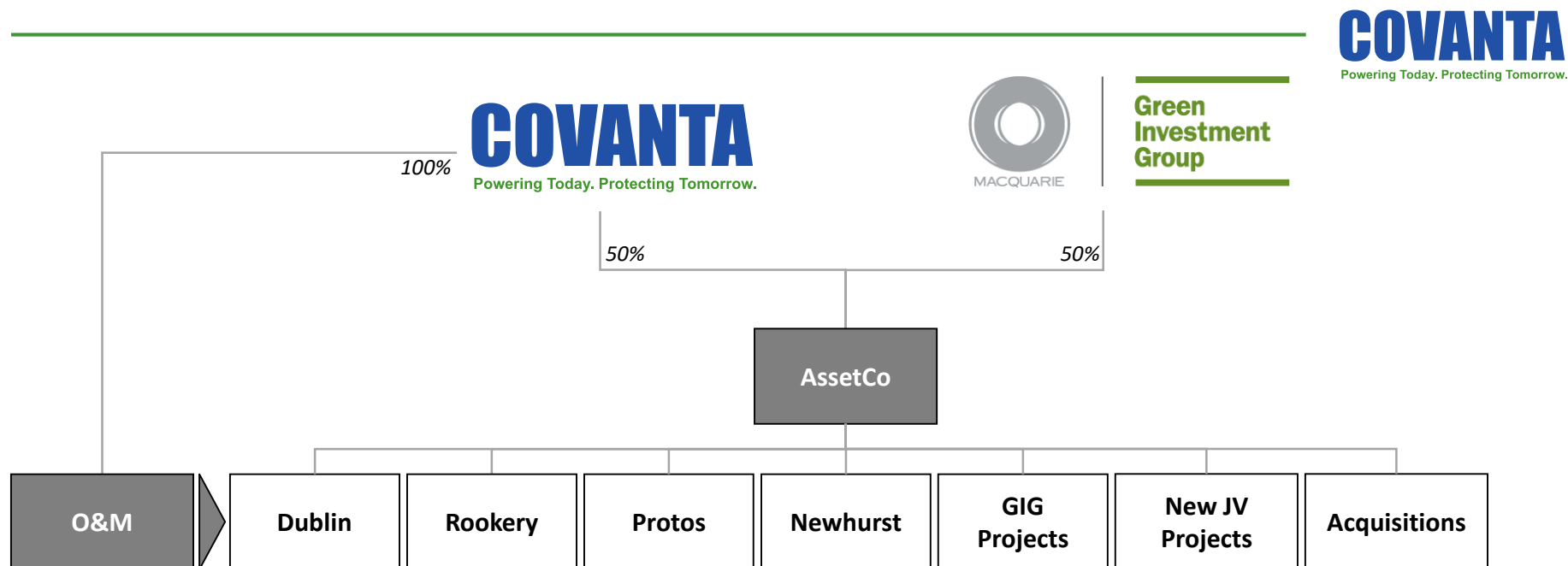
Comprehensive solutions for government, commercial, industrial and medical / pharmaceutical sectors



Growth Drivers: Metal Recovery and Ash Management



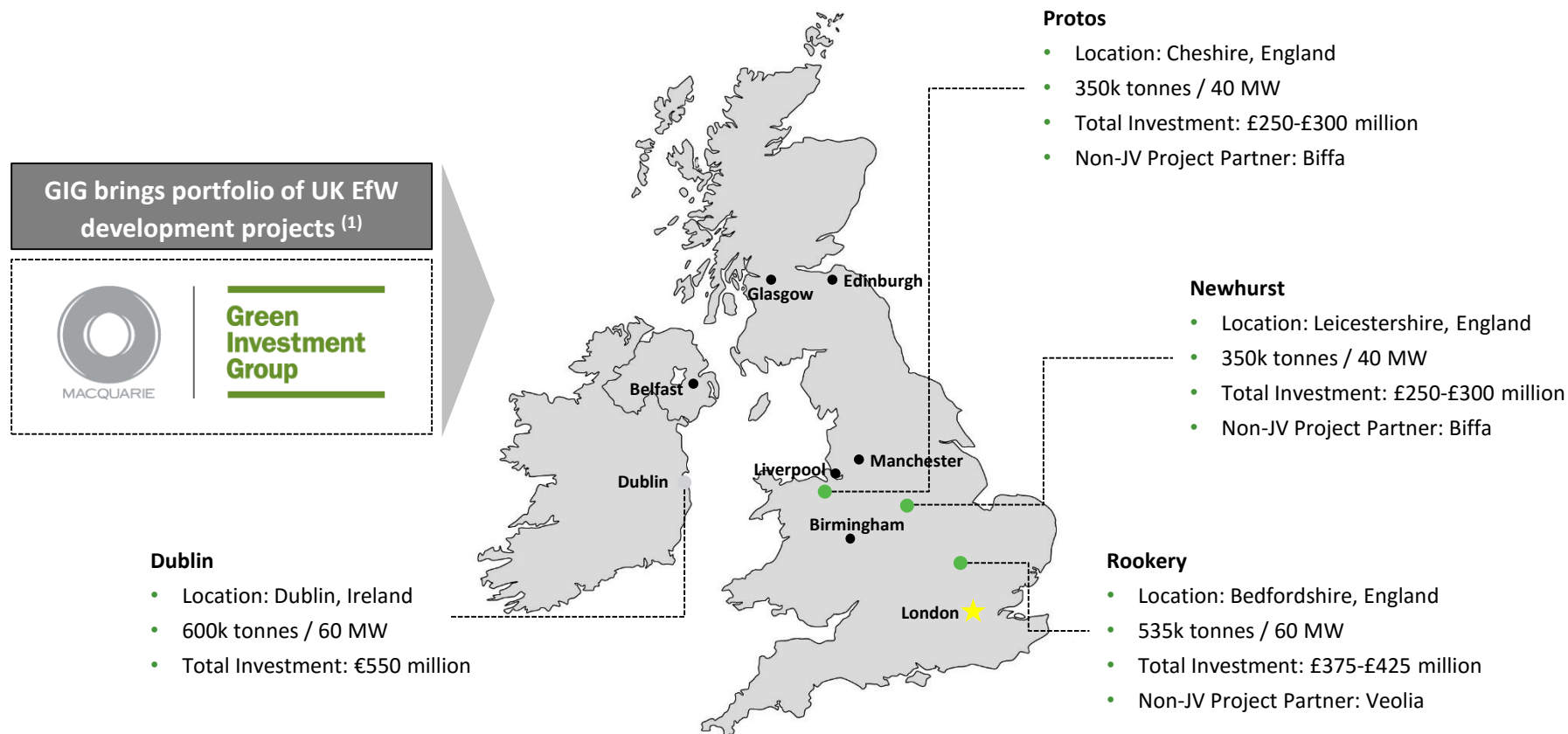
Growth Drivers: Strategic Partnership with GIG



Powerful Growth Platform

- Strategic partnership and investment vehicle to capitalize on UK growth opportunities
- Combined resources to develop projects jointly
- Joint (50:50) Investment / ownership upon closing of project financing
- Original developer receives premium at project finance close – Rookery to be the next asset to close
- Targeted project equity returns in the low to mid teens
- Covanta to provide contractual O&M services

Robust Project Development Pipeline



Combined development pipeline of advanced and early stage projects targeting major metro areas and totaling ~2 million tonnes of annual processing capacity

1) Name and location of GIG projects withheld due to confidentiality and commercial limitations.

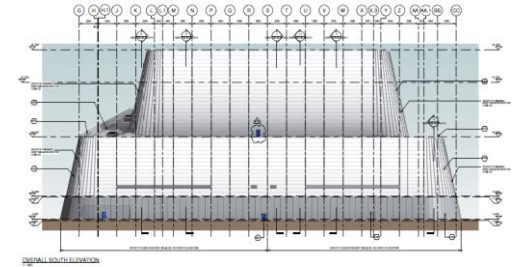
Significant Value Realization From Dublin

Project Overview

- 600,000 tons of annual capacity generating 58 MW of power
- Attractive contract structure
 - 90% of waste under long-term contract
 - 50% of power contracted at premium renewable tariff
- Commenced operations in Q4 2017

Attractive Valuation

- GIG invested €136 million for 50% stake in Dublin (via partnership)
- Project valued at >13x EBITDA
 - Represents market value for a premier world class asset
- Covanta recouped majority of invested equity and maintains 50% ownership
 - Premium highlights value accretion from development activities
- Covanta operates facility



Capitalization Summary

(Face value; unaudited, in millions)	12/31/2016	9/30/2017	12/31/2017
Cash and Cash Equivalents	\$84	\$37	\$46
Corporate Debt:			
Secured	\$608	\$732	\$705
Unsecured	<u>1,664</u>	<u>1,664</u>	<u>1,664</u>
Total Corporate Debt	\$2,272	\$2,396	\$2,369
Project Debt	<u>406</u>	<u>497</u>	<u>171</u>
Total Debt	\$2,678	\$2,893	\$2,540
Net Debt ⁽¹⁾	\$2,547	\$2,812	\$2,469
Stockholders' Equity	\$469	\$335	\$427
<u>Credit Ratios:</u>			
Consolidated Leverage Ratio ⁽¹⁾	6.2x	7.2x	6.4x
Senior Credit Facility Leverage Ratio ⁽²⁾	3.0x	3.6x	3.6x

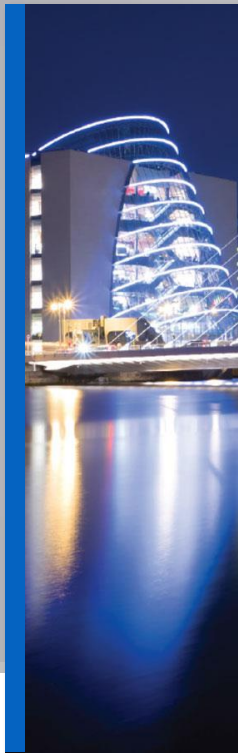
Leverage to be reduced below 6x in Q1 2018

- 1) Consolidated Leverage Ratio is equal to Net debt, calculated as total principal amount of debt outstanding less cash and cash equivalents, debt service principal-related restricted funds (\$18 million at December 31, 2017) and escrowed construction financing proceeds (\$7 million at December 31, 2017) divided by Adjusted EBITDA excluding the impact of Dublin Adjusted EBITDA.
- 2) Leverage ratio as calculated for senior credit facility covenant. Effectively represents leverage at Covanta Energy, LLC and subsidiaries.

Key Investment Highlights

Leader in Energy-from-Waste	<ul style="list-style-type: none">• EfW is a unique renewable energy business• Compelling environmental benefits
Critical Infrastructure Assets	<ul style="list-style-type: none">• Essential service to host communities• Concentrated in attractive markets in Northeast U.S. with high barriers to entry
Attractive Business Model	<ul style="list-style-type: none">• Highly contracted revenue from multiple sources• Generates substantial and predictable cash flow
Strong Growth Outlook	<ul style="list-style-type: none">• Multiple initiatives for organic growth• Strategic partnership with GIG to execute robust project development pipeline• Target \$250 million Free Cash Flow by mid next decade

Healthy current dividend with attractive long-term growth profile



Appendix

Waste Update

(Unaudited)

- **Client and new business activity:**

- Extended service agreements at Lancaster/Harrisburg facilities through 2032; extended anchor waste contracts at Delaware Valley and SECONN
- Expanded CES footprint with 4 bolt-on acquisitions

- **2017 revenue drivers vs. 2016:**

- Same store EfW tip fee revenue:
 - Pricing up \$14 million (2.5%)
 - Volume lower by \$29 million (5.3%), driven by downtime at Fairfax
- Internalized profiled waste revenue up 1.6%
- Environmental services revenue up 24%

- **Trends and outlook:**

- EfW processing volume to increase by 1 million tons driven by Dublin operations and Fairfax recovery
- Strong industry dynamics support ~3% price growth
- Profiled waste growth to re-accelerate to double digits
- Continued strong growth in environmental services

(in millions, except price)	2016A	2017A	2018E
Waste & Service Revenue:			
EfW Tip Fees	\$551	\$572	\$600 - \$620
EfW Service Fees	406	393	410 - 420
Environmental Services	104	129	135 - 145
Municipal Services	186	194	200
Other	36	42	40
Intercompany	(96)	(99)	(100)
Total	\$1,187	\$1,231	\$1,285 - \$1,325
EfW Tons: ⁽¹⁾			
Tip Fee Contracted	8.4	8.0	8.6 - 8.7
Tip Fee Uncontracted	2.2	2.1	2.2
Service Fee	<u>8.9</u>	<u>8.6</u>	<u>9.1 - 9.2</u>
Total	19.5	18.7	19.9 - 20.1
EfW Tip Fee Revenue/Ton:			
Contracted	\$47.39	\$52.87	
Uncontracted	\$68.95	\$72.25	
Average Tip Fee	\$51.89	\$57.11	\$56 - \$57

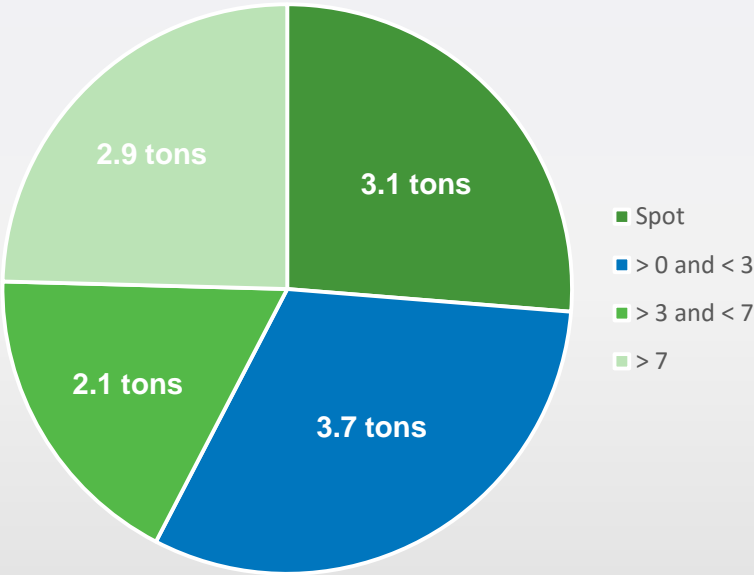
1) Excludes liquid waste.

Note: certain amounts may not total due to rounding.

Major Waste Contracts

2018 Tip Fee Volume by Contract Length

Weighted average contract length: 6 years



Volumes stated in millions.

Service Fee Facilities by Contract Length

Weighted average contract length: 9 years



Energy Update

- **2017 revenue drivers vs. 2016:**

- Energy revenue, including capacity, down \$15 million (4%) on a same store basis
 - Energy price down 1%
 - Energy volume down \$20 million, driven by Fairfax
 - Capacity revenue improved by \$7 million
- PPA expirations, net of increased revenue share reduced revenue by \$23 million
- Dublin contributed \$11 million in Q4

- **Trends and outlook:**

- Higher generation in 2018 to be driven by Fairfax recovery
- Hedge activity:
 - 2018 market exposure reduced to 1.5 million MWh with hedges at prices slightly below 2017 levels
 - Beginning to reduce 2019 market exposure with 1 million MWh already hedged
- 2018 marks last year of legacy contract transitions until the mid 2020's

(Unaudited)

(in millions, except price)	2016A	2017A	2018E
Energy Revenue:			
Energy Sales	\$321	\$288	\$265 - \$285
Capacity	40	46	50
Other ⁽¹⁾	<u>9</u>	-	-
Total	\$370	\$334	\$315 - \$335
MWh Sold:			
Contracted	3.1	2.5	1.9 - 2.0
Hedged	1.9	2.7	3.0
Market	<u>1.0</u>	<u>0.8</u>	<u>1.4 - 1.5</u>
Total	6.1	6.0	6.3 - 6.5
Revenue per MWh: ⁽²⁾			
Contracted	\$65.98	\$69.36	\$65 - \$66
Hedged	\$42.77	\$34.92	\$33
Market	\$31.35	\$28.84	\$25 - \$37
Average	\$52.70	\$48.26	\$40 - \$44

1) Includes energy revenue from biomass plants and facilities in China.

2) Excludes capacity revenue.

Note: certain amounts may not total due to rounding.

Recycled Metals Update

- **2017 revenue drivers vs. 2016:**

- Ferrous:
 - Price up \$17 million (44%) on improved market
 - Sales volume lower by \$8 million (21%) mainly due to increased processing
- Non-ferrous:
 - Realized pricing up \$17 million (74%) due to improved quality from processing
 - Sales volume lower by \$6 million (25%) due to increased processing

- **Trends and outlook:**

- 2018 recovery and sales volumes to benefit from improved plant throughput and investments in non-ferrous recovery
- HMS averaged \$317 per ton in January/February
 - Full year outlook for \$235 - \$285 per ton with softening expected from current levels
- Full year performance of non-ferrous processing plant will further benefit 2018 realized pricing

(\$ in millions, except price; tons in thousands)

	2016A	2017A	2018E
Metals Revenue:			
Ferrous	\$38	\$48	\$45 - \$55
Non-Ferrous	<u>23</u>	<u>34</u>	<u>45 - 55</u>
Total	\$61	\$82	\$90 - \$110
Tons Recovered:			
Ferrous	401	396	420 - 430
Non-Ferrous	36	38	40 - 45
Tons Sold:			
Ferrous	345	302	350 - 360
Non-Ferrous	36	31	30 - 35
Revenue per Ton Sold:			
Ferrous	\$111	\$157	\$135 - \$165
Non-Ferrous	\$632	\$1,088	\$1,450 - \$1,600
Average HMS index price ⁽¹⁾	\$197	\$268	\$235 - \$285
Average Old Cast Aluminum ⁽²⁾	\$0.57	\$0.61	~\$0.59

1) 2017 and 2016 average #1 Heavy Melt Steel composite index (\$ / gross ton) as published by American Metal Market.

2) 2017 and 2016 average Old Cast Aluminum Scrap (\$ / pound) calculated using the high price as published by American Metal Market.

Note: certain amounts may not be totaled due to rounding.

Maintenance and Operating Expenses



Powering Today. Protecting Tomorrow.

(Unaudited)

- **2017 summary:**

- Plant downtime required increased maintenance scope at certain facilities
- 2018 maintenance activity accelerated into 2017
- Other plant operating expense increased due to:
 - Dublin commencement of operations
 - CES growth
 - Non-ferrous processing facility operations
- Other operating expense included:
 - \$11 million in settlement of contract disputes
 - \$30 million in insurance recoveries

- **Trends and outlook:**

- 2018 EfW maintenance spend to be similar to 2017 with higher mix of capex
- Other plant operating expense expected to trend higher in 2018 due to a full year of the Dublin O&M and continued growth in CES
- Expect \$10 million of Fairfax business interruption insurance recoveries in 2018

(\$ in millions)	2016A	2017A	2018E
Plant Maintenance Expense:			
EfW	\$272	\$302	\$285 - \$295
Other	<u>6</u>	<u>8</u>	
Total	\$279	\$311	
Maintenance Capex:			
EfW	\$97	\$94	\$105 - \$115
Other	<u>13</u>	<u>16</u>	<u>25</u>
Total	\$110	\$111	\$130 - \$140
Total EfW Maintenance Spend	\$369	\$397	\$390 - \$410
Other Plant Operating Expense:			
EfW	\$630	\$650	
Other	<u>268</u>	<u>310</u>	
Total	\$898	\$960	
Other Operating Expense	\$86	\$52	

Note: certain amounts may not total due to rounding.

Growth Investment Outlook

(Unaudited, in millions)	FY 2017 Actual	FY 2018 Outlook
Organic growth investments ⁽¹⁾	\$37	~\$20
Acquisitions	<u>17</u>	<u>4</u>
Subtotal: Corporate funded	\$54	~\$25
Dublin facility construction	<u>117</u>	=
Total growth investments	\$171	~\$25

- The following items are not reflected in the 2018 outlook above:
 - Rookery – Covanta equity commitment and timing of spend to be disclosed when project reaches financial close
 - Ash processing – expect to spend ~\$25 million on first unit once permit is received
 - NYC MTS – expect to spend ~\$35 million upon receipt of notice to proceed for Manhattan MTS
 - Acquisitions to be targeted on an opportunistic basis – potential additional activity not reflected in FY 2018 outlook

1) Organic growth programs are focused primarily on growing waste, energy and metal revenue generated by our existing assets.
Note: certain amounts may not total due to rounding.

Stable and Flexible Balance Sheet

As of 12/31/17
(Face Value; \$ in millions)

Covanta Holding Corporation	
6.375% Senior Notes due 2022:	\$400
5.875% Senior Notes due 2024:	400
5.875% Senior Notes due 2025:	400
Covanta Energy, LLC	
Revolving Credit Facility due 2019-2020: ⁽¹⁾	\$445
Term Loan due 2020:	191
Equipment Leases due 2024-2027:	69
Tax-Exempt Corporate Bonds due 2024-2045: ⁽²⁾	464
Domestic Subsidiaries	
Project Debt: \$175	

- €450 million in Dublin project debt excluded
 - In liabilities held for sale as of 12/31/17
 - Deconsolidated at GIG transaction close
- Revolver balance shown does not reflect repayment of \$170 million in Q1'18 via proceeds from GIG transaction
- Weighted average debt maturity of ~8.5 years, with no material corporate maturities until 2020

1) Total facility size of \$1.0 billion (\$50 million due 2019 and \$950 million due 2020), with \$192 million letters of credit outstanding and \$363 million availability at December 31, 2017.
 2) The tax-exempt corporate bonds are obligations of Covanta Holding Corporation and are guaranteed by Covanta Energy, and as such are effectively senior in right of payment to the other indebtedness of Covanta Holding Corporation.

Long-term Outlook: Energy Detail

Consolidated EfW
(Unaudited, in millions, except price)

	2016A	2017A	2018E	2019E	2020E	2021E	2022E
MWh Sold – CVA Share:							
Contracted	3.1	2.5	2.0	2.0	2.0	1.9	1.9
Hedged	1.9	2.7	3.0	1.0	—	—	—
Market	<u>1.0</u>	<u>0.8</u>	<u>1.4</u>	<u>3.5</u>	<u>4.5</u>	<u>4.7</u>	<u>4.7</u>
Total MWh Sold	6.1	6.0	~6.4	~6.5	~6.5	~6.6	~6.6
Market Sales (MWh) by Geography:							
PJM East	0.3	0.2	0.8	2.2	2.7	2.7	2.7
NEPOOL	0.2	0.2	0.2	0.7	1.2	1.2	1.2
NYISO	0.1	0.1	0.1	0.2	0.2	0.3	0.3
Other	<u>0.4</u>	<u>0.3</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Total Market Sales	1.0	0.8	1.5	3.5	4.5	4.7	4.7
Revenue per MWh: ⁽¹⁾							
Contracted	\$65.98	\$69.36	~\$66				
Hedged	\$42.77	\$34.92	~\$33				
Market	\$31.35	\$28.84	~\$31				
Average Revenue per MWh	\$52.70	\$48.26	~\$42				

- **Note: Production estimates for 2019 - 2022 are approximated based on historical operating performance and expected contract structures**

Note: hedged generation as presented above reflects only existing hedges. Certain amounts may not total due to rounding.

1) Excludes capacity revenue.

Note: certain amounts may not total due to rounding

Non-GAAP Reconciliation: Adjusted EBITDA



(Unaudited, in millions)	Q4			Full Year	
	2016	2017		2016	2017
Net Income (Loss)	\$8	\$131		\$(4)	\$57
Depreciation and amortization expense	52	60		207	215
Interest expense, net	35	41		138	147
Income tax expense (benefit)	17	(186)		22	(191)
Impairment charges	1	1		20	2
Debt service billings in excess of revenue recognized	1	1		4	5
Severance and reorganization costs	—	—		3	1
Non-cash compensation expense	3	2		16	18
Capital type expenditures at client owned facilities ⁽¹⁾	10	19		39	55
(Gain) loss on asset sales	(1)	—		(44)	6
Loss on extinguishment of debt	—	71		—	84
Business development cost	—	4		2	5
Property insurance recoveries	—	—		—	(2)
Other, including Other non-cash items	<u>2</u>	<u>3</u>		7	<u>6</u>
Total adjustments	<u>120</u>	<u>16</u>		<u>414</u>	<u>351</u>
Adjusted EBITDA	\$128	\$147		\$410	\$408

1) Adjustment for impact of adoption of FASB ASC 853 – Service Concession Arrangements.

Non-GAAP Reconciliation: Free Cash Flow and Free Cash Flow Before Working Capital



(Unaudited, in millions)	Q4			Full Year		Full Year
	2016	2017		2016	2017	Estimated 2018 ⁽¹⁾
Adjusted EBITDA	\$128	\$147		\$410	\$408	\$425 - \$455
Cash paid for interest, net of capitalized interest	(44)	(32)		(135)	(132)	(140)
Cash paid for taxes, net	1	—		(6)	—	(5)
Capital type expenditures at client owned facilities ⁽²⁾	(10)	(19)		(39)	(55)	(40)
Equity in net income from unconsolidated investments	(1)	—		(4)	(1)	(5-10)
Reconciliation of Equity in net income to Proportional Adjusted EBITDA ⁽³⁾	—	—		—	—	(20)
Dividends from unconsolidated investments	—	1		2	2	10
Adjustment for working capital and other	<u>62</u>	<u>31</u>		<u>58</u>	<u>20</u>	<u>(20 - 40)</u>
Net cash provided by operating activities	\$137	\$127		\$286	\$242	\$195 - \$225
Changes in restricted funds - operating ⁽⁴⁾	—	—		—	—	10
Maintenance capital expenditures	<u>(28)</u>	<u>(27)</u>		<u>(110)</u>	<u>(111)</u>	<u>(140 - 130)</u>
Free Cash Flow	\$108	\$101		\$176	\$131	\$70 - \$100
Changes in Working Capital	<u>(52)</u>	<u>(74)</u>		<u>(41)</u>	<u>(44)</u>	<u>20 - 40</u>
Free Cash Flow Before Working Capital	\$56	\$27		\$135	\$87	\$100 - \$130

1) Guidance as of February 22, 2018.

2) Adjustment for impact of adoption of FASB ASC 853 – *Service Concession Arrangements*.

3) Adjustment beginning in 2018 to reconcile the Equity in Income from unconsolidated investments to Proportional Adjusted EBITDA by adjusting for the proportional impact of depreciation & amortization, interest expense, and taxes at the unconsolidated subsidiary.

4) Adjustment for the impact of the pending adoption of ASU 2016-18 effective January 1, 2018. Upon adoption, the statement of cash flows will explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, beginning in 2018 Changes in restricted funds - operating will be eliminated in arriving at Net cash, cash equivalents and restricted funds provided by operating activities.

Non-GAAP Financial Measures

Free Cash Flow and Free Cash Flow Before Working Capital

Free Cash Flow is defined as cash flow provided by operating activities, plus changes in restricted funds - operating, less maintenance capital expenditures, which are capital expenditures primarily to maintain our existing facilities. Free Cash Flow Before Working Capital is defined as Free Cash Flow excluding changes in working capital. We use the non-GAAP measures of Free Cash Flow and Free Cash Flow Before Working Capital as criteria of liquidity and performance-based components of employee compensation. We use Free Cash Flow and Free Cash Flow before Changes in Working Capital as measures of liquidity to determine amounts we can reinvest in our core businesses, such as amounts available to make acquisitions, invest in construction of new projects, make principal payments on debt, or amounts we can return to our stockholders through dividends and/or stock repurchases.

Adjusted EBITDA

We use Adjusted EBITDA to provide additional ways of viewing aspects of operations that, when viewed with the GAAP results provide a more complete understanding of our core business. As we define it, Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, as adjusted for additional items subtracted from or added to net income including the effects of impairment losses, gains or losses on sales, dispositions or retirements of assets, adjustments to reflect the Adjusted EBITDA from our unconsolidated investments, adjustments to exclude significant unusual or non-recurring items that are not directly related to our operating performance plus adjustments to capital type expenses for our service fee facilities in line with our credit agreements. We adjust for these items in our Adjusted EBITDA as our management believes that these items would distort their ability to efficiently view and assess our core operating trends. Going forward, as larger parts of our business will be conducted through unconsolidated entities that we do not control, we will begin to adjust for our proportionate share of the entities depreciation and amortization, interest expense and taxes in order to improve comparability to the Adjusted EBITDA of our wholly owned entities.

Our projections of the proportional contribution of our interests in the JV to our Adjusted EBITDA and Free Cash Flow are not based on GAAP net income/loss or Cash flow provided by operating activities, respectively, and are anticipated to be adjusted to exclude the effects of events or circumstances in 2018 that are not representative or indicative of our results of operations and that are not currently determinable. Due to the uncertainty of the likelihood, amount and timing of any such adjusting items, we do not have information available to provide a quantitative reconciliation of projected net income/loss to an Adjusted EBITDA projection.

Adjusted EPS

Adjusted EPS excludes certain income and expense items that are not representative of our ongoing business and operations, which are included in the calculation of Diluted Earnings Per Share in accordance with GAAP. The following items are not all-inclusive, but are examples of reconciling items in prior comparative and future periods. They would include impairment charges, the effect of derivative instruments not designated as hedging instruments, significant gains or losses from the disposition or restructuring of businesses, gains and losses on assets held for sale, transaction-related costs, income and loss on the extinguishment of debt and other significant items that would not be representative of our ongoing business. We will use the non-GAAP measure of Adjusted EPS to enhance the usefulness of our financial information by providing a measure which management internally uses to assess and evaluate the overall performance and highlight trends in the ongoing business.