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15 Attorneys for Covanta Holding Corporation

16 SUPERIOR COURT OF THE STATE OF CALIFORNIA
17 FOR THE COUNTY OF LOS ANGELES

18 STEVE POIZNER, Insurance Commissioner) CASE NO. C 572 724
19 of the State of California,)
20 Plaintiff,) DECLARATION OF STEFAN R.
21 vs.) BOSHKOV
22)
23) DATE: July 25, 2008
24 MISSION INSURANCE COMPANY, a) TIME: 8:30 a.m.
25 California corporation,) DEPT: 50
26 Respondent.) Filed: October 31, 1985
27)
28)

29 Consolidated with Case Numbers:
30 C 576 324, C 576 416, C 576 323
31 C 576 325, C 629709

1 I, Stefan R. Boshkov, do hereby declare:

2 1. I am an attorney at law licensed to practice in the State of New York and am a partner
3 in the law firm of Nixon Peabody LLP (referred to herein as "Nixon Peabody", "we" or "our"), tax
4 counsel for Covanta Holding Corporation (referred to herein as "Client" or Covanta). I have
5 personal knowledge of the facts stated herein, except as to those facts stated herein upon information
6 and belief and as to those, I believe them to be true. I make this Declaration in support of the Joint
7 Motion to Approve Final Valuation of Latent Deficiency Claims Against Mission Insurance
8 Company Trust and Allocation of Shares of Covanta Stock Pursuant to the Rehabilitation Plan
9 Implementation Agreement.

10 2. I received my undergraduate degree from Columbia University and my juris doctor
11 degree from Columbia University. I also have an LL.M (Taxation) from New York University. I
12 have broad tax practice experience including concentrations in corporate mergers, reorganizations,
13 acquisitions, leveraged buyouts and bankruptcy restructurings, corporation distributions and
14 redemptions, partnership taxation, individual taxation including non-ERISA compensation planning,
15 exempt organizations, consolidated group matters, and foreign inbound and outbound transactions.

16 3. I was asked by Client to update and "bring down" to June 19, 2008, the opinion we
17 issued to Client on May 2, 2006 (the "May 2006 Opinion") regarding certain tax issues involved in
18 the winding down of the administration of the various grantor trusts established in 1990 pursuant to
19 various trust agreements which were part of the plan of reorganization of Mission Insurance Group,
20 Inc. ("MIG"), currently renamed Covanta Holding Corporation. MIG's consolidated group included
21 the parent and various first and second tier subsidiaries among them Mission Insurance Company
22 ("MIC"), Mission National Insurance Company and Enterprise Insurance Company (collectively,
23 "Mission Insurance Subsidiaries"). Capitalized terms used herein but not otherwise defined shall
24 have the meaning ascribed to such terms in our May 2006 Opinion.

25 4. In rendering Nixon Peabody's advice, we have examined, and have relied as to
26 matters of fact, originals or copies identified to our satisfaction of various documents related to the
27 federal bankruptcy and state insolvency and rehabilitation proceedings relating to MIG and the
28 Mission Insurance Subsidiaries, including the MIG Amended Joint Disclosure Statement in

1 connection with a Joint Plan of Reorganization (the "Plan") confirmed by the United States
2 Bankruptcy Court for the Central District of California on May 9, 1990, and Exhibits thereto,
3 including an Agreement of Reorganization, Restructuring and Rehabilitation, dated as of December
4 13, 1989 (the "3R Agreement") and several basically identical trust agreements, alternatively named
5 (depending on the court proceeding) Trust Declaration and Agreements or Agreements of Trust,
6 involving the Mission Insurance Subsidiaries. We also reviewed the Agreement Regarding Closing,
7 dated August 9, 1990, the bankruptcy court order issued May 9, 1990, confirming the Plan and
8 approving the 3R Agreement and the state insolvency court final order of rehabilitation dated April
9 20, 1990. The Plan, as adopted, involved the combined recapitalizations of MIG and the Mission
10 Insurance Subsidiaries, with the Mission Insurance Subsidiary recapitalizations being effected
11 through the exchange of stock-for-debt by creditors holding Deficiency Claims (as defined in the 3R
12 Agreement) against those corporations, all as more fully set forth in the May 2006 Opinion. We also
13 examined such other documents and information as we deemed relevant and necessary for purposes
14 of rendering of issuing our opinion. The transactions to which the opinion relates are proposed and
15 thus this advice states and relies in material part on certain factual assumptions and final
16 documentation resulting therefrom between Covanta and the California Insurance Commissioner,
17 and the court orders which adopt and ratify such documentation. If these factual assumptions are
18 invalid or inconsistent with the facts as they ultimately evolve, then the conclusions reached herein
19 may not be accurate and in that event could not be relied upon. The minimal necessary factual
20 assumptions on which our opinion is based are numbered and set forth on pages 8-10 of the May
21 2006 Opinion and as further set forth herein as necessary.

22 5. In such examination, we have assumed the genuineness of all signatures, the legal
23 capacity of natural persons, the authority of all signatories, the authenticity of all documents
24 submitted to us as originals, the conformity to original documents of all documents submitted to us
25 as duplicates or certified or conformed copies and the authenticity of the originals of such latter
26 documents.

27 6. For purposes of our opinion, we have reviewed and assumed that (1) the factual
28 assumptions set forth on pages 8-10 of the May 2006 Opinion continue to be true and correct as of

1 the date hereof; (2) the claims administration process conducted by Covanta under the terms of the
2 Rehabilitation Plan Implementation Agreement and the Latent Deficiency Claims Administration
3 Procedures Agreement, each between Covanta and the California Insurance Commissioner, dated as
4 of January 11, 2006 has properly identified holders of Latent Deficiency Claims individually, and
5 determined as a fixed amount each holder's Deficiency Claim with respect to the totality of
6 Deficiency Claims; (3) upon application to the Los Angeles Superior Court, the court with
7 jurisdiction over the proceedings (the "Court") in the Joint Motion to Approve Final Valuations of
8 Latent Deficiency Claims Against Mission Insurance Company Trust and Allocation of Shares of
9 Covanta Holding Corporation Pursuant to the Rehabilitation Plan Implementation Agreement of
10 Covanta and the California Insurance Commissioner (the "Joint Motion"), the Court by order will
11 issue the Valuation Order establishing the totality of Deficiency Claims against Mission Insurance
12 Company Trust in the aggregate fixed amount of \$923,419,693; (4) upon application to the Court in
13 the Joint Motion, the Court will establish the Deficiency Claims as thus totalized in amount as debt
14 (indebtedness) which is finally determined and ascertained in amount under the California law; (5)
15 the Covanta Shares to be distributed to each holder of a Deficiency Claim, including Latent
16 Deficiency Claims, against the Mission Insurance Company Trust will be allocated in the amounts
17 and in accordance with the calculations contained in Exhibit B to the Declaration of Richard
18 McNamee as attached to the Joint Motion to the Court of Covanta and the California Insurance
19 Commissioner and as approved and authorized by the Court; and (6) Covanta Shares will be
20 physically distributed to each holder of a Deficiency Claim, including Latent Deficiency Claims, so
21 identified in accordance with the mathematical ratio, as set forth in the Exhibit C to the Declaration
22 of Richard McNamee as attached to the Joint Motion, to allocate the Covanta Shares to be received
23 by each holder of a Deficiency Claim pursuant to a valid order of the Court. We have no knowledge
24 that any of such factual assumptions are materially inaccurate as of June 19, 2008.

25 7. As set forth in the May 2006 Opinion, former section 108(e)(8)(B) had two principal
26 requirements which refined the application of the stock-for-debt exception found in former section
27 108(e)(8)(B): a "de minimus" standard (i.e., the exception did not apply to the issuance of a
28 "nominal" or "token" distribution) and that each such distribution of Covanta Shares to each holder

1 of an Old Deficiency Claim (a "DC Claimant") and each holder of a New Deficiency Claim (an
2 "LDC Claimant" and each individually herein a "Claimant") will be such that the ratio of the value
3 of the Covanta Shares received by each Claimant to the Claimant's Deficiency Claim exchanged
4 therefor (the "Stock to Debt Ratio") will at least equal 50% of the ratio of the total value of Covanta
5 Shares received by all Claimants to the total of all Deficiency Claims exchanged for exchanged
6 therefor (the "Total Stock to Debt Ratio").

7 8. In rendering our opinion, we have reviewed (1) the Joint Motion and Valuation Order
8 establishing the totality of Deficiency Claims against Mission Insurance Company Trust in the
9 aggregate fixed amount of \$923,419,693; (2) the Declaration of C. Guerry Collins setting forth the
10 claims administration process conducted by Covanta under the terms of the Rehabilitation Plan
11 Implementation Agreement and the Latent Deficiency Claims Administration Procedures
12 Agreement, each between Covanta and the California Insurance Commissioner, dated as of January
13 11, 2006; (3) the mathematical ratio, set forth in the Exhibit B to the Declaration of Richard
14 McNamee as attached to the Joint Motion, to allocate the Covanta Shares to be received by each
15 holder of a Deficiency Claim consistent with former section 108(e)(8)(B) of the Internal Revenue
16 Code, insofar as it continues to apply to the transactions contemplated hereunder; and (4) the
17 determination of the number of Covanta Shares to be distributed to holders of Deficiency Claims,
18 including Latent Deficiency Claims, in accordance with the mathematical ratio, as set forth in the
19 Exhibit C to the Declaration of Richard McNamee as attached to the Joint Motion, and setting forth
20 the allocation of the Covanta Shares to be received by each holder of a Deficiency Claim pursuant to
21 a valid order of the Court.

22 9. Based upon and subject to the foregoing, Nixon Peabody is of the opinion that the
23 provisions of the stock-for-debt exception provided in former sections 108(e)(10)(B) and
24 108(c)(8)(B) (as interpreted by the relevant IRS rulings discussed above) should apply continuously
25 both to the (1) distribution of Covanta Shares to the California Commissioner of Insurance in 1990
26 pursuant to the 3R Plan as agent for and on behalf of holders of Deficiency Claims and (2) from the
27 Trusts (to which the California Commissioner of Insurance in such capacity had transferred the
28 Covanta Shares) to holders of Deficiency Claims. Nixon Peabody is thus also of the opinion that,

1 upon payment of such Deficiency Claims with the Covanta Shares, Covanta should neither recognize
2 cancellation of indebtedness income nor sustain any tax attribute reduction (including reduction of
3 any available NOL) with respect to such Deficiency Claims, pursuant to section 108 of the Code.

4 10. Our opinion is based upon provisions of the Code regulations promulgated thereunder
5 and on published and private administrative rulings and judicial decisions, all as currently in effect,
6 and also upon provisions of prior law as in effect on the date of confirmation of the Plan and the
7 effective date of the 3R Agreement and as currently applicable as stated herein. In particular,
8 substantial reliance has been placed on certain private letter rulings issued by the IRS. As noted,
9 such rulings are not considered authoritative legal precedent and are also not internally binding on
10 the IRS and thus have less persuasive or legal force than more authoritative sources of law.
11 Nevertheless, we find them indicative of the IRS view of the law, and they are uniformly consistent
12 with the opinions expressed herein.

13 11. Nixon Peabody does not express any opinion regarding the outcome or analysis of
14 any other Federal income tax issues that may arise under any other sections of the Code regarding or
15 in connection with the structure or operation of the Plan, 3R Agreement, the various Declaration and
16 Trust Agreements, or the Agreement Regarding Closing, or any amendments or supplemental or
17 superseding agreements pertaining thereto, and Nixon Peabody's advice is limited to the effect of the
18 issuance of Covanta Shares in payment and discharge of Deficiency Claims of Covanta (as valid
19 indebtedness in an amount as finally determined and ascertained by a court under California law)
20 pursuant to former sections 108(e)(8) and 108(e)(10), as in effect at the effective date of the Plan and
21 as currently applicable, we believe, with respect to the distribution of the Covanta Shares.

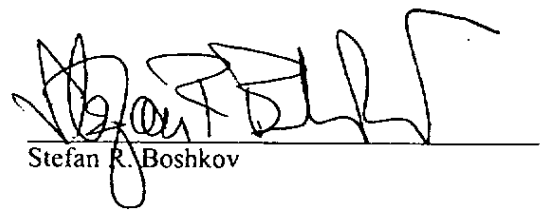
22 12. Nixon Peabody's opinion is rendered to Client and solely for Client's benefit in
23 connection with the distribution of the Covanta Shares for the Trusts. Nixon Peabody does,
24 however, understand that our opinion is set forth in this Declaration and may also be furnished to
25 and relied upon by the California Insurance Commissioner. Except as herein stated, or as required
26 by law, our opinion may not be furnished to any other person or relied upon by Client or any other
27 person without our prior written consent.
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13. Nixon Peabody's opinion letter was written to support the promotion of the matters addressed in the Nixon Peabody opinion letter dated June 19, 2008 and the Nixon Peabody opinion letter issued on May 2, 2006 and was not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties under federal, state, or local tax law. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 12th day of June, 2008 at New York, New York.



Stefan R. Boshkov

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LA 602365v.1

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15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 FOR THE COUNTY OF LOS ANGELES

17 STEVE POIZNER, Insurance Commissioner) CASE NO. C 572 724
18 of the State of California,)
19 Plaintiff,) DECLARATION OF C. GUERRY
20) COLLINS
21 vs.)
22) DATE: July 25, 2008
23 MISSION INSURANCE COMPANY, a) TIME: 8:30 a.m.
24 California corporation,) DEPT: 50
25 Respondent.) Filed: October 31, 1985

26 Consolidated with Case Numbers:
27 C 576 324, C 576 416, C 576 323
28 C 576 325, C 629709

I, C. Guerry Collins, do hereby declare:

///

1 1. I am an attorney at law licensed to practice before all of the courts of the State of
2 California and am a partner in the law firm of Locke Lord Bissell & Liddell LLP, insurance
3 insolvency counsel for Covanta Holding Corporation. I have personal knowledge of the facts stated
4 herein, except as to those facts stated herein upon information and belief and as to those, I believe
5 them to be true. I make this Declaration in support of the Joint Motion to Approve Final Valuation
6 of Latent Deficiency Claims Against Mission Insurance Company Trust and Allocation of Shares of
7 Covanta Stock Pursuant to the Rehabilitation Plan Implementation Agreement.

8 2. I have been involved in the joint efforts of the California Insurance Commissioner
9 (“Commissioner”) in his capacity as liquidator of Mission Insurance Company Trust (“MICT”),
10 Mission National Insurance Company Trust (“MNICT”), and Enterprise Insurance Company Trust
11 (“EICT” and together with MICT and MNICT, the “Trusts”) and Covanta Holding Corporation
12 (“Covanta”) to implement certain provisions of the Agreement of Reorganization, Rehabilitation,
13 and Restructuring dated as of December 3, 1989 (the “RRR Agreement”) and the Agreement
14 Regarding Closing dated August 9, 1990 (the “Closing Agreement”), as supplemental by the
15 Rehabilitation Plan Implementation Agreement dated January 11, 2006 (the “Implementation
16 Agreement”), the Amendment to Agreement Regarding Closing dated January 10, 2006 (the
17 “Amended Closing Agreement”), and the Latent Deficiency Claims Administration Procedures
18 Agreement (the “Procedures Agreement” and together with the Implementation Agreement and the
19 Amended Closing Agreement, collectively, the “Implementation Agreements”). These various
20 agreements had been entered into between the Commissioner and Covanta (or its predecessors) with
21 respect to the rehabilitation of the Mission Insurance Group under the Federal Bankruptcy Code and
22 the creation of the three California domiciled liquidating trusts and two Missouri domiciled
23 liquidating trusts. The RRR Agreement provided that shares of the Mission Insurance Group (f/k/a
24 Danielson Holding Corporation and now known as Covanta Holding Corporation) (the “Allocated
25 Shares”) were transferred to the Commissioner to be held on behalf of those claimants who held
26 deficiency claims (defined in the RRR Agreement as those claimants whose claims were not fully
27 satisfied by distributions from the Trusts.) The RRR Agreement further provided that such
28

1 distributions must be made "in a manner that does not violate the disproportionality requirements" of
2 former section 108(e)(8)(B) of the Internal Revenue Code.

3 3. The Implementation Agreements provide for the distribution of the Allocated Shares
4 not only among the holders of Deficiency Claims against the Trusts but also among holders of Latent
5 Deficiency Claims as defined and described in para. 30 of the Implementation Agreement (the
6 "LDCs"). The LDCs are defined as: "a Deficiency Claim, as defined in Section 1.8 of the RRR
7 Agreement, pursuant to applicable law, that would qualify the claimant as a creditor pursuant to
8 California Insurance Code sections 1021 to 1024 and 1032, except that one of more of the following
9 factors applies:

10 a. the claimant(s) did not meet the August 18, 1995 deadline for filing
11 amendments to proofs of claims, pursuant to the amended final liquidation dividend plan;

12 b. the claimant(s)' claims were otherwise valid policyholder priority claims
13 within the meaning of Section 1033 of the California Insurance Code, but did not become liquidated
14 (in whole or in part) and certain with the meaning of California Insurance Code Section 1025 by the
15 court-ordered deadline of December 31, 2003 (for the purposes of clarity and definition of Latent
16 Deficiency Claims, but not for the purpose of any revaluation of proofs of claims for the purposes of
17 distributions under Section 1033 of the California Insurance Code, and without limiting the
18 generality of the foregoing, this category includes claims of claimants under direct insurance
19 contracts issued by Mission Insurance Company, Mission National Insurance Company, and
20 Enterprise Insurance Company that were settled for less than the stated amount of such claims); or

21 c. the claimant(s)' claims were otherwise valid non-policyholder priority claims
22 within the meaning of Section 1033 of the California Insurance Code, but did not become liquidated
23 (in whole or in part) and certain within the meaning of California Insurance Code Section 1025 by
24 the court-ordered deadline of August 2, 2004 (for purposes of clarity and definition of Latent
25 Deficiency Claims, but not for the purpose of any revaluation of proofs of claims for the purpose of
26 distributions under Section 1033 of the California Insurance Code, and without limiting the
27 generality of the foregoing, this category includes claims of claimants under reinsurance contracts
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1 issued by Mission Insurance Company, Mission National Insurance Company and Enterprise
2 Insurance Company that were settled for less than the stated amount of such claims.)”

3 4. The Implementation Agreements provide that Covanta is to identify the holders of the
4 LDCs and to quantify the amount of those claims. Consistent with the Implementation Agreements,
5 the Commissioner’s Conservation and Liquidation Office provided access to the Mission
6 Liquidation Accounting System (“LAS”) for Covanta’s claims professionals and claims counsel.
7 The LAS contains information with regards to the 164,690 Proofs of Claims (“POCs”) filed in each
8 of the MICT, MNICT, and EICT liquidation proceedings. These POCs were filed by insureds and
9 claimants under the Mission Insurance Companies direct insurance and reinsurance policies and by
10 general creditors of the Trusts.

11 5. Under my direction, a protocol was developed under which the information contained
12 in the LAS was reviewed in order to identify and initially quantify the LDCs consistent with the
13 definition of such claims contained in the Implementation Agreement and the Procedures
14 Agreement. The protocol excluded all POCs which had a zero dollar value stated; all workers’
15 compensation claims POCs because they were paid in full by the state insurance guaranty
16 associations; claims listed at \$100 or less; and, commuted reinsurance claims because such claims
17 would not meet the threshold definition of an LDC. Pursuant to the above protocol Covanta’s claims
18 professionals and claims counsel identified 17,314 direct insured POCs and 8,820 reinsurance POCs.
19 Each reinsurance company’s claim and 9,617 of the direct insured’s claims (those with losses most
20 likely to meet the definition of LDCs) were initially reviewed and the following information
21 considered and analyzed (where applicable):

- 22 a. Was there an initial timely POC filed?
23 b. Are the losses covered by and within the policy limits?
24 c. The latest reserve information was utilized for review and adjustments made
25 for development in paid losses.
26 d. The Conservation and Liquidation Office personnel assisted in identifying and
27 confirming the appropriate information.
28

1 e. The LDCs were evaluated based only upon case reserves and incurred but not
2 reported reserves, as appropriate.

3 ///

4 Upon completion of the review of the above information and the other information contained
5 in the POC files, an initial value for the each of the LDCs was determined.

6 6. After the initial evaluation of the LDCs was completed, under my direction, a mass
7 mailing was made to all potential LDC claimants. As part of this mailing, 102,772 POCs for LDCs
8 were identified for direct insureds. Some policy holders filed multiple POCs and, as a result, the
9 total number of individual policyholder and claimant addresses was approximately 38,000. For
10 those direct insured claimants with an initial LDC evaluation of -0-, notice was sent out advising
11 them of these determinations, advising them of the opportunity to submit any updated information
12 they believed relevant to their claims, providing an updated proof of claim form, and providing a
13 website URL and toll-free number to contact for additional information. A process to review
14 undeliverable mail returned to Covanta by the US Postal Service was put in place. This involved
15 follow up review of any additional information available from the US Postal Service for possible
16 new addresses; review of online databases to locate new address information; and, re-mailing of the
17 notice information packages to new addresses as they were located. Attached as Exhibit "A" is an
18 exemplar of the notice and attachments that was sent to each direct insured claimant.

19 7. In addition to the mass mailing described in paragraph 6 above, my office was
20 responsible for an initial mailing in November of 2006 of similar notices and information to 540
21 reinsurance companies which had filed approximately 10,000 POCs. A supplemental mailing
22 containing the same information to approximately 330 large-loss direct insureds and insurance
23 guaranty associations was completed in or around mid-January 2007. Attached as Exhibit "B" is an
24 exemplar of the notices and attachments sent out by my office to these claimants.

25 8. Covanta received 117 updated Proofs of Claims with supporting documentation in
26 response to the LDC mailings. All of these Updated Proofs of Claim and the supporting
27 documentation were forwarded to my office. The majority of these consisted of complicated
28 asbestos, pollution, and mass toxic tort claims involving multiple years of Mission Insurance

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1 Companies insurance coverage and covering over twenty years of continuous loss exposures. Each
2 of these Updated Proofs of Claims was reviewed by myself or other attorneys in my office and, as
3 necessary, Covanta's claims professionals. Upon completion of the review of each Updated Proof of
4 Claim, a final Notice of Determination was sent to each LDC claimant containing the valuation for
5 each of the Updated Proofs of Claim.

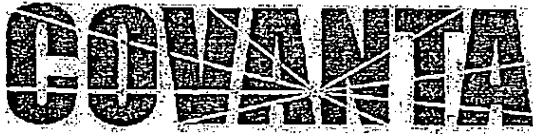
6 9. The specific information concerning the amount of the final allowed LDC for each
7 individual claimant against MICT was compiled and provided to Richard McNamee.

8 I declare under the penalty of perjury under the laws of the State of California that the
9 foregoing is true and correct. Executed this 13th day of June, 2008 at Los Angeles, California.

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12 C. Guerry Collins

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EXHIBIT "A"



Re: Mission Companies Latent Deficiency Claims
Your User ID : 17601213
Your Password : 18624715
Response Due Date : January 10, 2007

As you are aware, Mission Insurance Company, Mission National Insurance Company and Enterprise Insurance Company (collectively the "Mission Companies") were placed in liquidation in 1987. During the course of the liquidation proceedings, a plan was approved which provided for the rehabilitation of the Mission Companies. As part of that rehabilitation plan, all of the liabilities and most of the assets of the Mission Companies were transferred to three liquidating trusts. As provided in the Agreement of Reorganization, Rehabilitation and Restructuring of the Mission Companies and as supplemented by a Rehabilitation Plan Implementation Agreement (orders approving both of these agreements were issued by the Los Angeles County Superior Court on April 25, 1990 and March 2, 2006, respectively) (hereafter the "Agreements") shares of common stock of Covanta Holding Corporation's (f/k/a Danielson Holding Corporation and referred to as "Covanta") were transferred to the Insurance Commissioner of the State of California (the "Commissioner") to be held for and on behalf of holders of certain claims against the Mission Companies.

Pursuant to the orders issued by the Los Angeles County Superior Court, dated January 24, 2006, the Mission Companies liquidating trusts are closed. Further, these same orders and other orders entered in the liquidation proceedings bar the submission of additional claims for distribution under California Insurance Code section 1033. However, one source of potential recovery for certain claimants exists as provided under the Agreements to the holders of Latent Deficiency Claims.

The Agreements and the court orders approving them provide that those claimants against the Mission Companies who timely filed their claims in September 1987 against the Mission Companies but whose claims were disallowed in whole or in part in the liquidation proceedings because the claims were contingent, undetermined and/or unliquidated (and as further defined in paragraphs 30 and 31 of the Rehabilitation Plan Implementation Agreement) will receive a proportional amount of the shares of Covanta common stock, as allocated to holders of unliquidated, contingent and/or undetermined claims disallowed in the liquidation trusts proceedings (the "Latent Deficiency Claims"). A total of 498,692 shares of Covanta common stock are available for distribution to holders of Latent Deficiency Claims relating to the Mission Companies.

You have previously submitted information describing the nature and amount of your Latent Deficiency Claim (the unliquidated, contingent, and/or undetermined portion(s) of your previously submitted claim). We have determined that the value of your Latent Deficiency Claim is zero (\$0.00). If you believe that the information you previously submitted in the liquidation proceedings was incomplete, insufficient or now outdated, you may submit any additional information that you believe will change our determination of the value of your previously submitted claim. Enclosed is an Updated Proof of Claim form and instructions for your use in submitting any additional information you wish to have considered. Please visit the following website to obtain a list of all Proofs of Claim you have submitted:

www.missionproof.com

At the site you will be prompted to enter your User ID and password from the first page of this letter. The site also contains additional forms and documents for your review and use. All Updated Proofs of Claim and supporting material must be completed in accordance with the instructions.

All Updated Proofs of Claim must be received no later than January 10, 2007 in order for that information to be considered in our analysis of the value of your Latent Deficiency Claim. If you do not file an Updated Proof of Claim, you cannot object further to the determination of the value of your Latent Deficiency Claim.

If you provide an Updated Proof of Claim form with supplemental information concerning your claim, it will be considered in our analysis of your Latent Deficiency Claim. We will provide you with notice of our final determination of the amount of your Latent Deficiency Claim. You may appeal any final determination within thirty (30) days of receipt of the final determination. The appeal shall be determined by a retired judge sitting as claims arbitrator. The determination of the arbitrator will be final and binding on Covanta and you. Covanta and you will equally share the cost of the claims arbitrator and arbitration proceedings.

Copies of the Agreements and other documents referenced herein can be reviewed at the Latent Deficiency Claims website at www.missionproof.com.

You should consult with your own professional advisors with respect to what further steps you should take.

Any questions, and your updated Proof of Claim, should be directed in writing to:

Covanta Latent Deficiency Claims Administrator
P. O. Box 32009
Long Beach, CA 90832

You may also call the Covanta Latent Deficiency Claims Proof team at 866-579-1375.

EXHIBIT "B"

November 1, 2006

C. Guerry Collins

213.687.6719

Fax: 213.341.6719

gcollins@lordbissell.com

Re: Proof of Claim No.: See Attached Schedule

As you are aware, Mission Insurance Company, Mission National Insurance Company and Enterprise Insurance Company (collectively the "Mission Companies") were placed in liquidation in 1987. During the course of the liquidation proceedings, a plan was approved which provided for the rehabilitation of the Mission Companies. As part of that rehabilitation plan, all of the liabilities and most of the assets of the Mission Companies were transferred to three liquidating trusts. As provided in the Agreement of Reorganization, Rehabilitation and Restructuring of the Mission Companies and as supplemented by a Rehabilitation Plan Implementation Agreement (orders approving both of these agreements were issued by Los Angeles County Superior Court on April 25, 1990 and March 2, 2006, respectively) (hereafter the "Agreements") shares of common stock of Covanta Holding Corporation's (f/k/a Danielson Holding Corporation and referred to as "Covanta") were transferred to the Insurance Commissioner of the State of California (the "Commissioner") to be held for and on behalf of holders of certain claims against the Mission Companies.

Pursuant to the orders issued by the Los Angeles County Superior Court, dated January 24, 2006, the Mission Companies liquidating trusts are closed. Further, these same orders and other orders entered in the liquidation proceedings bar the submission of additional claims for distribution under California Insurance Code section 1033. However, one source of potential recovery for certain claimants exists as provided under the Agreements to the holders of Latent Deficiency Claims.

The Agreements and the court orders approving them provide that those claimants against the Mission Companies who timely filed their claims in September 1987 against the Mission Companies but whose claims were disallowed in whole or in part in the liquidation proceedings because the claims were contingent, undetermined and/or unliquidated (and as further defined in paragraphs 30 and 31 of the Rehabilitation Plan Implementation Agreement) will receive a proportional amount of the shares of Covanta common stock, as allocated to holders of unliquidated, contingent and/or undetermined claims disallowed in the liquidation trusts proceedings (the "Latent Deficiency Claims.") A total of 498,692 shares of Covanta common stock are available for distribution to holders of Latent Deficiency Claims relating to the Mission Companies.

November 1, 2006
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You have previously submitted information describing the nature and amount of your Latent Deficiency Claim (the unliquidated, contingent, and/or undetermined portion(s) of your previously submitted claim.) If you believe that the information you previously submitted in the liquidation proceedings was incomplete, insufficient or now outdated, you may submit any additional information that you believe will change our determination of the value of your previously submitted claim. Enclosed is an Updated Proof of Claim form and instructions for your use in submitting any additional information you wish to have considered. All Updated Proofs of Claim and supporting material must be completed in accordance with the instructions. All Updated Proofs of Claim must be received no later than December 30, 2006 in order for that information to be considered in our analysis of the value of your Latent Deficiency Claim. If you do not file an Updated Proof of Claim, you cannot object further to the determination of the value of your Latent Deficiency Claim.

If you provide an Updated Proof of Claim form with supplemental information concerning your claim, it will be considered in our analysis of your Latent Deficiency Claim. We will provide you with notice of our final determination of the amount of your Latent Deficiency Claim. You may appeal any final determination within thirty (30) days of receipt of the final determination. The appeal shall be determined by a retired judge sitting as claims arbitrator. The determination of the arbitrator will be final and binding on Covanta and you. Covanta and you will equally share the cost of the claims arbitrator and arbitration proceedings. Attached hereto are provisions of the Latent Deficiency Claims Administration Procedure Agreement approved by the Court which describes this process.

Copies of the Agreements and other documents referenced herein can be reviewed at the Latent Deficiency Claims website at www.missionproof.com.

You should consult with your own professional advisors with respect to what further steps you should take.

Any questions concerning the above procedures should be directed to:

C. Guerry Collins, Esq.
Conrad V. Sison, Esq.
Lord, Bissell & Brook LLP
300 S. Grand Avenue, 8th Floor
Los Angeles, CA 90071
Phone: (213) 485-1500
Fax: (213) 485-1200
gcollins@lordbissell.com
csison@lordbissell.com

UPDATED PROOF OF CLAIM
PURSUANT TO REHABILITATION PLAN
IMPLEMENTATION AGREEMENT

Notice

Please refer to the Instructions prior to completing this form. This form is to be submitted only if you are providing information not previously submitted to the Trustee of the liquidated Mission Companies which you believe will materially change the amount of your previously reported claim. Mail the completed form and supporting documents to:

C. Guerry Collins, Esq.
Conrad V. Sison, Esq.
LORD, BISSELL & BROOK LLP
300 S. Grand Avenue, 8th Floor
Los Angeles, CA 90071

FINAL DATE FOR FILING IS: DECEMBER 30, 2006
UPDATED FORMS NOT RECEIVED BY THAT DATE WILL NOT BE CONSIDERED.

UPDATED PROOF OF CLAIM FOR CLAIM NO. _____ (fill in number previously assigned to your proof of claim by the Liquidator) against (check one) (you may submit additional copies of this form for each of your filed proofs of claim):

- Mission Insurance Company Trust
 Mission National Insurance Company Trust
 Enterprise Insurance Company Trust

Claimant's Name _____
Contact Person _____
Address _____
City _____ State _____
Social Security or Tax I.D. No. _____

Telephone _____
Zip _____

DETAILED EXPLANATION OF CLAIM (use additional pages if necessary)

AMOUNT OF CLAIM: \$ _____ (Attach documentation, including actuarial studies, if applicable which support the change in the previously reported value of your claim)

Please be advised that the submission of this Updated Proof of Claim does not effect the value of your claim as previously approved pursuant to California Insurance Code sections 1033 in the liquidating trusts proceedings.

The undersigned states that, unless noted herein, I alone am entitled to file this claim, no others have an interest therein, the claim is unsecured, no payments have been made thereon, the sum claimed is justly owing and there is no offset. I declare under penalty of perjury under the laws of the State of California, that the above information and the attached documentation is true and correct.

Signature of Claimant/Trustee, Officer

Date

Print Name and Title

**INSTRUCTIONS
UPDATED PROOF OF CLAIM FORM**

Purpose

On March 2, 2006, the Los Angeles County Superior Court overseeing the Mission Insurance Companies liquidation proceedings (the "Liquidation Court") issued an order approving the Rehabilitation Plan Implementation Agreement between Covanta Holding Corporation ("Covanta") and John Garamendi, Insurance Commissioner of the State of California ("Commissioner"), in his capacity as Trustee of the Mission Insurance Company Trust, Mission National Insurance Company Trust, and Enterprise Insurance Company Trust, the Amendment to Agreement Regarding Closing, and the Latent Deficiency Claims Administration Procedures Agreement (the "Agreements"). Pursuant to the Agreements, the Commissioner holds 498,692 shares of Covanta common stock which is to be distributed to holders of Latent Deficiency Claims as that term is defined in paragraphs 30 and 31 of the Rehabilitation Plan Implementation Agreement.

Who May File Updated Proof of Claim Form:

All persons who, on or before September 12, 1987, filed a Proof of Claim which was contingent, undetermined, and/or unliquidated in whole or in part were required to file an Amendment to Proof of Claim Form in the liquidation proceeding on or before August 18, 1995. Any Amendment to Proof of Claim Form was to include information and documentation sufficient to support their claim, including actuarial studies and calculations. On October 7, 2003 and June 25, 2004 the Liquidation Court issued orders that barred all such claims in whole or in part that remained contingent, undetermined and/or unliquidated as of the dates of those orders. An unliquidated or undetermined claim is one upon which a right of action under an insurance policy or reinsurance contract had accrued as of the date of the liquidation of the Mission Companies and upon which the liability has not been determined or the amount of such liability liquidated.

We have been provided with all of the evidence and supporting documents you have previously filed in the liquidation proceeding in support of your claim. Should you believe that the information you previously submitted in the liquidation proceeding was incomplete, insufficient, or now outdated, you may submit any additional information that you believe support a change in the amount previously reported on your claim.

Who is Not Required to File an Updated Proof of Claim Form:

If you previously filed a claim that was not contingent, undetermined, and/or unliquidated in any part (that is, your entire claim was for a specific amount and not subject to any contingencies), you do not have a Latent Deficiency Claim and you should not file an Updated Proof of Claim form. Similarly, if your previously filed claim has been paid in its entirety with distributions from the Mission Companies Trusts, then you need not file an Updated Proof of Claim form.

How to File an Updated Proof of Claim Form:

Please fill out the Updated Proof of Claim form provided here. Include all information and documents you believe will support a change in the amount previously reported on your claim.

This form is to be used only if you wish to submit supplemental information with respect to your contingent, undetermined, and/or unliquidated claims against Mission Insurance Company, Mission National Insurance Co., Enterprise Insurance Company, and/or the trusts which have been established for those companies, not previously submitted before in the liquidation proceedings, and not for claims against any other person. This form and the supporting documentation submitted with it will be used to assess your entitlement to share in the Covanta common stock being distributed to the holders of Latent Deficiency Claims and the amount of such distribution due to the holders of those claims.

Further, pursuant to the orders issued by the Los Angeles County Superior Court, dated January 24, 2006, the Mission Companies liquidating trusts are closed. This same order and other orders entered in the liquidation proceedings bar the submission of additional claims for distribution under California Insurance Code section 1033. Your Updated Proof of Claim form will have no impact on your previously allowed claims against the Mission Companies, but will only apply to the determination of the value of your Latent Deficiency Claims.

You should consult with your own professional advisors with regards to whether you need to file an Updated Proof of Claim Form.

Copies of the Agreements and other documents referred to herein can be reviewed at the Latent Deficiency Claims website at www.missionproof.com.

Where to File Updated Proof of Claim:

If you chose to file an Updated Proof of Claim, the completed form and supporting documents should be sent to
C. Guerry Collins, Esq.
Conrad V. Sison, Esq.
LORD, BISSELL & BROOK LLP
300 S. Grand Avenue, 8th Floor
Los Angeles, CA 90071

When to File Updated Proof of Claim:

All Updated Proofs of Claim must be received at the above address, on or before December 30, 2006.