



**Covance Inc.**





**CVD NYSE**

**Biotechnology**

Market Capitalization USD:

**\$2,760.82 mm**

**CONCERN LEVEL: AVERAGE**

- 1 The CEO's total remuneration is within the typical market range for the relevant industry and market cap.
- 2 The ratio between the CEO's pay and the median pay of the other named executive officers is 3X or less.
- 3 The CEO's annual cash incentives rose or fell in line with annual performance.
- 4 The CEO received no more than one annual cash bonus this fiscal year. 
- 5 The CEO's equity remuneration reflected the company's share price movement over the last five years. 
- 6 The company only pays long-term incentives to the CEO for above median performance against a peer group. 
- 7 The company's dilution from equity incentives is 10 percent or less.
- 8 Unvested equity lapses when the CEO's employment is terminated. 
- 9 The CEO's potential cash severance payment is capped at two times annual cash remuneration.
- 10 The accrued benefits of the CEO's post-retirement income are within the typical market range for the relevant market cap bracket.

**CEO: Joseph L. Herring**

**Age: 56**

**CEO Since: 2005**

	2009	2010	2011
<b>Base Salary</b>	\$811,667	\$915,000	\$980,000
<b>Discretionary Bonus</b>	\$0	\$0	\$750
<b>Annual Cash Incentive</b>	\$730,600	\$595,000	\$1,500,000
<b>Benefits and Perquisites</b>	\$25,043	\$23,182	\$12,190
<b>TOTAL ANNUAL COMPENSATION</b>	<b>\$1,567,310</b>	<b>\$1,533,182</b>	<b>\$2,492,940</b>
<b>Increase in Post-Retirement Benefits</b>	\$1,123,798	\$985,353	\$644,644
<b>Stock Option Awards</b>	\$1,171,545	\$1,723,286	\$2,093,804
<b>Stock Awards</b>	\$1,422,850	\$1,685,128	\$1,961,232
<b>TOTAL COMPENSATION</b>	<b>\$5,285,503</b>	<b>\$5,926,949</b>	<b>\$7,192,620</b>
<b>Median of Other Named Executive Officers Total Compensation</b>	\$1,466,806	\$1,556,164	\$2,254,801
<b>Value Realized on Exercise of Stock Option</b>	\$0	\$202,100	\$1,208,713
<b>Value Realized on Vesting of Stock</b>	\$1,710,533	\$569,002	\$1,116,542
<b>TOTAL REALIZED EQUITY COMPENSATION</b>	<b>\$1,710,533</b>	<b>\$771,102</b>	<b>\$2,325,255</b>

**Proxy Date:** 26 Mar 2012

**Annual Meeting Date:** 8 May 2012

**Equity Reserves:** 14.15%

**Stock Option Run Rate:** 14.80%

# Covance Inc.

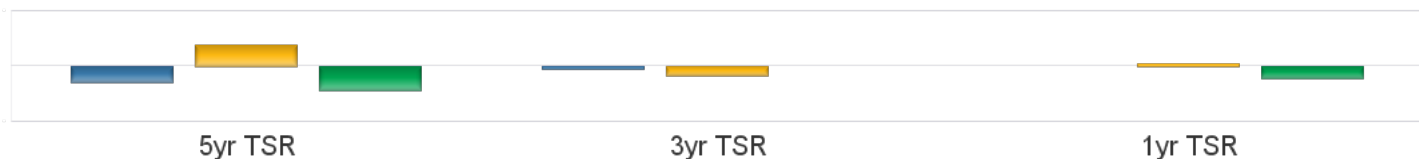
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## Performance Comparison

■ S&P500 ■ Industry ■ CVD



## Peer Comparisons (TRBC) =Biotechnology

### Total Summary CEO Compensation

Ticker	Company Name	2009	2010	2011	Market Cap
CVD	Covance Inc.	\$5,285,503	\$5,926,949	\$7,192,620	\$2,760,817,754
LIFE	Life Technologies Corporation	\$4,508,854	\$11,498,009	\$10,897,630	\$6,935,123,147
REGN	Regeneron Pharmaceuticals, Inc.	\$6,349,308	\$7,587,555		\$5,332,669,109
TECH	Techne Corporation	\$261,872	\$258,256		\$2,519,608,432
HGSI	Human Genome Sciences, Inc.	\$1,911,601	\$9,855,323		\$2,401,935,891
UTHR	United Therapeutics Corporation	\$17,591,098	\$17,620,808		\$2,186,289,296
SGEN	Seattle Genetics, Inc.	\$2,533,249	\$3,217,344		\$2,184,471,366

To insure consistency, peer comparisons are based on a combination of TRBC Industry and Sector classifications and company market caps. Missing peer pay figures for 2011 are due to differences in company filing schedules.

### Pay Peer Group

42 industry "peer" companies in the CRO or biopharmaceutical industry. See list of peers on page 25 of the proxy.

### Performance Peer Group

NA

## COMPENSATION COMMITTEE MEMBERS

Director	Membership	Age	Gender	Tenure	Independence
Bradley T. Sheares	Chairman	55	Male	3	Outside
Garv E. Costlev	Member	68	Male	5	Outside
Joseph C. Scodari	Member	59	Male	4	Outside