Fourth Quarter 2009 Earnings

January 28, 2010

Safe Harbor

Statements contained in this press release, which are not historical facts, such as statements about prospective earnings, savings, revenue, operations, revenue and earnings growth and other financial results are forward-looking statements pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. All such forward-looking statements including the statements contained herein regarding anticipated trends in the Company's business are based largely on management's expectations and are subject to and qualified by risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. These risks and uncertainties include, without limitation, competitive factors, outsourcing trends in the pharmaceutical industry, levels of industry research and development spending, the Company's ability to continue to attract and retain qualified personnel, the fixed price nature of contracts or the loss of large contracts, risks associated with acquisitions and investments, the Company's ability to increase order volume, the pace of translation of orders into revenue in late-stage development services, fluctuations in currency exchange rates, and other factors described in the Company's filings with the Securities and Exchange Commission including its Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. The Company undertakes no duty to update any forward looking statement to conform the statement to actual results or changes in the Company's expectations.

Covance Overview of Services

Early Development

- Nonclinical Laboratories (non-human testing)
  - Toxicology
  - Chemistry
- Clinical Pharmacology (early human trials)
- Research Products
- Discovery

Late-Stage Development

- Central Laboratories
- Clinical Development (Phase IIb/III human testing)
- Commercialization
  - Market Access Services
  - Periapproval Services (Phase IV)

4Q09 and FY09 Financial Highlights

4Q09

- Net Revenues of $485.1M up 10.6% YOY
- Operating Income of $54.9M, down 13.6% YOY
- Operating Margin of 11.3% vs. 14.5% in 4Q08
- Net Income of $41.5M down 8.9% YOY*
- Diluted EPS of $0.64 down 10.1% YOY*

FY2009

- Net Revenues of $1,867.6M up 8.1% YOY
- Operating Income of $228.6M down 13.3% YOY
- Operating Margin of 12.2% vs. 15.3% in 2008
- Net Income of $167.5M down 13.7% YOY*
- Diluted EPS of $2.60 down 14.2% YOY*

* Excluding gain on sale from all relevant periods and the third quarter 2009 income tax benefit from favorable resolution of certain income tax matters; See slide 23 for a reconciliation between the "as reported" and "pro forma" amounts excluding gains on sales and certain favorable income tax items in all periods.

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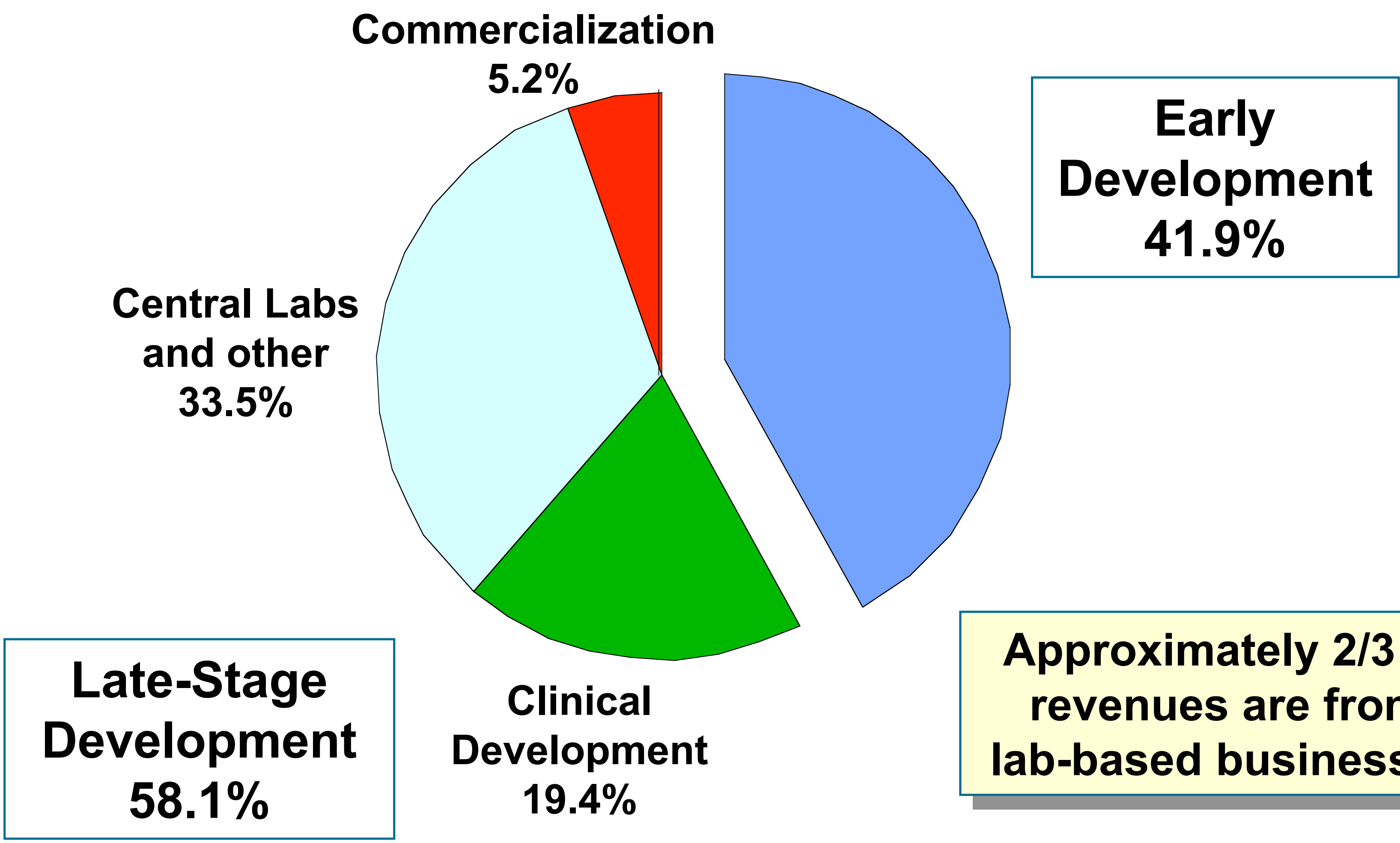
4Q09 Net Revenues by Service Area



Approximately 2/3 of revenues are from lab-based businesses

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Operating Results by Segment

($ in millions)	Early Development 4Q09	4Q08	change	Late-Stage Development 4Q09	4Q08	change
Net Revenues	$203.1	$214.2	(5.2%)	$281.9	$224.4	25.6%
Operating Income	$23.1	$45.8	(49.6%)	$63.8	$44.0	45.0%
Margin %	11.3%	21.4%		22.6%	19.6%	

Stock-based compensation expenses are included in corporate expenses and are not a part of segment results.

Backlog and Net Orders ($ millions)

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
Dedicated Backlog	$223	$264	$1,514	$1,633	$1,597	$1,701	$1,657	$1,634
All Other Backlog	$2,638	$2,745	$2,733	$2,700	$2,819	$2,956	$3,135	$3,232
Total Backlog	**$2,861**	**$3,009**	**$4,247**	**$4,333**	**$4,416**	**$4,657**	**$4,792**	**$4,866**
Net Orders	$469	$611	$1,777	$555	$554	$618	$579	$621
dedicated revenue less dedicated orders	$13	($41)	($1,250)	$12	$35	($102)	$44	$22
Adjusted Net Orders	**$482**	**$570**	**$527**	**$567**	**$589**	**$516**	**$623**	**$643**
Net Book-to-Bill	1.14	1.40	4.04	1.26	1.26	1.33	1.22	1.28
Adjusted Net Book-to-Bill	**1.17**	**1.30**	**1.20**	**1.29**	**1.34**	**1.11**	**1.31**	**1.33**

- "Dedicated backlog" represents the contractual minimum volume commitment under dedicated agreements
- Covance believes backlog is not always a predictor of future results

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Cash Flow Review

- DSOs were 40 days at 12/31/09 versus 42 days at 9/30/09 and 37 days 12/31/08
- Cash balance at 12/31/09 was $289M (up $23M seq.); Zero debt
- 4Q09 CAPEX was $33M;
  FY09 CAPEX was $131M
- 4Q09 free cash flow* was $52M;
  FY09 free cash flow* was $128M
- 2010 cash flow guidance:
  - CAPEX target of approximately $180M
  - Free cash flow* target of approximately $120M

* Free cash flow equals cash from operations less capital spending

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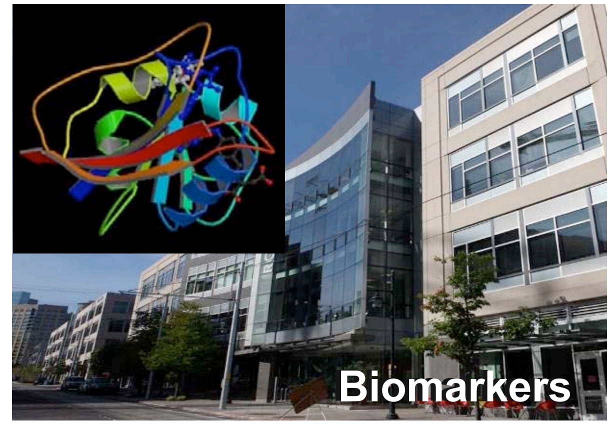
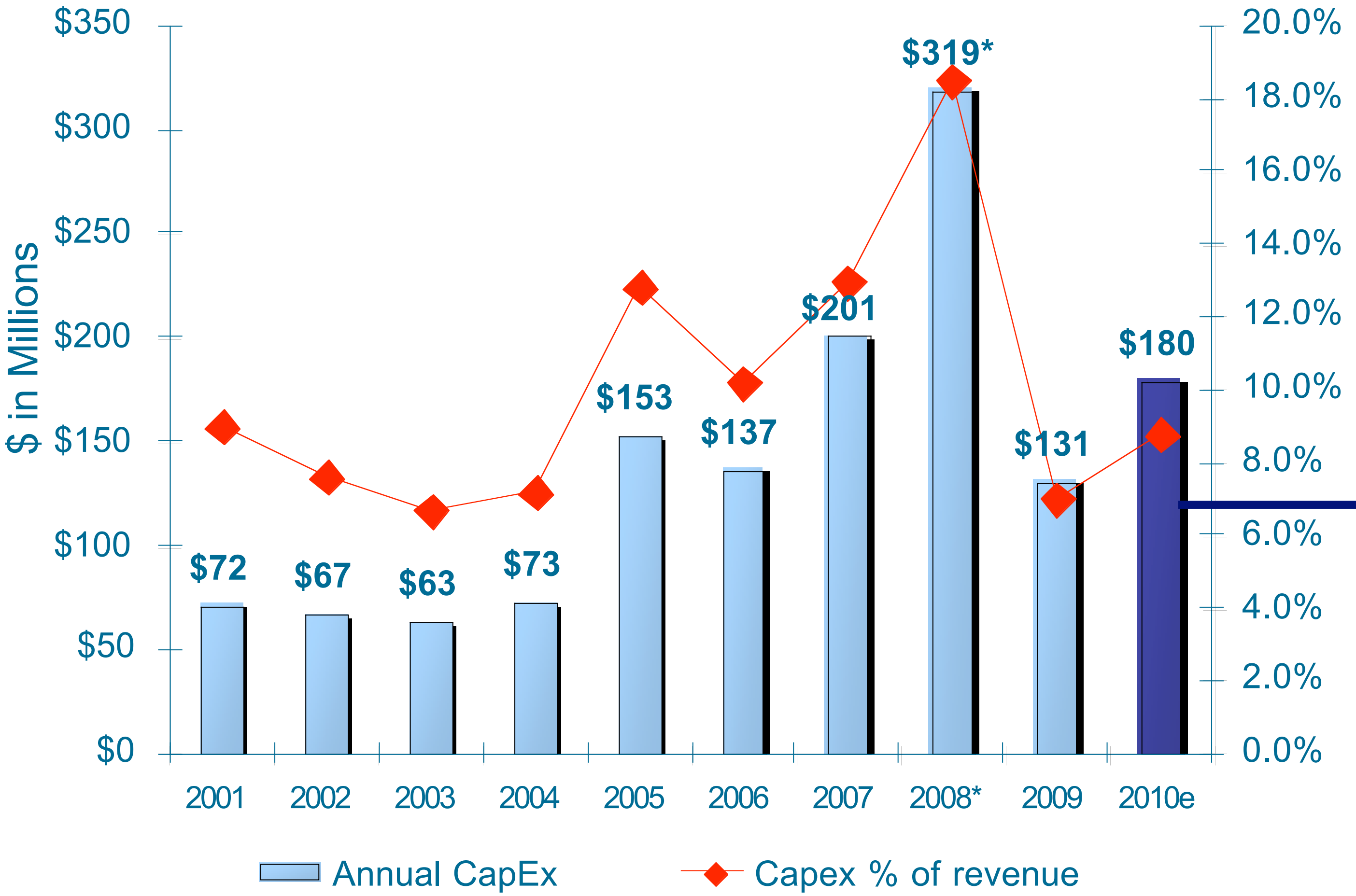
Investing in the Future



Capital Expenditures



2010 Capex = $180M

- Growth/Process Projects ~$60M
  - China Toxicology
  - Food/Kelloggs
  - Biotech/Greenfield
  - CLS Automation
  - CLS LT Storage
- IT ~$60M
- Maintenance and other ~$60M

* Includes $50M for the purchase of the Greenfield campus

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FY2010 Target Assumptions

- Early Development:
  - Flat YOY revenue growth (excluding Gene Expression Lab)
  - Flat toxicology and chemistry results from 4Q09 annualized level
  - Clinical pharmacology gradually improves from low 4Q09 level
- Late-Stage Development
  - Mid-teens revenue growth
  - Operating margin remains near 4Q09 level due to hiring and a more traditional testing mix in central lab kits
- FX at Dec 31, 2009 exchange rates
- Consolidated revenue growth of ~10%
- Full-year EPS of $2.50 to $2.75

Covance: Five Year Revenue Outlook

	5 year CAGR
Pharma Industry Revenue Growth	2.3%
Development Spending Growth	3.1%
CRO Market growth	6.2%
+	
Covance Growth Accelerators → “Top 5” CRO share gains; Market leader / differentiation; Asset transfers / strategic deals; Growth in adjacent markets	~5%
=	
Targeted CVD Revenue Growth	10%-12%

Appendix

Constant-Currency Net Revenue Growth

($ in millions)	4Q09 $	4Q09 %	FY09 $	FY09 %
Total As Reported	$485.1	10.6%	$1,867.6	8.1%
Exchange Impact*	$16.0	3.7%	$(53.8)	(3.1)%
Total As Adjusted	$469.1	6.9%	$1,921.4	11.2%
Early Dev As Reported	$203.1	(5.2)%	$791.8	(6.3)%
Exchange Impact*	$1.7	0.8%	$(30.4)	(3.6)%
Early Dev As Adjusted	$201.4	(6.0)%	$822.2	(2.7)%
Late-Stage As Reported	$281.9	25.6%	$1,075.8	21.8%
Exchange Impact*	$14.3	6.3%	$(23.4)	(2.6)%
Late-Stage As Adjusted	$267.6	19.3%	$1,099.2	24.4%

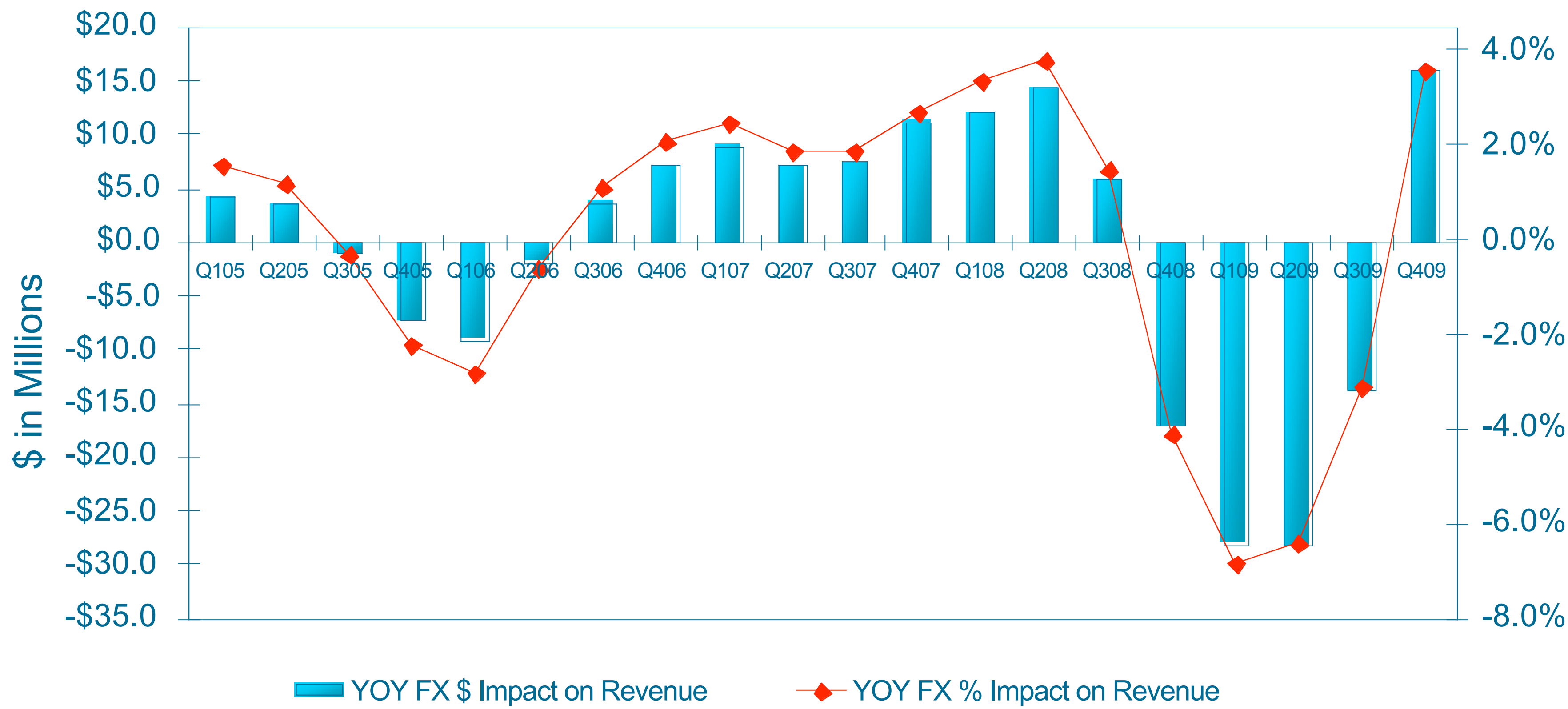
* Exchange impact is computed as the difference between current period local currency net revenue translated to US Dollars at current period exchange rates and current period local currency net revenue translated to US Dollars at the exchange rates in effect during the corresponding period of the prior year.

Foreign Exchange: Net Revenue by Geography

	United States	United Kingdom	Switzerland	Euro Zone	Other*
FY2008 $	$1,039	$227	$215	$115	$132
FY2009 $	$1,076	$204	$282	$116	$190
FY2008 %	60.1%	13.1%	12.5%	6.7%	7.6%
FY2009 %	57.6%	10.9%	15.1%	6.2%	10.2%
2008 average rate	1.00	1.88	0.93	1.47	-
2009 average rate	1.00	1.57	0.92	1.40	-
December 31, 2009	1.00	1.62	0.97	1.43	-

* "Other" includes a mix of >20 currencies

FX Revenue Impact: 2005-2009



Days Sales Outstanding ($ in thousands)

Period Ended	Accounts Receivable	Unbilled Receivables	Total A/R + Unbilled	Client Advances	Net	Trailing 3 Mos Revenue
31-Dec-09	$285,119	$97,279	$382,398	$(166,890)	$215,508	$485,065
Days	53	18	71	(31)	40	
30-Sep-09	$291,225	$111,919	$403,144	$(181,436)	$221,708	$475,284
Days	56	21	77	(35)	42	
30-Jun-09	$281,362	$105,417	$386,779	$(174,552)	$212,227	$466,049
Days	55	21	76	(34)	41	
31-Mar-09	$259,035	$104,077	$363,112	$(171,655)	$191,457	$441,236
Days	53	21	74	(35)	39	
31-Dec-08	$228,951	$112,719	$341,670	$(162,556)	$179,114	$438,645
Days	47	23	70	(34)	37	
30-Sep-08	$240,761	$103,960	$344,721	$(145,701)	$199,020	$440,109
Days	50	21	71	(30)	41	
30-Jun-08	$224,432	$106,749	$331,181	$(143,928)	$187,253	$436,912
Days	47	22	69	(30)	39	
31-Mar-08	$220,189	$96,115	$316,304	$(139,331)	$176,973	$412,432
Days	49	21	70	(31)	39	
31-Dec-07	$217,657	$88,835	$306,492	$(144,870)	$161,622	$410,966
Days	48	20	68	(32)	36	
30-Sep-07	$222,480	$104,990	$327,470	$(122,175)	$205,295	$395,989
Days	51	24	75	(28)	47	

Other Information

($ millions)

	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09
CAPEX	$62.6	$80.6	$63.0	$112.7	$40.3	$30.6	$27.1	$33.1
D&A	$17.3	$17.3	$17.5	$19.4	$19.6	$23.3	$23.6	$24.8
Employees	8,906	9,075	9,310	9,614[1]	9,879[2]	10,001	10,170[3]	10,320

[1] 4Q08 employees includes ~270 additions from the acquisition of the Greenfield campus

[2] 1Q09 employees includes ~65 additions from the acquisition of Swiss Pharma Contract (does not include ~40 contractors)

[3] 3Q09 employees includes a net reduction of ~45 from the divestiture of IVRS business, partially offset by the acquisition of the Gene Expression Laboratory

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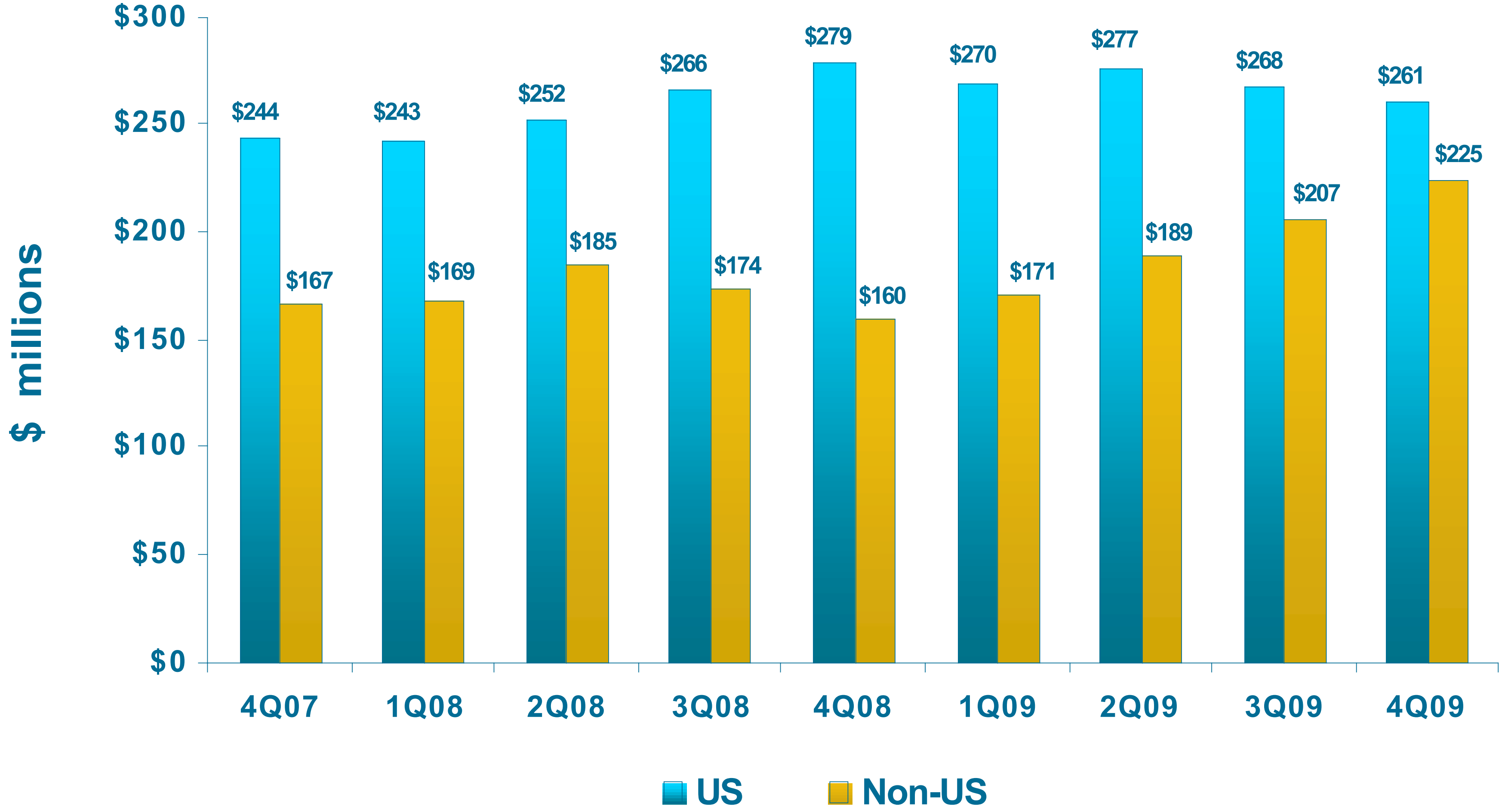
Revenue and Operating Income

$ in thousands		Q1	Q2	Q3	Q4	YTD
Net Revenues	**2009**					
	Early Dev	$192,505	$199,767	$196,409	$203,120	$791,801
	Late-Stage Dev	$248,731	$266,282	$278,875	$281,945	$1,075,833
	2008					
	Early Dev	$202,045	$213,119	$215,390	$214,228	$844,782
	Late-Stage Dev	$210,387	$223,793	$224,719	$224,417	$883,316
Operating Income	**2009**					
	Early Dev	$27,160	$27,083	$22,434	$23,051	$99,728
	Late-Stage Dev	$56,328	$65,521	$68,875	$63,785	$254,510
	Corp Admin	($27,545)	($32,607)	($33,511)	($31,964)	($125,628)
	2008					
	Early Dev	$50,574	$54,220	$54,846	$45,755	$205,395
	Late-Stage Dev	$38,870	$43,004	$44,272	$43,995	$170,141
	Corp Admin	($26,707)	($29,769)	($29,156)	($26,254)	($111,886)

Quarterly Net Revenues by Segment

Quarterly Net Revenues US vs. Non-US



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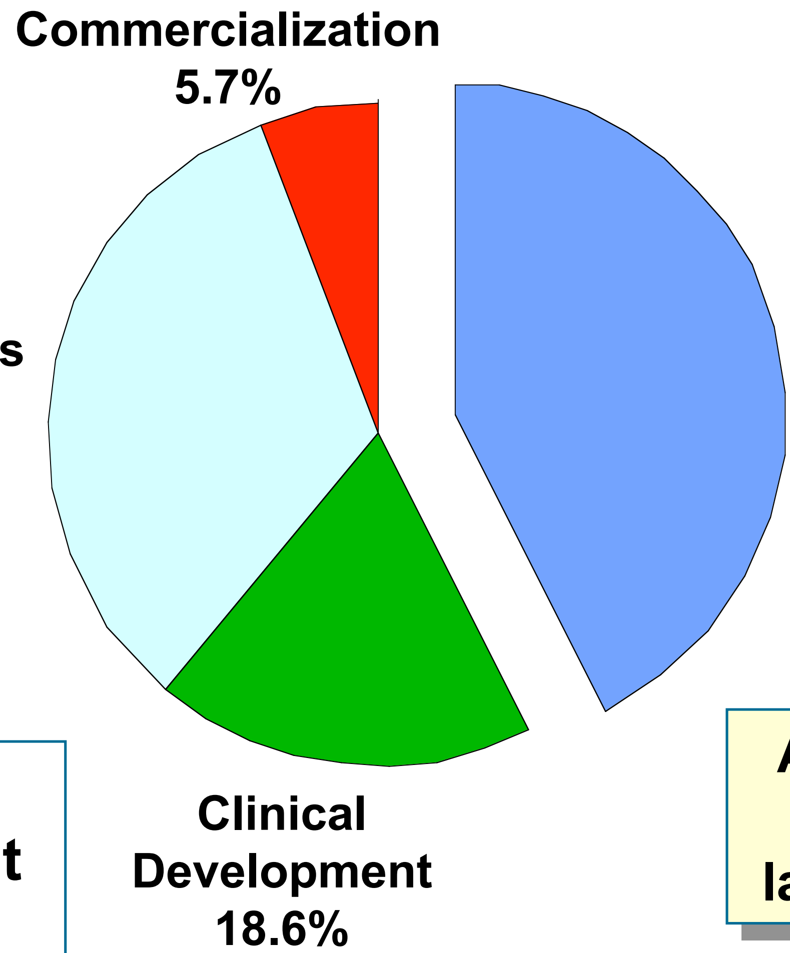
FY2009 Net Revenues by Service Area



Early Development 42.4%

Late-Stage Development 57.6%

Approximately 2/3 of revenues are from lab-based businesses

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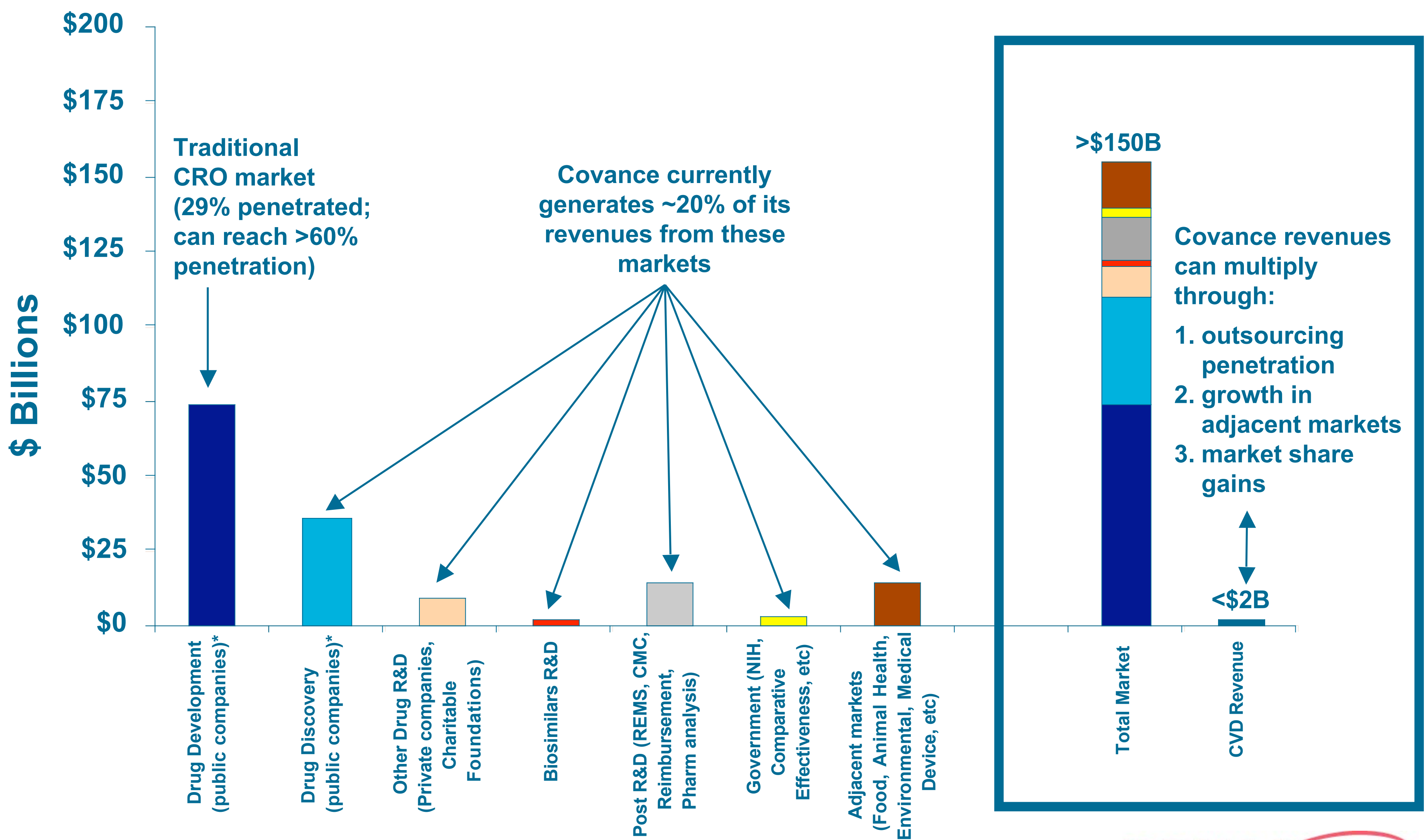
Reconciliation of As Reported to Pro Forma Amounts

$ in millions, except per share amounts

	4Q09	**4Q08**	**FY2009**	**FY2008**
Reported Net Income	$41.5	$45.7	$175.9	$196.8
Reported Diluted EPS	$0.64	$0.72	$2.73	$3.08
Less: Gains of Sales, net of tax	-	$0.1	$6.3	$2.6
Less: Favorable tax items	-	-	$2.1	-
Pro Forma Net Income	$41.5	$45.6	$167.5	$194.1
Pro Forma Diluted EPS	$0.64	$0.72	$2.60	$3.03

Markets We Serve



*Source: FactSet – R&D spend for 600 largest public companies is >$110 billion; CVD estimates for other markets