DUPONT E I DE NEMOURS & CO
Form 10-K
February 05, 2015

2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K
(Mark One)

ý ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2014
OR

o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-815
E. I. DU PONT DE NEMOURS AND COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	51-0014090 (I.R.S. Employer Identification No.)

1007 Market Street
Wilmington, Delaware 19898
(Address of principal executive offices)
Registrant's telephone number, including area code: 302-774-1000
Securities registered pursuant to Section 12(b) of the Act
(Each class is registered on the New York Stock Exchange, Inc.):
Title of Each Class

Common Stock ($.30 par value)
Preferred Stock
(without par value-cumulative)
$4.50 Series
$3.50 Series
No securities are registered pursuant to Section 12(g) of the Act.

Indicate by check mark whether the registrant is a well-known seasoned issuer (as defined in Rule 405 of the Securities Act).
Yes ý No o

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

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 ý No o

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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý Accelerated filer o Non-accelerated filer o Smaller reporting company o

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

The aggregate market value of voting stock held by nonaffiliates of the registrant (excludes outstanding shares beneficially owned by directors and officers and treasury shares) as of June 30, 2014, was approximately $59.9 billion.

As of January 30, 2015, 905,414,000 shares (excludes 87,041,000 shares of treasury stock) of the company's common stock, $0.30 par value, were outstanding.

Documents Incorporated by Reference

(Specific pages incorporated are indicated under the applicable Item herein):

	Incorporated By Reference In Part No.
The company's Proxy Statement in connection with the 2015 Annual Meeting.	III

E. I. du Pont de Nemours and Company
Form 10-K
Table of Contents
The terms "DuPont" or the "company" as used herein refer to E. I. du Pont de Nemours and Company and its consolidated subsidiaries, or to E. I. du Pont de Nemours and Company, as the context may indicate.

Note on Incorporation by Reference
Information pertaining to certain Items in Part III of this report is incorporated by reference to portions of the company's definitive 2015 Annual Meeting Proxy Statement to be filed within 120 days after the end of the year covered by this Annual Report on Form 10-K, pursuant to Regulation 14A (the Proxy).

Part I

ITEM 1. BUSINESS

DuPont was founded in 1802 and was incorporated in Delaware in 1915. Today, DuPont is creating higher growth and higher value by extending the company’s leadership in agriculture and nutrition, strengthening and growing capabilities in advanced materials and leveraging cross-company skills to develop a world-leading bio-based industrial business. Through these strategic priorities, DuPont is helping customers find solutions to capitalize on areas of growing global demand — enabling more, safer, nutritious food; creating high-performance, cost-effective energy efficient materials for a wide range of industries; and increasingly delivering renewably sourced bio-based materials and fuels. Total worldwide employment at December 31, 2014, was about 63,000 people. The company has operations in about 90 countries worldwide and 62 percent of consolidated net sales are made to customers outside the United States of America (U.S.). See Note 20 to the Consolidated Financial Statements for additional details on the location of the company's sales and property.

Subsidiaries and affiliates of DuPont conduct manufacturing, seed production or selling activities and some are distributors of products manufactured by the company. As a science and technology based company, DuPont competes on a variety of factors such as product quality and performance or specifications, continuity of supply, price, customer service and breadth of product line, depending on the characteristics of the particular market involved and the product or service provided. Most products are marketed primarily through the company's sales force, although in some regions, more emphasis is placed on sales through distributors. The company utilizes numerous suppliers as well as internal sources to supply a wide range of raw materials, energy, supplies, services and equipment. To ensure availability, the company maintains multiple sources for fuels and many raw materials, including hydrocarbon feedstocks. Large volume purchases are generally procured under competitively priced supply contracts.

In June 2014, DuPont announced its global, multi-year initiative to redesign its global organization and operating model to reduce costs and improve productivity and agility across all businesses and functions. DuPont commenced a restructuring plan to realign and rebalance staff function support, enhance operational efficiency, and to reduce residual costs associated with the separation of its Performance Chemicals segment. As a result, during the year ended December 31, 2014 a pre-tax charge of $562 million was recorded. Additional details related to this plan can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 19 of this report and Note 3 to the Consolidated Financial Statements.

In October 2013, DuPont announced that it intends to separate its Performance Chemicals segment through a U.S. tax-free spin-off to shareholders, subject to customary closing conditions. The company expects to complete the separation about mid-2015. Additional details related to the separation can be found in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 19 of this report and Note 2 to the Consolidated Financial Statements.

In third quarter 2012, the company entered into a definitive agreement to sell its Performance Coatings business (which represented a reportable segment). In accordance with generally accepted accounting principles in the U.S. (GAAP), the results of Performance Coatings are presented as discontinued operations and, as such, have been excluded from continuing operations and segment results for all periods presented. On February 1, 2013, the sale of Performance Coatings was completed.

Business Segments

The company consists of 12 businesses which are aggregated into 7 reportable segments based on similar economic characteristics, the nature of the products and production processes, end-use markets, channels of distribution and regulatory environment. The company's reportable segments are Agriculture, Electronics & Communications, Industrial Biosciences, Nutrition & Health, Performance Chemicals, Performance Materials and Safety & Protection.

Viton® fluoroelastomer products (Viton®) will be included in the Performance Chemicals separation and therefore the results are reported within Performance Chemicals. Viton® was previously reported within Performance Materials. The company includes certain embryonic businesses not included in the reportable segments, such as pre-commercial programs, and nonaligned businesses in Other. The earnings from the previous Pharmaceuticals segment are insignificant in 2014 and therefore the results are reported within Other. Additional information with respect to business segment results is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 24 of this report and Note 21 to the Consolidated Financial Statements.

Agriculture

Agriculture businesses, DuPont Pioneer (Pioneer) and DuPont Crop Protection (Crop Protection), leverage the company's technology, customer relationships and industry knowledge to improve the quantity, quality and safety of the global food supply and the global production agriculture industry. Land available for worldwide agricultural production is increasingly limited so production growth will need to be achieved principally through improving crop yields and productivity rather than through increases in planted area. The segment's businesses deliver a broad portfolio of products and services that are specifically targeted to achieve gains in crop yields and productivity, including Pioneer® brand seed products and well-established brands of insecticides, fungicides and herbicides. Research and development focuses on leveraging technology to increase grower productivity and enhance the value of grains and oilseeds through improved seed traits, superior seed germplasm and effective use of insecticides, herbicides and fungicides. Agriculture accounted for approximately 50 percent of the company's total research and development expense in 2014.

Sales of the company's products in this segment are affected by the seasonality of global agriculture markets and weather patterns. Sales and earnings performance in the Agriculture segment are significantly stronger in the first versus second half of the year reflecting the northern hemisphere planting season. As a result of the seasonal nature of its business, Agriculture's inventory is at its highest level at the end of the calendar year and is sold down in the first and second quarters. Trade receivables in the Agriculture segment are at a low point at year-end and increase through the northern hemisphere selling season to peak at the end of the second quarter.

Pioneer is a world leader in developing, producing and marketing corn hybrids and soybean varieties which improve the productivity and profitability of its customers. Additionally, Pioneer develops, produces and markets canola, sunflower, sorghum, inoculants, wheat and rice. As the world's population grows and the middle class expands, the need for crops for animal feed, food, biofuels and industrial uses continues to increase. The business competes with other seed and plant biotechnology companies. Pioneer seed sales amounted to 22 percent, 23 percent and 21 percent of the company's total consolidated net sales for the years ended December 31, 2014, 2013 and 2012, respectively.

Pioneer's research and development focuses on integrating high yielding germplasm with value added proprietary and/or licensed native and biotechnology traits with local environment and service expertise. Pioneer uniquely develops integrated products for specific regional application based on local product advancement and testing of the product concepts. Research and development in this arena requires long-term commitment of resources, extensive regulatory efforts and collaborations, partnerships and business arrangements to successfully bring products to market. To protect its investment, the business employs the use of patents covering germplasm and native and biotechnology traits in accordance with country laws. Pioneer holds multiple long-term biotechnology trait licenses from third parties as a normal course of business. The biotechnology traits licensed by Pioneer from third parties are contained in a variety of Pioneer crops, including corn hybrids and soybean varieties. The majority of Pioneer’s corn hybrids and soybean varieties sold to customers contain biotechnology traits licensed from third parties under these long term licenses.

Pioneer is actively pursuing the development of innovations for corn hybrids, soybean varieties, canola, sunflower, wheat and rice based on market assessments of the most valuable opportunities. In corn seeds, programs include innovations for drought and nitrogen efficiency, insect protection and herbicide tolerance. In soybean seeds, programs include products with enhanced end-use value, herbicide tolerance and insect protection.

Pioneer has seed production facilities located throughout the world. Seed production is performed directly by the business or contracted with independent growers and conditioners. Pioneer's ability to produce seeds primarily depends upon weather conditions and availability of reliable contract growers.

Pioneer markets and sells seed product primarily under the Pioneer® brand but also sells and distributes products utilizing additional brand names. Pioneer promotes its products through multiple marketing channels around the world. In the corn and soybean markets of the U.S. Corn Belt, Pioneer® brand products are sold primarily through a specialized force of independent sales representatives. Outside of North America, Pioneer's products are marketed through a network of subsidiaries, joint ventures and independent producer-distributors.

Crop Protection serves the global production agriculture industry with crop protection products for field crops such as wheat, corn, soybean and rice; specialty crops such as fruit, nut, vine and vegetables; and non-crop segments, including range and pasture management. Principle crop protection products are weed control, disease control and insect control offerings for foliar application or as a seed treatment. Crop Protection products are marketed and sold to growers and other end users through a network of wholesale distributors and crop input retailers. The sales growth of the business' insect control portfolio is led by DuPont™ Rynaxypyr® insecticide, a product that is used across a broad range of core agricultural crops.

The major commodities, raw materials and supplies for the Agriculture segment include: benzene derivatives, other aromatics and carbamic acid related intermediates, corn and soybean seeds, insect control products, natural gas and seed treatments.

Agriculture segment sales outside the U.S. accounted for 54 percent of the segment's total sales in 2014.

Electronics & Communications

Electronics & Communications (E&C) is a leading supplier of differentiated materials and systems for photovoltaics (PV), consumer electronics, displays and advanced printing that enable superior performance and lower total cost of ownership for customers. The segment leverages the company's strong materials and technology base to target attractive growth opportunities in PV materials, circuit and semiconductor fabrication and packaging materials, display materials, packaging graphics, and ink-jet printing. In the growing PV market, E&C continues to be an industry-leading innovator and supplier of metallization pastes and backsheet materials that improve the efficiency and lifetime of solar cells and solar modules. Solar modules, which are made up of solar cells and other materials, are installed to generate power. DuPont is a leading global supplier of materials to the PV industry.

In the consumer electronics markets, E&C materials add value across multiple devices, with growth driven largely by smart phones and tablets. The segment has a portfolio of materials for semiconductor fabrication and packaging, as well as innovative materials for circuit applications, to address critical needs of electronic component and device manufacturers. In packaging graphics, E&C is a leading supplier of flexographic printing systems, including Cyrel® photopolymer plates and platemaking systems. The segment is investing in new products to strengthen its market leadership position in advanced printing markets. The segment also holds a leadership position in black-pigmented inks and is developing new color-pigmented inks for network printing applications. In the displays market, E&C has developed solution-process technology, which it licenses, and a growing range of materials for active matrix organic light emitting diode (AMOLED) television displays.

The major commodities, raw materials and supplies for E&C include: block co-polymers, copper, difluoroethane, hydroxylamine, oxydianiline, polyester film, precious metals and pyromellitic dianhydride.

E&C segment sales outside the U.S. accounted for 82 percent of the segment's total sales in 2014.

Industrial Biosciences

Industrial Biosciences is a leader in developing and manufacturing a broad portfolio of bio-based products. The segment's enzymes add value and functionality to processes and products across a broad range of markets such as animal nutrition, detergents, food manufacturing, ethanol production and industrial applications. The result is cost and process benefits, better product performance and improved environmental outcomes. Industrial Biosciences also makes DuPont™ Sorona® PTT renewably sourced polymer for use in carpet and apparel fibers.

The segment includes a joint venture with Tate & Lyle PLC, DuPont Tate & Lyle Bio Products Company, LLC, to produce BioPDO™ 1,3 propanediol using a proprietary fermentation and purification process. BioPDO™ is the key building block for DuPont™ Sorona® PTT polymer.
The major commodities, raw materials and supplies for the Industrial Biosciences segment include: terephthalic acid, processed grains (including dextrose and glucose), and glycols.
Industrial Biosciences segment sales outside the U.S. accounted for 57 percent of the segment's total sales in 2014.

Nutrition & Health
Nutrition & Health offers a wide range of sustainable, bio-based ingredients and advanced molecular diagnostic solutions, providing innovative solutions for specialty food ingredients, food nutrition, health and safety. The segment's product solutions include the wide-range of DuPont™ Danisco® food ingredients such as cultures and notably Howaru® probiotics, emulsifiers, texturants, natural sweeteners such as Xivia® and Supro® soy-based food ingredients. These ingredients hold leading market positions based on industry leading innovation, knowledge and experience, relevant product portfolios and close-partnering with the world's food manufacturers. Nutrition & Health serves various end markets within the food industry including dairy, bakery, meat and beverage segments. Nutrition & Health has research, production and distribution operations around the world.

Nutrition & Health products are marketed and sold under a variety of brand names and are distributed primarily through its direct route to market. The direct route to market focuses on strong customer collaborations and insights with multinational customers and regional customers alike.

The major commodities, raw materials and supplies for the Nutrition & Health segment include: acetyls, citrus peels, glycerin, grain products, guar, locust bean gum, oils and fats, seaweed, soybean, soy flake, sugar and yeast.

Nutrition & Health segment sales outside the U.S. accounted for 68 percent of the segment's total sales in 2014.

Performance Chemicals
Performance Chemicals businesses, DuPont Titanium Technologies (Titanium Technologies) and DuPont Chemicals & Fluoroproducts (Chemicals & Fluoroproducts), deliver customized solutions with a wide range of industrial and specialty chemical products for markets including plastics and coatings, textiles, mining, pulp and paper, water treatment and healthcare. Competition across the performance chemicals businesses is regional and global, dependent on a number of factors such as price, product quality and service.

Titanium Technologies is the world's largest manufacturer of titanium dioxide, and is dedicated to creating greater value for the coatings, paper, plastics, specialties and minerals markets through service, brand and product. The business' main products include its broad line of DuPont™ Ti-Pure® titanium dioxide products. In 2011, the business announced a global expansion to support increased customer demand for titanium dioxide, including an investment in new production facilities at the company's Altamira, Mexico site. The total estimated investment in Altamira will be about $600 million and production is expected to begin in 2016. The new production facilities will enable the business to improve the efficiency of its titanium dioxide production and increase its flexibility to adjust its production output up or down to respond to global demands. In addition, the business continues to invest in facility upgrades to improve productivity at its other global manufacturing sites.

Chemicals & Fluoroproducts is a leading global manufacturer of industrial and specialty fluorochemicals, fluoropolymers and performance chemicals. The business' broad line of products includes refrigerants, lubricants, propellants, solvents, fire extinguishants, electronic gases and fluoroelastomers, which cover a wide range of industries and markets. Key brands include DuPont™ Teflon®, Capstone®, Opteon™ yf, Isceon®, Suva®,Vazo®, Vertrel®, Virkon®, Viton® and Zyron®.

The major commodities, raw materials and supplies for the Performance Chemicals segment include: ammonia, benzene, chlorine, chloroform, fluorspar, hydrofluoric acid, industrial gases, methanol, natural gas, perchloroethylene, petroleum coke, sodium hydroxide, sulfur and titanium ore.

Performance Chemicals segment sales outside the U.S. accounted for 59 percent of the segment's total sales in 2014.

Performance Materials

Performance Materials businesses, DuPont Performance Polymers (Performance Polymers) and DuPont Packaging & Industrial Polymers (Packaging & Industrial Polymers), provide productive, higher performance polymers, elastomers, films, parts, and systems and solutions which improve the uniqueness, functionality and profitability of its customers' offerings. The key markets served by the segment include the automotive original equipment manufacturers (OEMs) and associated after-market industries, as well as electrical, packaging, construction, oil, electronics, photovoltaics, aerospace, chemical processing and consumer durable goods. The segment has several large customers, primarily in the motor vehicle OEM industry supply chain. The company has long-standing relationships with these customers and they are considered to be important to the segment's operating results.

Performance Polymers delivers a broad range of polymer-based high performance materials in its product portfolio, including elastomers and thermoplastic and thermoset engineering polymers which are used by customers to fabricate components for mechanical, chemical and electrical systems. The main products include: DuPont™ Zytel® nylon resins, Delrin® acetal resins, Hytrel® polyester thermoplastic elastomer resins, Tynex® filaments, Vespel® parts and shapes, Vamac® ethylene acrylic elastomer and Kalrez® perfluoroelastomer. Performance Polymers also includes the DuPont Teijin Films joint venture, whose primary products are Mylar® and Melinex® polyester films.

In December 2014, DuPont entered into a definitive agreement to sell DuPont™ Neoprene polychloroprene, a part of Performance Polymers to Denka Performance Elastomer LLC. The sale is expected to close in the first half of 2015 pending receipt of customary regulatory approvals.

Packaging & Industrial Polymers specializes in resins and films used in packaging and industrial polymer applications, sealants and adhesives and sporting goods. Key brands include: DuPont™ Surlyn® ionomer resins, Bynel® coextrudable adhesive resins, Elvax® EVA resins, Nucrel® and Elvaloy® copolymer resins.

In November 2013, DuPont entered into a definitive agreement to sell Glass Laminating Solutions/Vinyls (GLS/Vinyls), a part of Packaging & Industrial Polymers, to Kuraray Co. Ltd. In June 2014, the sale was completed which resulted in a pre-tax gain of $391 million ($273 million net of tax). The gain was recorded in other income, net in the company's Consolidated Income Statements for the year ended December 31, 2014. GLS/Vinyls specializes in interlayers for laminated safety glass and its key brands include SentryGlas® and Butacite® laminate interlayers.

The major commodities, raw materials and supplies for the Performance Materials segment include: acrylic monomers, adipic acid, butadiene, butanediol, dimethyl terephthalate, ethane, fiberglass, hexamethylenediamine, methanol, natural gas and purified terephthalic acid.

Performance Materials segment sales outside the U.S. accounted for 70 percent of the segment's total sales in 2014.

Safety & Protection

Safety & Protection businesses, DuPont Protection Technologies (Protection Technologies), DuPont Sustainable Solutions (Sustainable Solutions) and DuPont Building Innovations (Building Innovations), satisfy the growing global needs of businesses, governments and consumers for solutions that make life safer, healthier and more secure. By uniting market-driven science with the strength of highly regarded brands, the segment delivers products and services to a large number of markets, including construction, transportation, communications, industrial chemicals, oil and gas, electric utilities, automotive, manufacturing, defense, homeland security and safety consulting.

Protection Technologies is focused on scientifically engineered products and systems to protect people and the environment. With highly recognized brands like DuPont™ Kevlar® high strength material, Nomex® thermal resistant material and Tyvek® protective material, the business has a broad portfolio with strong positions in many diverse global markets which include: aerospace, life protection, automotive, energy, personal protection, medical, graphics, packaging and other industrial markets.

Sustainable Solutions continues to help organizations worldwide reduce workplace injuries and fatalities while improving operating costs, productivity and quality. Sustainable Solutions is a leader in the safety consulting field, selling training products, as well as consulting services. Additionally, Sustainable Solutions is dedicated to clean air, clean fuel and clean water with offerings that help reduce sulfur and other emissions, formulate cleaner fuels, or dispose of liquid waste. Its goal is to help maintain business continuity and environmental compliance for companies in the refining and petrochemical industries, as well as for government entities. In addition, the business is a leading global provider of process technology, proprietary specialty equipment and technical services to the sulfuric acid industry.

Building Innovations is committed to the science behind increasing the performance of building systems, helping reduce operating costs and creating more sustainable structures. The business is a market leader of solid surfaces through its DuPont™ Corian® and Montelli® lines of products which offer durable and versatile materials for residential and commercial purposes. DuPont™ Tyvek® offers industry leading solutions for the protection and energy efficiency of buildings and the business also offers Geotextiles for Professional Landscaping applications.

The major commodities, raw materials and supplies for the Safety & Protection segment include: aluminum trihydrate, benzene, high density polyethylene, isophthaloyl chloride, metaphenylenediamine, methyl methacrylate, paraphenylenediamine, polyester and terephthaloyl chloride.

Safety & Protection segment sales outside the U.S. accounted for 62 percent of the segment's total sales in 2014.

Backlog

In general, the company does not manufacture its products against a backlog of orders and does not consider backlog to be a significant indicator of the level of future sales activity. Production and inventory levels are based on the level of incoming orders as well as projections of future demand. Therefore, the company believes that backlog information is not material to understanding its overall business and should not be considered a reliable indicator of the company's ability to achieve any particular level of revenue or financial performance.

Intellectual Property

As a science and technology based company, DuPont believes that securing intellectual property is an important part of protecting its research. Some DuPont businesses operate in environments in which the availability and protection of intellectual property rights affect competition. (Information on the importance of intellectual property rights to Pioneer is included in Item 1 Agriculture business discussion beginning on page 3 of this report.)

Trade secrets are an important element of the company's intellectual property. Many of the processes used to make DuPont products are kept as trade secrets which, from time to time, may be licensed to third parties. DuPont vigilantly protects all of its intellectual property including its trade secrets. When the company discovers that its trade secrets have been unlawfully taken, it reports the matter to governmental authorities for investigation and potential criminal action, as appropriate. In addition, the company takes measures to mitigate any potential impact, which may include civil actions seeking redress, restitution and/or damages based on loss to the company and/or unjust enrichment.

Patents & Trademarks: DuPont continually applies for and obtains U.S. and foreign patents and has access to a large patent portfolio, both owned and licensed. DuPont's rights under these patents and licenses, as well as the products made and sold under them, are important to the company in the aggregate. The protection afforded by these patents varies based on country, scope of individual patent coverage, as well as the availability of legal remedies in each country. This significant patent estate may be leveraged to align with the company's strategic priorities within and across segments. At December 31, 2014, the company owned over 27,000 patents with various expiration dates over the next 20 years. In addition to its owned patents, the company owns over 16,500 patent applications.

The company has many trademarks that have significant recognition at the consumer retail level and/or business to business level. Ownership rights in trademarks do not expire if the trademarks are continued in use and properly protected.

Research and Development

DuPont conducts research and development (R&D) programs across multiple fields including biology, chemistry, engineering, and materials science in support of the company's strategic priorities of Agriculture & Nutrition, Bio-based Industrials, and Advanced Materials. DuPont accelerates market introductions and increases the impact of its offerings through collaboration with partners in the commercial sector (customers and value chain partners) and by working with governments, academia, and local communities around the world. DuPont's R&D objectives are to leverage the company's unique world-class science and technology capabilities with its deep understanding of markets and value chains to drive revenue and profit growth for the company thereby delivering sustainable returns to our shareholders - both in the short-term as well as in the long-term. DuPont's R&D investment is focused on delivering value to its customers while extending its leadership across the high-value, science-driven segments of the agriculture and food value chains, strengthening its lead as provider of differentiated, high-value advanced industrial materials, and building transformational new bio-based industrial businesses. Each business in the company funds R&D activities that support its business mission, and a central R&D organization supports cross-business and cross-functional growth opportunities. The R&D portfolio is managed by senior business and R&D leaders to ensure consistency with the corporate and business strategies and to capitalize on the application of emerging science.

The company continues to protect its R&D investment through its intellectual property strategy. See discussion under "Intellectual Property".

Additional information with respect to R&D, including the amount incurred during each of the last three fiscal years, is included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 22 of this report.

Environmental Matters

Information related to environmental matters is included in several areas of this report: (1) Environmental Proceedings beginning on page 14, (2) Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on pages 35, 40-42 and (3) Notes 1 and 15 to the Consolidated Financial Statements.

Available Information

The company is subject to the reporting requirements under the Securities Exchange Act of 1934. Consequently, the company is required to file reports and information with the Securities and Exchange Commission (SEC), including reports on the following forms: annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934.

The public may read and copy any materials the company files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

The company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports are also accessible on the company's website at http://www.dupont.com by clicking on the section labeled "Investors", then on "Filings & Reports" and then on "SEC Filings." These reports are made available, without charge, as soon as is reasonably practicable after the company files or furnishes them electronically with the SEC.

Executive Officers of the Registrant
Information related to the company's Executive Officers is included in Item 10, Directors, Executive Officers and Corporate Governance, beginning on page 45 of this report.
The company's operations could be affected by various risks, many of which are beyond its control. Based on current information, the company believes that the following identifies the most significant risk factors that could affect its businesses. Past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Price increases for energy and raw materials could have a significant impact on the company's ability to sustain and grow earnings.
The company's manufacturing processes consume significant amounts of energy and raw materials, the costs of which are subject to worldwide supply and demand as well as other factors beyond the control of the company. Significant variations in the cost of energy, which primarily reflect market prices for oil, natural gas and raw materials, affect the company's operating results from period to period. In 2014, price decreases for energy and raw materials were about $200 million as compared to 2013. In 2013, price increases for energy and raw materials were about $500 million as compared to 2012. Legislation to address climate change by reducing greenhouse gas emissions and establishing a price on carbon could create increases in energy costs and price volatility. When possible, the company purchases raw materials through negotiated long-term contracts to minimize the impact of price fluctuations. Additionally, the company enters into over-the-counter and exchange traded derivative commodity instruments to hedge its exposure to price fluctuations on certain raw material purchases. The company takes actions to offset the effects of higher energy and raw material costs through selling price increases, productivity improvements and cost reduction programs. Success in offsetting higher raw material costs with price increases is largely influenced by competitive and economic conditions and could vary significantly depending on the market served. If the company is not able to fully offset the effects of higher energy and raw material costs, it could have a significant impact on the company's financial results.

The company's results of operations and financial condition could be seriously impacted by business disruptions and security breaches, including cybersecurity incidents.
Business and/or supply chain disruptions, plant and/or power outages and information technology system and/or network disruptions, regardless of cause including acts of sabotage, employee error or other actions, geo-political activity, weather events and natural disasters could seriously harm the company's operations as well as the operations of its customers and suppliers. Failure to effectively prevent, detect and recover from security breaches, including attacks on information technology and infrastructure by hackers; viruses; breaches due to employee error or actions; or other disruptions could result in misuse of the company's assets, business disruptions, loss of property including trade secrets and confidential business information, legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, loss of sales and interference with regulatory compliance. Like most major corporations, the company is the target of industrial espionage, including cyber-attacks, from time to time. The company has determined that these attacks have resulted, and could result in the future, in unauthorized parties gaining access to at least certain confidential business information. However, to date, the company has not experienced any material financial impact, changes in the competitive environment or business operations that it attributes to these attacks. Although management does not believe that the company has experienced any material losses to date related to security breaches, including cybersecurity incidents, there can be no assurance that it will not suffer such losses in the future. The company actively manages the risks within its control that could lead to business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, the company may be required to

expend significant resources to enhance its control environment, processes, practices and other protective measures. Despite these efforts, such events could have a material adverse effect on the company's business, financial condition or results of operations.

Inability to discover, develop and protect new technologies and enforce the company's intellectual property rights could adversely affect the company's financial results.

The company competes with major global companies that have strong intellectual property estates, including intellectual property rights supporting the use of biotechnology to enhance products, particularly agricultural and bio-based products. Speed in discovering, developing and protecting new technologies and bringing related products to market is a significant competitive advantage. Failure to predict and respond effectively to this competition could cause the company's existing or candidate products to become less competitive, adversely affecting sales. Competitors are increasingly challenging intellectual property positions and the outcomes can be highly uncertain. If challenges are resolved adversely, it could negatively impact the company's ability to obtain licenses on competitive terms, commercialize new products and generate sales from existing products.

Intellectual property rights, including patents, plant variety protection, trade secrets, confidential information, trademarks, tradenames and other forms of trade dress, are important to the company's business. The company endeavors to protect its intellectual property rights in jurisdictions in which its products are produced or used and in jurisdictions into which its products are imported. However, the company may be unable to obtain protection for its intellectual property in key jurisdictions. Further, changes in government policies and regulations, including changes made in reaction to pressure from non-governmental organizations, could impact the extent of intellectual property protection afforded by such jurisdictions.

The company has designed and implemented internal controls to restrict access to and distribution of its intellectual property. Despite these precautions, the company's intellectual property is vulnerable to unauthorized access through employee error or actions, theft and cybersecurity incidents, and other security breaches. When unauthorized access and use or counterfeit products are discovered, the company reports such situations to governmental authorities for investigation, as appropriate, and takes measures to mitigate any potential impact. Protecting intellectual property related to biotechnology is particularly challenging because theft is difficult to detect and biotechnology can be self-replicating. Accordingly, the impact of such theft can be significant.

Failure to effectively manage acquisitions, divestitures, alliances and other portfolio actions could adversely impact our future results.

From time to time, the company evaluates acquisition candidates that may strategically fit its business and/or growth objectives. If the company is unable to successfully integrate and develop acquired businesses, the company could fail to achieve anticipated synergies and cost savings, including any expected increases in revenues and operating results, which could have a material adverse effect on the company’s financial results. The company continually reviews its portfolio of assets for contributions to the company’s objectives and alignment with its growth strategy. However, the company may not be successful in separating underperforming or non-strategic assets and gains or losses on the divestiture of, or lost operating income from, such assets may affect the company’s earnings. Moreover, the company might incur asset impairment charges related to acquisitions or divestitures that reduce its earnings.

The proposed spin-off of the Performance Chemicals segment is contingent upon the satisfaction of a number of conditions which could delay, prevent or otherwise adversely affect the proposed spin-off, including possible issues or delays in obtaining the required regulatory approvals or clearances, disruptions in financial markets or other potential barriers.

In October 2013, DuPont announced its intention to separate its Performance Chemicals segment through a U.S. tax-free spin-off to shareholders. On December 18, 2014, DuPont announced that the name of the new Performance Chemicals company will be The Chemours Company (“Chemours”). The proposed spin-off is subject to various conditions, complex in nature and may be affected by unanticipated developments or changes in market conditions which are out of the company’s control. Completion of the spin-off will be contingent upon customary closing conditions, including receipt of regulatory approvals, the effectiveness of appropriate filings with the Securities and Exchange Commission and final approval of the transactions contemplated by the spin-off by DuPont’s Board of Directors.

The tax-free treatment of the spin-off is also contingent on the continued validity of a ruling received from the United States Internal Revenue Service (IRS Ruling), as well as receipt of legal opinions (Tax Opinion). Although the IRS Ruling is generally binding on the IRS, it is based on certain facts and assumptions, and certain representations that necessary conditions to obtain tax-free treatment have been satisfied. If any of the facts, representations, assumptions or undertakings described or made in connection with the IRS Ruling or the Tax Opinion are not correct, are incomplete, or have been violated, the IRS Ruling could be revoked or modified by the IRS and DuPont's ability to rely on the Tax Opinion could be jeopardized. The company is not aware of any facts or circumstances, however, that would cause these facts, representations or assumptions to be untrue or incomplete, or that would cause any of these undertakings to fail to be complied with, in any material respect. If the spin-off distribution, and/or related internal transactions, were to be determined taxable, DuPont or Chemours could incur significant U.S. federal income tax liabilities. In addition, if the spin-off were deemed to be taxable, each holder of DuPont common stock who received shares of Chemours would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the shares received. Even if the distribution otherwise qualifies for tax-free treatment, the distribution may result in a corporate level taxable gain to the company if 50 percent or more, by vote or value, of DuPont or Chemours common stock, is treated as acquired or issued as part of a plan or series of related transactions that includes the distribution. While DuPont would recognize a taxable gain as described above, the distribution would be tax-free to DuPont common stockholders.

Any of these factors could have a material adverse effect on the company’s financial condition, results of operations, cash flows and trading price.

Market acceptance, government policies, rules or regulations and competition could affect the company's ability to generate sales from products based on biotechnology.
The company is using biotechnology to create and improve products, particularly in its Agriculture and Industrial Biosciences segments. These products enable cost and process benefits, better product performance and improve environmental outcomes to a broad range of products and processes such as seeds, animal nutrition, detergents, food manufacturing, ethanol production and industrial applications. The company's ability to generate sales from such products could be impacted by market acceptance as well as governmental policies, laws and regulations that affect the development, manufacture and distribution of products, particularly the testing and planting of seeds containing biotechnology traits and the import of crops and other products derived from those seeds.

In order to maintain its right to sell existing products or to commercialize new products containing biotechnology traits, particularly seed products, the company must be able to demonstrate its ability to satisfy the requirements of regulatory agencies. Sales of seeds with biotechnology traits into jurisdictions where planting has been approved could be affected if key import markets have not approved the import of crops containing such biotechnology traits. If import occurs in these markets, it could lead to disruption and potential liability for the company.

The regulatory environment is lengthy and complex with requirements that can vary by industry and by country. The regulatory environment may be impacted by the activities of non-governmental organizations and special interest groups and stakeholder reaction to actual or perceived impacts of new technology on safety, health and the environment. Obtaining and maintaining regulatory approvals requires submitting a significant amount of information and data, which may require participation from technology providers. Regulatory standards and trial procedures are continuously changing. The pace of change together with the lack of regulatory harmony could result in unintended noncompliance. In addition, the company’s compliance could be affected by the detection of low level presence of biotechnology traits in conventional seed or products produced from such seed. Furthermore, the detection of biotechnology traits not approved in the country of planting may affect the company’s ability to supply product and could affect exports of products produced from such seeds and even result in crop destruction or product recalls.

The company's business, including its results of operations and reputation, could be adversely affected by process safety and product stewardship issues.
Failure to appropriately manage safety, human health, product liability and environmental risks associated with the company's products, product life cycles and production processes could adversely impact employees, communities, stakeholders, the environment, the company's reputation and its results of operations. Public perception of the risks associated with the company's products and production processes could impact product acceptance and influence the regulatory environment in which the company operates. While the company has procedures and controls to manage process safety risks, issues could be created by events outside of its control including natural disasters, severe weather events, acts of sabotage and substandard performance by the company's external partners.

As a result of the company's current and past operations, including operations related to divested businesses, the company could incur significant environmental liabilities.
The company is subject to various laws and regulations around the world governing the environment, including the discharge of pollutants and the management and disposal of hazardous substances. As a result of its operations, including its past operations and operations of divested businesses, the company could incur substantial costs, including remediation and restoration costs. The costs of complying with complex environmental laws and regulations, as well as internal voluntary programs, are significant and will continue to be so for the foreseeable future. The ultimate costs under environmental laws and the timing of these costs are difficult to predict. The company's accruals for such costs and liabilities may not be adequate because the estimates on which the accruals are based depend on a number of factors including the nature of the matter, the complexity of the site, site geology, the nature and extent of contamination, the type of remedy, the outcome of discussions with regulatory agencies and other Potentially Responsible Parties (PRPs) at multi-party sites and the number and financial viability of other PRPs.

The company's results of operations could be adversely affected by litigation and other commitments and contingencies.
The company faces risks arising from various unasserted and asserted litigation matters, including, but not limited to, product liability, patent infringement, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. The company has noted a nationwide trend in purported class actions against chemical manufacturers generally seeking relief such as medical monitoring, property damages, off-site remediation and punitive damages arising from alleged environmental torts without claiming present personal injuries. The company also has noted a trend in public and private nuisance suits being filed on behalf of states, counties, cities and utilities alleging harm to the general public. Various factors or developments can lead to changes in current estimates of liabilities such as a final adverse judgment, significant settlement or changes in applicable law. A future adverse ruling or unfavorable development could result in future charges that could have a material adverse effect on the company. An adverse outcome in any one or more of these matters could be material to the company's financial results.

In the ordinary course of business, the company may make certain commitments, including representations, warranties and indemnities relating to current and past operations, including those related to divested businesses and issue guarantees of third party obligations. If the company were required to make payments as a result, they could exceed the amounts accrued, thereby adversely affecting the company's results of operations.

None.
ITEM 2. PROPERTIES

The company's corporate headquarters are located in Wilmington, Delaware. The company's manufacturing, processing, marketing and research and development facilities, as well as regional purchasing offices and distribution centers are located throughout the world. Additional information with respect to the company's property, plant and equipment and leases is contained in Notes 9, 15 and 20 to the Consolidated Financial Statements.

The company has investments in property, plant and equipment related to global manufacturing operations. Collectively there are approximately 300 principal sites in total. The number of sites used by their applicable segment(s) by major geographic area around the world is as follows:

	Number of Sites							
	Agriculture	Electronics & Communications	Industrial Biosciences	Nutrition & Health	Performance Chemicals	Performance Materials	Safety & Protection	Total [1]
Asia Pacific	23	9	1	9	6	17	6	71
EMEA[2]	26	3	7	18	5	8	3	70
Latin America	18	—	1	7	1	1	—	28
U.S. & Canada	63	18	7	12	28	16	9	153
	130	30	16	46	40	42	18	322

1. Sites that are used by multiple segments are included more than once in the figures above.
2. Europe, Middle East, and Africa (EMEA).

The company's plants and equipment are well maintained and in good operating condition. The company believes it has sufficient production capacity to meet demand in 2015. Properties are primarily owned by the company; however, certain properties are leased. No title examination of the properties has been made for the purpose of this report and certain properties are shared with other tenants under long-term leases.

DuPont recognizes that the security and safety of its operations are critical to its employees, community and to the future of the company. As such, the company has merged chemical site security into its safety core value where it serves as an integral part of its long standing safety culture. Physical security measures have been combined with process safety measures (including the use of inherently safer technology), administrative procedures and emergency response preparedness into an integrated security plan. The company has conducted vulnerability assessments at operating facilities in the U.S. and high priority sites worldwide and identified and implemented appropriate measures to protect these facilities from physical and cyber attacks. DuPont is partnering with carriers, including railroad, shipping and trucking companies, to secure chemicals in transit.

Part I
ITEM 3. LEGAL PROCEEDINGS

The company is subject to various litigation matters, including, but not limited to, product liability, patent infringement, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. Information regarding certain of these matters is set forth below and in Note 15 to the Consolidated Financial Statements.

Litigation
Imprelis® Herbicide Claims Process
Information related to this matter is included in Note 15 to the Consolidated Financial Statements under the heading Imprelis®.

PFOA: Environmental and Litigation Proceedings
For purposes of this report, the term PFOA means collectively perfluorooctanoic acid and its salts, including the ammonium salt and does not distinguish between the two forms. Information related to this matter is included in Note 15 to the Consolidated Financial Statements under the heading PFOA.

Environmental Proceedings
Chambers Works Plant, Deepwater, New Jersey
In 2010, the government initiated an enforcement action alleging that the facility violated recordkeeping requirements of certain provisions of the Clean Air Act (CAA) and the Federal Clean Air Act Regulations (FCAR) governing Leak Detection and Reporting (LDAR) and that it failed to report emissions of a compound from Chambers Works' waste water treatment facility under Emergency Planning and Community Right to Know Act (EPCRA). The alleged non-compliance was identified by the U.S. Environmental Protection Agency (EPA) in 2007 and 2009 following separate environmental audits. DuPont and the Department of Justice (DOJ) have reached an agreement in principle resolving these allegations whereby DuPont would pay a penalty assessment of about $0.5 million and agree to a modification of its air permit ensuring continued compliance with refrigeration unit repair requirements. The settlement is pending before the District Court in New Jersey while the DOJ solicits public comment.

LaPorte Plant, LaPorte, Texas
EPA conducted a multimedia inspection at the LaPorte facility in January 2008. DuPont, EPA and DOJ began discussions in the Fall 2011 relating to the management of certain materials in the facility's waste water treatment system, hazardous waste management, flare and air emissions. These negotiations continue.

LaPorte Plant, LaPorte, Texas - Crop Protection
On November 15, 2014 there was a release of methyl mercaptan at the company’s LaPorte facility. The release occurred at the site’s Crop Protection unit resulting in four employee fatalities inside the unit. DuPont is continuing its investigation into the incident. Several governmental agencies also are conducting their own investigations. DuPont is cooperating with these agency reviews.

Sabine Plant, Orange, Texas
In June 2012, DuPont began discussions with DOJ and EPA related to a multimedia inspection that EPA conducted at the Sabine facility in March 2009. The discussions involve the management of materials in the facility's waste water treatment system, hazardous waste management, flare and air emissions.

ITEM 4. MINE SAFETY DISCLOSURES

Information regarding mine safety and other regulatory actions at the company's surface mine in Starke, Florida is included in Exhibit 95 to this report.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for Registrant's Common Equity and Related Stockholder Matters

The company's common stock is listed on the New York Stock Exchange, Inc. (symbol DD) and certain non-U.S. exchanges. The number of record holders of common stock was approximately 66,000 at January 30, 2015.

Holders of the company's common stock are entitled to receive dividends when they are declared by the Board of Directors. While it is not a guarantee of future conduct, the company has continuously paid a quarterly dividend since the fourth quarter 1904. Dividends on common stock and preferred stock are usually declared in January, April, July and October. When dividends on common stock are declared, they are usually paid mid March, June, September and December. Preferred dividends are paid on or about the 25th of January, April, July and October. The Stock Transfer Agent and Registrar is Computershare Trust Company, N.A.

The company's quarterly high and low trading stock prices and dividends per common share for 2014 and 2013 are shown below.

	Market Prices		
2014	High	Low	Per Share Dividend Declared
Fourth Quarter	$75.82	$64.55	$0.47
Third Quarter	72.92	63.70	0.47
Second Quarter	69.75	64.35	0.45
First Quarter	67.95	59.35	0.45
2013			
Fourth Quarter	$65.00	$56.46	$0.45
Third Quarter	60.86	52.04	0.45
Second Quarter	57.25	48.21	0.45
First Quarter	50.20	45.11	0.43

Issuer Purchases of Equity Securities

In January 2014, the company's Board of Directors authorized a $5 billion share buyback plan that replaced the 2011 plan. There is no required completion date for purchases under the 2014 plan.

In August 2014, the company entered into an accelerated share repurchase (ASR) agreement with a financial institution. The ASR was completed in the fourth quarter 2014. Under the terms of the ASR agreement, the company paid $700 million to the financial institution and received and retired 10.4 million shares at an average price of $67.63 per share. See Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, on page 33 of this report and Note 16 to the Consolidated Financial Statements for additional information.

The following table summarizes information with respect to the company's purchase of its common stock during the three months ended December 31, 2014:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Value of Shares that May Yet Be Purchased Under the Program[1] (Dollars in millions)
November:				

ASR [2]	1,761,968	$67.63	1,761,968	
Total	1,761,968		1,761,968	$3,000

[1] Represents approximate value of shares that may yet be purchased under the 2014 plan.
[2] Shares purchased in November 2014 include the final share delivery amount under the August 2014 ASR agreement.

Stock Performance Graph
The following graph presents the cumulative five-year total shareholder return for the company's common stock compared with the S&P 500 Stock Index and the Dow Jones Industrial Average.

	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013	12/31/2014
DuPont	$100	$155	$146	$149	$222	$260
S&P 500 Index	100	115	117	136	180	205
Dow Jones Industrial Average	100	114	124	136	177	194

The graph assumes that the values of DuPont common stock, the S&P 500 Stock Index and the Dow Jones Industrial Average were each $100 on December 31, 2009 and that all dividends were reinvested.

(Dollars in millions, except per share)	2014	2013	2012	2011	2010
Summary of operations[1]					
Net sales	$34,723	$35,734	$34,812	$33,681	$27,700
Employee separation / asset related charges, net	$497	$114	$493	$53	$(40)
Income from continuing operations before income taxes	$4,991	$3,489	$3,088	$3,879	$3,259
Provision for income taxes on continuing operations	$1,370	$626	$616	$647	$518
Net income attributable to DuPont	$3,625	$4,848	$2,755	$3,559	$3,022
Basic earnings per share of common stock from continuing operations	$3.94	$3.07	$2.61	$3.43	$2.98
Diluted earnings per share of common stock from continuing operations	$3.90	$3.04	$2.59	$3.38	$2.94
Financial position at year-end[1]					
Working capital[2]	$9,108	$11,017	$7,765	$7,030	$9,733
Total assets[3]	$49,876	$51,499	$49,859	$48,643	$40,470
Borrowings and capital lease obligations					
Short-term	$1,423	$1,721	$1,275	$817	$133
Long-term	$9,271	$10,741	$10,465	$11,736	$10,137
Total equity	$13,378	$16,286	$10,299	$9,208	$9,800
General[1]					
For the year					
Purchases of property, plant & equipment and investments in affiliates	$2,062	$1,940	$1,890	$1,910	$1,608
Depreciation	$1,254	$1,280	$1,319	$1,199	$1,118
Research and development expense	$2,067	$2,153	$2,123	$1,960	$1,650
Weighted-average number of common shares outstanding (millions)					
Basic	915	926	933	928	909
Diluted	922	933	942	941	922
Dividends per common share	$1.84	$1.78	$1.70	$1.64	$1.64
At year-end					
Employees (thousands)	63	64	70	70	60
Closing stock price	$73.94	$64.97	$44.98	$45.78	$49.88
Common stockholders of record (thousands)	66	70	74	78	81

1. Information has been restated to reflect the impact of discontinued operations, as applicable. See Note 1, Basis of Presentation, to the Consolidated Financial Statements for further information.
2. At December 31, 2012, working capital included approximately $2 billion of net assets related to the Performance Coatings business, of which approximately$1.3 billion was previously considered to be noncurrent and was classified as held for sale as of December 31, 2012. Working capital at December 31, 2013 includes cash received from the sale of the Performance Coatings business. See Note 2 to the Consolidated Financial Statements for further information.
3. During 2011, the company acquired approximately $8.8 billion of assets in connection with the Danisco acquisition.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENTS ABOUT FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that addre expectations or projections about the future, including statements about the company's strategy for growth, product development, regulatory approval, market position, anticipated benefits of recent acquisitions, timing of anticipated benefits from restructuring actions, outcome of contingencies, such as litigation and environmental matters, expenditures and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events which may not be accurate or realized. Forward-looking statements also involve risks and uncertainties, many of which are beyond the company's control. Some of the important factors that could cause the company's actual results to differ materially from those projected in any such forward-looking statements are:

- Fluctuations in energy and raw material prices;
- Failure to develop and market new products and optimally manage product life cycles;
- Outcome of significant litigation and environmental matters, including those related to divested businesses;
- Failure to appropriately manage process safety and product stewardship issues;
- Effect of changes in tax, environmental and other laws and regulations or political conditions in the United States of America (U.S.) and other countries in which the company operates;
- Conditions in the global economy and global capital markets, including economic factors such as inflation, deflation, fluctuation in currency rates, interest rates and commodity prices;
- Failure to appropriately respond to market acceptance, government rules, regulations and policies affecting products based on biotechnology;
- Impact of business disruptions, including supply disruptions, and security threats, regardless of cause, including acts of sabotage, cyber-attacks, terrorism or war, weather events and natural disasters;
- Ability to discover, develop and protect new technologies and enforce the company's intellectual property rights; and
- Successful integration of acquired businesses and separation of underperforming or non-strategic assets or businesses, including the proposed spin-off of the Performance Chemicals segment.

For some of the important factors that could cause the company's actual results to differ materially from those projected in any such forward-looking statements, see the Risk Factors discussion set forth under Part I, Item 1A beginning on page 9.

Overview

Purpose DuPont’s businesses serve markets where the increasing demand for more and healthier food, renewably sourced materials and fuels, and advanced industrial materials is creating substantial growth opportunities. The company’s unique combination of sciences, proven research and development (R&D) engine, broad global reach, and deep market penetration are distinctive competitive advantages that position the company to continue capitalizing on this enormous potential.

Strategy Position DuPont as a higher growth, higher value company, well equipped to drive revenue and profit growth through science-based innovation and the company’s significant competitive advantages with three priorities:

-

Agriculture & Nutrition - extend DuPont’s leadership across the high-value, science-driven segments of the Agriculture and Food value chain;

- Advanced Materials - strengthen and grow DuPont's leading position in differentiated, high-value materials and leverage new sciences;
- Bio-Based Industrials - develop world-leading industrial biotechnology capabilities to create transformational new bio-based businesses.

The company is committed to maintain a strong balance sheet and to return excess cash to shareholders unless there is a compelling opportunity to invest for growth.

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results Income from continuing operations after income taxes was $3.6 billion, up 26 percent from $2.9 billion in 2013, reflecting higher segment PTOI, lower pension and OPEB costs, partly offset by Performance Chemicals separation transaction costs and restructuring charges. Net sales were $34.7 billion, a 3 percent decrease from prior year, reflecting portfolio changes and a negative impact from currency. Total segment PTOI was $6.4 billion, 18 percent above last year, principally due to gains on asset sales, insurance recoveries, lower performance-based compensation, and the absence of prior-year charges for litigation and product claims, partly offset by higher restructuring charges.

Analysis of Operations

Redesign Initiative and 2014 Restructuring Plan In June 2014, DuPont announced its global, multi-year initiative to redesign its global organization and operating model to reduce costs and improve productivity and agility across all businesses and functions. DuPont commenced a restructuring plan to realign and rebalance staff function support, enhance operational efficiency, and to reduce residual costs associated with the separation of its Performance Chemicals segment. As a result, during the year ended December 31, 2014 a pre-tax charge of $562 million was recorded, consisting of $497 million in employee separation / asset related charges, net and $65 million in other income, net. The charges consisted of $319 million of employee separation charges, $17 million of other non-personnel charges, and $226 million of asset related charges, including $65 million of charges associated with the restructuring actions of a joint venture within the Performance Materials segment. The actions associated with this charge and all related payments are expected to be substantially complete by mid-2016 and will result in future cash payments at December 31, 2014 of $268 million primarily related to severance and related benefits. The company anticipates that it will incur future charges, which it cannot reasonably estimate at this time, related to this plan as it implements additional actions. Pre-tax cost savings related to this charge are expected to be about $500 million in 2015 and approximately $625 million in subsequent years. This, coupled with further cost savings initiatives and $375 million of costs directly associated with Chemours to be eliminated upon separation, are expected to yield savings on a run-rate basis of approximately $1 billion at the end of fourth quarter 2015 and $1.3 billion by 2017. Additional details related to this plan can be found in Note 3 to the Consolidated Financial Statements.

Separation of Performance Chemicals In October 2013, DuPont announced that it intends to separate its Performance Chemicals segment through a U.S. tax-free spin-off to shareholders, subject to customary closing conditions. In December 2014, the initial Form 10 registration statement related to the spin-off was filed with the SEC for the new public company to be created following completion of the pending separation of its Performance Chemicals segment. The new public company will be named The Chemours Company (Chemours). The company expects to complete the separation about mid-2015.

As part of the separation, DuPont incurred $175 million in transaction costs, which were recorded in other operating charges in the Consolidated Income Statement for the year ended December 31, 2014. The company expects to incur additional costs related to the separation in 2015 estimated at about $350 million. These transaction costs primarily relate to professional fees associated with preparation of regulatory filings and separation activities within finance, legal and information system functions. In addition, the company expects to return all or substantially all of the one-time dividend proceeds from Chemours to DuPont shareholders through share repurchases within the 12 to18 months following the separation of Chemours, with a portion returned in 2015.

As a result of the separation of its Performance Chemicals segment, coupled with the company’s redesign initiative, the functional currency at certain of the company’s foreign entities is being re-evaluated and, in some cases, will result in a change in the foreign entities' functional currency. The re-evaluation will not impact the company's results of operations on the date of the change.

Divestiture of Performance Coatings In August 2012, the company entered into a definitive agreement with Flash Bermuda Co. Ltd., a Bermuda exempted limited liability company formed by affiliates of The Carlyle Group (collectively referred to as "Carlyle") in which Carlyle agreed to purchase certain subsidiaries and assets comprising the company's Performance Coatings business. In February 2013, the sale was completed resulting in a pre-tax gain of approximately $2.7 billion ($2.0 billion net of tax). The gain was recorded in income from discontinued operations after income taxes in the Consolidated Income Statement for the year ended December 31, 2013.

In accordance with generally accepted accounting principles in the United States of America (GAAP), the results of Performance Coatings are presented as discontinued operations and, as such, have been excluded from continuing operations and segment results for all periods presented. See Note 2 to the Consolidated Financial Statements for additional information.

(Dollars in millions)	2014	2013	2012
NET SALES	$34,723	$35,734	$34,812

2014 versus 2013 The table below shows a regional breakdown of 2014 consolidated net sales based on location of customers and percentage variances from prior year:

(Dollars in billions)	2014 Net Sales	Percent Change vs. 2013	Percent Change Due to: Local Price	Currency Effect	Volume	Portfolio / Other
Worldwide	$34.7	(3)	(1)	(1)	1	(2)
U.S. & Canada	14.0	(5)	(1)	—	(1)	(3)
EMEA[1]	8.5	1	—	—	2	(1)
Asia Pacific	7.7	(1)	(2)	(2)	4	(1)
Latin America	4.5	(6)	(1)	(3)	(1)	(1)

1. Europe, Middle East, and Africa (EMEA).

Net sales of $34.7 billion were 3 percent below prior year including a 2 percent reduction from portfolio changes, primarily due to changes within the Performance Chemicals and Performance Materials segments and 1 percent negative currency impact. The negative currency impact was driven by the strengthening of the U.S. dollar against most currencies. Local prices were 1 percent lower principally due to lower prices in the Performance Chemicals and Electronics & Communications segments, the latter reflecting lower metals prices. Agriculture local prices were up 1 percent. Sales in developing markets of $11.8 billion were essentially flat versus prior year and represent 34 percent of total company sales versus 33 percent in 2013. Developing markets include China, India and countries located in Latin America, Eastern and Central Europe, Middle East, Africa and Southeast Asia.

2013 versus 2012 The table below shows a regional breakdown of 2013 consolidated net sales based on location of customers and percentage variances from 2012:

(Dollars in billions)	2013 Net Sales	Percent Change vs. 2012	Percent Change Due to: Local Price	Currency Effect	Volume	Portfolio / Other
Worldwide	$35.7	3	(1)	(1)	5	—
U.S. & Canada	14.8	4	1	—	3	—
EMEA[1]	8.4	4	(2)	1	4	1

Asia Pacific	7.7	(3	)(6	)(3	)6	—
Latin America	4.8	6	—	(3	)9	—

1. Europe, Middle East, and Africa (EMEA).

Net sales increased 3 percent, reflecting a 5 percent increase in worldwide sales volume with growth in all segments. Local prices were 1 percent lower principally due to a 12 percent decline in Performance Chemicals prices and a pass through of lower precious metals prices for Electronics & Communications. Negative currency impact reflects a weaker Brazilian real and Indian rupee, partly offset by a stronger Euro. Sales in developing markets of $11.9 billion improved 7 percent on 10 percent higher volume, and the percentage of total company sales in these markets increased to 33 percent from 32 percent in 2012.

(Dollars in millions)	2014	2013	2012
OTHER INCOME, NET	$1,323	$410	$498

2014 versus 2013 The $913 million increase was primarily due to $749 million of gains on sales of businesses and other assets, including a $391 million gain on the sale of GLS/Vinyls which is recorded within the Performance Materials segment, and a $240 million gain on the sale of copper fungicides and land management businesses, both within the Agriculture segment. There were additional net pre-tax exchange gains of $263 million, partially offset by $65 million for charges associated with the restructuring actions of a joint venture within the Performance Materials segment and the absence of the $26 million re-measurement gain on equity method investment in 2013. Net pre-tax exchange gains for the year ended December 31, 2014, includes $58 million, $46 million, and $14 million in exchange losses, associated with the devaluation of the Venezuelan bolivar, Ukrainian hryvnia, and Argentinian peso, respectively. Net pre-tax exchange loss for the year ended December 31, 2013 includes $33 million exchange losses associated with the devaluation of the Venezuela bolivar.

2013 versus 2012 The $88 million decrease was largely attributable to the absence of a $122 million gain related to the 2012 sale of the company's interest in an equity method investment, the absence of a $117 million gain related to the 2012 sale of a business within the Agriculture segment, partially offset by $87 million lower net pre-tax exchange losses, $27 million increase in interest income, and a $26 million re-measurement gain on an equity investment.

Additional information related to the company's other income, net is included in Note 4 to the Consolidated Financial Statements.

(Dollars in millions)	2014		2013		2012	
COST OF GOODS SOLD	$21,703		$22,547		$21,400	
As a percent of net sales	63	%	63	%	61	%

2014 versus 2013 Cost of goods sold (COGS) decreased 4 percent to $21.7 billion principally due to portfolio refinements and a 1 percent decrease in product unit costs driven by lower metals and other raw material costs, partially offset with a 1 percent increase in sales volume.

2013 versus 2012 COGS increased 5 percent to $22.5 billion, with 4 percent driven by higher sales volume and 1 percent driven by higher product costs. COGS as a percentage of net sales was 63 percent, a 2 percent increase from 2012. The increase in COGS as a percentage of net sales principally reflects the impact of increased costs for raw materials and agriculture inputs versus lower selling prices, coupled with adverse currency impact.

(Dollars in millions)	2014		2013		2012	
OTHER OPERATING CHARGES	$1,067		$1,560		$1,856	
As a percent of net sales	3	%	4	%	5	%

The company's cost structure has been impacted by the global, multi-year initiative to redesign its global organization and operating model to improve productivity and agility across all businesses and functions. Effective December 31, 2014, in order to better align to the transforming company's organization and resulting cost structure, certain costs were reclassified from other operating charges to selling, general and administrative expenses. Prior year data has been reclassified to conform to current year presentation.

2014 versus 2013 Other operating charges decreased $493 million percent to $1.1 billion, principally due to the absence of prior year charges for Imprelis® herbicide claims and titanium dioxide antitrust litigation and an increase in insurance recoveries. Decreases in other operating charges were partially offset with costs associated with the separation of the Performance Chemicals segment of $175 million.

2013 versus 2012 Other operating charges decreased $296 million to $1.6 billion, principally due to lower Imprelis® herbicide claims, net of insurance recoveries, and the absence of other litigation charges, partially offset with charges for titanium dioxide antitrust litigation.

See Note 2 and 15 to the Consolidated Financial Statements for more information related to the Perfomance Chemicals transaction costs and the Imprelis® matter, respectively.

(Dollars in millions)	2014	2013	2012
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	$5,344	$5,833	$5,886
As a percent of net sales	15 %	16 %	17 %

2014 versus 2013 The $489 million decrease was largely attributable to lower pension and OPEB costs and lower sales commissions within the Agriculture segment. Selling, general and administrative expenses as a percentage of net sales decreased primarily due to lower pension and OPEB costs.

2013 versus 2012 Selling, general and administrative expenses and selling, general and administrative expenses as a percentage of net sales decreased primarily due to savings from prior years restructuring program.

(Dollars in millions)	2014	2013	2012
RESEARCH AND DEVELOPMENT EXPENSE	$2,067	$2,153	$2,123
As a percent of net sales	6 %	6 %	6 %

2014 versus 2013 The $86 million decrease was primarily attributable to lower pension and OPEB costs and lower spending for Agriculture and Electronic & Communications programs.

2013 versus 2012 The $30 million increase was primarily attributable to continued growth investments in the Agriculture segment and increases in pre-commercial investment.

(Dollars in millions)	2014	2013	2012
INTEREST EXPENSE	$377	$448	$464

The $71 million and $16 million decreases in 2014 and 2013, respectively,were due to lower average borrowings as average interest rates were essentially unchanged in each year.

(Dollars in millions)	2014	2013	2012
EMPLOYEE SEPARATION/ASSET RELATED CHARGES, NET	$497	$114	$493

The $497 million in charges recorded during 2014 in employee separation / asset related charges, net are related to the 2014 restructuring plan discussed below.

In June 2014, DuPont announced its global, multi-year initiative to redesign its global organization and operating model to improve productivity and agility across all businesses and functions. DuPont commenced a restructuring plan to realign and rebalance staff function support, enhance operational efficiency, and to reduce residual costs associated with the separation of its Performance Chemicals segment. As a result, during the year ended December 31, 2014 a pre-tax charge of $562 million was recorded, consisting of $497 million in employee separation / asset related charges, net and $65 million in other income, net. The charges consisted of $319 million employee separation costs, $17 million of other non-personnel costs, and $226 million of asset related costs, including $65 million of costs associated with the restructuring actions of a joint venture within the Performance Materials segment. The actions associated with this charge and all related payments are expected to be substantially complete by mid-2016 and will result in future cash payments at December 31, 2014 of approximately $268 million primarily related to severance and related benefits. The actions related to this plan achieved pre-tax cost savings of approximately $80 million in 2014.

The $114 million in charges recorded during 2013 in employee separation / asset related charges, net consisted of a net $15 million restructuring benefit and a $129 million asset impairment charge discussed below. The net $15 million restructuring benefit consisted of a $24 million benefit associated with prior year restructuring programs offset by a $9 million charge resulting from restructuring actions related to a joint venture within the Performance Materials segment. The majority of the $24 million benefit was due to the achievement of work force reductions through non-severance programs associated with the 2012 restructuring program.

The $493 million in charges recorded during 2012 in employee separation / asset related charges, net consisted of $234 million in charges related to the 2012 restructuring program, a $16 million net reduction in the estimated costs associated with prior years restructuring programs, and $275 million in asset impairment charges, as discussed below.

The actions related to this plan achieved pre-tax cost savings of more than $300 million in 2013 and $490 million in 2014.

Asset Impairments

During 2013, the company recorded an asset impairment charge of $129 million to write-down the carrying value of an asset group, within the Electronics & Communications segment, to fair value.

During 2012, the company recorded asset impairment charges of $275 million to write-down the carrying value of certain asset groups to fair value. These asset impairment charges resulted in a $150 million charge within the Electronics & Communications segment, a $92 million charge within the Performance Materials segment and a $33 million charge within the Performance Chemicals segment.

Additional details related to the restructuring programs and asset impairments discussed above can be found in Note 3 to the Consolidated Financial Statements.

Below is a summary of the net impact related to items recorded in employee separation / asset related charges, net:

(Dollars in millions)	2014 (Charges) and Credits	2013 (Charges) and Credits	2012 (Charges) and Credits
Agriculture	$(134)	$1	$(11)
Electronics & Communications	(84)	(131)	(159)
Industrial Biosciences	(13)	1	(3)
Nutrition & Health	(15)	6	(49)
Performance Chemicals	(21)	(2)	(36)
Performance Materials	(34)	(6)	(104)
Safety & Protection	(52)	4	(58)
Other	(22)	5	11
Corporate expenses	(122)	8	(84)
Total Charges	$(497)	$(114)	$(493)

(Dollars in millions)	2014	2013	2012

PROVISION FOR INCOME TAXES ON CONTINUING OPERATIONS	$1,370	$626	$616
Effective income tax rate	27.4 %	17.9 %	19.9 %

In 2014, the company recorded a tax provision on continuing operations of $1.4 billion, reflecting a $0.7 billion increase from 2013, largely due to the impact associated with the company's policy of hedging the foreign currency-denominated monetary assets and liabilities of its operations in addition to the impact of gains on sales of businesses and other assets in the Performance Materials and Agriculture segments. The higher effective tax rate principally reflects the impact of foreign exchange losses on net monetary assets for which no corresponding tax benefit is realized, in addition to the impact of the Venezuelan bolivar devaluation which is also nondeductible.

In 2013, the company recorded a tax provision on continuing operations of $626 million, reflecting a marginal increase from 2012. The decrease in the 2013 effective tax rate compared to 2012 was primarily due to geographic mix of earnings, in addition to benefits associated with certain U.S. business tax provisions in 2013.

See Note 5 to the Consolidated Financial Statements for additional details related to the provision for income taxes on continuing operations, as well as items that significantly impact the company's effective income tax rate.

(Dollars in millions)	2014	2013	2012
INCOME FROM CONTINUING OPERATIONS AFTER INCOME TAXES	$3,621	$2,863	$2,472

Income from continuing operations after income taxes for 2014 was $3.6 billion compared to $2.9 billion in 2013 and $2.5 billion in 2012. The changes between periods were due to the reasons noted above.

Corporate Outlook

The company expects 2015 net sales and income will reflect negative currency impact due to the recent strengthening of the U.S. dollar. The currency impact is expected to be most significant in the first half of the year due to the seasonality of Agriculture in the northern hemisphere. The company also expects to achieve savings from the operational redesign. The 2015 outlook does not reflect the planned separation of the Performance Chemicals segment or the impact of the expected return of capital related to the separation.

Recent Accounting Pronouncements

See Note 1 to the Consolidated Financial Statements for a description of recent accounting pronouncements.

Segment Reviews

Segment sales include transfers to another business segment. Products are transferred between segments on a basis intended to reflect, as nearly as practicable, the market value of the products. Segment PTOI is defined as income (loss) from continuing operations before income taxes excluding non-operating pension and other postretirement employee benefit costs, exchange gains (losses), corporate expenses and interest. Viton® fluoroeastomer products (Viton®) will be included in the Performance Chemicals separation and therefore the results are reported within Performance Chemicals. Viton® was previously reported within Performance Materials. Reclassifications of prior year data have been made to conform to current year classifications. All references to prices are on a U.S. dollar (USD) basis, including the impact of currency, unless otherwise noted.

A reconciliation of segment sales to consolidated net sales and segment PTOI to income from continuing operations before income taxes for 2014, 2013 and 2012 is included in Note 21 to the Consolidated Financial Statements. Segment PTOI and PTOI margins include certain items which management believes are significant to understanding the segment results discussed below. See Note 21 to the Consolidated Financial Statements for details related to these items.

AGRICULTURE

(Dollars in millions)	2014	2013	2012
Segment sales	$11,304	$11,739	$10,426
PTOI	$2,668	$2,132	$1,669
PTOI margin	24 %	18 %	16 %

	2014	2013
Change in segment sales from prior period due to:		
Price	(1)%	5 %
Volume	(3)%	7 %
Portfolio / Other	— %	1 %
Total change	(4)%	13 %

2014 versus 2013 Full year 2014 segment sales of $11.3 billion decreased $0.4 billion, or 4 percent, primarily due to lower corn seed volumes in Brazil and North America and the negative impact of currency, which was partly offset by an increase in crop protection volumes and higher local corn seed prices. In Brazil, corn seed market share and price were lower reflecting the impact of fall armyworm resistance and a reduction in planted hectares of corn. Higher volumes in insecticides were driven by continued growth in Rynaxypyr® and from successful launches of Cyazypyr® and new seed treatments in several markets.

2014 PTOI and PTOI margin increased due to the absence of $425 million of charges incurred in 2013 related to Imprelis® herbicide claims, an increase of $137 million for insurance recoveries of costs related to these customer claims, a gain of $240 million associated with the sale of the copper fungicides and land management businesses, lower performance-based compensation expense of approximately $110 million and lower seed input costs. This was partly offset by a decrease in sales, net change in restructuring charges of $135 million and impacts from portfolio changes. See Notes 3 and 15 to the Consolidated Financial Statements for more information related to the company's 2014 restructuring program and the Imprelis® matter, respectively.

2013 versus 2012 Sales growth was principally driven by higher global seed prices and volumes, increased global insecticide and fungicide volumes, and the benefit of increased ownership in Pannar Seed (Pty) Ltd, slightly offset by negative currency. Growth in seeds reflects strong corn sales in North America and Brazil. Increased insecticide volumes were driven by demand for Rynaxypyr®, particularly in Latin America to combat heavy insect pressure, while fungicide volume increases were led by demand for picoxytstrobin in North America and Latin America.

2013 PTOI and PTOI margin increased on sales growth, lower charges incurred related to Imprelis® herbicide claims, and earlier seed shipments, partially offset by higher seed input costs of about $350 million, $108 million of negative currency impact, and the absence of a $117 million gain on the sale of a business recorded in 2012. As a result of the earlier timing of seed shipments, representing earlier seed shipments for the Brazil safrinha corn season enabled by recent investments and earlier direct seed shipments to North American farmers, approximately $100 million of PTOI was realized in 2013 versus 2014.

2013 PTOI included net charges of $352 million ($425 million in charges offset by $73 million of insurance recoveries) related to Imprelis® herbicide claims compared to charges of $575 million in 2012. See Note 15 to the Consolidated Financial Statements for more information related to the Imprelis® matter.

Outlook Farmer net income has declined and growers in Brazil’s Safrinha season and in North America are likely to reduce corn plantings again in 2015 putting pressure on volumes in the first half of the year. In addition, crop protection volumes are expected to be impacted by lower insect pressure in Brazil and elevated distributor inventories in the Americas.

For the first half 2015 sales are expected to be in the mid-single digits percent lower and PTOI is expected to be approximately 10 percent below 2014. The company expects pricing gains to be more than offset by lower volumes and continued volatile currencies, which are anticipated to be significant in markets like Europe, Brazil and Canada where there has been strong growth in the company's market position in recent years. Volumes will be negatively impacted by the expected decline in North America and Brazil Safrinha corn area and the timing of seed shipments in the fourth quarter of 2014.

For the full year we expect a decrease in sales in the low-single digits percent and a decrease in PTOI in the high-single digits percent as price gains from new seed and crop protection products are more than offset by the negative impacts of currency. Excluding the impact of currency, we would expect PTOI to be up in the mid- to high-single digits.

ELECTRONICS & COMMUNICATIONS

(Dollars in millions)	2014	2013	2012
Segment sales	$2,393	$2,549	$2,701
PTOI	$271	$203	