



**TRIAN PARTNERS DELIVERS LETTER AND WHITE PAPER SUMMARY
TO DUPONT BOARD**

*Says Conglomerate Structure Is Destroying Shareholder Value;
Suggests Initiatives It Believes Can Double Share Value In Three Years;
Plans To Meet With DuPont Shareholders*

NEW YORK, September 17, 2014 – Trian Fund Management, L.P. (“Trian”), whose investment funds beneficially own approximately \$1.6 billion of the outstanding shares of E. I. du Pont de Nemours and Company (NYSE: DD), today said it has sent a letter to DuPont’s Board of Directors analyzing how DuPont’s conglomerate structure is destroying shareholder value. The letter and accompanying White Paper Summary also detail initiatives DuPont should take that Trian believes could significantly improve DuPont’s financial performance and double the value of its common stock within three years. Trian plans to meet with DuPont shareholders to present its analysis and strongly recommends that the DuPont Board meet shareholders without management present to hear their views.

Trian’s letter to the DuPont Board is below.

September 16, 2014

By Federal Express and email c/o Erik.T.Hoover@dupont.com

The Board of Directors
c/o Corporate Secretary
DuPont Company
1007 Market Street
D-9058
Wilmington, DE 19898

Dear Members of the Board:

Investment funds managed by Trian Fund Management, L.P. (collectively, “Trian”) currently beneficially own approximately \$1.6 billion of the outstanding shares of E. I. du Pont de Nemours and Company (“DuPont” or the “Company”), making Trian one of DuPont’s largest shareholders.

As you know, Trian has engaged in a private dialogue for more than a year with DuPont’s management and the Lead Director regarding specific initiatives we believe can significantly improve the Company’s financial performance. While we applaud the announced spin-off of Performance Chemicals, the Fresh Start initiative and the \$5 billion share buyback authorization, we believe strongly that, by themselves, these moves are not enough to optimize shareholder value. We would have preferred to continue working privately with management and the Board, but it is now clear that the Board is not willing to hold management accountable for continuing underperformance and repeated failures to deliver promised revenue and earnings targets. Therefore, we can no longer be silent as DuPont continues to struggle to execute what we are convinced is a flawed business plan, especially as we have a solution that we believe could double the value of DuPont’s shares over the next three years.

Trian believes the reason for DuPont’s persistent underperformance is very simple: **DuPont’s conglomerate structure is destroying value.** Even after the spin-off of Performance Chemicals, which is expected to be completed in mid-2015, DuPont will remain an inefficient conglomerate characterized by:

1) Excessive holding company costs – we estimate \$2 to \$4 billion of *excess corporate* costs including \$1 billion of publicly disclosed *unallocated corporate expenses* (corporate expenses include the maintenance of a country club, a 1,252-seat theatre and a 217-room hotel).¹

2) Disparate businesses and overwhelming complexity have rendered the management team incapable of meeting its own guidance.

3) Bureaucracy and a lack of accountability have led to below-peer organic revenue growth and margins in most segments.

4) An inefficient capital structure limits total shareholder returns (TSR) over time.

5) A persistent conglomerate discount because it is neither a pure-play growth company, nor a cyclical recovery play nor a capital return story. Importantly, it fails to deliver low EPS volatility and strong EPS growth, the fundamental rationale for a conglomerate.

The conglomerate structure and resulting inefficiencies have led to subpar financial performance and low management credibility. Listed below are just some of the major missteps shareholders have endured:

- In 2012, DuPont announced the sale of its Coatings business to private equity. At the time, Coatings generated \$339 million of EBITDA (earnings before interest, taxes, depreciation and amortization). Today, that same business (now called Axalta) generates \$813 million of EBITDA, an improvement of 140% as the private equity owners have reduced unnecessary costs.²
- In August 2014, Axalta's private equity owners filed an S-1 to take the company public. The Axalta S-1 discloses that pro forma EBITDA in 2011 was \$568 million, \$229 million (or 67%) higher than the \$339 million originally reported by DuPont in the same year.³ This implies that DuPont burdened the Coatings segment with \$229 million of excess corporate costs in 2011 (representing over 5% of Coatings sales at the time).⁴
- DuPont transferred wealth to private equity owners by selling Coatings instead of spinning it off to shareholders tax-free. In 2013, DuPont received after-tax cash proceeds of \$4 billion, or \$4.37 per share, for the Coatings business.⁵ Trian believes a standalone Coatings business would be worth \$11.79 per share if Coatings had been spun-off tax-free, achieved the same operating improvements that private equity has executed (i.e. was run efficiently), and traded at a peer multiple.⁶ In effect, DuPont transferred \$7.42 per share or \$6.8 billion to private equity investors at the expense of its shareholders.
- In 2011, DuPont paid 12.2x EBITDA for Danisco which was intended to provide more growth to the portfolio.⁷ Since the acquisition, Danisco's organic revenue growth has declined by one-third and margins are approximately half of what they were in 2010 (pro forma for claimed synergy realization of \$130 million and portfolio composition).⁸
- Since 1998, DuPont has been in a state of perpetual transformation – having divested or separated businesses generating more than \$40 billion of revenue and acquired businesses generating nearly \$12 billion of revenue – yet 16 years later, the stock price has declined 21% from its 1998 peak.⁹
- Earnings are *down* since 2011. 2014 earnings per share (EPS) are now expected to be \$4.05, down from \$4.32 in 2011, despite spending ~\$11.6 billion on net investments during the same timeframe excluding net capital invested in mergers and acquisitions (M&A) of \$1.7 billion.¹⁰ Management has failed to achieve its target of 12% long-term EPS growth.¹¹

- Management is unable to forecast the results of the business. In June 2014, **DuPont lowered and/or missed earnings guidance for the third consecutive year.**¹²
- After failing to achieve long-term operating targets presented at its 2011 Investor Day, DuPont lowered targets in six of seven segments at its 2013 Investor Day.¹³
- DuPont’s organic revenue growth and margins, the operating metrics that ultimately determine success or failure, trail peers in five of seven segments.¹⁴
- DuPont management has resorted to “manufacturing” earnings to meet guidance. In 2013, non-operating benefits contributed 27 cents of headline EPS. Such benefits include a pull-forward of seed sales, one-time investment gains and lower-than-expected taxes.¹⁵
- During current management’s tenure (since 2009), “significant items” (defined as one-time earnings “addbacks” according to the Company) have totaled \$2.3 billion, increasing headline EPS by ~8% per annum on average.¹⁶ Addbacks, which are not extraordinary when they occur every year, have averaged \$663 million annually over the past three years (2011-13).
- DuPont has significantly underperformed diversified chemical companies and industrial conglomerates in TSR and EPS growth over virtually all time frames.¹⁷

As we have discussed, we believe DuPont should implement the following strategic and operating initiatives (the “Trian Initiatives”) to optimize long-term value for shareholders:

- 1) Separate DuPont into GrowthCo (Agriculture, Nutrition and Health, Industrial Biosciences) and CyclicalCo/CashCo (Performance Materials, Safety and Protection, Electronics and Communications), in addition to the announced separation of Performance Chemicals
- 2) Commit to the elimination of unnecessary holding company costs, the implementation of zero-based budgeting, and a timeframe for best-in-class revenue growth and margins in each business, by segment
- 3) Commit to a shareholder-friendly capital allocation policy at the low-growth and highly cash generative CyclicalCo/CashCo and a prioritization of high return on invested capital (ROIC) organic growth initiatives at GrowthCo
- 4) Implement the following corporate governance initiatives:
 - a. Put an end to extraordinary charges (or “significant items”)
 - b. Commit to best-in-class transparency and consistency of reporting

The Trian Initiatives will eliminate the inefficient holding company structure by creating two autonomously-managed businesses (three including Performance Chemicals). The separation is a means to an end as we believe it will significantly increase the probability that the individual businesses eliminate the significant operational performance gap versus peers (see a detailed explanation in the attached summary of our White Paper) and achieve a valuation multiple re-rating. The Coatings case study shows us the profit potential of DuPont if it was managed efficiently. Accordingly, the primary driver of value creation in our financial model is operational improvement, not a simplistic sum-of-the-parts. **We believe the Trian Initiatives have the potential to double the value of DuPont’s stock over the next three years.**

DuPont represents one of the largest positions in our portfolio and we have recently increased our position. Trian has a strong vested interest in the future of the Company’s businesses. We take pride in our reputation as a long-term shareholder with a proven history of working constructively with boards and management teams to implement value added strategic and operating initiatives. We have discussed adding a Trian

representative and an industry-insider to the Board with you to ensure that shareholder perspectives are adequately represented, yet that idea has been summarily rejected. Therefore, we will begin to meet with other shareholders to present our White Paper and discuss our views. Ultimately, the shareholders will decide the right path forward for DuPont. In addition, we will continue to closely monitor DuPont's performance – and we strongly recommend that instead of dismissing our initiatives, Board members meet shareholders without management present to learn their views. We believe such a dialogue would be enlightening and provide the Board with a valuable new perspective.

At many underperforming companies, the management team has an “information advantage” and board members are apt to unknowingly defer to management's rhetoric. We have reviewed DuPont's presentation titled “*Leveraging Good Governance and Strategic Vision to Build a Sustainable Future*” dated September 2014 which claims the leadership team “outperformed peer firms in total shareholder return, operating EPS growth,” “exceeded management's financial targets,” “achieved operational and cost productivity objectives,” improved margins “by 540 basis points” and “successfully integrated Danisco.” In order to assist you in discerning rhetoric from reality, we are attaching a summary of our White Paper which provides more information regarding our analysis of DuPont's value-creation potential. We remain willing to engage in discussions with you at any time.

Very truly yours,



Nelson Peltz
*Founding Partner &
Chief Executive Officer*



Peter May
*Founding Partner &
President*



Ed Garden
*Founding Partner &
Chief Investment Officer*



Matt Peltz
Partner & Senior Analyst



Brian Jacoby
Partner & Senior Analyst

END NOTES

¹ For theatre: <http://duponttheatre.com/theatre-rental/>. For hotel: <http://www.hoteldupont.com/accommodations-en.html>. Sources for \$1 billion unallocated corporate expense are DuPont Q4 2013 earnings release, 2013 10-K and Q2 2014 earnings release. This figure includes operating income/expense reported as “Other” (income/expense from activities that DuPont doesn't allocate to its seven reported business segments) and “corporate” expenses, but excludes related depreciation and amortization (D&A) (calculation estimates total unallocated cash corporate expenses). Estimates LTM corporate D&A by looking at corporate D&A as a % of total D&A in 2013 and applying that percentage to LTM D&A. The \$2-\$4 billion excess corporate expense range is a Trian estimate based on public information – sources are DuPont 2013 10-K, DuPont Q2 2014 Press Release, DuPont 2011 10-K and Axalta Coatings Systems Ltd. S-1 filing as of 8/20/2014. More details on Trian's excess corporate calculation methodology is set forth on pages 14 and 15 of Trian's letter and analysis.

² Source: Axalta Coatings Systems Ltd. S-1 filing as of 8/20/2014, DuPont 2011 10-K and DuPont Q4 2011 earnings report. Analysis compares pro forma last twelve months (LTM) EBITDA as of 6/30/2014 based on the S-1 with the Coatings EBITDA figure in 2011 based on DuPont's filings (2011 was the last full fiscal year DuPont reported the segment). The 2011 figure allocates DuPont's unallocated corporate expense as a % of segment sales to Coatings.

³ Source: Axalta Coatings Systems Ltd. S-1 filing as of 8/20/2014, DuPont 2011 10-K and DuPont Q4 2011 earnings report. Analysis compares the pro forma EBITDA from 2011 based on the Axalta S-1 with the Coatings EBITDA figure in 2011 based on DuPont's filings (2011 was the last full fiscal year DuPont reported the segment). The 2011 DuPont figure allocates DuPont's unallocated corporate expense as a % of segment sales to Coatings. Axalta EBITDA figure adds adjusted operating income plus depreciation for EBITDA calculation.

⁴ Source: DuPont 2011 10-K.

⁵ Source: DuPont 2013 10-K and DuPont Q2 2014 10-Q. DuPont's after-tax proceeds are divided by DuPont's outstanding shares as of 7/15/14 (which is 915,242,000).

⁶ Source: Axalta S-1 Filings and Capital IQ. Uses peer average multiple of 13.3x (Sherwin-Williams, Valspar and PPG average multiples (based on PPG Goldman Basic Materials Conference presentation on 5/8/13)) and applies it to LTM EBITDA as of Q2 2014 of \$813 million.

⁷ Source: Danisco 2010 annual report and quarterly filing as of Q3 2011, DuPont Q4 2012 earnings report and Triam calculations. Acquisition multiple uses the final 700 DKK per share offer price (for Danisco).

⁸ Source: DuPont Q4 2012 earnings transcript (1/22/2013), various DuPont press releases, various Danisco Annual Reports and 2011 DuPont Investor Day presentation and transcript (held on December 12, 2011). For margin performance over time, analysis uses Danisco's 2010 financial metrics as the starting point. Danisco's financial metrics are converted into US dollars at 5.6x DKK per 1 USD. Triam's analysis refers to current Danisco as the sum of DuPont's Nutrition & Health and Industrial Biosciences segments. Danisco historical growth rate is organic growth from FY2005-2010 or 5.2%. Triam has attempted to exclude segments sold by Danisco before the DuPont acquisition when possible; as such, FY2006 growth measures only Danisco's ingredient growth and excludes sugar while FY 2007 growth excludes flavours. Analysis also pro-forma adjusts historical Danisco metrics by adding DuPont's legacy Nutrition & Health business to standalone historical Danisco metrics (2010 revenue and operating profit).

⁹ Source: SEC filings, various DuPont Databooks, Bloomberg and Triam estimates. Analysis assumes a starting point in 1997, the year before DuPont embarked on its perpetual transformation. Major subsequent separations include Conoco (1997 revenue), Pharmaceuticals (2000 revenue), Textiles (2003 revenue), Coatings (2011 revenue) and Performance Chemicals (2013 revenue). At the time of their respective acquisitions, Pioneer generated revenue of \$1.8 billion in (FY1998) and Danisco generated revenue of \$2.7 billion in (CY2010). It is now estimated that these businesses generate nearly \$12 billion in revenue assuming 70% of Agriculture sales are related to original Pioneer assets, and 67% of Nutrition & Health sales and 100% of Industrial Biosciences sales are related to original Danisco assets (based on DuPont's 2013 Databook). Compares peak share price of DuPont occurring on 5/20/1998 with current share price on 9/8/2014.

¹⁰ For the 2011 EPS metric, analysis assumes the same reporting methodology that the company now uses for significant items (since December 2012, the company has been adding back non-operating pension and other post-employment benefits (OPEB) expenses for EPS metrics). For 2011's non-operating pension and OPEB expense "addback", analysis uses DuPont's 2013 Databook. Analysis also applies a 33% tax rate to these 2011 addbacks based on the "Historical Operating Earnings" previously found on DuPont's website (and available from Triam upon request) and current tax rates on non-operating pension and OPEB. Net investments includes net capital expenditures and R&D from 2012-2014E. Analysis uses 2014 YTD figures from SEC filings for other investing activities such as investments in affiliates and proceeds from the sale of assets, pro-rates R&D expenses for 2014 based on historical levels (for the six-month period ended June 30, 2014), and uses Bloomberg estimates for capital expenditures for 2014 (consensus expectations). Net M&A includes the enterprise value of the Danisco acquisition (June 2011) offset by the proceeds from the Coatings divestiture. Assumes \$0 for other investing activities during the second half of 2014 as they appear to be non-recurring in nature.

¹¹ Source: 2011 and 2013 Investor Day presentations.

¹² Source: Various company earnings releases and Q4 2012 earnings presentation. DuPont lowered and/or missed earnings guidance in 2012, 2013 and 2014. 2012: On December 13, 2011, DuPont issued initial guidance of \$4.20-\$4.40, including 41 cents of income contributed by the Coatings business. On October 23, 2012, management lowered EPS guidance to \$3.25-\$3.30, but excluded income contributed by the Coatings

business (as the Coatings sale was announced in August 2012). If the Coatings contribution were included in the updated guidance issued in October, we estimate that the updated range would have been \$3.66-\$3.71, representing a 14% reduction from the previously announced guidance. (We note that, prior to December 2012, the company was not yet adding back non-operating pension/OPEB expenses— Trian's analysis throughout this letter attempts to conform all historical reporting metrics (e.g. EPS, EBITDA and PTOI) to the Company's new reporting methodology by adding back non-operating pension/OPEB expenses where appropriate. We estimate that the non-operating pension/OPEB "addback" applicable to the 2012 guidance was ~\$0.56/share (based on management's commentary on the December 13, 2011 earnings release), and therefore estimate that if management's current reporting methodology were used, the initial 2012 guidance range would have been \$4.76 to \$4.96 and the revised 2012 guidance range would have been \$4.22-\$4.27 including Coatings). 2013: On June 13, 2013, DuPont pre-announced a weaker than expected second quarter (2013) and revised EPS guidance expectations to the low end of the previously announced range of \$3.85-\$4.05. While DuPont appears to have met its original 2013 EPS guidance of \$3.85-\$4.05, having reported \$3.88, we highlight the fact that DuPont's 2013 earnings include an estimated 27 cents of earnings from one-time benefits that we view as "manufactured earnings" (including 9 cents from the "pull-forward" of seed shipments, 5 cents from equity re-measurement gains/benefits associated with a joint venture and 13 cents from a non-recurring benefit resulting from a lower than expected tax rate (which was described as a "true-up" by management)). 2014: On June 26, 2014, DuPont pre-announced a weaker than expected second quarter and revised EPS guidance to \$4.00-\$4.10, versus the previous guidance of \$4.20-\$4.45 (which was reiterated on April 17, 2014).

¹³ Source: DuPont's "Historical Operating Earnings" reports, 2011 and 2013 Investor Day presentations and Trian estimates. For 2011's long-term targets for operating margins, analysis estimates the addbacks for non-operating pension and OPEB expenses as a percentage of 2011 sales and applies to the original 2011 targets (to conform the original 2011 margin targets to DuPont's new reporting methodology reflected in current 2013 targets which adds back non-operating pension and OPEB expenses). On that more comparable basis, we believe that DuPont's management lowered long-term targets for adjusted operating profits in all segments except for Agriculture – revenue growth and/or margin targets were lowered in six of seven segments.

¹⁴ See charts on pages 9 and 10 of Trian's letter and analysis and related footnotes for illustration of underperformance and peer disclosure. DuPont's organic growth trails peers in the Agriculture - Crop, Safety & Protection, Performance Materials, Performance Chemicals, Nutrition & Health and Industrial Biosciences segments. DuPont's margins trails peers in the Safety & Protection, Agriculture, Electronics & Communications, Nutrition & Health and Industrial Biosciences segments. Source: SEC filings and annual and quarterly reports of companies cited. Organic compounded annual growth rate (CAGR) excludes currency and M&A when possible as DuPont does not disclose currency expense items by segment. Organic revenue CAGR for DuPont excludes the impact of M&A/portfolio changes as disclosed by the company. Organic growth for segments measures growth from 2008 (the year prior to Management's current tenure) through 2013 for all reported segments except Nutrition & Health and Industrial Biosciences, of which the majority of those businesses were acquired with Danisco (June 2011) and therefore are measured over a period beginning in Q2 2012 (after one year of ownership).

¹⁵ Source: Company press releases. In 2013, management includes a number of one-time, non-operating benefits in EPS – such benefits include one-time gains of \$56 million (5 cents), a lower than expected tax rate of 20.8% versus 23.5% (13 cents, a 23.5% tax rate was guided by management) and \$100 million of earnings from the earlier timing of seed shipments (9 cents).

¹⁶ Source: Company press releases, Trian estimates and various DuPont Databooks. Analysis estimates all significant non-recurring income statement expenses as a percentage of EPS before non-operating pension and OPEB.

¹⁷ See charts on page 8 of Trian's letter and analysis which benchmark DuPont's TSR and EPS performance versus peers from 6/30/08 through 9/8/2014 (our estimate of the most recent / last cycle), the last 10 years and the last 20 years.

About Trian Fund Management, L.P.

Founded in 2005 by Nelson Peltz, Peter May and Ed Garden, Trian seeks to invest in high quality but undervalued and under-performing public companies and to work constructively with the management and boards of those companies to significantly enhance shareholder value for all shareholders through a combination of improved operational execution, strategic re-direction, more efficient capital allocation and increased focus.

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The views expressed in this press release represent the opinions of Trian Fund Management, L.P. (“Trian”) and the funds it manages (collectively, “Trian Partners”), and are based on publicly available information with respect to E. I. du Pont de Nemours and Company (the “Issuer”). Trian Partners recognizes that there may be confidential information in the possession of the Issuer that could lead it to disagree with Trian Partners’ conclusions. Trian Partners reserves the right to change any of its opinions expressed herein at any time as it deems appropriate. Trian Partners disclaims any obligation to update the data, information or opinions contained in this press release.

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This press release is provided merely as information and is not intended to be, nor should it be construed as, an offer to sell or a solicitation of an offer to buy any security. This press release does not recommend the purchase or sale of any security. Funds managed by Trian currently beneficially own, and/or have an economic interest in, shares of the Issuer. These funds are in the business of trading – buying and selling– securities. It is possible that there will be developments in the future that cause one or more of such funds from time to time to sell all or a portion of their holdings of the Issuer in open market transactions or otherwise (including via short sales), buy additional shares (in open market or privately negotiated transactions or otherwise), or trade in options, puts, calls or other derivative instruments relating to such shares.

This press release contains forward-looking statements. All statements contained in this press release that are not clearly historical in nature or that necessarily depend on future events are forward-looking, and the words “anticipate,” “believe,” “expect,” “potential,” “opportunity,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. The projected results and statements contained in this press release that are not historical facts are based on current expectations, speak only as of the date of this press release and involve risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such projected results and statements. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of Trian Partners. Although Trian Partners believes that the assumptions underlying the projected results or forward-looking statements are reasonable as of the

date of this press release, any of the assumptions could be inaccurate and therefore, there can be no assurance that the projected results or forward-looking statements included in this press release will prove to be accurate. In light of the significant uncertainties inherent in the projected results and forward-looking statements included in this press release, the inclusion of such information should not be regarded as a representation as to future results or that the objectives and strategic initiatives expressed or implied by such projected results and forward-looking statements will be achieved. Trian Partners will not undertake and specifically declines any obligation to disclose the results of any revisions that may be made to any projected results or forward-looking statements in this press release to reflect events or circumstances after the date of such projected results or statements or to reflect the occurrence of anticipated or unanticipated events.