

DUPONT E I DE NEMOURS & CO

Form 10-Q

April 23, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended March 31, 2013

OR
 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)

1007 Market Street, Wilmington, Delaware 19898

(Address of Principal Executive Offices)

51-0014090

(I.R.S. Employer

Identification No.)

(302) 774-1000

(Registrant's Telephone Number)

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 No

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 registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller reporting company

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

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The Registrant had 920,466,000 shares (excludes 87,041,000 shares of treasury stock) of common stock, \$0.30 par value, outstanding at April 15, 2013.

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E. I. DU PONT DE NEMOURS AND COMPANY

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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.

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PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

E. I. du Pont de Nemours and Company

Consolidated Income Statements (Unaudited)

(Dollars in millions, except per share)

| | Three Months Ended March 31, | |
|---|---------------------------------|----------|
| | 2013 | 2012 |
| Net sales | \$10,408 | \$10,180 |
| Other income, net | 92 | 14 |
| Total | 10,500 | 10,194 |
| Cost of goods sold and other operating charges | 7,105 | 6,816 |
| Selling, general and administrative expenses | 983 | 955 |
| Research and development expense | 521 | 508 |
| Interest expense | 117 | 114 |
| Total | 8,726 | 8,393 |
| Income from continuing operations before income taxes | 1,774 | 1,801 |
| Provision for income taxes on continuing operations | 387 | 392 |
| Income from continuing operations after income taxes | 1,387 | 1,409 |
| Income from discontinued operations after income taxes | 1,968 | 95 |
| Net income | 3,355 | 1,504 |
| Less: Net income attributable to noncontrolling interests | 7 | 12 |
| Net income attributable to DuPont | \$3,348 | \$1,492 |
| Basic earnings per share of common stock: | | |
| Basic earnings per share of common stock from continuing operations | \$1.48 | \$1.49 |
| Basic earnings per share of common stock from discontinued operations | 2.12 | 0.10 |
| Basic earnings per share of common stock | \$3.60 | \$1.60 |
| Diluted earnings per share of common stock: | | |
| Diluted earnings per share of common stock from continuing operations | \$1.47 | \$1.48 |
| Diluted earnings per share of common stock from discontinued operations | 2.10 | 0.10 |
| Diluted earnings per share of common stock | \$3.58 | \$1.58 |
| Dividends per share of common stock | \$0.43 | \$0.41 |

See Notes to the Consolidated Financial Statements beginning on page 7.

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E. I. du Pont de Nemours and Company
 Consolidated Statements of Comprehensive Income (Unaudited)
 (Dollars in millions, except per share)

| | Three Months Ended March 31, | |
|--|---------------------------------|---------|
| | 2013 | 2012 |
| Net income | \$3,355 | \$1,504 |
| Other comprehensive income (loss), before tax: | | |
| Cumulative translation adjustment | (209) |)170 |
| Net revaluation and clearance of cash flow hedges to earnings: | | |
| Additions and revaluations of derivatives designated as cash flow hedges | (16) |)(2) |
| Clearance of hedge results to earnings | (10) |)(32) |
| Net revaluation and clearance of cash flow hedges to earnings | (26) |)(34) |
| Pension benefit plans: | | |
| Net gain (loss) | 56 | (23) |
| Prior service benefit | — | 22 |
| Reclassifications to net income: | | |
| Amortization of prior service cost | 3 | 4 |
| Amortization of loss | 241 | 219 |
| Curtailment / settlement loss | 153 | — |
| Pension benefit plans, net | 453 | 222 |
| Other benefit plans: | | |
| Net gain | 17 | — |
| Reclassifications to net income: | | |
| Amortization of prior service benefit | (48) |)(30) |
| Amortization of loss | 27 | 22 |
| Curtailment / settlement gain | (153) |)— |
| Other benefit plans, net | (157) |)(8) |
| Net unrealized (loss) gain on securities | (2) |)1 |
| Other comprehensive income, before tax | 59 | 351 |
| Income tax expense related to items of other comprehensive income | (75) |)(64) |
| Other comprehensive (loss) income, net of tax | (16) |)287 |
| Comprehensive income | 3,339 | 1,791 |
| Less: Comprehensive income attributable to noncontrolling interests | 7 | 14 |
| Comprehensive income attributable to DuPont | \$3,332 | \$1,777 |

See Notes to the Consolidated Financial Statements beginning on page 7.

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E. I. du Pont de Nemours and Company
 Condensed Consolidated Balance Sheets (Unaudited)
 (Dollars in millions, except per share)

| | March 31, 2013 | December 31, 2012 |
|---|-------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$6,555 | \$4,284 |
| Marketable securities | 26 | 123 |
| Accounts and notes receivable, net | 7,950 | 5,452 |
| Inventories | 6,916 | 7,565 |
| Prepaid expenses | 268 | 204 |
| Deferred income taxes | 699 | 613 |
| Assets held for sale | — | 3,076 |
| Total current assets | 22,414 | 21,317 |
| Property, plant and equipment, net of accumulated depreciation (March 31, 2013 - \$19,233; December 31, 2012 - \$19,085) | 12,590 | 12,741 |
| Goodwill | 4,543 | 4,616 |
| Other intangible assets | 4,970 | 5,126 |
| Investment in affiliates | 1,169 | 1,163 |
| Deferred income taxes | 3,957 | 3,936 |
| Other assets | 921 | 960 |
| Total | \$50,564 | \$49,859 |
| Liabilities and Equity | | |
| Current liabilities | | |
| Accounts payable | \$3,957 | \$4,853 |
| Short-term borrowings and capital lease obligations | 2,006 | 1,275 |
| Income taxes | 945 | 343 |
| Other accrued liabilities | 4,615 | 5,997 |
| Liabilities related to assets held for sale | — | 1,084 |
| Total current liabilities | 11,523 | 13,552 |
| Long-term borrowings and capital lease obligations | 11,279 | 10,465 |
| Other liabilities | 14,526 | 14,687 |
| Deferred income taxes | 921 | 856 |
| Total liabilities | 38,249 | 39,560 |
| Commitments and contingent liabilities | | |
| Stockholders' equity | | |
| Preferred stock | 237 | 237 |
| Common stock, \$0.30 par value; 1,800,000,000 shares authorized; Issued at March 31, 2013 - 1,007,234,000; December 31, 2012 - 1,020,057,000 | 302 | 306 |
| Additional paid-in capital | 10,394 | 10,655 |
| Reinvested earnings | 16,709 | 14,383 |
| Accumulated other comprehensive loss | (8,662) | (8,646) |
| Common stock held in treasury, at cost (87,041,000 shares at March 31, 2013 and December 31, 2012) | (6,727) | (6,727) |
| Total DuPont stockholders' equity | 12,253 | 10,208 |
| Noncontrolling interests | 62 | 91 |
| Total equity | 12,315 | 10,299 |
| Total | \$50,564 | \$49,859 |

See Notes to the Consolidated Financial Statements beginning on page 7.

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E. I. du Pont de Nemours and Company
 Condensed Consolidated Statements of Cash Flows (Unaudited)
 (Dollars in millions)

| | Three Months Ended March 31, | |
|--|---------------------------------|-----------|
| | 2013 | 2012 |
| Operating activities | | |
| Net income | \$3,355 | \$1,504 |
| Adjustments to reconcile net income to cash used for operating activities: | | |
| Depreciation | 327 | 349 |
| Amortization of intangible assets | 106 | 106 |
| Other operating charges and credits - net | (23) |)311 |
| Gain on sale of business | (2,683) |)— |
| Contributions to pension plans | (110) |) (614) |
| Change in operating assets and liabilities - net | (3,639) |) (3,533) |
| Cash used for operating activities | (2,667) |) (1,877) |
| Investing activities | | |
| Purchases of property, plant and equipment | (321) |) (301) |
| Investments in affiliates | (18) |) (2) |
| Proceeds from sale of business - net | 4,815 | — |
| Proceeds from sales of assets - net | 83 | 4 |
| Net decrease in short-term financial instruments | 99 | 248 |
| Forward exchange contract settlements | (47) |) (87) |
| Other investing activities - net | (3) |) (18) |
| Cash provided by (used for) investing activities | 4,608 | (156) |
| Financing activities | | |
| Dividends paid to stockholders | (405) |) (386) |
| Net increase in borrowings | 1,558 | 2,278 |
| Prepayment / Repurchase of common stock | (1,000) |) (400) |
| Proceeds from exercise of stock options | 117 | 389 |
| Other financing activities - net | 61 | (36) |
| Cash provided by financing activities | 331 | 1,845 |
| Effect of exchange rate changes on cash | (96) |) 12 |
| Increase / (decrease) in cash and cash equivalents | \$2,176 | \$ (176) |
| Cash and cash equivalents at beginning of period | 4,379 | 3,586 |
| Cash and cash equivalents at end of period | \$6,555 | \$3,410 |

See Notes to the Consolidated Financial Statements beginning on page 7.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Note 1. Summary of Significant Accounting Policies

Interim Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) for interim financial information and the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement of the results for interim periods have been included. Results for interim periods should not be considered indicative of results for a full year. These interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and Notes thereto contained in the company's Annual Report on Form 10-K for the year ended December 31, 2012, collectively referred to as the "2012 Annual Report". The Consolidated Financial Statements include the accounts of the company and all of its subsidiaries in which a controlling interest is maintained, as well as variable interest entities for which DuPont is the primary beneficiary.

Basis of Presentation

Certain reclassifications of prior year's data have been made to conform to current year's presentation. In the third quarter 2012, the company signed a definitive agreement to sell its Performance Coatings business (which represented a reportable segment). In accordance with 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. The sum of the individual earnings per share amounts from continuing and discontinued operations may not equal the total company earnings per share amounts due to rounding. The assets and liabilities of Performance Coatings at December 31, 2012 are presented as held for sale in the Condensed Consolidated Balance Sheet. The cash flows and comprehensive income related to Performance Coatings have not been segregated and are included in the Condensed Consolidated Statements of Cash Flows and Comprehensive Income, respectively, for all periods presented. Amounts related to Performance Coatings are consistently included in or excluded from the Notes to the interim Consolidated Financial Statements based on the financial statement line item and period of each disclosure. See Note 2 for additional information.

Change in Accounting Policy

Effective January 1, 2013, the company changed its method of valuing inventory held at a majority of its foreign and certain United States locations from the last-in, first-out (LIFO) method to the average cost method. The company believes that the average cost method is preferable to the LIFO method as it more clearly aligns with how the company actually manages its inventory and will improve financial reporting by better matching revenues and expenses. In addition, the change from LIFO to average cost will enhance the comparability of our financial results with our peer companies. As described in the guidance for accounting changes, the comparative interim Consolidated Financial Statements of prior periods are adjusted to apply the new accounting method retrospectively.

The following line items within the interim Consolidated Income Statements were affected by the change in accounting policy:

| | Three Months Ended March 31, 2013 | | | Three Months Ended March 31, 2012 | | |
|---|--------------------------------------|---------------------------|--------------------------------|--------------------------------------|---------------------------|--------------------------------|
| | As reported | As reported under LIFO | Change: (Decrease)/Increase | As reported | As reported under LIFO | Change: (Decrease)/Increase |
| Cost of goods sold and other operating charges | \$7,105 | \$7,116 | \$ (11) | \$6,816 | \$6,822 | \$ (6) |
| | 1,774 | 1,763 | 11 | 1,801 | 1,795 | 6 |

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| | | | | | | |
|--|---------|---------|------|---------|---------|------|
| Income from continuing operations before income taxes | | | | | | |
| Provision for income taxes on continuing operations | 387 | 384 | 3 | 392 | 392 | — |
| Income from continuing operations after income taxes | 1,387 | 1,379 | 8 | 1,409 | 1,403 | 6 |
| Income from discontinued operations after income taxes | 1,968 | 1,968 | — | 95 | 97 | (2) |
| Net income | \$3,355 | \$3,347 | \$ 8 | \$1,504 | \$1,500 | \$ 4 |

Basic earnings per share from continuing operations increased by \$0.01 for both of the three months ended March 31, 2013 and 2012, as a result of the above accounting policy change.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Diluted earnings per share from continuing operations increased by \$0.01 for both of the three months ended March 31, 2013 and 2012, as a result of the above accounting policy change.

Inventory and Stockholder's Equity increased by \$143 and \$120, respectively, as of January 1, 2012, as a result of the above accounting policy change.

There was no impact on net cash used by operating activities as a result of the above changes.

Note 2. Discontinued Operations

In February 2013, the company sold its Performance Coatings business to Flash Bermuda Co. Ltd., a Bermuda exempted limited liability company formed by affiliates of The Carlyle Group (collectively referred to as "Carlyle"). The sale resulted in a pre-tax gain of \$2,683 (\$1,942 net of tax). The gain was recorded in income from discontinued operations after income taxes in the Company's interim Consolidated Income Statements for the quarter ended March 31, 2013.

The results of discontinued operations are summarized below:

| | Three Months Ended March 31, | |
|--|---------------------------------|---------|
| | 2013 | 2012 |
| Net sales | \$331 | \$1,050 |
| Income before income taxes | \$2,715 | \$144 |
| Provision for income taxes | 747 | 49 |
| Income from discontinued operations after income taxes | \$1,968 | \$95 |

The key components of the assets and liabilities classified as held for sale at December 31, 2012 related to Performance Coatings consisted of the following:

| | December 31, 2012 |
|--|----------------------|
| Cash and cash equivalents | \$95 |
| Accounts and notes receivable, net | 783 |
| Inventories | 488 |
| Prepaid expenses | 6 |
| Deferred income taxes - current | 32 |
| Property, plant and equipment, net of accumulated depreciation | 749 |
| Goodwill | 808 |
| Other intangible assets | 67 |
| Deferred income taxes - noncurrent | 14 |
| Other assets - noncurrent | 34 |
| Total assets held for sale | \$3,076 |
| Accounts payable | \$408 |
| Income taxes | 17 |
| Other accrued liabilities | 237 |
| Other liabilities - noncurrent | 388 |
| Deferred income taxes - noncurrent | 34 |
| Total liabilities related to assets held for sale | \$1,084 |

Note 3. Employee Separation /Asset Related Charges, Net

At March 31, 2013, total liabilities relating to the 2012 restructuring program were \$136. A complete discussion of restructuring initiatives is included in the company's 2012 Annual Report in Note 3, "Employee Separation/Asset Related Charges, Net".

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Account balances for the 2012 restructuring program are summarized below:

| | Employee Separation Costs | Other Non-Personnel Charges ¹ | Total |
|------------------------------|---------------------------------|--|--------|
| Balance at December 31, 2012 | \$ 154 | \$ 7 | \$ 161 |
| Payments | (20) | (3) | (23) |
| Net translation adjustment | (2) | — | (2) |
| Balance as of March 31, 2013 | \$ 132 | \$ 4 | \$ 136 |

¹ Other non-personnel charges consist of contractual obligation costs.

The company expects this plan and all related payments to be substantially complete by December 31, 2013.

Note 4. Other Income, Net

| | Three Months Ended March 31, | |
|---|---------------------------------|-------|
| | 2013 | 2012 |
| Cozaar [®] /Hyzaar [®] income | \$ 2 | \$ 25 |
| Royalty income | 37 | 40 |
| Interest income | 27 | 23 |
| Equity in earnings of affiliates, excluding exchange gains/losses | (7) | (10) |
| Net gain on sales of other assets | 5 | 5 |
| Net exchange gains (losses) ¹ | 11 | (81) |
| Miscellaneous income and expenses, net ² | 17 | (8) |
| Other income, net | \$ 92 | \$ 14 |

The company routinely uses foreign currency exchange contracts to offset its net exposures, by currency, related to the foreign currency-denominated monetary assets and liabilities. The objective of this program is to maintain an approximately balanced position in foreign currencies in order to minimize, on an after-tax basis, the effects of exchange rate changes on net monetary asset positions. The net pre-tax exchange gains and losses are recorded in other income, net and the related tax impact is recorded in provision for income taxes on continuing operations on the interim Consolidated Income Statements. The \$11 net exchange gain for the three months ended March 31, 2013 includes a \$36 exchange loss associated with the devaluation of the Venezuelan bolivar.

² Miscellaneous income and expenses, net, generally includes interest items, insurance recoveries, litigation settlements and other items.

Note 5. Income Taxes

In the first quarter 2013, the company recorded a tax provision on continuing operations of \$387, including \$34 of tax expense primarily associated with the company's policy of hedging the foreign currency-denominated monetary assets and liabilities of its operations. Included in the provision was a net tax benefit of \$42 consisting of a \$68 tax benefit derived from the 2013 extension of certain U.S. business tax provisions offset by \$26 of tax expense related to the global distribution of the proceeds from the sale of the Performance Coatings business.

In the first quarter 2012, the company recorded a tax provision on continuing operations of \$392, including \$37 of tax benefit primarily associated with the company's policy of hedging the foreign currency-denominated monetary assets

and liabilities of its operations.

Each year the company files hundreds of tax returns in the various national, state and local income taxing jurisdictions in which it operates. These tax returns are subject to examination and possible challenge by the taxing authorities. Positions challenged by the taxing authorities may be settled or appealed by the company. As a result, there is an uncertainty in income taxes recognized in the company's financial statements in accordance with accounting for income taxes and accounting for uncertainty in income taxes. It is reasonably possible that changes to the company's global unrecognized tax benefits could be significant, however, due to the uncertainty regarding the timing of completion of audits and possible outcomes, a current estimate of the range of increases or decreases that may occur within the next twelve months cannot be made.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Note 6. Earnings Per Share of Common Stock

Set forth below is a reconciliation of the numerator and denominator for basic and diluted earnings per share calculations for the periods indicated:

| | Three Months Ended March 31, | |
|--|---------------------------------|-------------|
| | 2013 | 2012 |
| Numerator: | | |
| Income from continuing operations after income taxes attributable to DuPont | \$1,380 | \$1,397 |
| Preferred dividends | (3 |)(3 |
| Income from continuing operations after income taxes available to DuPont common stockholders | \$1,377 | \$1,394 |
| Income from discontinued operations after income taxes | \$1,968 | \$95 |
| Net income available to common stockholders | \$3,345 | \$1,489 |
| Denominator: | | |
| Weighted-average number of common shares outstanding - Basic | 928,348,000 | 933,910,000 |
| Dilutive effect of the company's employee compensation plans | 7,042,000 | 10,328,000 |
| Weighted-average number of common shares outstanding - Diluted | 935,390,000 | 944,238,000 |

The following average number of stock options were antidilutive, and therefore, were not included in the diluted earnings per share calculations:

| | Three Months Ended March 31, | |
|---------------------------------|---------------------------------|------------|
| | 2013 | 2012 |
| Average number of stock options | 10,384,000 | 10,724,000 |

The change in the average number of stock options that were antidilutive in the three months ended March 31, 2013 compared to the same period last year was primarily due to changes in the company's average stock price.

Note 7. Inventories

| | March 31, 2013 | December 31, 2012 |
|--|-------------------|----------------------|
| Finished products | \$4,370 | \$4,449 |
| Semifinished products | 1,867 | 2,407 |
| Raw materials, stores and supplies | 1,298 | 1,313 |
| | 7,535 | 8,169 |
| Adjustment of inventories to a last-in, first-out (LIFO) basis | (619 |)(604 |
| Total | \$6,916 | \$7,565 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Note 8. Goodwill and Other Intangible Assets

There were no significant changes in goodwill for the three months ended March 31, 2013.

The gross carrying amounts and accumulated amortization of other intangible assets by major class are as follows:

| | March 31, 2013 | | | December 31, 2012 | | |
|--|----------------|--------------------------|----------|-------------------|--------------------------|----------|
| | Gross | Accumulated Amortization | Net | Gross | Accumulated Amortization | Net |
| Intangible assets subject to amortization (Definite-lived): | | | | | | |
| Customer lists | \$1,810 | \$(353) |)\$1,457 | \$1,847 | \$(330) |)\$1,517 |
| Patents | 522 | (138) |)384 | 525 | (127) |)398 |
| Purchased and licensed technology | 1,930 | (1,078) |)852 | 1,929 | (1,016) |)913 |
| Trademarks | 57 | (29) |)28 | 57 | (29) |)28 |
| Other ¹ | 205 | (100) |)105 | 206 | (98) |)108 |
| | 4,524 | (1,698) |)2,826 | 4,564 | (1,600) |)2,964 |
| Intangible assets not subject to amortization(Indefinite-lived): | | | | | | |
| In-process research and development | 61 | — | 61 | 62 | — | 62 |
| Microbial cell factories ² | 306 | — | 306 | 306 | — | 306 |
| Pioneer germplasm ³ | 975 | — | 975 | 975 | — | 975 |
| Trademarks/tradenames | 802 | — | 802 | 819 | — | 819 |
| | 2,144 | — | 2,144 | 2,162 | — | 2,162 |
| Total | \$6,668 | \$(1,698) |)\$4,970 | \$6,726 | \$(1,600) |)\$5,126 |

¹ Primarily consists of sales and grower networks, marketing and manufacturing alliances and noncompetition agreements.

² Microbial cell factories, derived from natural microbes, are used to sustainably produce enzymes, peptides and chemicals using natural metabolic processes. The company recognized the microbial cell factories as an intangible asset upon the acquisition of Danisco. This intangible asset is expected to contribute to cash flows beyond the foreseeable future and there are no legal, regulatory, contractual, or other factors which limit its useful life.

³ Pioneer germplasm is the pool of genetic source material and body of knowledge gained from the development and delivery stage of plant breeding. The company recognized germplasm as an intangible asset upon the acquisition of Pioneer. This intangible asset is expected to contribute to cash flows beyond the foreseeable future and there are no legal, regulatory, contractual, or other factors which limit its useful life.

The aggregate pre-tax amortization expense from continuing operations for definite-lived intangible assets was \$106 and \$99 for the three months ended March 31, 2013 and 2012, respectively. The estimated aggregate pre-tax amortization expense from continuing operations for the remainder of 2013 and each of the next five years is approximately \$196, \$333, \$346, \$302, \$173 and \$168, respectively, which are primarily reported in cost of goods sold and other operating charges.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Note 9. Commitments and Contingent Liabilities

Guarantees

Indemnifications

In connection with acquisitions and divestitures, the company has indemnified respective parties against certain liabilities that may arise in connection with these transactions and business activities prior to the completion of the transaction. The term of these indemnifications, which typically pertain to environmental, tax and product liabilities, is generally indefinite. In addition, the company indemnifies its duly elected or appointed directors and officers to the fullest extent permitted by Delaware law, against liabilities incurred as a result of their activities for the company, such as adverse judgments relating to litigation matters. If the indemnified party were to incur a liability or have a liability increase as a result of a successful claim, pursuant to the terms of the indemnification, the company would be required to reimburse the indemnified party. The maximum amount of potential future payments is generally unlimited. The carrying amounts recorded for all indemnifications was \$31 as of March 31, 2013 and December 31, 2012.

Obligations for Equity Affiliates & Others

The company has directly guaranteed various debt obligations under agreements with third parties related to equity affiliates, customers and suppliers. At March 31, 2013 and December 31, 2012, the company had directly guaranteed \$533 and \$535, respectively, of such obligations. These amounts represent the maximum potential amount of future (undiscounted) payments that the company could be required to make under the guarantees. The company would be required to perform on these guarantees in the event of default by the guaranteed party.

The company assesses the payment/performance risk by assigning default rates based on the duration of the guarantees. These default rates are assigned based on the external credit rating of the counterparty or through internal credit analysis and historical default history for counterparties that do not have published credit ratings. For counterparties without an external rating or available credit history, a cumulative average default rate is used.

In certain cases, the company has recourse to assets held as collateral, as well as personal guarantees from customers and suppliers. Assuming liquidation, these assets are estimated to cover approximately 51 percent of the \$350 of guaranteed obligations of customers and suppliers. Set forth below are the company's guaranteed obligations at March 31, 2013:

| | Short-Term | Long-Term | Total |
|--|------------|-----------|-------|
| Obligations for customers and suppliers ¹ : | | | |
| Bank borrowings (terms up to 5 years) | \$265 | \$84 | \$349 |
| Leases on equipment and facilities (terms up to 4 years) | — | \$1 | 1 |
| Obligations for equity affiliates ² : | | | |
| Bank borrowings (terms up to 2 years) | 182 | 1 | 183 |
| Total | \$447 | \$86 | \$533 |

Existing guarantees for customers and suppliers arose as part of contractual agreements. As of March 31, 2013, ¹ approximately \$13 of these guarantees relate to customers of the Performance Coatings business, which was sold in February 2013. See Note 2 for additional information.

² Existing guarantees for equity affiliates arose for liquidity needs in normal operations.

Imprelis®

The company has received claims and been served with multiple lawsuits alleging that the use of Imprelis® herbicide caused damage to certain trees. The lawsuits seeking class action status have been consolidated in multidistrict

litigation in federal court in Philadelphia, Pennsylvania.

In February 2013, the court granted preliminary approval of a class action settlement. The settlement incorporates the company's existing claims process and provides certain additional relief. The proposed settlement class includes affected property owners and lawn care companies who do not "opt out" of the settlement. DuPont may cancel the agreement if the number of "opt-outs" is unsatisfactory to DuPont. As part of the settlement, DuPont will pay about \$7 in plaintiffs' attorney fees and expenses. In addition, DuPont is providing a warranty against new damage, if any, caused by the use of Imprelis® on class members' properties through May 2015. The settlement notification process began on March 25, 2013. The notice period is scheduled to end on June 28, 2013 which will also be the last day to "opt out" of the settlement or file a new claim. The court has scheduled the final approval hearing on September 27, 2013. In addition, about 95 individual actions on behalf of approximately 195 plaintiffs have been filed in state court in various jurisdictions. DuPont has removed most of these cases to federal court in Philadelphia, Pennsylvania. Once removed to federal court, the individual actions are stayed through September 2013.

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In August 2011, the company suspended sales of Imprelis® and in September 2011 began a process to fairly resolve claims associated with the use of Imprelis®. The company believes that the number of unasserted claims is limited due to the fact that sales were suspended in August 2011 and the product was last applied during the 2011 spring application season.

The company has established review processes to verify and evaluate damage claims. There are several variables that impact the evaluation process including the number of trees on a property, the species of tree with reported damage, the height of the tree, the extent of damage and the possibility for trees to naturally recover over time. Upon receiving claims, DuPont verifies their accuracy and validity which often requires physical review of the property.

At March 31, 2013, DuPont had recorded charges of \$785 to resolve these claims, which included charges of \$35 recorded during the first quarter 2013. It is reasonably possible that additional charges could result related to this matter. While there is a high degree of uncertainty, total charges could range up to \$900. Predicting the impact of Imprelis® on living organisms and how those organisms may react over time are significant factors driving the uncertainty of future charges. Imprelis® was applied throughout the United States and the ability of any particular species of tree to naturally recover over time may be different depending on the property's geography and associated climate. The company has an applicable insurance program with a deductible equal to the first \$100 of costs and expenses. The insurance program limits are \$725 for costs and expenses in excess of the \$100. DuPont has submitted and will continue to submit requests for payment to its insurance carriers for costs associated with this matter. The process of seeking insurance recovery is ongoing and the timing and outcome are uncertain.

Litigation

The company is subject to various legal proceedings arising out of the normal course of its business including product liability, intellectual property, commercial, environmental and antitrust lawsuits. It is not possible to predict the outcome of these various proceedings. Except as otherwise noted, management does not anticipate their resolution will have a materially adverse effect on the company's consolidated financial position or liquidity. However, the ultimate liabilities could be significant to results of operations in the period recognized.

PFOA

DuPont uses PFOA (collectively, perfluorooctanoic acids and its salts, including the ammonium salt), as a processing aid to manufacture some fluoropolymer resins at various sites around the world including its Washington Works plant in West Virginia. At March 31, 2013, DuPont has accruals of \$15 related to the PFOA matters discussed below.

The accrual includes charges related to DuPont's obligations under agreements with the U.S. Environmental Protection Agency and voluntary commitments to the New Jersey Department of Environmental Protection. These obligations include surveying, sampling and testing drinking water in and around certain company sites and offering treatment or an alternative supply of drinking water if tests indicate the presence of PFOA in drinking water at or greater than the national Provisional Health Advisory.

Drinking Water Actions

In August 2001, a class action, captioned Leach v DuPont, was filed in West Virginia state court alleging that residents living near the Washington Works facility had suffered, or may suffer, deleterious health effects from exposure to PFOA in drinking water.

DuPont and attorneys for the class reached a settlement in 2004 that binds about 80,000 residents. In 2005, DuPont paid the plaintiffs' attorneys' fees and expenses of \$23 and made a payment of \$70, which class counsel designated to fund a community health project. The company funded a series of health studies which were completed in October

2012 by an independent science panel of experts (the "C8 Science Panel"). The studies were conducted in communities exposed to PFOA to evaluate available scientific evidence on whether any probable link exists, as defined in the settlement agreement, between exposure to PFOA and human disease.

The C8 Science Panel found probable links, as defined in the settlement agreement, between exposure to PFOA and pregnancy-induced hypertension, including preeclampsia; kidney cancer; testicular cancer; thyroid disease; ulcerative colitis; and diagnosed high cholesterol.

A panel of three medical experts will determine an appropriate medical monitoring protocol, if any, as a result of these findings. If a medical monitoring protocol for any of these diseases is defined, DuPont is required to fund a medical monitoring program to pay for such medical testing. Plaintiffs may pursue personal injury claims against DuPont only for those human diseases for which the C8 Science Panel determined a probable link exists. In January 2012, the company put \$1 in an escrow account as required by the settlement agreement. Under the settlement agreement, the company's total obligation to pay for medical monitoring

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cannot exceed \$235. In addition, the company must continue to provide water treatment designed to reduce the level of PFOA in water to six area water districts, including the Little Hocking Water Association (LHWA), and private well users.

An Ohio action brought by the LHWA is ongoing. In addition to general claims of PFOA contamination of drinking water, the action claims “imminent and substantial endangerment to health and or the environment” under the Resource Conservation and Recovery Act (RCRA). DuPont denies these claims and is defending itself vigorously.

At March 31, 2013, 42 lawsuits alleging personal injury and two lawsuits alleging wrongful death from exposure to PFOA in drinking water are pending in federal court in Ohio and West Virginia. This is an increase in pending cases of 17 and one, respectively, over year-end 2012. These cases have been consolidated for discovery purposes in multi-district litigation in Ohio federal court. DuPont denies the allegations in these lawsuits and is defending itself vigorously.

While DuPont believes that it is reasonably possible that it could incur losses related to PFOA matters in addition to those matters discussed above for which it has established accruals, a range of such losses, if any, cannot be reasonably estimated at this time.

Monsanto Patent Dispute

On August 1, 2012, a St. Louis, Missouri jury awarded \$1,000 in damages to Monsanto on its claims that the company willfully infringed Monsanto's RE 39,247 patent directed to Roundup® Ready® 1 glyphosate herbicide tolerance soybean seed technology.

Monsanto alleged that by combining Pioneer's Optimum® GAT® trait with Monsanto's patented Roundup® Ready® trait, Pioneer violated its 2002 Amended and Restated Roundup® Ready® Soybean License Agreement and, in doing so, infringed Monsanto's RE 39,247 patent. The company has never sold soybeans containing a combination of the Optimum® GAT® and Roundup® Ready® traits and discontinued in 2011 its commercialization efforts for such soybeans.

In March 2013, Pioneer and Monsanto entered into technology license agreements. As part of those agreements, the company received, among other things, a non-exclusive royalty bearing license in the United States and Canada for Monsanto's Genuity® Roundup Ready 2 Yield® glyphosate tolerance trait and its dicamba tolerance trait for soybeans, post-patent regulatory access and maintenance support for Roundup Ready® 1 glyphosate tolerance trait for soybeans, Genuity® Roundup Ready 2 glyphosate tolerance trait for corn and YieldGard® corn borer insect resistance trait. The agreements require the company to make a series of up-front and variable payments subject to Monsanto delivering enabling soybean genetic material. Total annual fixed royalty payments of \$802 contemplated under the arrangement for trait technology, associated data and soybean lines to support commercial introduction are expected to come due in years 2014 - 2017. Additionally, beginning in 2018, DuPont will pay royalties on a per unit basis related to the Genuity® Roundup Ready 2 Yield® and dicamba tolerance traits for the life of the license, subject to annual minimum payments through 2023 totaling \$950.

In a separate agreement, the company agreed to dismiss with prejudice its antitrust claims against Monsanto in exchange for a dismissal with prejudice of Monsanto's patent infringement claims and the related damages verdict. Accordingly, as of March 31, 2013 this matter has been resolved, but for the court-ordered sanctions against the company for “fraud against the court.” The court unsealed the order in November 2012. The parties have agreed to present the sanctions and related rulings for immediate appeal.

Titanium Dioxide Antitrust Litigation

In February 2010, two suits were filed in Maryland federal district court alleging conspiracy to fix prices of titanium dioxide sold in the U.S. between March 2002 and the present. The cases were subsequently consolidated and are pending against DuPont, Huntsman International LLC, Kronos Worldwide Inc. and Millenium Inorganics Chemicals Inc. In August 2012, the court certified a class consisting of U.S. customers that have directly purchased titanium dioxide since February 1, 2003. The class seeks injunctive relief and to recover alleged overcharges and treble damages plus attorneys' fees and costs. Jury trial is scheduled to begin September 9, 2013.

The company believes this case is without merit and expects to prevail. Given the inherent uncertainties in litigation, it is reasonably possible that the company could incur losses related to this matter. A range of loss, if any, cannot be reasonably estimated at this time.

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Environmental

The company is also subject to contingencies pursuant to environmental laws and regulations that in the future may require the company to take further action to correct the effects on the environment of prior disposal practices or releases of chemical or petroleum substances by the company or other parties. The company accrues for environmental remediation activities consistent with the policy as described in the company's 2012 Annual Report in Note 1, "Summary of Significant Accounting Policies." Much of this liability results from the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, often referred to as Superfund), RCRA and similar state and global laws. These laws require the company to undertake certain investigative, remediation and restoration activities at sites where the company conducts or once conducted operations or at sites where company-generated waste was disposed. The accrual also includes estimated costs related to a number of sites identified by the company for which it is probable that environmental remediation will be required, but which are not currently the subject of enforcement activities.

Remediation activities vary substantially in duration and cost from site to site. These activities, and their associated costs, depend on the mix of unique site characteristics, evolving remediation technologies, diverse regulatory agencies and enforcement policies, as well as the presence or absence of potentially responsible parties. At March 31, 2013, the Condensed Consolidated Balance Sheet included a liability of \$443, relating to these matters and, in management's opinion, is appropriate based on existing facts and circumstances. The average time frame, over which the accrued or presently unrecognized amounts may be paid, based on past history, is estimated to be 15-20 years. Considerable uncertainty exists with respect to these costs and, under adverse changes in circumstances, potential liability may range up to three times the amount accrued as of March 31, 2013.

Note 10. Stockholders' Equity

Share Repurchase Program

In December 2012, the company's Board of Directors authorized a \$1,000 share buyback plan, subject to receiving the proceeds from the Performance Coatings divestiture. In February 2013, the company entered into an accelerated share repurchase (ASR) agreement with a financial institution under which the company used \$1,000 of the proceeds from the sale of Performance Coatings for the purchase of shares of common stock. Under the terms of the ASR agreement, in February 2013, the company paid \$1,000 to the financial institution and received and retired an initial delivery of 16.9 million shares, which represents 80 percent of the \$1,000 notional amount of the ASR agreement. The purchase price per share and final number of shares retired will be determined using the volume-weighted average price of the company's common stock over the term of the ASR agreement. This share buyback plan will be completed in the second quarter 2013.

During the first quarter 2012, the company entered into an agreement with a financial institution in which the company paid \$400 for the purchase of shares of common stock which were received in the second quarter 2012. During 2012, the company purchased and retired 7.8 million shares in connection with this agreement. These purchases completed the 2001 \$2,000 share buyback plan and began purchases under the 2011 \$2,000 share buyback plan authorized by the company's Board of Directors in April 2011. Under the completed 2001 plan, the company purchased a total of 42.0 million shares. Under the 2011 plan, the company has purchased 5.5 million shares at a total cost of \$284 as of March 31, 2013. There is no required completion date for the purchases under the 2011 plan.

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Other Comprehensive Income

A summary of the changes in other comprehensive income for the three months ended March 31, 2013 and 2012 is provided as follows:

| | Three Months Ended | | Three Months Ended | | Affected Line Item in Consolidated Income Statements ¹ | | |
|--|--------------------|----------|--------------------|--------|---|--------|---------------|
| | March 31, 2013 | | March 31, 2012 | | | | |
| | Pre-Tax | Tax | Pre-Tax | Tax | | | |
| Cumulative translation adjustment | \$ (209) | \$ — | \$ (209) | \$ 170 | \$ — | \$ 170 | |
| Net revaluation and clearance of cash flow hedges to earnings: | | | | | | | |
| Additions and revaluations of derivatives designated as cash flow hedges | (16) | 7 | (9) | (2) | — | (2) | See (3) below |
| Clearance of hedge results to earnings: | | | | | | | |
| Foreign currency contracts | 4 | (1) | 3 | (3) | 1 | (2) | Net Sales |
| Commodity contracts | (14) | 5 | (9) | (29) | 12 | (17) | See (2) below |
| Net revaluation and clearance of cash flow hedges to earnings | (26) | 11 | (15) | (34) | 13 | (21) | |
| Pension benefit plans: | | | | | | | |
| Net gain (loss) | 56 | (14) | 42 | (23) | 3 | (20) | See (3) below |
| Prior service benefit | — | — | — | 22 | (7) | 15 | See (3) below |
| Reclassifications to net income: | | | | | | | |
| Amortization of prior service cost | 3 | (1) | 2 | 4 | (1) | 3 | See (4) below |
| Amortization of loss | 241 | (82) | 159 | 219 | (75) | 144 | See (4) below |
| Curtailment loss | 1 | — | 1 | — | — | — | See (4) below |
| Settlement loss | 152 | (45) | 107 | — | — | — | See (4) below |
| Pension benefit plans, net | 453 | (142) | 311 | 222 | (80) | 142 | |
| Other benefit plans: | | | | | | | |
| Net gain | 17 | (6) | 11 | — | — | — | See (3) below |
| Reclassifications to net income: | | | | | | | |
| Amortization of prior service benefit | (48) | 17 | (31) | (30) | 11 | (19) | See (4) below |
| Amortization of loss | 27 | (9) | 18 | 22 | (8) | 14 | See (4) below |
| Curtailment gain | (154) | 54 | (100) | — | — | — | See (4) below |
| Settlement loss | 1 | — | 1 | — | — | — | See (4) below |
| Other benefit plans, net | (157) | 56 | (101) | (8) | 3 | (5) | |
| Net unrealized (loss) gain on securities | (2) | — | (2) | 1 | — | 1 | |
| Other comprehensive income (loss) | \$ 59 | \$ (75) | \$ (16) | \$ 351 | \$ (64) | \$ 287 | |

¹ Represents the income statement line item within the interim Consolidated Income Statement affected by the pre-tax reclassification out of other comprehensive income (loss).

² These amounts are included in costs of goods sold and other operating charges.

³ These amounts represent changes in accumulated other comprehensive income excluding changes due to reclassifying amounts to the interim Consolidated Income Statements.

⁴ These accumulated other comprehensive income components are included in the computation of net periodic benefit cost of the company's pension and other long-term employee benefit plans. See Note 12 for additional information.

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The changes and after-tax balances of components comprising accumulated other comprehensive income (loss) are summarized below:

| | Cumulative Translation Adjustment | Net Revaluation and Clearance of Cash Flow Hedges to Earnings | Pension Benefit Plans | Other Benefit Plans | Unrealized Gain (Loss) on Securities | Total |
|---|---|--|--------------------------|------------------------|--|------------|
| 2013 | | | | | | |
| Balance January 1, 2013 | \$(167 |)\$3 | \$(8,686 |)\$202 | \$2 | \$(8,646) |
| Other comprehensive income before reclassifications | (209 |)(9 |)42 | 11 | — | (165) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | (6 |)269 | (112 |)(2 |)149 |
| Balance March 31, 2013 | \$(376 |)\$ (12 |)(8,375 |)\$101 | \$— | \$(8,662) |

| | Cumulative Translation Adjustment | Net Revaluation and Clearance of Cash Flow Hedges to Earnings | Pension Benefit Plans | Other Benefit Plans | Unrealized Gain (Loss) on Securities | Total |
|---|---|--|--------------------------|------------------------|--|------------|
| 2012 | | | | | | |
| Balance January 1, 2012 | \$(244 |)\$41 | \$(8,276 |)\$ (274 |)\$3 | \$(8,750) |
| Other comprehensive income before reclassifications | 170 | (4 |)(5 |)— | 1 | 162 |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | (19 |)147 | (5 |)— | 123 |
| Balance March 31, 2012 | \$(74 |)\$18 | \$(8,134 |)\$ (279 |)\$4 | \$(8,465) |

Note 11. Financial Instruments

Debt

The estimated fair value of the company's total debt including interest rate financial instruments was determined using level 2 inputs within the fair value hierarchy, as described in the company's 2012 Annual Report in Note 1, "Summary of Significant Accounting Policies." Based on quoted market prices for the same or similar issues or on current rates offered to the company for debt of the same remaining maturities, the fair value of the company's debt was approximately \$14,460 and \$13,015 as of March 31, 2013 and December 31, 2012, respectively. The increase was primarily due to the issuance in the first quarter 2013 of \$1,250 of 2.80% Notes due February 15, 2023 and \$750 of 4.15% Notes due February 15, 2043, partially offset by debt maturities in the first quarter 2013.

Cash Equivalents

The fair value of cash equivalents approximates its stated value. The estimated fair value of the company's cash equivalents was determined using level 1 and level 2 inputs within the fair value hierarchy, as described in the company's 2012 Annual Report in Note 1, "Summary of Significant Accounting Policies." Level 1 measurements are

based on quoted market prices and level 2 measurements are based on current interest rates for similar instruments with comparable credit risk and time to maturity. The company held \$2,147 and \$0 of money market funds (level 1 measurements) as of March 31, 2013 and December 31, 2012, respectively. The company held \$2,819 and \$2,026 of other cash equivalents (level 2 measurements) as of March 31, 2013 and December 31, 2012, respectively.

Derivative Instruments

Objectives and Strategies for Holding Derivative Instruments

In the ordinary course of business, the company enters into contractual arrangements (derivatives) to reduce its exposure to foreign currency, interest rate and commodity price risks. The company has established a variety of derivative programs to be utilized for financial risk management. These programs reflect varying levels of exposure coverage and time horizons based on an assessment of risk.

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Derivative programs have procedures and controls and are approved by the Corporate Financial Risk Management Committee, consistent with the company's financial risk management policies and guidelines. Derivative instruments used are forwards, options, futures and swaps. The company has not designated any nonderivatives as hedging instruments.

The company's financial risk management procedures also address counterparty credit approval, limits and routine exposure monitoring and reporting. The counterparties to these contractual arrangements are major financial institutions and major commodity exchanges. The company is exposed to credit loss in the event of nonperformance by these counterparties. The company utilizes collateral support annex agreements with certain counterparties to limit its exposure to credit losses. The company's derivative assets and liabilities are reported on a gross basis in the Condensed Consolidated Balance Sheets. The company anticipates performance by counterparties to these contracts and therefore no material loss is expected. Market and counterparty credit risks associated with these instruments are regularly reported to management.

The notional amounts of the company's derivative instruments were as follows:

| | March 31, 2013 | December 31, 2012 |
|--|----------------|----------------------|
| Derivatives designated as hedging instruments: | | |
| Interest rate swaps | \$1,000 | \$1,000 |
| Foreign currency contracts | 693 | 1,083 |
| Commodity contracts | 597 | 753 |
| Derivatives not designated as hedging instruments: | | |
| Foreign currency contracts | 9,839 | 6,733 |
| Commodity contracts | 251 | 242 |

Foreign Currency Risk

The company's objective in managing exposure to foreign currency fluctuations is to reduce earnings and cash flow volatility associated with foreign currency rate changes. Accordingly, the company enters into various contracts that change in value as foreign exchange rates change to protect the value of its existing foreign currency-denominated assets, liabilities, commitments and cash flows.

The company routinely uses forward exchange contracts to offset its net exposures, by currency, related to the foreign currency-denominated monetary assets and liabilities of its operations. The primary business objective of this hedging program is to maintain an approximately balanced position in foreign currencies so that exchange gains and losses resulting from exchange rate changes, net of related tax effects, are minimized. The company also uses foreign currency exchange contracts to offset a portion of the company's exposure to certain foreign currency-denominated revenues so that gains and losses on these contracts offset changes in the USD value of the related foreign currency-denominated revenues. The objective of the hedge program is to reduce earnings and cash flow volatility related to changes in foreign currency exchange rates.

Interest Rate Risk

The company uses interest rate swaps to manage the interest rate mix of the total debt portfolio and related overall cost of borrowing.

Interest rate swaps involve the exchange of fixed for floating rate interest payments to effectively convert fixed rate debt into floating rate debt based on USD LIBOR. Interest rate swaps allow the company to achieve a target range of floating rate debt.

Commodity Price Risk

Commodity price risk management programs serve to reduce exposure to price fluctuations on purchases of inventory such as copper, corn, soybeans and soybean meal. The company enters into over-the-counter and exchange-traded derivative commodity instruments to hedge the commodity price risk associated with energy feedstock and agricultural commodity exposures.

Fair Value Hedges

Interest Rate Swaps

At March 31, 2013, the company maintained a number of interest rate swaps, which were implemented at the time debt instruments were issued. All interest rate swaps qualify for the shortcut method of hedge accounting, thus there is no ineffectiveness related to these hedges.

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Cash Flow Hedges

Foreign Currency Contracts

The company uses foreign currency exchange instruments such as forwards and options to offset a portion of the company's exposure to certain foreign currency-denominated revenues so that gains and losses on these contracts offset changes in the USD value of the related foreign currency-denominated revenues.

Commodity Contracts

The company enters into over-the-counter and exchange-traded derivative commodity instruments, including options, futures and swaps, to hedge the commodity price risk associated with energy feedstock and agriculture commodity exposures.

While each risk management program has a different time maturity period, most programs currently do not extend beyond the next two-year period. Cash flow hedge results are reclassified into earnings during the same period in which the related exposure impacts earnings. Reclassifications are made sooner if it appears that a forecasted transaction will not materialize. The following table summarizes the after-tax effect of cash flow hedges on accumulated other comprehensive income (loss) for the three months ended March 31, 2013 and 2012:

| | Three Months Ended March 31, | |
|--|---------------------------------|-------|
| | 2013 | 2012 |
| Beginning balance | \$3 | \$41 |
| Additions and revaluations of derivatives designated as cash flow hedges | (9 |)(4 |
| Clearance of hedge results to earnings | (6 |)(19 |
| Ending balance | \$(12 |)\$18 |

At March 31, 2013, the after-tax amount expected to be reclassified from accumulated other comprehensive income (loss) into earnings over the next 12 months is \$14.

Derivatives not Designated in Hedging Relationships

Foreign Currency Contracts

The company routinely uses forward exchange contracts to reduce its net exposure, by currency, related to foreign currency-denominated monetary assets and liabilities of its operations so that exchange gains and losses resulting from exchange rate changes are minimized. The netting of such exposures precludes the use of hedge accounting; however, the required revaluation of the forward contracts and the associated foreign currency-denominated monetary assets and liabilities intends to achieve a minimal earnings impact, after taxes. Additionally, the company has cross-currency swaps to hedge foreign currency fluctuations on long-term intercompany loans.

In 2012, the company initiated a program to utilize forward exchange contracts to reduce the net exposure related to foreign currency-denominated monetary assets and liabilities of its discontinued operations.

Commodity Contracts

The company utilizes options, futures and swaps that are not designated as hedging instruments to reduce exposure to commodity price fluctuations on purchases of inventory such as corn, soybeans and soybean meal.

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Fair Values of Derivative Instruments

The table below presents the fair values of the company's derivative assets and liabilities within the fair value hierarchy, as described in the company's 2012 Annual Report in Note 1, "Summary of Significant Accounting Policies."

| | Balance Sheet Location | Fair Value Using Level 2 Inputs | |
|--|------------------------------------|------------------------------------|----------------------|
| | | March 31, 2013 | December 31, 2012 |
| Asset derivatives: | | | |
| Derivatives designated as hedging instruments: | | | |
| Interest rate swaps ¹ | Other assets | \$48 | \$55 |
| Foreign currency contracts | Accounts and notes receivable, net | 11 | 7 |
| | | 59 | 62 |
| Derivatives not designated as hedging instruments: | | | |
| Foreign currency contracts ² | Accounts and notes receivable, net | 204 | 88 |
| Total asset derivatives ³ | | \$263 | \$150 |
| Cash collateral ^{1,2} | Other accrued liabilities | \$42 | \$44 |
| Liability derivatives: | | | |
| Derivatives designated as hedging instruments: | | | |
| Foreign currency contracts | Other accrued liabilities | \$2 | \$10 |
| Commodity contracts | Other accrued liabilities | 1 | — |
| | | 3 | 10 |
| Derivatives not designated as hedging instruments: | | | |
| Foreign currency contracts | Other accrued liabilities | 47 | 76 |
| Commodity contracts | Other accrued liabilities | 1 | 1 |
| | | 48 | 77 |
| Total liability derivatives ³ | | \$51 | \$87 |

¹ Cash collateral held as of March 31, 2013 and December 31, 2012 represents \$11 and \$13, respectively, related to interest rate swap derivatives designated as hedging instruments.

² Cash collateral held as of March 31, 2013 and December 31, 2012 represents \$31, respectively, related to foreign currency derivatives not designated as hedging instruments.

³ The company's derivative assets and liabilities subject to enforceable master netting arrangements totaled \$30 at March 31, 2013 and \$40 at December 31, 2012.

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Effect of Derivative Instruments

| Three Months Ended March 31, | Amount of Gain (Loss) Recognized in OCI ¹ (Effective Portion) | | Amount of Gain (Loss) Recognized in Income ² | | Income Statement Classification |
|---|---|-------|--|--------|------------------------------------|
| | 2013 | 2012 | 2013 | 2012 | |
| Derivatives designated as hedging instruments: | | | | | |
| Fair value hedges: | | | | | |
| Interest rate swaps | \$— | \$— | \$(7 |)\$(3 |) Interest expense ³ |
| Cash flow hedges: | | | | | |
| Foreign currency contracts | 14 | (10 |)4 |)3 | Net sales |
| Commodity contracts | (30 |)6 | 14 | 29 | See (4) below |
| | (16 |)4 |)3 | 29 | |
| Derivatives not designated as hedging instruments: | | | | | |
| Foreign currency contracts | — | — | 106 | (128 |) Other income, net ⁵ |
| Commodity contracts | — | — | 6 | (11 |) See (4) below |
| | — | — | 112 | (139 |) |
| Total derivatives | \$(16 |)\$(4 |)\$115 | \$(110 |) |

¹ OCI is defined as other comprehensive income (loss).

For cash flow hedges, this represents the effective portion of the gain (loss) reclassified from accumulated OCI into

² income during the period. For the three months ended March 31, 2013 and 2012, there was no material ineffectiveness with regard to the company's cash flow hedges.

³ Gain (loss) recognized in income of derivative is offset to \$0 by gain (loss) recognized in income of the hedged item.

⁴ Amount of gain is recognized within the line item costs of goods sold and other operating charges on the interim Consolidated Income Statements.

Gain (loss) recognized in other income, net, was partially offset by the related gain (loss) on the foreign

⁵ currency-denominated monetary assets and liabilities of the company's operations, which were \$(95) and \$47 for the three months ended March 31, 2013 and 2012, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Note 12. Long-Term Employee Benefits

Pension Plans

In February 2013, DuPont completed the sale of its Performance Coatings business. As a result of the sale, the company recorded settlement and curtailment charges of \$153. See Note 2 for additional information.

The following sets forth the components of the company's net periodic benefit cost for pensions:

| | Three Months Ended March 31, | |
|------------------------------------|---------------------------------|-------|
| | 2013 | 2012 |
| Service cost | \$71 | \$68 |
| Interest cost | 273 | 297 |
| Expected return on plan assets | (382) | (381) |
| Amortization of loss | 241 | 219 |
| Amortization of prior service cost | 3 | 4 |
| Curtailment loss | 1 | — |
| Settlement loss | 152 | — |
| Net periodic benefit cost | \$359 | \$207 |

Other Long-Term Employee Benefit Plans

In conjunction with the sale of Performance Coating business as noted above, the company recorded a \$154 curtailment gain and a \$1 settlement charge. See Note 2 for additional information.

The following sets forth the components of the company's net periodic benefit cost for other long-term employee benefits:

| | Three Months Ended March 31, | |
|---------------------------------------|---------------------------------|------|
| | 2013 | 2012 |
| Service cost | \$8 | \$9 |
| Interest cost | 33 | 48 |
| Amortization of loss | 27 | 22 |
| Amortization of prior service benefit | (48) | (30) |
| Curtailment gain | (154) | — |
| Settlement loss | 1 | — |
| Net periodic benefit cost | \$(133) | \$49 |

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share)

Note 13. Segment Information

Effective January 1, 2013, to better indicate operating performance, the company eliminated the allocation of non-operating pension and other postretirement employee benefit costs from segment pre-tax operating income (loss) (PTOI). 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. Certain reclassifications of prior year data have been made to conform to current year classifications.

| Three Months Ended March 31, | Agriculture | Electronics & Communications | Industrial & Biosciences | Nutrition & Health | Performance Chemicals | Performance Materials | Safety & Protection | Pharmaceuticals | Others | Total |
|------------------------------|-------------|------------------------------|--------------------------|--------------------|-----------------------|-----------------------|---------------------|-----------------|--------|-----------|
| 2013 | | | | | | | | | | |
| Segment sales | \$ 4,669 | \$ 616 | \$ 289 | \$ 868 | \$ 1,585 | \$ 1,559 | \$ 907 | \$ — | \$ 1 | \$ 10,494 |
| Less: Transfers | 5 | 4 | 3 | — | 54 | 19 | 1 | — | — | 86 |
| Net sales | 4,664 | 612 | 286 | 868 | 1,531 | 1,540 | 906 | — | 1 | 10,408 |
| PTOI | 1,481 | ² 49 | 41 | 76 | 251 | 292 | 138 | 4 | (91) | 2,241 |
| 2012 | | | | | | | | | | |
| Segment sales | \$ 4,080 | \$ 677 | \$ 288 | \$ 808 | \$ 1,900 | \$ 1,600 | \$ 941 | \$ — | \$ 1 | \$ 10,295 |
| Less: Transfers | 2 | 4 | 3 | — | 77 | 26 | 3 | — | — | 115 |
| Net sales | 4,078 | 673 | 285 | 808 | 1,823 | 1,574 | 938 | — | 1 | 10,180 |
| PTOI | 1,288 | ² 59 | 39 | 79 | 571 | 277 | 159 | 27 | (76) | 2,423 |

As of March 31, 2013, Agriculture net assets were \$8,141, an increase of \$3,385 from \$4,756 at December 31, 2012.

¹ The increase was primarily due to higher trade receivables due to normal seasonality in the sales and cash collections cycle.

Included charges of \$(35) and \$(50) during the three months ended March 31, 2013 and 2012, respectively, recorded ² in cost of goods sold and other operating charges associated with the company's process to fairly resolve claims associated with the use of Imprelis[®]. See Note 9 for additional information.

Reconciliation to Consolidated Income Statements

| | Three Months Ended March 31, | |
|---|------------------------------|---------|
| | 2013 | 2012 |
| Total segment PTOI | \$2,241 | \$2,423 |
| Non-operating pension and other postretirement employee benefit costs | (147) | (176) |
| Net exchange gains (losses), including affiliates | 11 | (81) |
| Corporate expenses and net interest | (331) | (365) |
| Income from continuing operations before income taxes | \$1,774 | \$1,801 |

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Item 2. 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 address 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, 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 and fluctuations in currency exchange rates, interest rates and commodity prices, as well as regulatory requirements;
- 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;
- Inability to protect and enforce the company's intellectual property rights; and
- Successful integration of acquired businesses and completion of divestitures of underperforming or non-strategic assets or businesses.

For additional information on these and other risks and factors that could affect our forward-looking statements, see the company's Risk Factors set forth under Part I, Item 1A of the company's 2012 Annual Report.

Recent Developments

Disposition of a Business

On August 30, 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 (\$1.9 billion net of tax). The gain was recorded in income from discontinued operations after income taxes in the interim Consolidated Income Statement for the quarter ended March 31, 2013. See Note 2 to the interim Consolidated Financial Statements for additional information.

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. See Note 1 to the interim Consolidated Financial Statements for additional information.

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Results of Operations

Overview

The following is a summary of the results of continuing operations for the first quarter 2013:

• Sales of \$10.4 billion were up 2 percent, principally reflecting volume growth in the Agriculture segment. A one percent increase in local prices was offset by currency impact.

• Agriculture segment earnings increased 15 percent driven by strong volume growth, particularly in North America and Latin America, and higher pricing from new seed and crop protection products.

• Total segment pre-tax operating income of \$2.2 billion declined 8 percent as Performance Chemicals income decreased \$320 million versus first quarter 2012.

• Income from continuing operations after income taxes for first quarter 2013 was \$1,387 million, down 2 percent versus \$1,409 million the same period last year.

• Proceeds from the sale of the Performance Coatings segment funded a \$1 billion share buyback and strengthened the balance sheet. In addition the company issued \$1,250 million of 2.80% Notes due February 15, 2023 and \$750 million of 4.15% Notes due February 15, 2043.

• Cost productivity gains and restructuring savings are on track to meet or exceed full-year targets.

Net Sales

Net sales for the first quarter 2013 increased 2 percent to \$10.4 billion from \$10.2 billion in the prior year. The increase reflects 2 percent higher volume, 1 percent higher local prices and a 1 percent reduction from currency impact. The volume increase principally reflects increased Agriculture segment sales in U.S. & Canada and in Latin America. Sales in developing markets of \$3.0 billion increased 5 percent reflecting higher volume, partly offset by adverse currency impact. The percentage of total company sales in these markets increased to 29 percent from 28 percent in the prior year. Developing markets include China, India and countries located in Latin America, Eastern and Central Europe, Middle East, Africa and Southeast Asia.

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

| | Three Months Ended | | Percent Change Due to: | | |
|-------------------------------------|--------------------|-------------------------|------------------------|-----------------|--------|
| | March 31, 2013 | Percent Change vs. 2012 | Local Price | Currency Effect | Volume |
| Worldwide | \$10.4 | 2 | 1 | (1) |)2 |
| U.S. & Canada | 4.8 | 8 | 4 | — | 4 |
| Europe, Middle East & Africa (EMEA) | 2.7 | (1) |)1 | (1) |)(1) |
| Asia Pacific | 1.8 | (8) |)(6 |)(2 |)— |
| Latin America | 1.1 | 4 | 4 | (4) |)4 |

Other Income, Net

Other income, net, totaled \$92 million for the first quarter 2013, an increase of \$78 million compared to \$14 million in the prior year. The increase was due primarily to an increase in pre-tax net exchange gains of \$92 million, partially offset by a decrease in Cozaar®/Hyzaar® income of \$23 million.

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

Cost of Goods Sold and Other Operating Charges

Cost of goods sold and other operating charges totaled \$7.1 billion in the first quarter 2013 versus \$6.8 billion in the prior year, a 4 percent increase. Cost of goods sold and other operating charges as a percent of net sales increased one percentage point to 68 percent, as production cost increases exceeded selling price increases. Cost of goods sold increased primarily due to higher raw material costs. Other operating charges were essentially flat versus the prior year.

Selling, General and Administrative Expenses (SG&A)

SG&A totaled \$983 million for the first quarter 2013 versus \$955 million in the prior year. The increase was due to increased global commissions and selling and marketing investments in the Agriculture segment. SG&A was approximately 9 percent of net sales for the first quarter 2013 and 2012.

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Research and Development Expense (R&D)

R&D totaled \$521 million and \$508 million for the first quarter 2013 and 2012, respectively. The increase was primarily due to continued growth investments in the Agriculture segment, primarily related to spending for development of new products. R&D was approximately 5 percent of net sales for the first quarter 2013 and 2012.

Interest Expense

Interest expense totaled \$117 million in the first quarter 2013, compared to \$114 million in 2012. The increase was primarily due to a higher average borrowing rate, partially offset by lower average borrowings.

Provision for Income Taxes on Continuing Operations

The company's effective tax rate for the first quarter 2013 was 21.8 percent on pre-tax income from continuing operations consistent with first quarter 2012. The absence of benefits associated with certain U.S. business tax provisions in 2012 was offset by the tax impact associated with the company's policy of hedging the foreign currency-denominated monetary assets and liabilities of its operations and geographic mix of earnings.

See Note 5 to the interim Consolidated Financial Statements for additional information.

Income from Continuing Operations after Income Taxes

Income from continuing operations after income taxes for first quarter 2013 was \$1,387 million, down 2 percent, versus \$1,409 million in the same period last year. The decrease is due to the reasons noted above.

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Segment Reviews

Summarized below are comments on individual segment sales and pre-tax operating income (loss) (PTOI) for the three month period ended March 31, 2013 compared with the same period in 2012. Effective January 1, 2013, to better indicate operating performance, the company eliminated the allocation of non-operating pension and other postretirement employee benefit costs from segment pre-tax operating income (loss) (PTOI). 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. Certain 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. A reconciliation of segment sales to consolidated net sales and segment PTOI to income from continuing operations before income taxes for the three month periods ended March 31, 2013 and 2012 is included in Note 13 to the interim Consolidated Financial Statements.

The following table summarizes first quarter 2013 segment sales and related variances versus prior year:

| | Three Months Ended | | | | |
|------------------------------|--------------------|---------------------------|--------|---------------------|------|
| | March 31, 2013 | Percentage Change Due to: | | | |
| Segment | Percent | Change vs. Price | Volume | Portfolio and Other | |
| Sales (\$ Billions) | 2012 | | | | |
| Agriculture | \$4.7 | 14 | 6 | 8 | — |
| Electronics & Communications | 0.6 | (9 |) (3 |) (6 |) — |
| Industrial Biosciences | 0.3 | — | 1 | (1 |) — |
| Nutrition & Health | 0.9 | 7 | 5 | 4 | (2) |
| Performance Chemicals | 1.6 | (17 |) (11 |) (6 |) — |
| Performance Materials | 1.6 | (3 |) (3 |) 1 | (1) |
| Safety & Protection | 0.9 | (4 |) (2 |) (2 |) — |

Agriculture - PTOI of \$1.5 billion improved 15 percent on higher volume and price, partially offset by higher seed input costs and unfavorable currency impact. Earnings improvement was driven by a 14 percent increase in sales reflecting strong corn seed sales in North America and Brazil, including a timing benefit to first quarter 2013 results primarily due to accelerated pace of North American corn deliveries compared to last year, and strong Crop Protection volumes in North America and Latin America. First quarter 2013 and first quarter 2012 PTOI included charges of \$35 million and \$50 million, respectively, related to Imprelis® claims. See Note 9 to the interim Consolidated Financial Statements for more information related to the Imprelis® matter.

In March 2013, Pioneer and Monsanto entered into technology license agreements. See Contractual Obligations discussion on page 30 of this report and Note 9 to the interim Consolidated Financial Statements for further information.

Electronics & Communications - PTOI of \$49 million declined \$10 million driven largely by lower sales in photovoltaic markets, as share gains were more than offset by lower usage of materials per photovoltaic module.

Industrial Biosciences - PTOI of \$41 million was up 5 percent on higher demand and lower input costs for Sorona® polymer for carpeting and growth in food enzymes, partially offset by lower enzyme demand for ethanol production.

Nutrition & Health - PTOI of \$76 million decreased \$3 million. Pricing gains, strong demand for probiotics and specialty protein solution and realization of integration synergies were more than offset by higher raw material costs, primarily in enablers.

Performance Chemicals - PTOI of \$251 million was \$320 million lower, due primarily to substantial price declines in the titanium dioxide market and weak demand for fluoropolymers, particularly in North America and Asia Pacific. Titanium dioxide volume was essentially flat year-over-year, but increased 8 percent from fourth quarter 2012.

While demand patterns remain dynamic and evolving, the company believes titanium dioxide demand will stabilize as the year progresses with improving industry fundamentals.

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Performance Materials - PTOI of \$292 million increased 5 percent due primarily to lower feedstock costs and higher sales volume in packaging markets, partially offset by weak demand in the European and Japanese automotive markets and continued softness in the industrial and electronics market.

Safety & Protection - PTOI of \$138 million decreased \$21 million reflecting a weaker sales mix, as well as lower plant utilization. Lower sales primarily reflect significantly reduced demand for military protection products and continued softness in certain industrial markets.

Pharmaceuticals - First quarter PTOI was \$4 million compared to \$27 million in the same period last year. The decrease reflects the expiration of the patents for Cozaar®/Hyzaar®.

Liquidity & Capital Resources

| (Dollars in millions) | March 31, 2013 | December 31, 2012 |
|--|----------------|-------------------|
| Cash, cash equivalents and marketable securities | \$6,581 | \$4,407 |
| Total debt | 13,285 | 11,740 |

Total debt at March 31, 2013 was \$13.3 billion, an increase of \$1.6 billion from \$11.7 billion at December 31, 2012. The increase was primarily due to the issuance in the first quarter 2013 of \$1,250 million of 2.80% Notes due February 15, 2023 and \$750 million of 4.15% Notes due February 15, 2043, partially offset by debt maturities in the first quarter 2013. See Note 11 to the interim Consolidated Financial Statements for additional information.

The company believes its ability to generate cash from operations and access to capital markets will be adequate to meet anticipated cash requirements to fund working capital, capital spending, dividend payments, debt maturities and other cash needs. The company's liquidity needs can be met through a variety of sources, including: cash provided by operating activities, cash and cash equivalents, marketable securities, commercial paper, syndicated credit lines, bilateral credit lines, equity and long-term debt markets, and asset sales. The company's current strong financial position, liquidity and credit ratings provide excellent access to the capital markets. In addition, spending and capital productivity actions have been implemented. The company will continue to monitor the financial markets in order to respond to changing conditions. Depending on these conditions, the proceeds of commercial paper may be invested in cash equivalents or marketable securities.

Pursuant to its cash discipline policy, the company seeks first to maintain a strong balance sheet and second, to return excess cash to shareholders unless the opportunity to invest for growth is compelling. Cash, cash equivalents and marketable securities provide primary liquidity to support all short-term debt obligations. A substantial majority of the company's cash, cash equivalents and marketable securities is held by foreign subsidiaries. The company believes that it has sufficient sources of domestic liquidity to support its assumption that undistributed earnings at March 31, 2013 can be considered reinvested indefinitely. The company has access to approximately \$4.2 billion in unused credit lines with several major financial institutions, as additional support to meet short-term liquidity needs and general corporate purposes, including letters of credit.

The company continually reviews its debt portfolio and occasionally may rebalance it to ensure adequate liquidity and an optimum debt maturity schedule.

The company's credit ratings impact its access to the debt capital market and cost of capital. The company remains committed to a strong financial position and strong investment-grade rating. The company's long-term and short-term credit ratings are as follows:

| Long-term | Short-term | Outlook |
|-----------|------------|---------|
|-----------|------------|---------|

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| | | | |
|---------------------------|----|-----|--------|
| Standard & Poor's | A | A-1 | Stable |
| Moody's Investors Service | A2 | P-1 | Stable |
| Fitch Ratings | A | F1 | Stable |

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Summary of Cash Flows

Cash used for operating activities was \$2.7 billion for the three months ended March 31, 2013 compared to cash used for operating activities of \$1.9 billion during the same period last year. The \$0.8 billion change was primarily due to lower cash earnings partially offset by lower contributions to the pension plans.

Cash provided by investing activities was \$4.6 billion for the three months ended March 31, 2013 compared to cash used for investing activities of \$0.2 billion for the same period last year. The \$4.8 billion change was primarily due to the proceeds received from the sale of the Performance Coatings business. See Note 2 to the interim Consolidated Financial Statements for additional information.

Purchases of property, plant and equipment for the three months ended March 31, 2013 totaled \$0.3 billion, about the same as the same period last year.

Cash provided by financing activities was \$0.3 billion for the three months ended March 31, 2013 compared to cash provided by financing activities of \$1.8 billion for the same period last year. The \$1.5 billion difference was due primarily to less of a net increase in borrowings, higher cash used for the repurchase/prepayment of common stock and less proceeds from options exercised.

| (Dollars in millions) | Three Months Ended | |
|--|--------------------|----------|
| | March 31, | |
| | 2013 | 2012 |
| Cash used for operating activities | \$(2,667 | \$(1,877 |
| Purchases of property, plant and equipment | (321 | (301 |
| Free cash flow | \$(2,988 | \$(2,178 |

Free cash flow is a measurement not recognized in accordance with GAAP and should not be viewed as an alternative to GAAP measures of performance. All companies do not calculate non-GAAP financial measures in the same manner and, accordingly, the company's free cash flow definition may not be consistent with the methodologies used by other companies. The company defines free cash flow as cash provided by operating activities less purchases of property, plant and equipment, and therefore indicates operating cash flow available for payment of dividends, other investing activities and other financing activities. Free cash flow is useful to investors and management to evaluate the company's cash flow and financial performance, and is an integral financial measure used in the company's financial planning process.

Dividends paid to shareholders during the three months ended March 31, 2013 totaled \$0.4 billion. In January 2013, the company's Board of Directors declared a first quarter common stock dividend of \$0.43 per share. In April 2013, the Board of Directors declared a second quarter common stock dividend of \$0.45 per share, a 5 percent dividend increase over the January 2013 dividend. The first and second quarter dividends were the company's 434th and 435th consecutive quarterly dividends since the company's first dividend in the fourth quarter 1904.

In February 2013, the company entered into an accelerated share repurchase (ASR) agreement with a financial institution under which the company used \$1 billion of the proceeds from the sale of Performance Coatings for the purchase of shares of common stock. Under the terms of the ASR agreement, in February 2013, the company paid \$1 billion to the financial institution and received and retired an initial delivery of 16.9 million shares, which represents 80 percent of the \$1 billion notional amount of the ASR agreement. The purchase price per share and final number of shares retired will be determined using the volume-weighted average price of the company's common stock over the term of the ASR agreement. This share buyback plan will be completed in the second quarter 2013. See Part II, Item 2 and Note 10 to the interim Consolidated Financial Statements for additional information.

In February 2012, the company entered into an agreement with a financial institution and paid \$400 million for the purchase of shares of common stock. The shares were received and retired in May 2012. See Note 10 to the interim Consolidated Financial Statements for additional information.

Guarantees and Off-Balance Sheet Arrangements

For detailed information related to Guarantees, Indemnifications, and Obligations for Equity Affiliates and Others, see page 33 of the company's 2012 Annual Report, and Note 9 to the interim Consolidated Financial Statements.

Table of Contents**Contractual Obligations**

Information related to the company's contractual obligations at December 31, 2012 can be found on page 33 of the company's 2012 Annual Report. The company's contractual obligations at March 31, 2013 have increased approximately \$4.3 billion versus prior year-end. The increase is primarily due to the issuance of \$2.0 billion in debt during the first quarter 2013 as well as the technology license agreement discussed below.

On March 25, 2013, DuPont, through its subsidiary, Pioneer Hi-Bred International, Inc. ("Pioneer"), entered into technology license agreements with Monsanto Company. As part of those agreements, DuPont received a non-exclusive, royalty bearing license in the United States and Canada for Monsanto's Genuity[®] Roundup Ready 2 Yield[®] glyphosate tolerance trait and for Monsanto's dicamba tolerance trait. These herbicide tolerance traits are incorporated into soybean seeds. In addition, DuPont receives post-patent regulatory data access and maintenance support for the Roundup Ready[®] 1 glyphosate tolerance trait for soybeans, the Genuity[®] Roundup Ready 2 glyphosate tolerance trait for corn, and the YieldGard[®] corn borer insect resistance trait for corn. These traits are already incorporated into several of DuPont Pioneer's corn and soybean varieties. DuPont also grants Monsanto licenses to certain DuPont Pioneer disease resistance technology and corn defoliation patents.

Under these agreements, DuPont will make a series of up-front and variable based royalty payments subject to future delivery of enabling soybean genetic material. Total annual fixed royalty payments of \$802 million contemplated under the arrangement for trait technology, associated data and soybean lines to support commercial introduction are expected to come due in years 2014-2017. Additionally, beginning in 2018, DuPont will pay royalties on a per unit basis related to the Genuity[®] Roundup Ready 2 Yield[®] and dicamba tolerance traits for the life of the license, subject to annual minimum payments through 2023 totaling \$950 million.

The company's total contractual obligations for license agreements as of March 31, 2013 are as follows:

| (Dollars in millions) | Total at March 31, 2013 | Payments Due In | | | |
|-----------------------|----------------------------|-----------------|----------------|----------------|--------------------|
| | | Remainder 2013 | 2014 - 2015 | 2016 - 2017 | 2018 and beyond |
| License agreements | \$2,253 | \$103 | \$605 | \$595 | \$950 |

PFOA

See discussion under "PFOA" on page 37 of the company's 2012 Annual Report and Note 9 to the interim Consolidated Financial Statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 11, "Financial Instruments", to the interim Consolidated Financial Statements. See also Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, on page 38 of the company's 2012 Annual Report for information on the company's utilization of financial instruments and an analysis of the sensitivity of these instruments.

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Item 4. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures

The company maintains a system of disclosure controls and procedures to give reasonable assurance that information required to be disclosed in the company's reports filed or submitted under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of March 31, 2013, the company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with management, conducted an evaluation of the effectiveness of the company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective.

b) Changes in Internal Control over Financial Reporting

There has been no change in the company's internal control over financial reporting that occurred during the quarter ended March 31, 2013 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. 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 9 to the interim Consolidated Financial Statements.

Litigation

Imprelis® Herbicide Claims Process

Information related to this matter is included in Note 9 to the interim 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 9 to the interim Consolidated Financial Statements under the heading PFOA.

Monsanto Patent Dispute

Information related to this matter is included in Note 9 to the interim Consolidated Financial Statements under the heading Monsanto Patent Dispute.

Environmental Proceedings

Belle Plant, West Virginia

The U.S. Environmental Protection Agency (EPA) is investigating three chemical releases at DuPont's Belle facility in West Virginia which occurred in January 2010. One of the releases involved the death of a DuPont employee after exposure to phosgene.

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 the Emergency Planning and Community Right-to-Know Act. The alleged non-compliance was identified by EPA in 2007 and 2009 following separate environmental audits. DuPont is in settlement negotiations with EPA and the Department of Justice (DOJ).

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 of 2011 relating primarily to the management of certain materials in the facility's waste water treatment system. These negotiations continue.

Sabine Plant, Orange, Texas

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

Yerkes Plant, Buffalo, New York

The government alleges that the facility violated recordkeeping requirements of certain provisions of the CAA and the FCAR governing LDAR and that it failed to accurately report emissions under the Emergency Planning and

Community Right-to-Know Act. The alleged non-compliance was identified by EPA in 2006 and 2010 following separate environmental audits. DuPont is in settlement negotiations with EPA and DOJ.

Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)

In July 2012, DuPont received a “notice of noncompliance and show cause” letter from EPA Region III for alleged violations of FIFRA related to product labeling and adverse effects reporting for Imprelis®.

Washington Works Plant, West Virginia

In 2011, the U.S. government initiated an enforcement action alleging that the Washington Works plant violated certain regulatory provisions of the CAA governing LDAR. The alleged non-compliance was identified between 2007 and 2010, following an environmental audit conducted in 2007 and the submission of responses to an information request received in 2009. DuPont is in settlement negotiations with the EPA and DOJ.

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DuPont (Australia) Pty Limited

The New South Wales Environmental Protection Authority (NSWEPA) alleges that 2011 dust particulate emissions from a DuPont (Australia) Pty Limited facility caused damage to trees, shrubs, and garden plants. In April 2012, NSWEPA commenced proceedings against DuPont (Australia) Pty Limited and under applicable laws and regulations, fines of up to AUD 1,000,000 (approximately \$1,000,000) can be imposed.

Item 1A. RISK FACTORS

There have been no material changes in the company's risk factors from those disclosed in Part I, Item 1A, Risk Factors, in the company's 2012 Annual Report.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In December 2012, the company's Board of Directors authorized a \$1 billion share buyback plan, subject to receiving the proceeds from the Performance Coatings divestiture (2012 plan).

In February 2013, the company entered into an accelerated share repurchase (ASR) agreement with a financial institution under which the company used \$1 billion of the proceeds from the sale of Performance Coatings for the purchase of shares of common stock. Under the terms of the ASR agreement, in February 2013, the company paid \$1 billion to the financial institution and received and retired an initial delivery of 16.9 million shares, which represents 80 percent of the \$1 billion notional amount of the ASR agreement. The purchase price per share and final number of shares retired will be determined using the volume-weighted average price of the company's common stock over the term of the ASR agreement. This share buyback plan will be completed in the second quarter 2013.

The following table summarizes information with respect to the company's purchase of its common stock during the three months ended March 31, 2013:

| Month | Total Number of Shares Purchased ⁽²⁾ | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Program ⁽²⁾ | Approximate Value of Shares that May Yet Be Purchased Under the Program ^{(1),(2)} (Dollars in millions) |
|----------|---|------------------------------|---|--|
| February | 16,938,387 | See (2) Below | 16,938,387 | \$200 |
| Total | 16,938,387 | | 16,938,387 | |

¹ Represents approximate value of shares that may yet be purchased under the 2012 plan.

² Includes initial share delivery under the ASR agreement which represents 80% of the \$1 billion notional amount of the ASR agreement. The purchase price per share and final number of shares retired will be determined using the volume-weighted average price of the company's common stock over the term of the ASR agreement. The 2012 plan will be completed in the second quarter 2013.

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.

Item 6. EXHIBITS

Exhibits: The list of exhibits in the Exhibit Index to this report is incorporated herein by reference.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

E. I. DU PONT DE NEMOURS AND COMPANY
(Registrant)

Date: April 23, 2013

By: /s/ Nicholas C. Fanandakis

Nicholas C. Fanandakis
Executive Vice President and
Chief Financial Officer
(As Duly Authorized Officer and
Principal Financial and Accounting Officer)

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EXHIBIT INDEX

| Exhibit Number | Description |
|----------------|--|
| 3.1 | Company's Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the company's Annual Report on Form 10-K for the year ended December 31, 2012). |
| 3.2 | Company's Bylaws, as last amended effective November 1, 2009 (incorporated by reference to Exhibit 3.2 to the company's Annual Report on Form 10-K for the year ended December 31, 2009). |
| 4 | The company agrees to provide the Commission, on request, copies of instruments defining the rights of holders of long-term debt of the company and its subsidiaries. |
| 10.1* | The DuPont Stock Accumulation and Deferred Compensation Plan for Directors, as last amended effective January 1, 2009 (incorporated by reference to Exhibit 10.1 to the company's Annual Report on Form 10-K for the year ended December 31, 2008). |
| 10.2* | Company's Supplemental Retirement Income Plan, as last amended effective June 4, 1996 (incorporated by reference to Exhibit 10.2 to the company's Annual Report on Form 10-K for the year ended December 31, 2011). |
| 10.3* | Company's Pension Restoration Plan, as restated effective July 17, 2006 (incorporated by reference to Exhibit 10.3 to the company's Quarterly Report on Form 10-Q for the period ended June 30, 2011). |
| 10.4* | Company's Rules for Lump Sum Payments, as last amended effective December 20, 2007 (incorporated by reference to Exhibit 10.4 to the company's Quarterly Report on Form 10-Q for the period ended June 30, 2011). |
| 10.5* | Company's Stock Performance Plan, as last amended effective January 25, 2007 (incorporated by reference to Exhibit 10.5 to the company's Annual Report on Form 10-K for the year ended December 31, 2011). |
| 10.6* | Company's Equity and Incentive Plan as amended and restated effective March 2, 2011 and approved by the company's shareholders on April 27, 2011 (incorporated by reference to pages B1-B15 of the company's Annual Meeting Proxy Statement dated March 18, 2011). |
| 10.7* | Form of Award Terms under the company's Equity and Incentive Plan (incorporated by reference to Exhibit 10.8 to the company's Quarterly Report on Form 10-Q for the period ended March 31, 2009). |
| 10.8* | Company's Retirement Savings Restoration Plan, as last amended effective January 1, 2013 (incorporated by reference to Exhibit 10.8 to the company's Annual Report on Form 10-K for the year ended December 31, 2012). |
| 10.9* | Company's Retirement Income Plan for Directors, as last amended January 2011 (incorporated by reference to Exhibit 10.9 to the company's Quarterly Report on Form 10-Q for the period ended March 31, 2012). |

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| Exhibit Number | Description |
|-------------------|--|
| 10.10* | Company's Management Deferred Compensation Plan, adopted on May 2, 2008, as last amended May 12, 2010 (incorporated by reference to Exhibit 10.11 to the company's Quarterly Report on Form 10-Q for the period ended June 30, 2010). |
| 10.11* | Supplemental Deferral Terms for Deferred Long Term Incentive Awards and Deferred Variable Compensation Awards (incorporated by reference to Exhibit 10.15 to the company's Annual Report on Form 10-K for the year ended December 31, 2008). |
| 10.12* | Purchase Agreement dated as of August 30, 2012, by and between E.I. du Pont de Nemours and Company and Flash Bermuda Co. Ltd. (incorporated by reference to Exhibit 2.1 to the company's Current Report on Form 8-K filed on September 4, 2012) (the "Purchase Agreement"). The company agrees to furnish supplementally a copy of any omitted schedules to the Commission upon request. |
| 10.13* | Amendment to purchase Agreement, dated as of January 31, 2013, by and between E. I. du Pont de Nemours and Company and Flash Bermuda Co. Ltd. (incorporated by reference to Exhibit 10.13 to the company's Annual Report on Form 10-K for the year ended December 31, 2012). |
| 12 | Computation of Ratio of Earnings to Fixed Charges. |
| 18.1 | Preferability Letter of Independent Registered Public Accounting Firm |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the company's Principal Executive Officer. |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the company's Principal Financial Officer. |
| 32.1 | Section 1350 Certification of the company's Principal Executive Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended. |
| 32.2 | Section 1350 Certification of the company's Principal Financial Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended. |
| 95 | Mine Safety Disclosures. |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

*Management contract or compensatory plan or arrangement required to be filed as an exhibit to this Form 10-Q.

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