

Date: 2/25/2015

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CIF Stock Recommendation Report (Spring 2015)

Company Name and Ticker: E.I Du Pont Nemours (DD)

Section (A) Investment Summary

| | | | |
|--|--|---|---|
| Recommendation Buy: Yes | | Target Price: 78.18 | Stop-Loss Price: 63.7 |
| Sector: Basic Materials | Industry: Agricultural Chemicals | Market Cap (in Billions): \$67,300 | # of Shrs. O/S (in Millions): 905.41M |
| Current Price: \$77.85 | 52 WK Hi: 78.18 | 52 WK Low: 63.7 | EBO Valuation: \$76.68 |
| Morningstar (MS) Fair Value Est.: 64.0 | MS FV Uncertainty: High | MS Consider Buying: 38.4 BASE | MS Consider Selling: 99.2 BASE |
| EPS (TTM): 3.92 | EPS (FY1): | EPS (FY2): | MS Star Rating: 2 stars |
| Next Fiscal Yr. End "Year": 2016 "Month": Dec | Last Fiscal Qtr. End: Less Than 8 WK: Y | If Less Than 8 WK, next Earnings Ann. Date: April 21, 2015 | Analyst Consensus Recommendation: Hold |
| Forward P/E: 16.92 | Mean LT Growth: 9.64% | PEG: 1.76 | Beta: 1.33 |
| % Inst. Ownership: 68.52% | Inst. Ownership- Net Buy: Y N | Short Interest Ratio: 3.6 | Short as % of Float: 1.60% |
| <u>Ratio Analysis</u> | <u>Company</u> | <u>Industry</u> | <u>Sector</u> |
| P/E (TTM) | 20 | 16.33 | 25.15 |
| P/S (TTM) | 2.02 | .71 | 2.53 |
| P/B (MRQ) | 5.39 | 1.47 | 2.36 |
| P/CF (TTM) | 13.49 | 8.22 | 13.8 |
| Dividend Yield | 2.41 | 1.7 | 1.6 |
| Total Debt/Equity (MRQ) | 80.29 | 94.87 | 67.23 |
| Net Profit Margin (TTM) | 10.37 | 4.95 | 9.73 |
| ROA (TTM) | 7.14 | 3.38 | 5.50 |

| | | | |
|-----------|-------|------|------|
| ROE (TTM) | 24.76 | 9.64 | 1.97 |
|-----------|-------|------|------|

| | |
|---------------------------------|--|
| <u>Investment Thesis</u> | <u>Summary</u> Provide brief summary of your analysis in each section that follows |
| | <u>Company Profile:</u> Du Pont is a large chemicals company with segments in agricultural products and distribution and biotechnology |
| | <u>Fundamental Valuation:</u> Our analysis shows that Du Pont is currently overvalued in the long run and may decline in price during the growth period |
| | <u>Relative Valuation:</u> Du Pont is a strong competitor among its closest peers and has the potential to outperform in the coming year |
| | <u>Revenue and Earnings Estimates:</u> Overall, the revenue and earnings estimates are following a bullish trend, but not as much growth is expected now as predicted a year ago. |
| | <u>Analyst Recommendations:</u> Most analysts are recommending this stock as a “hold”, with more “buy” recommendations than “sell” recommendations. |
| | <u>Institutional Ownership:</u> There are 68.52% institutional holders. Overall this stock is a net sell in institutional holders, with a -2. |
| | <u>Short Interest:</u> The short interest also shows bullish conditions, with their short rate staying below 5 days in 2015. This shows the potential for growth, but it is not estimated to grow rapidly. |

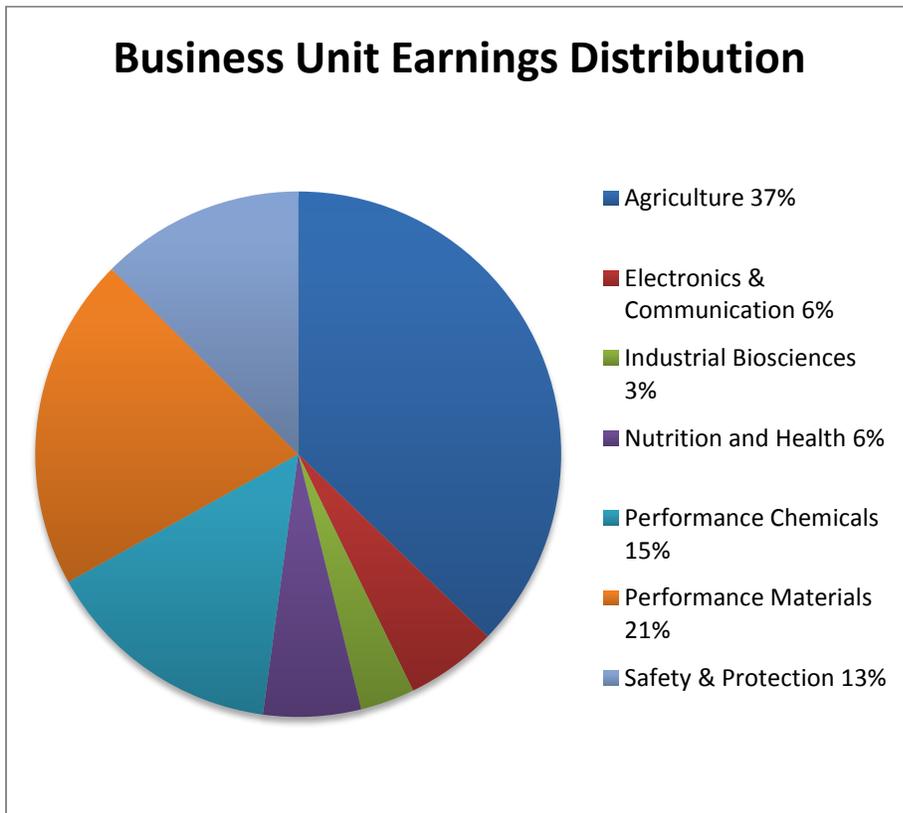
Stock Price Chart:

The stock price chart is very promising, showing the relative growth of DD to the S&P 500 and also the materials sector. DD is outperforming both in the 3 month and the 5 year, shown by the financial and the technical indicators.

Section (B) Company Profile

(B-1) Profile

E I du Pont de Nemours & Co. is an American chemical company with major business units in: Agriculture, Electronics & Communications, Industrial Biosciences, Nutrition & Health, Performance Chemicals, Performance Materials and Safety & Protection. The company was originally focused in chemical production but has since shifted its focus to agriculture, nutrition, and biosciences.





Business Model: Subsidiaries and affiliates of DuPont conduct manufacturing, seed production or selling activities and some are distributors of products manufactured by the company. As a science and technology based company, DuPont competes on a variety of factors such as:

- Product quality
- Performance or specifications
- Continuity of supply
- Price, customer service
- Breadth of product line depending on the characteristics of the particular market involved and the product or service provided

DuPont is helping customers find solutions to capitalize on areas of growing global demand — enabling more, safer, nutritious food; creating high-performance, cost-effective energy efficient materials for a wide range of industries; and increasingly delivering renewably sourced bio-based materials and fuels (Du Pont, 2014)

Du Pont is a cyclical stock as it is reactionary to changes in the state of the economy. However, it is much less so than other companies in the industry as it is currently growing its agricultural oriented segments. While the company has been around for quite some time, it has been able to stave off its maturity phase by continuing to innovate both internally and externally.

There are no current plans or rumors of any type of merger or acquisition event. However, Triun Fund Management is currently seeking to take four board seats in order to

break up Du Pont. This is extremely unlikely due to the fact that the firm has been able to outperform the market for several years now.

Major risk factors include regular competition from Du Pont's rival firm Monsanto. Du Pont has struggled to gain a technological advantage but holds a portfolio of significant patents that allow it to maintain its competition. Additionally, Monsanto's seed sales have consistently beat those of Du Pont's for many years. However, the gap has been closing more and more over recent years.

Du Pont has a strong history of innovation with the invention of materials like Kevlar and Teflon. It is reasonable to assume that such innovation will continue.

(B-2) Revenue and Earnings History (Refer to the guidelines document for revenue and earnings data to be included)

1) What are your observations on revenue? Was there a notable up- or down-trend, year-over-year? Was there seasonable pattern? Revenues have been consistent over the past several years with no real deviations.

2) Likewise, what are your observations on earnings?

GAAP earnings over the most recent quarter were up 28% compared to FY13. Earnings over the past several quarters are consistently rising.

(B-3) Most Recent Quarterly Earnings Release

1) When was the company's most recent earnings release?

January 27, 2015

2) In that earnings report, was reported revenue a (1) beat, (2) match, or (3) miss from consensus estimate?

Revenues were reported to have missed estimates

3) Likewise, was reported earnings a (1) beat, (2) match, or (3) miss from consensus estimate?

Earnings were as estimated by analysts

4) What did the management attribute the beat/miss to?

Missed revenues were attributed to an array of issues such as the increasing pressure from Triam Management to break up Du Pont. The earnings were as expected.

5) Did the management provide guidance about their current quarter and their outlook for the year? What were the key points of the guidance?

The outlook for Du Pont in FY15 is generally positive with expectations for earnings growth

6) How did the stock react to that earnings release?

Stock prices initially dropped but quickly rebounded with steady continuous growth.

7) Other observations worth noting?

Observing stock prices since the most recent earnings report, trends show that the price may have stagnated but further observation is required to verify.

Section (C) Fundamental Valuation (EBO)

Include the following here:

DD.N

| PARAMETERS | FY1 | FY2 | Ltg | Long-term Growth Period (Years) |
|------------------------------|----------|------|-------|--|
| EPS Forecasts | 4.11 | 4.60 | 9.64% | 7 |
| Total Equity | 13320.00 | | | |
| Preferred Stock | 237.00 | | | |
| Book Value (end of last fye) | 13083.00 | | | |
| Common Equity Shr. O/S | 904.98 | | | |
| Book value/share (last fye) | 14.457 | | | |
| 30- Year T-Bond Rate | 2.73% | | | |
| E(r _m) | 8.50% | | | |
| Beta | 1.43 | | | |
| Discount Rate | 10.98% | | | |
| Dividend Payout Ratio (POR) | 44.25% | | | |
| Next Fsc Year end | 2015 | | | |
| Current Fsc Mth (1 to 12) | 2 | | | |
| Target ROE (industry avg.) | 26.40% | | | |

Fundamental Valuation (EBO)
 Model 1: 9, 10, or 12-year forecasting horizon (T=9, 10 or 12).
 with a 4, 5 or 7-year growth period.

Please download and save this template to your own storage device
 You only need to input values to cells highlighted in "yellow"
 The rest of the spreadsheet is calculated automatically
 Please read "Guidelines_for_FundamentalValuation_ProfLee_Spreadsheet" file carefully

| Year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Long-term EPS Growth Rate (Ltg) | | | 0.0964 | 0.0964 | 0.0964 | 0.0964 | 0.0964 | | | | | |
| Forecasted EPS | 4.11 | 4.60 | 5.04 | 5.53 | 6.06 | 6.65 | 7.29 | | | | | |
| Beg. of year BV/Shr | 14.457 | 16.748 | 19.312 | 22.124 | 25.207 | 28.587 | 32.293 | | | | | |
| Implied ROE | | 0.275 | 0.261 | 0.250 | 0.241 | 0.233 | 0.226 | | | | | |
| ROE (Beg. ROE, from EPS forecasts) | 0.284 | 0.275 | 0.261 | 0.250 | 0.241 | 0.233 | 0.226 | 0.233 | 0.241 | 0.249 | 0.256 | 0.264 |
| Abnormal ROE (ROE-k) | 0.174 | 0.165 | 0.151 | 0.140 | 0.131 | 0.123 | 0.116 | 0.124 | 0.131 | 0.139 | 0.147 | 0.154 |
| growth rate for B (1-POR)*(ROE-1) | 0.000 | 0.158 | 0.153 | 0.146 | 0.139 | 0.134 | 0.130 | 0.126 | 0.130 | 0.134 | 0.139 | 0.143 |
| Compounded growth | 1.000 | 1.158 | 1.336 | 1.530 | 1.744 | 1.977 | 2.234 | 2.515 | 2.842 | 3.224 | 3.671 | 4.195 |
| growth*AROE | 0.174 | 0.191 | 0.202 | 0.214 | 0.228 | 0.243 | 0.259 | 0.311 | 0.373 | 0.448 | 0.538 | 0.647 |
| required rate (k) | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 | 0.110 |
| Compound discount rate | 1.110 | 1.232 | 1.367 | 1.517 | 1.684 | 1.869 | 2.074 | 2.301 | 2.554 | 2.835 | 3.146 | 3.491 |
| div. payout rate (k) | 0.443 | | | | | | | | | | | |
| Add to P/B PV(growth*AROE) | 0.16 | 0.16 | 0.15 | 0.14 | 0.14 | 0.13 | 0.12 | 0.13 | 0.15 | 0.16 | 0.17 | 0.19 |
| Cum P/B | 1.16 | 1.31 | 1.46 | 1.60 | 1.74 | 1.87 | 1.99 | 2.13 | 2.27 | 2.43 | 2.60 | 2.79 |
| Add: Perpetuity beyond current yr (Assume this yr's AROE forever) | 1.43 | 1.41 | 1.35 | 1.29 | 1.23 | 1.18 | 1.14 | 1.23 | 1.33 | 1.44 | 1.56 | 1.69 |
| Total P/B (P/B if we stop est. this period) | 2.59 | 2.72 | 2.81 | 2.89 | 2.97 | 3.05 | 3.13 | 3.36 | 3.60 | 3.87 | 4.16 | 4.47 |
| Implied price | 38.11 | 40.10 | 41.32 | 42.53 | 43.72 | 44.89 | 46.05 | 49.40 | 53.03 | 56.95 | 61.22 | 65.86 |
| Check: | | | | | | | | | | | | |
| Beg. BV/Shr | 14.457 | 16.748 | 19.312 | 22.124 | 25.207 | 28.587 | 32.293 | 36.356 | 41.085 | 46.606 | 53.067 | 60.650 |
| Implied EPS | 4.110 | 4.600 | 5.043 | 5.530 | 6.063 | 6.647 | 7.288 | 8.483 | 9.902 | 11.590 | 13.603 | 16.012 |
| Implied EPS growth | | 0.119 | 0.096 | 0.096 | 0.096 | 0.096 | 0.096 | 0.164 | 0.167 | 0.170 | 0.174 | 0.177 |

Inputs (provide below input values used in your analysis)

EPS forecasts (FY1 & FY2): **4.11, 4.60**

Long-term growth rate: **9.64%**

Book value /share (along with book value and number of shares outstanding):

Book value: **\$13083**

of shares outstanding: **904.98**

Book value / share: **14.457**

Dividend payout ratio: **44.25%**

Next fiscal year end: **2015**

Current fiscal month: **2**

| | |
|---------------------------------|---------------|
| Target ROE: | 26.4% |
| Discount rate | 10.98% |
| Input for discount rate: | |
| Risk-free rate: | 2.73 |
| Beta: | 1.43 |
| Market risk premium: | 5.77 |

Output

Above normal growth period chosen: 7

***** Justify at the bottom of this panel your choice of abnormal growth period *****

EBO valuation (Implied price from the spreadsheet): \$65.86

1) Comment on the fundamental value obtained in relation to the stock's current price and its 52-week price range.

The fundamental value indicates that the stock price will drop significantly in the chosen growth period. This is in contrast to many analyst estimates.

2) What might be "soft spots" of the inputs? And why?

The estimated expected return of the market could be considered a "soft spot" because of the recent volatility of the economy.

Sensitivity Analysis

1) Explain the input values used in sensitivity analysis. Compare the fundamental values obtained here in relation to the value from the base case

I used values taken from Reuters and compared them to that of Morningstar and Yahoo finance and found that they were for the most part the same.

Justification for growth period input: We chose the 7 year growth period due to the fact that we recommend going long on the stock in order to take advantage of its dividend payments.

2) Other observations worth noting

The EBO valuation is much different than the relative valuation, it may be important to research why the two values are so different.

EBO valuation would be (you can include more than one scenario in each of the following):

57.5 if changing above normal growth period to 5

63.12 if changing growth rate from mean (consensus) to the highest estimate 11.18

60.7 if changing growth rate from mean (consensus) to the lowest estimate 8.10

Section (D) Relative Valuation

DD

| Ticker | Name | Mkt Cap (Mil) | Current Price | Mean FY2 | | Forward P/E | Mean LT Growth Rate | PEG | P/B (MRQ) | ROE 5 yr ave | Value Ratio | P/S TTM | P/CF TTM |
|-------------------------|-------|---------------|---------------|--------------------------------------|---------|---------------|---------------------|----------|-----------|--------------|-------------|---------|----------|
| | | | | Earnings Estimate (next fiscal year) | | | | | | | | | |
| 1 | MON | Monsanto | \$ 69,418.00 | \$ 120.42 | \$ 4.16 | 28.95 | 12.25% | 2.36 | 8.11 | 18.07% | 0.45 | 3.85 | 18.07 |
| 2 | SYT.N | Syngenta AG | \$ 60,367.00 | \$ 70.65 | \$ 4.11 | 17.19 | 3.22% | 5.34 | 3.67 | 19.76% | 0.19 | 2.18 | 14.66 |
| 3 | POT.N | Potash Corp | \$ 32,874.00 | \$ 35.90 | \$ 2.24 | 16.03 | 1.00% | 16.03 | 3.49 | 25.56% | 0.14 | 4.50 | 14.8 |
| 4 | MOS.N | Mosaic Co. | \$ 32,726.00 | \$ 53.26 | \$ 3.76 | 14.16 | 16.50% | 0.86 | 1.84 | 9.15% | 0.20 | 2.16 | 10.99 |
| DD | | Du Pont | \$ 67,300.00 | \$ 77.85 | \$ 4.60 | 16.92 | 9.64% | 1.76 | 5.39 | 26.40% | 0.20 | 2.02 | 13.49 |
| Implied Price based on: | | | | | | P/E (forward) | PEG | P/B | Value | P/S | P/CF | | |
| 1 | MON | Monsanto | | | | \$133.16 | \$104.79 | \$117.14 | \$171.13 | \$148.38 | \$104.28 | | |
| 2 | SYT.N | Syngenta AG | | | | \$79.07 | \$236.73 | \$53.01 | \$70.82 | \$84.02 | \$84.60 | | |
| 3 | POT.N | Potash Corp | | | | \$73.72 | \$710.69 | \$50.41 | \$52.06 | \$173.43 | \$85.41 | | |
| 4 | MOS.N | Mosaic Co. | | | | \$65.16 | \$38.07 | \$26.58 | \$76.68 | \$83.25 | \$63.42 | | |
| High | | | | | | \$133.16 | \$710.69 | \$117.14 | \$171.13 | \$173.43 | \$104.28 | | |
| Low | | | | | | \$65.16 | \$38.07 | \$26.58 | \$52.06 | \$83.25 | \$63.42 | | |
| Mean | | | | | | \$87.78 | \$272.57 | \$61.78 | \$92.67 | \$122.27 | \$84.43 | | |

Monsanto: Monsanto is an agricultural and biotechnology producer. The main area of completion with Du Pont lies in technology development and seed sales.

Syngenta AG: Syngenta is an agricultural protection and seeds business. They compete with Du Pont for seeds sales and in herbicides.

Potash Corp: Potash corp. is an integrated fertilizer and feed product company. Competition with Du Pont stems primarily from its fertilizer segment.

Mosaic Co.: Mosaic Co. is a producer and supplier of potash and phosphate based plant nutrients and animal feed. This is in direct competition with Du Pont's fertilizer segment.

As shown in the table above, Du Pont's P/E ratio sits about in the middle of its competitors. Monsanto and Syngenta are likely going to experience more growth than Du Pont and the remaining competitors due to their relatively higher P/E ratio. Taking into account Du Pont's lower than average (among the competitors) PEG ratio we can say that the stock may be

undervalued in comparison with the exception of Mosaic. However, the P/B ratio indicates that the stock may not be as undervalued as the PEG leads us to think so we can say with some certainty that the stock may only be slightly underpriced. The P/S ratio should be excluded from our analysis due to the differences in firm size and the fact that competition is not equal across all segments of every business. The P/CF ratio may also be excluded from consideration because it is most useful in valuing stocks that are not profitable and Du Pont has been profitable for several years.

Analyst's opinions of Du Pont in comparison to my own are relatively in line with each other. There were no real statements about its competitors besides Monsanto who continues to be Du Pont's primary rival. Overall the opinions of the competitor firms are mostly the same however it is worth noting that there is a significant amount of uncertainty regarding Mosaic's future performance as there is a lot of variability when past performance is taken into account.

Section E.

E-1

HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

| Estimates vs Actual | Estimate | Actual | Difference | Surprise % |
|-----------------------------|-----------|-----------|------------|------------|
| SALES (in millions) | | | | |
| Quarter Ending Dec-14 | 7,804.48 | 7,378.00 | 426.48 | 5.46 |
| Quarter Ending Sep-14 | 7,951.98 | 7,511.00 | 440.98 | 5.55 |
| Quarter Ending Jun-14 | 9,788.52 | 9,706.00 | 82.52 | 0.84 |
| Quarter Ending Mar-14 | 10,445.70 | 10,128.00 | 317.72 | 3.04 |
| Quarter Ending Dec-13 | 7,778.59 | 7,747.00 | 31.59 | 0.41 |
| Earnings (per share) | | | | |
| Quarter Ending Dec-14 | 0.71 | 0.71 | 0.00 | 0.55 |
| Quarter Ending Sep-14 | 0.53 | 0.54 | 0.01 | 2.12 |
| Quarter Ending Jun-14 | 1.17 | 1.17 | 0.00 | 0.01 |
| Quarter Ending Mar-14 | 1.58 | 1.58 | 0.00 | 0.09 |
| Quarter Ending Dec-13 | 0.55 | 0.59 | 0.04 | 7.62 |

Sales are in millions, while earnings are in per share value. For the quarter ending in Dec 14, the analysts missed the actual sales value by 5.46%. Going in descending order, the surprise percent for sales are as following: -5.55%, -.84%, -3.04%, -.41%. For EPS, the analysts almost always correctly estimated the value, except for Sept 14 where they underestimated by .01, and for Dec 13 where they underestimated by .04. The actual amounts for sales were always less than the estimates, but the analysts did well with predicting the EPS. The predictions for the EPS were more impressive because they analysts either hit the correct value, or missed the actual figure.

E-2

CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

| | # of Estimates | Mean | High | Low | 1 Year Ago |
|-----------------------------|----------------|-----------|-----------|-----------|------------|
| SALES (in millions) | | | | | |
| Quarter Ending Mar-15 | 13 | 9,472.77 | 9,674.51 | 9,400.00 | 11,315.40 |
| Quarter Ending Jun-15 | 13 | 9,633.95 | 9,900.10 | 9,372.42 | 10,879.60 |
| Year Ending Dec-15 | 17 | 34,398.20 | 35,583.00 | 33,642.30 | 39,456.10 |
| Year Ending Dec-16 | 17 | 36,196.40 | 39,851.00 | 35,207.00 | 41,939.30 |
| Earnings (per share) | | | | | |
| Quarter Ending Mar-15 | 16 | 1.35 | 1.48 | 1.30 | 1.95 |
| Quarter Ending Jun-15 | 15 | 1.38 | 1.45 | 1.29 | 1.65 |
| Year Ending Dec-15 | 20 | 4.11 | 4.20 | 4.00 | 4.84 |
| Year Ending Dec-16 | 20 | 4.60 | 5.00 | 4.28 | 5.32 |
| LT Growth Rate (%) | 2 | 9.64 | 11.18 | 8.10 | 8.60 |

Mar-15: For sales, there was a 2.12% change from mean to high, and .76% from mean to low. For EPS, there was a 9.63% change from mean to high, and a 3.7% change from mean to low.

Jun-15: : For sales, there was a 2.76% change from mean to high, and 2.72% from mean to low. For EPS, there was a 5.07% change from mean to high, and a 6.53% change from mean to low.

Dec-15: : For sales, there was a 3.44% change from mean to high, and 2.2% from mean to low. For EPS, there was a 2.18% change from mean to high, and a 2.68% change from mean to low.

Dec-16: : For sales, there was a 10.09% change from mean to high, and 11.65% from mean to low. For EPS, there was an 8.69% change from mean to high, and a 6.98% change from mean to low.

Dec-16 is the most notable with the biggest percent changes. There were more analysts estimating for the EPS rather than the sales, showing positive growth for the next year.

E-3

CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)
Earnings and Dividend Figures in US Dollar (USD)

| | Current | 1 Week Ago | 1 Month Ago | 2 Month Ago | 1 Year Ago |
|-----------------------------|-----------|------------|-------------|-------------|------------|
| SALES (in millions) | | | | | |
| Quarter Ending Mar-15 | 9,472.77 | 9,468.75 | 10,494.70 | 10,529.30 | 11,315.40 |
| Quarter Ending Jun-15 | 9,633.95 | 9,619.69 | 10,006.20 | 10,028.30 | 10,879.60 |
| Year Ending Dec-15 | 34,398.20 | 34,315.10 | 36,763.60 | 37,020.40 | 39,456.10 |
| Year Ending Dec-16 | 36,196.40 | 36,201.30 | 38,701.10 | 38,949.70 | 41,939.30 |
| Earnings (per share) | | | | | |
| Quarter Ending Mar-15 | 1.35 | 1.35 | 1.74 | 1.75 | 1.95 |
| Quarter Ending Jun-15 | 1.38 | 1.37 | 1.37 | 1.38 | 1.65 |
| Year Ending Dec-15 | 4.11 | 4.11 | 4.47 | 4.51 | 4.84 |
| Year Ending Dec-16 | 4.60 | 4.60 | 5.02 | 5.06 | 5.32 |

The general pattern is increasing sales and EPS. The quarter ending in Jun-15 and the year ending in Dec-16 are the highest for both sales and EPS.

E-4

ESTIMATES REVISIONS SUMMARY

| Number Of Revisions: | Last Week | | Last 4 Weeks | |
|-----------------------|-----------|------|--------------|------|
| | Up | Down | Up | Down |
| Revenue | | | | |
| Quarter Ending Mar-15 | 1 | 0 | 0 | 6 |
| Quarter Ending Jun-15 | 1 | 0 | 1 | 5 |
| Year Ending Dec-15 | 1 | 0 | 0 | 15 |
| Year Ending Dec-16 | 1 | 0 | 0 | 10 |
| Earnings | | | | |
| Quarter Ending Mar-15 | 0 | 0 | 0 | 7 |
| Quarter Ending Jun-15 | 0 | 0 | 3 | 3 |
| Year Ending Dec-15 | 0 | 0 | 0 | 19 |
| Year Ending Dec-16 | 0 | 0 | 0 | 11 |

After looking up the earnings revision on CNBC, the data is consistent with the above information. Recently, there have been more “ups” and no “downs” for revenue. But in the last 4 weeks, there were many “down” revisions for revenue and for earnings. In the last week, there was no movement for earnings either up or down.

E-5

| Revision Date | Revision Type | Revision Up/Down | Current | Previous | % Change | # of Analysts Reporting |
|----------------------|---------------|------------------|---------|----------|----------|-------------------------|
| Feb 12 th | Down | 0/8 | \$1.35 | \$1.35 | ↓0.07 | 15 |
| Feb 3 rd | Down | 0/8 | \$1.35 | \$1.37 | ↓1.53 | 14 |
| Feb 2 nd | Down | 0/8 | \$1.37 | \$1.39 | ↓1.01 | 15 |
| Jan 29 th | Down | 0/7 | \$1.39 | \$1.45 | ↓4.34 | 14 |
| Jan 28 th | Down | 1/5 | \$1.45 | \$1.73 | ↓16.23 | 14 |
| Jan 26 th | Down | 1/2 | \$1.73 | \$1.74 | ↓0.52 | 9 |

Last earnings report date: January 27th, 2015

Next earnings report date: April 21st, 2015



The oldest revision dates for DD in 2015 were much clustered around the last earnings report date. There was one revision that was over a 10% change (a 16.23% change) for the revision made on January 28th; this is due to the earnings report that was released the day before. There was a dip in the stock price after the announcement and after the revision made (as seen in the stock price chart above), however the stock price quickly recovered a few days later. After the dip resulting from the 4Q earnings report being released, the stock price has been on the rise in general for the months following.

Section F.

F-1

ANALYST RECOMMENDATIONS AND REVISIONS

| 1-5 Linear Scale | Current | 1 Month Ago | 2 Month Ago | 3 Month Ago |
|------------------|---------|-------------|-------------|-------------|
| (1) BUY | 4 | 4 | 5 | 5 |
| (2) OUTPERFORM | 1 | 2 | 2 | 2 |
| (3) HOLD | 14 | 13 | 12 | 12 |
| (4) UNDERPERFORM | 1 | 1 | 1 | 1 |
| (5) SELL | 1 | 1 | 1 | 1 |
| No Opinion | 0 | 0 | 0 | 0 |
| Mean Rating | 2.71 | 2.67 | 2.57 | 2.57 |

Looking at the analyst's recommendations table on reuters.com, it seems DD is mostly a recommended hold, but has more "buy" recommendations than "sell" opinions. The number of analysts recommending this stock as a "buy" or "strong buy" has decreased in the last three

months; however the stock has a mean rating of 2.71, which is the highest in the last 3 months. There were a total of 21 analyst recommendations.

These recommendations are very consistent with the analyst opinions found on Yahoo Finance and also with the opinions listed on the Morningstar analyst estimates. Overall DD seems like a great stock to keep holding onto, with a bullish outlook on the stock.

F-2

There was no upgrade or downgrade listed in CNBC for Du Pont in the last month. This makes sense because they have an average performance right now, as many companies do because of the lull in the global economy and the strength of the US dollar, with no big signs of growth or poor performance in the near future. There were several earnings revisions, but no upgrades or downgrades.

Section G.

| | B | C | D | E | F | G |
|---|----------------------|--------------------|---------------|-----------------|---|---|
| Section 1 | | | | | | |
| Ownership Activity | # of Holders | Beg. Holde | Shares | % Shares | | |
| Shares Outstanding | | | 1,336,030 | 100.00% | | |
| # of Holders; Total Shares Held/% Shares | 4 | 80.00% | 44,089 | 3.30% | | |
| # New Positions | 0 | 0.00% | | | | |
| # Closed Positions | 1 | 20.00% | | | | |
| # Increased Positions | 1 | 20.00% | | | | |
| # Decreased Positions | 3 | 60.00% | | | | |
| Beg. Total Inst. Positions | 5 | 100.00% | 42,557 | 3.19% | | |
| # Net Buyers; 3 Mo. Net C | -2 | 25.00% | 1,532 | 0.11% | | |
| Section 2 | | | | | | |
| Ownership Information | % Outstanding | | | | | |
| % Institutional Ownership | 68.52% | | | | | |
| Top 10 Institutions % Own | 28.00% | | | | | |
| Mutual Fund % Ownership | 32.78% | | | | | |
| Section 3 | | | | | | |
| > 5% Ownership | | | | | | |
| Holder Name | % Outstanding | Report Date | | | | |
| Vanguard Group, Inc. | 5.53% | 12/31/2014 | | | | |
| State Street Corporation | 4.86% | 12/31/2014 | | | | |
| Capital World Investors | 4.13% | 12/31/2014 | | | | |

More institutions have been selling this stock than buying, shown by the -2 in cell C21. This could be somewhat substantial because there are only four corporations currently holding DD stocks. There is a sizable percentage of ownership contributed to institutional holdings (68.52%) with the top 10 institutions holding 28%.

Vanguard, which is the institution with the top holdings in DD, is also a mutual fund holder. It seems that Vanguard holds three different mutual funds (Vanguard Total Stock Market Index Fund, Vanguard 500 Index Fund, and Vanguard Institutional Index Fund).

Section H.

H-1

Short Interest for Du Pont

| Settlement Date | Short Interest | Avg Daily Share Volume | Days To Cover |
|-----------------|----------------|------------------------|---------------|
| 2/13/2015 | 15,051,651 | 4,282,309 | 3.514845 |
| 1/30/2015 | 15,191,962 | 3,955,837 | 3.840391 |
| 1/15/2015 | 16,200,120 | 5,009,704 | 3.233748 |
| 12/31/2014 | 17,462,531 | 3,068,271 | 5.691326 |
| 12/15/2014 | 17,521,672 | 3,327,809 | 5.265228 |
| 11/28/2014 | 20,017,721 | 2,600,839 | 7.696640 |
| 11/14/2014 | 21,198,920 | 3,430,624 | 6.179319 |
| 10/31/2014 | 23,960,791 | 7,140,490 | 3.355623 |
| 10/15/2014 | 22,865,636 | 6,830,677 | 3.347492 |
| 9/30/2014 | 25,190,824 | 7,195,387 | 3.500969 |
| 9/15/2014 | 21,474,248 | 2,953,193 | 7.271536 |
| 8/29/2014 | 23,863,151 | 2,510,733 | 9.504456 |
| 8/15/2014 | 18,231,803 | 3,159,046 | 5.771300 |
| 7/31/2014 | 17,994,241 | 4,710,619 | 3.819931 |
| 7/15/2014 | 15,819,458 | 3,587,934 | 4.409072 |
| 6/30/2014 | 16,411,587 | 5,329,014 | 3.079667 |
| 6/13/2014 | 17,163,311 | 2,823,169 | 6.079449 |
| 5/30/2014 | 17,538,650 | 2,994,488 | 5.856978 |
| 5/15/2014 | 18,097,162 | 3,135,353 | 5.771970 |
| 4/30/2014 | 20,793,269 | 3,606,081 | 5.766168 |
| 4/15/2014 | 26,414,739 | 4,206,083 | 6.280128 |
| 3/31/2014 | 27,661,584 | 3,638,806 | 7.601830 |
| 3/14/2014 | 29,188,615 | 4,206,829 | 6.938389 |
| 2/28/2014 | 31,989,389 | 4,651,364 | 6.877421 |
| 2/14/2014 | 21,494,756 | 5,591,398 | 3.844254 |

Short Interest for Monsanto (MON)

| Settlement Date | Short Interest | Avg Daily Share Volume | Days To Cover |
|-----------------|----------------|------------------------|---------------|
| 2/13/2015 | 10,244,732 | 2,422,685 | 4.228669 |
| 1/30/2015 | 8,889,118 | 2,484,340 | 3.578060 |
| 1/15/2015 | 11,428,990 | 3,683,525 | 3.102732 |
| 12/31/2014 | 11,002,254 | 3,092,881 | 3.557283 |
| 12/15/2014 | 12,591,375 | 2,609,019 | 4.826096 |
| 11/28/2014 | 15,051,317 | 2,608,951 | 5.769107 |
| 11/14/2014 | 18,530,759 | 4,572,846 | 4.052347 |
| 10/31/2014 | 21,908,247 | 4,442,408 | 4.931615 |
| 10/15/2014 | 23,939,262 | 5,702,950 | 4.197698 |
| 9/30/2014 | 28,142,227 | 3,981,535 | 7.068185 |
| 9/15/2014 | 31,375,461 | 3,466,706 | 9.050511 |
| 8/29/2014 | 36,541,020 | 3,778,894 | 9.669766 |
| 8/15/2014 | 37,819,962 | 3,733,711 | 10.129322 |
| 7/31/2014 | 40,945,183 | 4,177,631 | 9.801053 |
| 7/15/2014 | 44,957,663 | 4,020,385 | 11.182427 |
| 6/30/2014 | 7,445,259 | 3,745,837 | 1.987609 |
| 6/13/2014 | 6,661,219 | 2,175,530 | 3.061883 |
| 5/30/2014 | 6,994,969 | 2,325,889 | 3.007439 |
| 5/15/2014 | 6,898,346 | 2,564,551 | 2.689885 |
| 4/30/2014 | 6,119,750 | 2,714,898 | 2.254136 |
| 4/15/2014 | 6,153,042 | 3,769,628 | 1.632268 |
| 3/31/2014 | 5,345,263 | 2,218,571 | 2.409327 |
| 3/14/2014 | 5,643,293 | 2,716,995 | 2.077035 |
| 2/28/2014 | 5,469,742 | 3,032,230 | 1.803868 |
| 2/14/2014 | 5,522,063 | 3,024,628 | 1.825700 |

Short Interest for Dow Chemical (DOW)

| Settlement Date | Short Interest | Avg Daily Share Volume | Days To Cover |
|-----------------|----------------|------------------------|---------------|
| 2/13/2015 | 30,629,802 | 8,654,572 | 3.539147 |
| 1/30/2015 | 31,470,446 | 9,945,018 | 3.164443 |
| 1/15/2015 | 27,982,577 | 9,702,058 | 2.884190 |
| 12/31/2014 | 27,807,602 | 9,122,839 | 3.048130 |
| 12/15/2014 | 24,115,252 | 11,664,713 | 2.067368 |
| 11/28/2014 | 19,388,499 | 9,440,018 | 2.053863 |
| 11/14/2014 | 17,222,392 | 10,423,790 | 1.652220 |
| 10/31/2014 | 17,650,019 | 14,427,833 | 1.223331 |
| 10/15/2014 | 24,993,340 | 16,450,045 | 1.519348 |
| 9/30/2014 | 32,454,459 | 10,418,256 | 3.115153 |
| 9/15/2014 | 26,362,890 | 7,700,843 | 3.423377 |
| 8/29/2014 | 17,996,279 | 4,208,387 | 4.276289 |
| 8/15/2014 | 17,933,671 | 6,367,258 | 2.816545 |
| 7/31/2014 | 17,740,157 | 7,300,667 | 2.429936 |
| 7/15/2014 | 14,205,577 | 4,933,896 | 2.879180 |
| 6/30/2014 | 16,382,767 | 5,705,452 | 2.871423 |
| 6/13/2014 | 19,193,522 | 6,437,933 | 2.981317 |
| 5/30/2014 | 25,975,481 | 8,578,909 | 3.027830 |
| 5/15/2014 | 25,965,360 | 10,034,756 | 2.587543 |

| | | | |
|-----------|------------|-----------|----------|
| 4/30/2014 | 24,828,563 | 8,696,564 | 2.854985 |
| 4/15/2014 | 22,818,719 | 7,608,264 | 2.999202 |
| 3/31/2014 | 27,460,639 | 7,890,061 | 3.480409 |
| 3/14/2014 | 34,731,304 | 7,223,866 | 4.807856 |
| 2/28/2014 | 37,706,877 | 8,957,427 | 4.209566 |
| 2/14/2014 | 39,883,178 | 9,851,138 | 4.048586 |

H-2

Du Pont (DD)

| Avg Vol (3 month) | Avg Vol (10 day) | Shares Outstanding | Float |
|------------------------------|-----------------------------|-------------------------------|--------------|
| 3,746,640 | 3,080,880 | 905.41M | 903.67M |

| Shares Short (As of Feb 13, 2015) | Short Ratio (As of Feb 13, 2015) | Short % of Float (As of Feb 13, 2015) | Shares Short (Prior Month) |
|--|---|--|---------------------------------------|
| 15.05M | 3.60 | 1.60% | 15.19M |

Monsanto (MON)

| Avg Vol (3 month) | Avg Vol (10 day) | Shares Outstanding | Float |
|--|---|--|---------------------------------------|
| 384,381 | 860,766 | 483.28M | 481.84M |
| Shares Short (As of Feb 13, 2015) | Short Ratio (As of Feb 13, 2015) | Short % of Float (As of Feb 13, 2015) | Shares Short (Prior Month) |
| 10.24M | 4.00 | 2.10% | 8.89M |

Dow Chemical (DOW)

| Avg Vol (3 month) | Avg Vol (10 day) | Shares Outstanding | Float |
|--|---|--|---------------------------------------|
| 9,554,930 | 7,357,840 | 1.16B | 1.15B |
| Shares Short (As of Feb 13, 2015) | Short Ratio (As of Feb 13, 2015) | Short % of Float (As of Feb 13, 2015) | Shares Short (Prior Month) |
| 30.63M | 3.20 | 2.50% | 31.47M |

Last earnings report date: January 27th, 2015

Next earnings report date: April 21st, 2015

Over the last year, DD has been in a range of 9-3 for days to cover, mostly staying over 5 days. This is a sign that the stock has been facing bearish conditions. The competitors have been showing more bullish momentum in the last year, with DOW keeping their days to cover at a very low number (around 2 days on average). However, the days to recover for DD has been relatively low (about 3 days) since 2015 has started. This is a good sign for DD, showing bullish momentum for this stock. The main competitors of Monsanto and Dow Chemical have been about the same as DD for the recent data.

The earnings report date did not seem to have much effect on the days to cover, the days slightly increased. There were less short positions after the earnings report on January 27th, but also a smaller trading volume after the report was announced. As previously mentioned, the stock price dipped after the announcements were made in late January; however it was recovered back in the next few days.

The short ratio seen in the table for DD is in between that of its two competitors, however the range is small. All ratios are under 5 days, showing somewhat bullish conditions for all stocks. This shows the potential for growth, but it is not estimated to grow rapidly.

Section I.

I-1



I-2



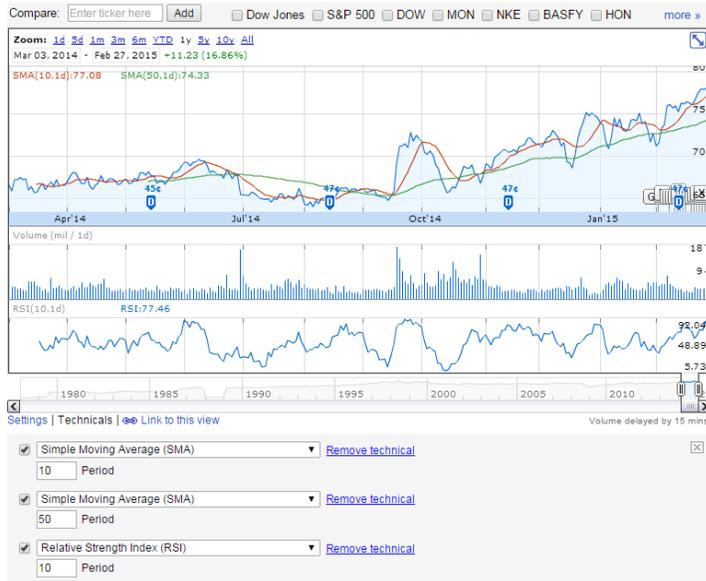
I-3



It is shown clearly how DD is outperforming the materials sector (XLB), the S&P 500 and also their competitor Monsanto in the 3 month and the 5 year graphs. The three month graph shows all four of the stocks are following the same trend patterns, but DD is outperforming the other three. The one year graph seems a bit confusing, with many different movements of all four of the graphs. The materials sector and the S&P 500 are usually following the same trend line that is seen in all three time frames, but it is interesting that in the one year graph, there is a spike for MON while DD had a huge drop. The 5 year graph shows the bullish trends of all four stocks within the last two years, but DD is showing the most positive growth.

I-4

Short-term technical indicators



Long-term technical indicators



You can see in both charts how the SMA with a shorter number of periods more closely tracks the movements of the stock price, while the higher number of periods shows more general trends over time. It is promising that the short- and long-term trends are in a positive and growing direction. The trade volume for the short term is a bit erratic, while the trade volume from the long term is generally declining slightly, but both of these trends are to be expected with the state of the global economy.

