Investing to Improve Energy Efficiency
One Company's Path

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DuPont Today

- A global science company solving problems in ways that makes people's lives better, safer and easier
- 135 plants and 80 R&D facilities in 70 countries
- Major business segments
  - Agriculture and Nutrition
  - Coatings and Color Technologies
  - Electronics and Communications
  - Performance Materials
  - Safety and Protection

DuPont Tyvek® Housewrap

DuPont's Goal is "Sustainable Growth"

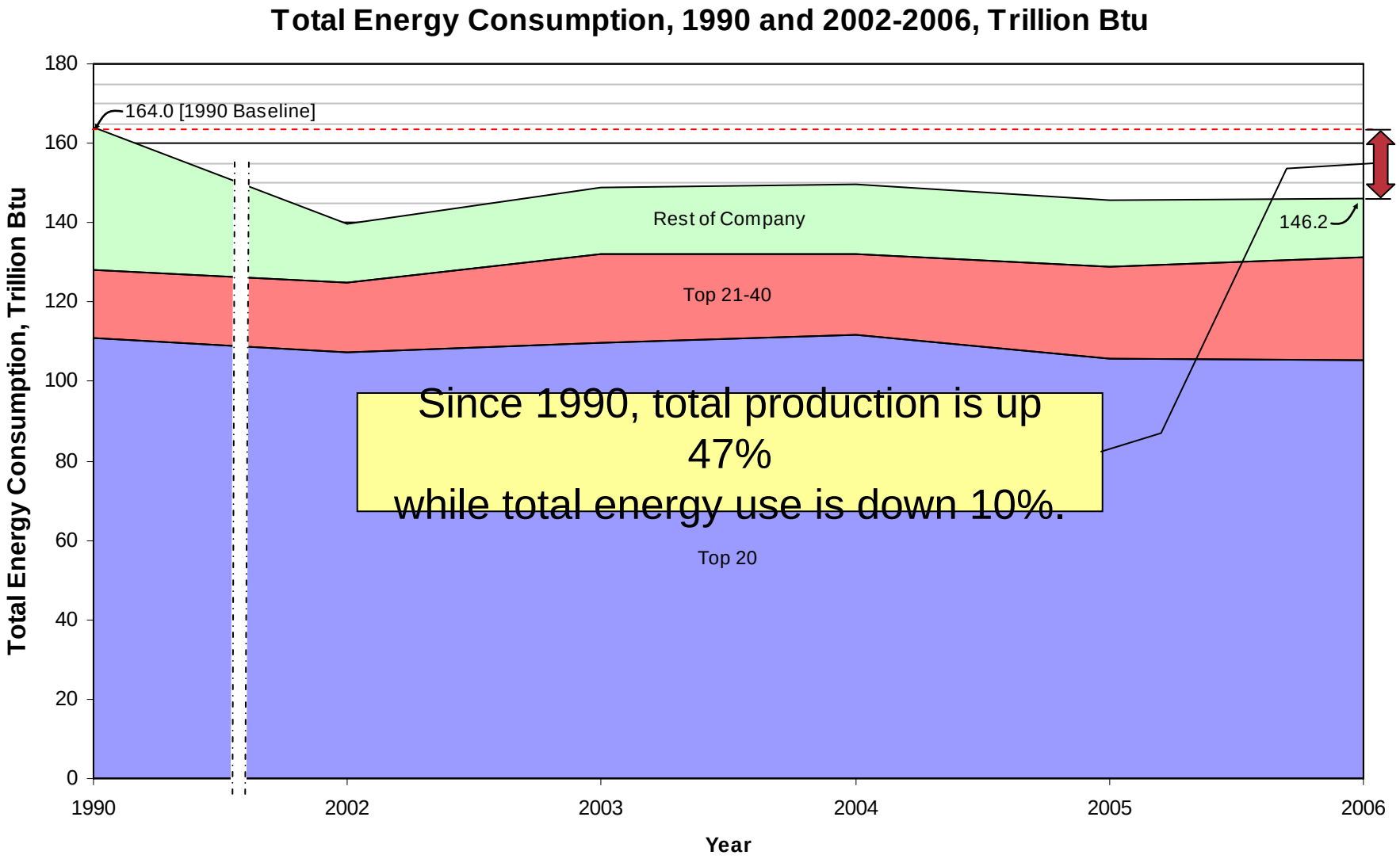
- We define "Sustainable Growth" as
  - Increasing shareholder and societal value…
  - While decreasing the footprint of our operations…
  - Along the value chains in which we operate
- We consider Sustainable Growth a "core value" like safety
- We view energy use as part of our footprint†…
- So we've set goals to reduce it

†Footprint = injuries, illnesses, incidents, waste, emissions, and depletable forms of raw materials and energy

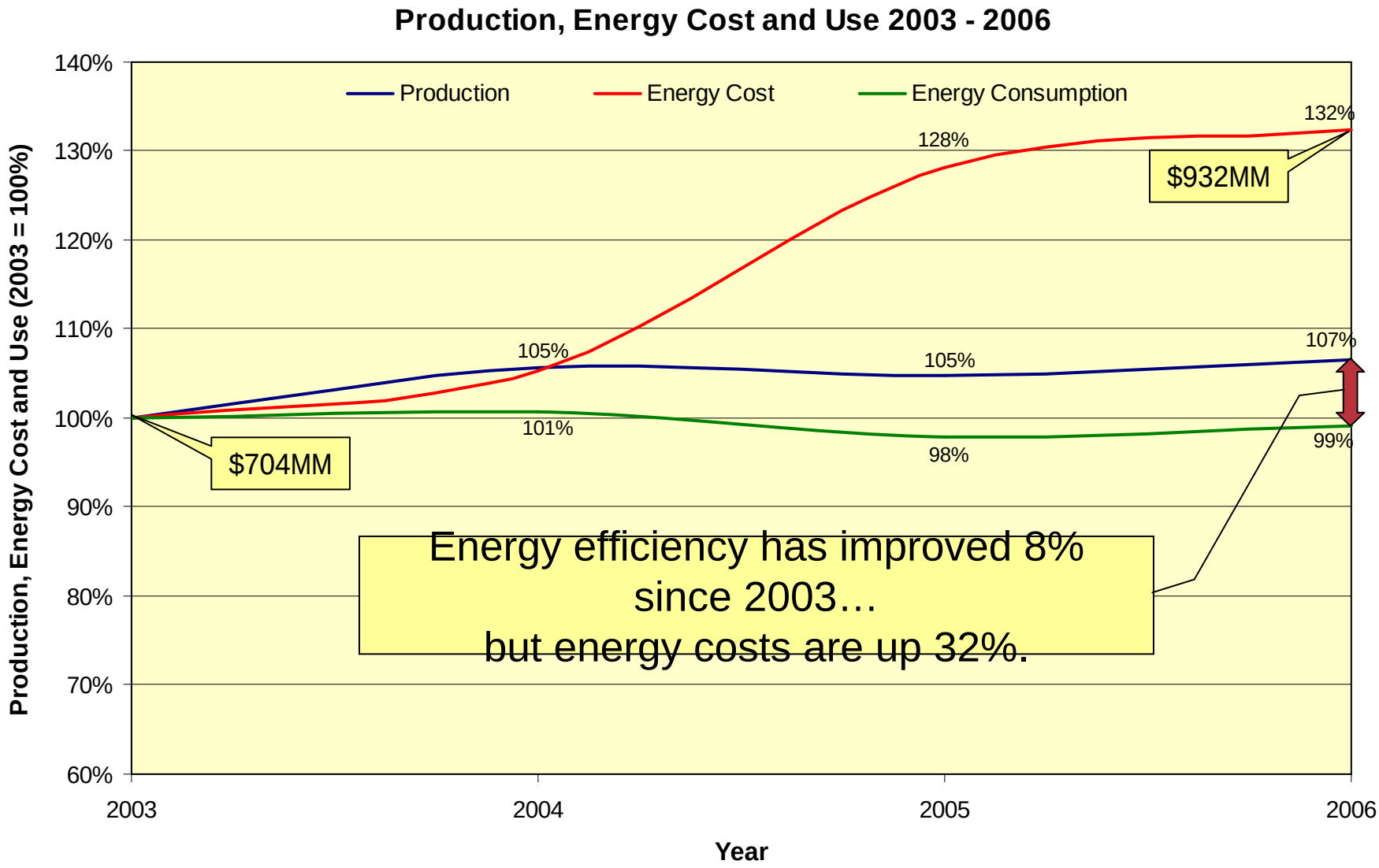
DuPont's Public Commitment on Energy

- We have committed to achieve the following by 2010
  - Hold total energy use flat versus a 1990 baseline
  - Reduce greenhouse gas emissions by 65% versus 1990 (exceeded)
  - Supply 10% of total energy needs from renewable resources
- Additional commitment to reduce GHG emissions an additional 15% versus a 2004 baseline by 2015 (reflects portfolio changes)
- These goals changed our approach to energy efficiency
- Energy efficiency is now a strategic objective…
- Not a tactic to cut costs in response to high energy prices

We've Made Good Progress in "Flat" Energy Use



But Energy Costs Outpaced Recent Efficiency Gains



Sources: CEP Database (Energy) and DuPont Data Book (Sales Volume)

The Challenge for Energy Projects

- Capital is always limited – never more so than now
- Businesses have a strong bias for spending it on growth projects – EE projects compete with “make more product” projects
- Hard to fund “discretionary” projects with good returns
- The result: energy projects often don’t get funded regardless of return
- And, worse, people stop looking for them

DuPont's Approach: The "Energy Capital Set Aside"

- Set aside a small portion of the annual capital budget
- Solicit projects from across the company to compete for the funds
- Allocate capital to the "best" energy efficiency projects…
- Then step back and see what happens

Set Aside Project Approval Process

- Energy Project Review Board created to vet all projects
- Pre-determined project approval criteria
  - Superior financial return based on IRR (>35%) and NPV
  - Positive impact on sustainability goals (Btu's, CO_2, renewables, etc.)
  - Majority of financial benefit must come from energy cost reduction
- All projects subjected to common, rigorous cash flow analysis
- Recommended projects presented to Ops VP and staff for approval

Results

- 23 Set Aside projects approved in 2007
- Total CapEx of $36 million (2% of budget)
- Annual pre-tax savings of $35 million ($128 million NPV)
- Portfolio IRR of 81%...at $7.50/MM Btu gas and $80/bbl oil
- Significant footprint reductions when all 2007 projects are online
  - 522 MM lbs of CO_2 (1.8% of 2004 Baseline)
  - 2.7 Trillion Btu/yr (1.7% of 1990 Baseline)
- 34 projects approved in 2008 with CapEx of $17 million, $13 million annual pre-tax savings
  - $17 million CapEx, $13 million annual pre-tax savings
  - NPV of $53 million, portfolio IRR of 77%
  - CO_2 and Energy footprint reductions
- “Willingness to fund” has led to the “willingness to find”
  - Significant uptick in forecasts for non-capital project savings
  - New capital opportunities came in almost weekly
  - Classic “positive feedback cycle!”

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Example Projects – This Ain't Rocket Science

- Blowers to replace compressed air
- Condensate return
- Heat recovery from flash steam
- Insulation of process vessels and piping
- Utilization of waste gases to offset purchased fuels
- Upgrade steam turbine with new technology to improve efficiency
- Replace steam vacuum jets with mechanical vacuum pumps
- Laboratory fume hood alarms
- Heat integration in distillation process

Key Success Factors

- Alignment with Sustainable Growth vision
  - "Increasing shareholder and societal benefit"
- Senior management accountability for sustainability goals
  - "It's the right thing to do. Plus we'll make some money."
- Modest initial expectations
  - One percent of capital budget is a small amount of capital…
    but it is enough to see real results and prove the concept
- Recognition that returns were far more likely to go up than down

Outlook for 2009

- Current economic conditions mean reductions in customer demand across much of our portfolio
- Current emphasis is on cash preservation until economy ticks up
- Capital budgets extremely tight – EE projects not at front of line
  - No return in making products no one is buying in a more energy efficient manner
- Commitment to the program is strong – when economy returns we will get back at it
- Progress to date will pay handsome dividends when energy prices move back up, which they will


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