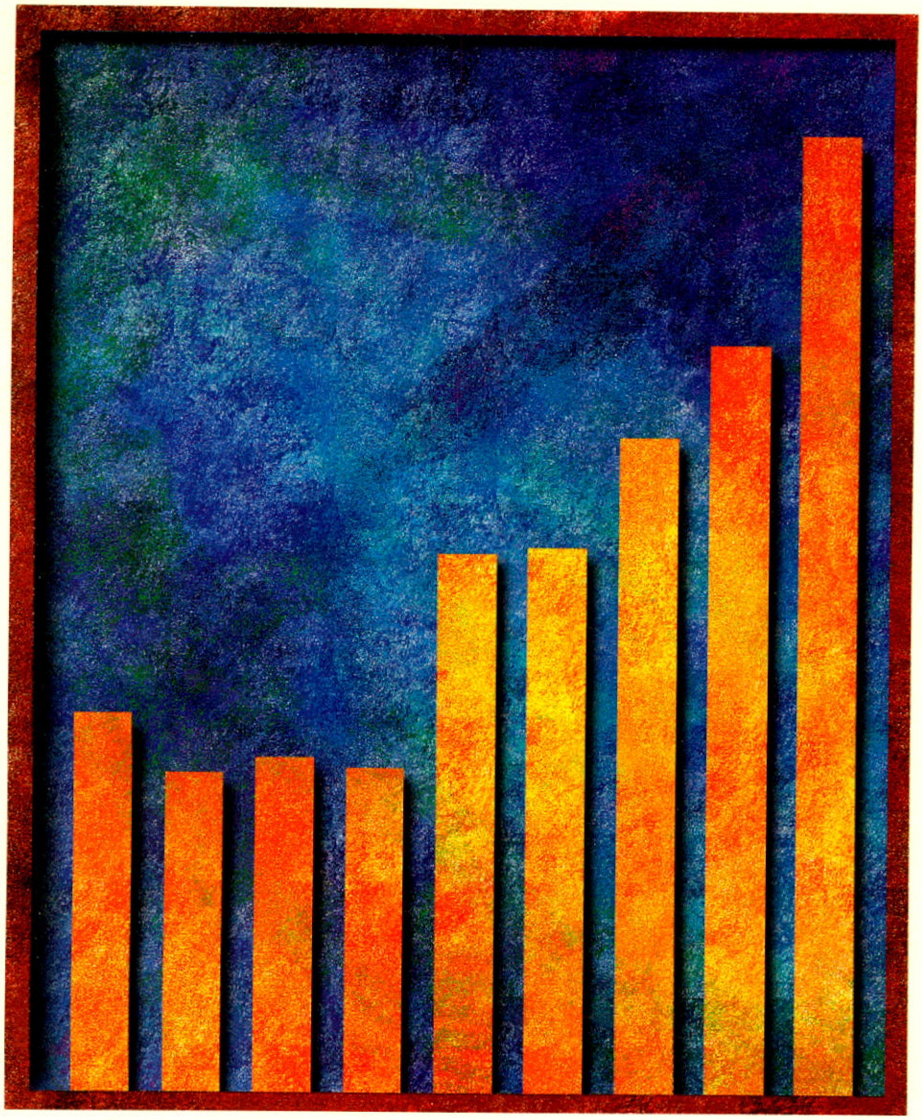

1995 Annual Report

DuPont Canada Inc.

ABOUT THE COMPANY

On the Cover

From year-end 1987 to year-end 1995, the DuPont Canada share price rose from $9.50 to $24, when restated to reflect a 3-for-1 stock split in 1994.

[*] The DuPont logo is a registered trademark of E.I. du Pont de Nemours and Company; DuPont Canada Inc. is a licensed user.
♦ Registered trademark of E.I. du Pont de Nemours and Company; DuPont Canada Inc. is a licensed user.
♦♦ Registered trademark of E.I. du Pont de Nemours and Company.
† Registered trademark of DuPont Canada Inc.
■ Trademark of E.I. du Pont de Nemours and Company.
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Printed on paper containing 20 per cent post-consumer recycled pulp, and virgin wood pulp bleached in an elemental chlorine-free process using hydrogen peroxide.

1995 Highlights

DuPont Canada shares closed the year at $24 per share, up 28 per cent from 1994.

We achieved a second consecutive year of record net earnings at $1.96 per share, up 17 per cent from 1994.

The DuPont Canada return to shareholders[*] of 31 per cent was well ahead of the 15 per cent delivered by the TSE 300 index.

We generated net cash flow of $101 million, after funding capital investments of $124 million and increasing dividends 28 per cent.

DuPont Canada completed a full year without a lost-time injury for the fourth time in our history.

We were awarded Industry Canada's prestigious *Michael Smith Award for Science Promotion* for our activities with Canadian young people.

[*] Return to shareholders = share price appreciation, assuming reinvestment of dividends.

Contents

Corporate Profile

DuPont Canada is a diversified industrial company serving customers across Canada and in more than 40 other countries. As well as offering the thousands of products and services of the global DuPont company to Canadian customers, we sell products manufactured in Canada to customers here and around the world.

Our business is reported in three segments: Fibres and Intermediates, Specialty Chemicals and Materials, and Specialty Plastics and Films. Within the segments, the Furnishings (Fibres and Intermediates) and Engineering Polymers (Specialty Plastics and Films) business units comprised 29 per cent of 1995 sales. No other business unit accounted for more than 10 per cent.

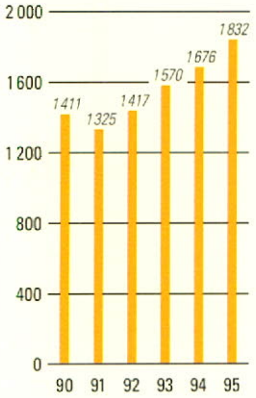
About 77 per cent of the common shares of DuPont Canada Inc. are owned by E.I. du Pont de Nemours and Company. The remaining shares are held principally by Canadian investors, including more than 1,600 employee shareholders.

DuPont Canada operates a research and development centre and an engineering centre at Kingston, Ontario; six manufacturing facilities, five in Ontario (Maitland, Kingston, Ajax, Whitby and Corunna) and one in Gibbons, Alberta; and offices in Quebec, Ontario, Alberta and British Columbia. At the end of 1995, DuPont Canada employed 3,653 people.

For more information about the products we make and the markets we serve, please see Management's Discussion and Analysis (MD&A) of segment operations.

FINANCIAL HIGHLIGHTS

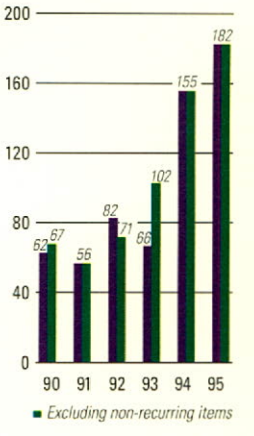
NET SALES
(MILLIONS $)



(Dollars in millions except per share data)

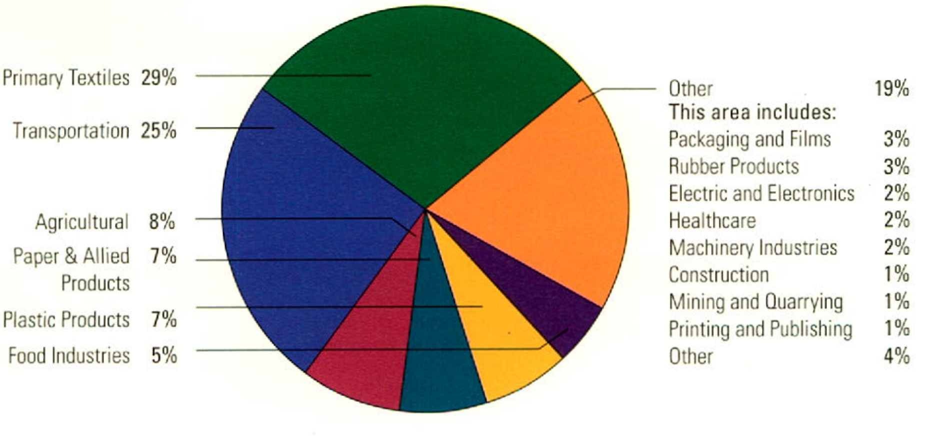
YEARS ENDED DECEMBER 31		1995		1994	% Change
OPERATING RESULTS					
Net sales	$	1 832	$	1 676	9
Net earnings		182		155	17
Cash flow from operations		325		126	157
FINANCIAL POSITION					
Working capital – including cash resources	$	416	$	397	5
– excluding cash resources		28		110	(75)
Long-term debt		13		85	(85)
Shareholders' equity		947		801	18
Total assets		1 503		1 354	11
DATA PER COMMON SHARE					
Net earnings	$	1.96	$	1.68	17
Dividends declared		0.405		0.315	29
Cash flow from operations		3.51		1.37	157
Value at year-end					
Company books		10.24		9.07	13
Market (TSE)		24.00		18.75	28

NET EARNINGS
(MILLIONS $)



KEY RATIOS	1995	1994	1993
Net earnings as a percentage of net sales	9.9%	9.3%	4.2%
Return on average common shareholders' equity	20.6%	19.9%	9.3%
Current ratio	2.0	2.2	1.8
Trade receivables – days sales outstanding	56	63	44
Inventories – days supply	47	53	46
Debt-to-total capital ratio	9%	10%	14%

1995 Corporate Sales Profile by Industry



INTERVIEW WITH THE CHAIRMAN

Reflecting on the overall success of DuPont Canada in 1995, Chairman Arthur Sawchuk also provides investors with valuable insight into the ongoing success of this corporation.

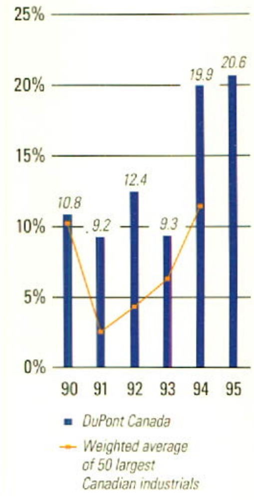
Q: *Following good performance during the recession of the early 90s, DuPont Canada delivered record earnings for the last two years. How have you done it?*

A: We are focused on generating increased value for our customers and helping them grow their businesses. Internally, we focus on a few fundamental strategic intents, developed with our customers in mind. Our committed pursuit of these intents and of delivering customer value has enabled DuPont Canada's business to grow to a point where we are consistently exceeding our primary financial objectives.

Q: *How did you perform against your financial objectives in 1995?*

A: In simple terms, our objectives are to deliver excellent returns and earnings growth on a consistent basis. In 1995, we achieved a return on equity of 20.6 per cent – which is outstanding by any standard – and a normalized ROE of 25.5 per cent when you adjust the company's debt-to-capital ratio to 30 per cent as we do for our financial objective. Once all the comparative data for 1995 are in, I am confident that our performance will place us near the top of the 100 largest listed Canadian industrials for the twelfth time in 13 years – a strong benchmark of stability and consistency. Earnings per share rose 17 per cent in 1995, from $1.68 to $1.96, clearly exceeding our 10 per cent earnings growth target.

RETURN ON EQUITY



Q: *Which of your strategic intents had the greatest impact on 1995 performance?*

A: The number one contributor was our strategy to position DuPont's Canadian core competencies, capabilities and manufactured products as sources of superior value within the global DuPont company. One measure of that success is in our export revenue – $720 million in 1995, up from $289 million in 1989. Exports accounted for 70 per cent of all our revenue from Canadian-made products. Eighty-seven per cent of our exports are into DuPont global supply chains around the world. In 1995, our strongest exporters were our Nylon Industrial Specialty Fibres, Engineering Polymers and Furnishings business units.

EARNINGS PER SHARE

Financial Objectives

- To consistently deliver a return on equity (ROE) that, when normalized to 30 per cent debt, averages 16 per cent or more over a business cycle. Our performance should be equal to or better than the weighted average of the top 50 of the 100 largest listed Canadian industrials.
- To deliver profit growth of at least 10 per cent per year over the business cycle.
- To manage our resources and operations in a way that consistently delivers good returns. This means higher earnings during good economic times, and respectable earnings during economic downturns.

Strategic Intents

1. Grow DuPont sales and continually strengthen our presence in the markets we serve in Canada.
2. Position our assets, our core competencies, our capabilities and our portfolio of manufactured products as sources of superior value for DuPont worldwide.
3. Leverage our strong financial position to support DuPont's growth and renewal objectives, while increasing value to shareholders.
4. Develop the full potential of our employees and re-engineer our business processes.
5. Pursue sustainable development by balancing economic success with environmental stewardship, and concern and care for health and safety.

I also believe that our strategy relating to the capacity of our people and our organization has had a tremendous impact on our performance. We are now closer to our ideal of being a "developmental organization," one where all employees work continually at improving themselves, their business processes and the products and services we offer to customers. We are convinced that this approach can increase customer value. I am extremely proud of our people and their contributions to DuPont's success.

Q: What was your impact in Canada in 1995?

A: Revenue from sales in Canada grew 7 per cent in 1995, with strong gains in Agricultural Products, Finishes and Chemicals. By providing both higher-value products and innovative non-product offerings to our Canadian customers, we are focused on helping them develop their businesses in Canadian and export markets. In this way, we grow together.

We are also making significant investments in Canada. In 1995, $124 million in capital expenditures (up from $86 million in 1994) ensured that our facilities remain fully competitive and have the capacity to meet both Canadian and export market growth opportunities. Over the past five years, DuPont's capital expenditures in Canada averaged $110 million per year. We are committed to Canada and are exploring opportunities that would sustain or increase this level of investment in the coming years.

In addition, we are making substantial contributions to Canadian society through our extensive donations and outreach programs, and through the income and other taxes we pay. In 1995, DuPont Canada made corporate donations of $1.3 million and paid $120 million in corporate income taxes alone.

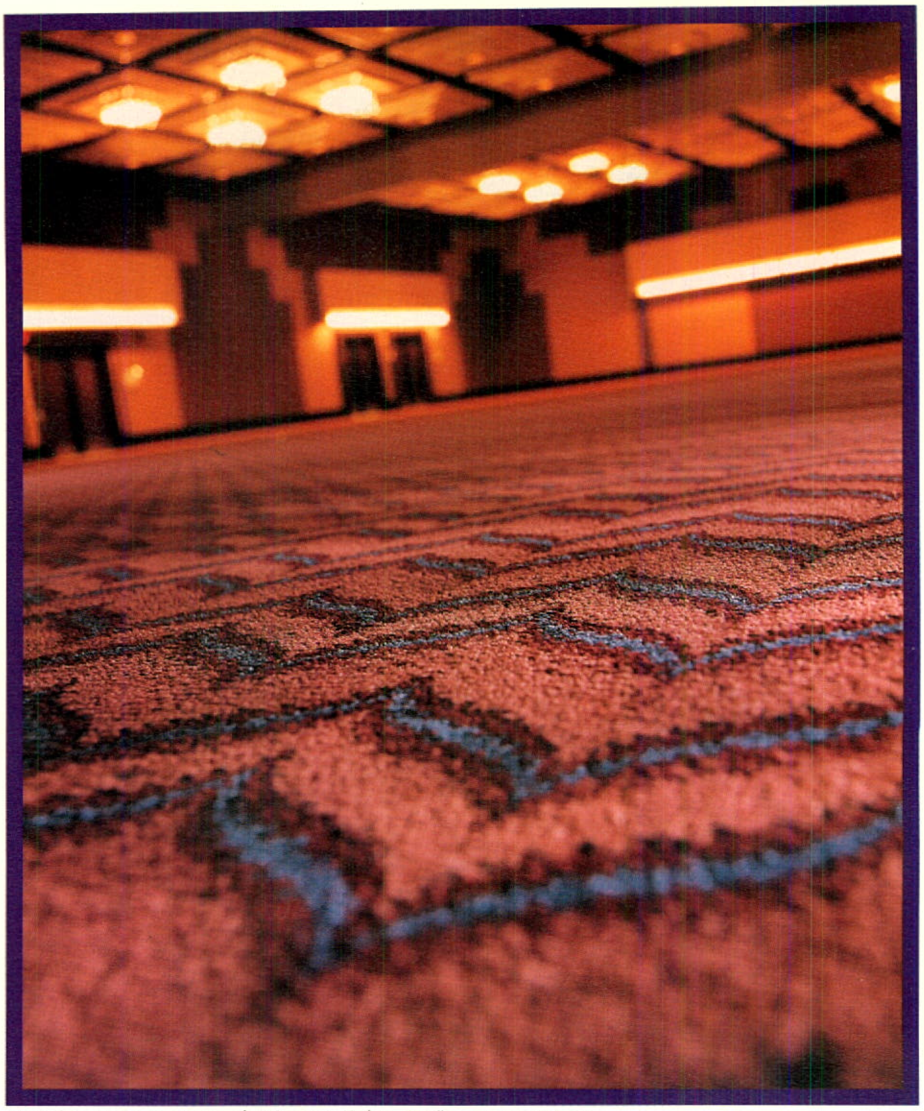
Q: What can DuPont Canada shareholders expect from such a successful company?

A: The simple answer is a superior return. DuPont Canada's return to shareholders in 1995, as measured by the appreciation of share value and assuming reinvestment of dividends, was 31 per cent. An investment of $100 in DuPont Canada shares in 1990 would have been worth $322 at year-end 1995, while a similar investment in the TSE 300 index would have been worth only $167.

"1996 should be another good year for our company. Our business units will continue to pursue several exciting growth opportunities. We should see the increased benefits of 1995 capital investments, particularly in Hydrogen Peroxide, Fibres and Engineering Polymers. In summary, we will be focused on meeting our primary financial objectives once again, while at the same time addressing the needs of our employees, our customers and society."

Arthur R. Sawchuk
Chairman, President and Chief Executive Officer
DuPont Canada

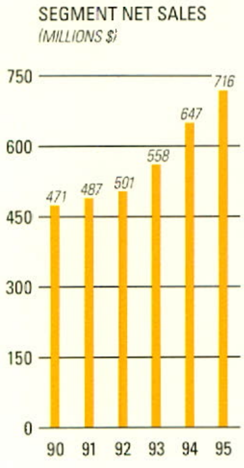
FIBRES AND INTERMEDIATES



See "Designing From the Carpet Fibre Up," page seventeen.

Within the Fibres and Intermediates segment, we manufacture and market a variety of man-made specialty fibres and yarns, as well as related chemicals, for makers of apparel, diapers, protective garments, carpets, air bags, home furnishings and a range of other consumer and industrial products. In 1995, sales revenue for this segment increased by 11 per cent and operating earnings increased by 23 per cent.

FIBRES AND INTERMEDIATES



Furnishings:

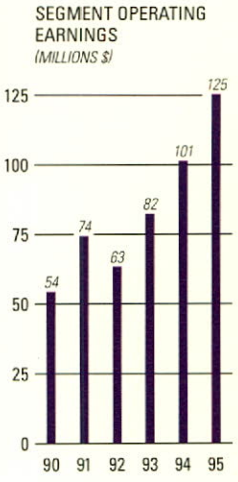
Core products include nylon bulked continuous filament (BCF) manufactured in Kingston, Ontario, and nylon staple imported from global DuPont. DuPont is a trade leader in supplying product to the North American furnishings industry, including residential, commercial, automotive and rug segments.

In 1995, total revenue increased by 13 per cent. The successful start-up of our state-of-the-art BCF facility enabled us to grow export revenues and offset lower volumes and prices from a weaker Canadian carpet market. We maintained our leadership position in the automotive segment as many of the new styles entering the marketplace specified DuPont products.

Apparel:

The global DuPont company is the world's leading supplier of man-made fibres for clothing. In support of that pre-eminent market position, the apparel unit in Canada manufactures LYCRA* spandex in Maitland, Ontario, and nylon textile yarn in Kingston, Ontario. Ninety per cent of our manufactured product is sold outside Canada, primarily to the U.S.

Total apparel revenue in 1995 was 12 per cent above 1994, with continued strong export performance. In the Canadian textile nylon market, we experienced growth in high-end specialty yarns that allow domestic fabric and garment manufacturers to market "new look/new feel" items to consumers. We also achieved significant domestic sales growth – a 23 per cent increase – in imported DACRON**, as a result of market share gains in staple fibre used to manufacture polyester/cotton yarns and fabrics.



SEGMENT RESULTS *Million $*	1990	1991	1992	1993	1994	1995
Net sales	$ 471	$ 487	$ 501	$ 558	$ 647	**$ 716**
Operating earnings	54	74	63	82	101	**125**
Capital expenditures	22	52	61	60	57	**63**
As % of Total Company						
Net sales	33%	37%	36%	36%	39%	**39%**
Operating earnings	48%	66%	45%	48%	41%	**47%**
Capital expenditures	12%	37%	56%	65%	66%	**51%**

FIBRES AND INTERMEDIATES

Nylon Industrial Specialties:

This unit supplies a wide range of high-strength, durable nylon 6,6 fibres to North American industrial specialties markets for industrial and leisure fabrics, sewing thread, abrasives, webbing and cordage, and to global transportation markets for air bags, tires and mechanical rubber goods. Our Kingston, Ontario, site is the primary DuPont source of world-class light- and mid-decitex yarns for use in the growing global air bag market.

In 1995, we strengthened our market position in most segments. Revenue grew 19 per cent over 1994, despite a softer market influenced by economic uncertainty and weakened consumer spending. Significant capital investments were made to expand capacity and achieve new levels of product excellence in North American and global automotive air bag markets.

Nylon Intermediates and Specialties:

Adipic acid, hexamethylenediamine and related specialty products manufactured in Maitland, Ontario, are used primarily in nylon production at our Kingston plant, with the balance going to export and domestic markets. In addition, the business unit sells intermediate chemicals manufactured at DuPont locations in the U.S. to Canadian customers.

In 1995, domestic sales of intermediates rose 21 per cent over 1994 as a result of both higher market shares and growth in the markets we serve. Continuous improvements in raw material sourcing, manufacturing operations and product distribution costs have positioned the Maitland facility as a fully competitive centre of excellence for the global company.

Outlook for the Fibres and Intermediates Segment:

In Furnishings, we expect improvement over 1995 in the industries we serve, and we are well positioned in all segments to participate in an upturn. Sustainable revenue growth will come from product and service innovations. In Apparel, we foresee growth in 1996 being led by higher LYCRA® exports, with additional demand coming from South and Central America. In Nylon Industrial Specialties, we anticipate strengthening our market position in 1996 and increasing revenue from key market segments – air bags, industrial fabrics and tires. Production volume and sales are expected to increase in Nylon Intermediates and Specialties.

FIBRES AND INTERMEDIATES AT A GLANCE

Products made in Canada

Furnishings
Bulked continuous filament nylon for:
- carpets

Nylon Industrial Specialties
Nylon industrial staple for:
- industrial grinding/scouring surfaces

Light-decitex nylon industrial yarns for:
- air bags
- sewing thread
- dental floss
- aircraft escape slides
- personal flotation devices

Heavy-decitex nylon industrial yarns for:
- rubber industry (tires, hoses, conveyor belts)
- webbing and cordage
- aquaculture netting

A sampling of the end uses of some of our Fibres and Intermediates products.

Products made in Canada

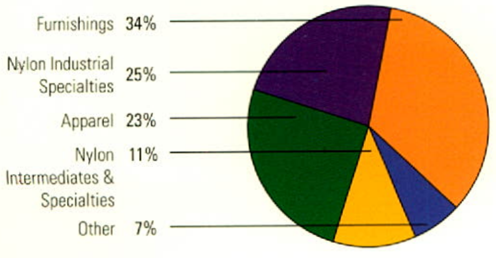
Apparel
Nylon textile yarns for:
- apparel fabrics
- hosiery

LYCRA* spandex yarns for:
- hosiery
- active wear
- sports equipment
- intimate apparel
- diapers

Nylon Intermediates and Specialties
ADI-PURE* adipic acid for:
- nylon production
- polyester
- food additives
- plasticizers

Dibasic esters for:
- paints, coatings
- equipment cleaning solvents
- plastics

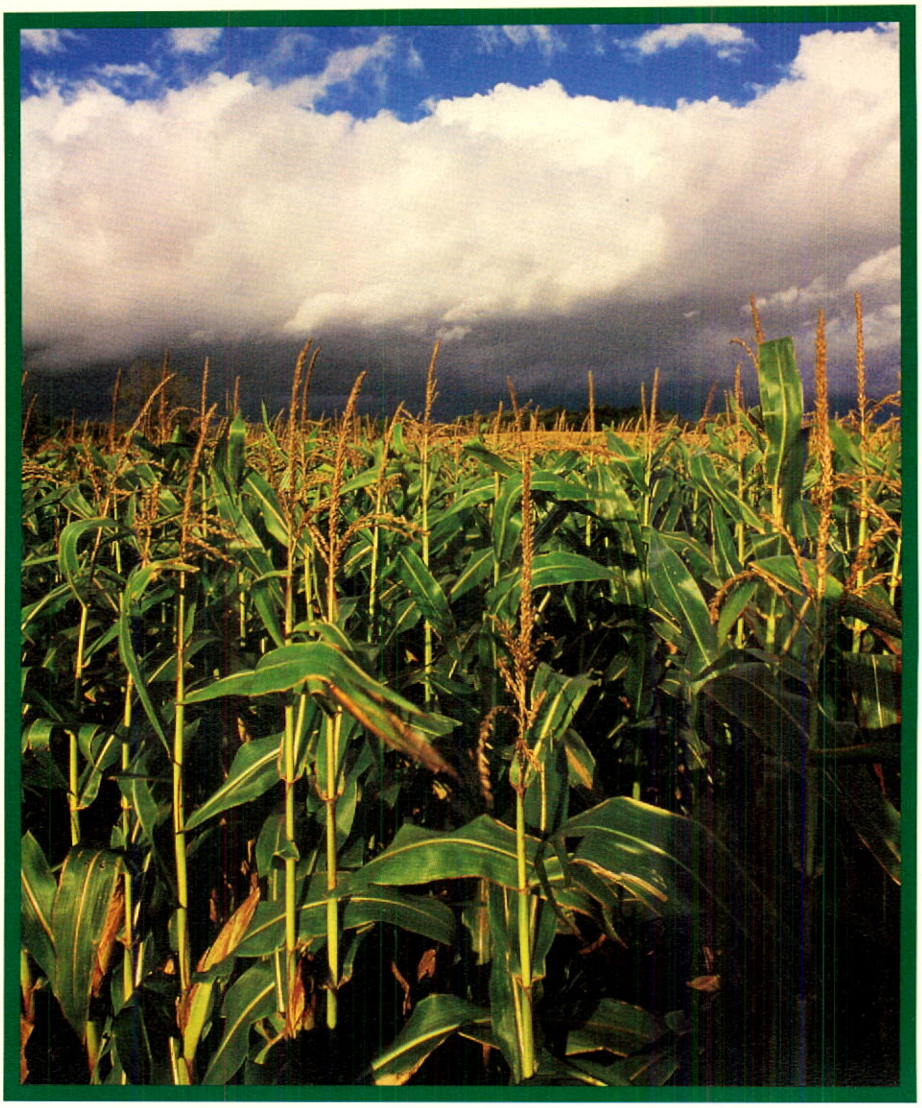
Fibres and Intermediates 1995 Net Sales



Within this segment, products made in global DuPont locations and marketed in Canada include:

- TYVEK** spunbonded olefin used as housewrap in the construction industry and in specialty protective garments;
- KEVLAR** aramid fibre used in protective apparel such as bullet-resistant vests and in sporting equipment;
- NOMEX** aramid fibre used in heat-resistant garments for firefighters;
- DACRON** polyester fibre used in pillows, duvets, sleeping bags and winter clothing.

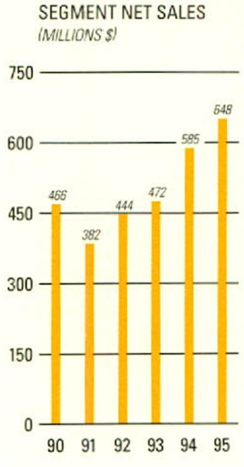
SPECIALTY CHEMICALS AND MATERIALS



See "Helping Our Customers Grow Their Businesses," page seventeen.

Within the Specialty Chemicals and Materials segment, we market a wide variety of products including hydrogen peroxide, fluorochemicals, automotive and industrial finishes, and agricultural products, as well as products for use in electronics and construction markets. Some products are manufactured in Canada, while others marketed domestically are manufactured at DuPont sites worldwide. In 1995, sales revenue for this segment increased by 11 per cent while operating earnings remained essentially unchanged from 1994.

SPECIALTY CHEMICALS AND MATERIALS



Chemicals and Specialties:

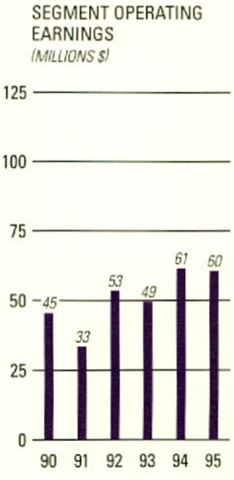
Hydrogen peroxide, manufactured at our Maitland, Ontario, and Gibbons, Alberta, sites, is a strong oxidizer and bleaching agent used primarily for bleaching wood pulp for the pulp and paper industry. Other uses include environmental waste treatment, textile bleaching and cosmetic applications.

Revenue in 1995 grew by 7 per cent as a result of long-awaited price increases. Volume growth was limited by capacity; in fact, a dramatic tightening in the North American supply of hydrogen peroxide resulted in producers having to import product from overseas. In the spring of 1995, we began construction to double the capacity of our production facility in Gibbons, Alberta.

Market demand within Canada for a broad offering of global DuPont chemicals, especially white pigments, continued to be strong. Sales to customers in all major segments of the resource and manufacturing sectors increased by 28 per cent, due in part to increases in export activity by many of our customers.

Finishes:

Globally, DuPont is a major supplier of automotive finishes for both Original Equipment Manufacturers (OEMs) and aftermarkets. We have a manufacturing site at Ajax, Ontario. Finishes revenue was up 13 per cent in 1995. Sales to OEMs increased 22 per cent due to the transfer of significant volumes from global DuPont to our Ajax site and a 44 per cent increase in revenue from OEM sub-assembly suppliers. Sales to the combined fleet, collision repair and heavy-duty truck and bus segments decreased by 1 per cent in 1995 due to an overall decline in market volumes. For instance, the refinish market has been affected by improved corrosion resistance and the increased use of spot repairs.



SEGMENT RESULTS *Million $*	1990	1991	1992	1993	1994	**1995**
Net sales	$ 466	$ 382	$ 444	$ 472	$ 585	**$ 648**
Operating earnings	45	33	53	49	61	**60**
Capital expenditures	111	49	16	8	10	**35**
As % of Total Company						
Net sales	33%	29%	31%	30%	35%	**35%**
Operating earnings	39%	29%	38%	29%	25%	**23%**
Capital expenditures	62%	35%	15%	9%	11%	**28%**

Fluoroproducts:

DuPont is a major supplier of fluorochemicals in Canada. At our Maitland, Ontario, site, we manufacture hydrochlorofluorocarbon (HCFC-123) – a chlorofluorocarbon (CFC) refrigerant alternative. At Maitland, we also package and market other high-vapour pressure fluids manufactured at DuPont locations in the U.S. for use as refrigerants, propellants, and cleaning and blowing agents. Sales revenue rose 3 per cent above 1994 due to increased shipments of CFC alternatives.

Agricultural Products:

DuPont is one of the world's largest producers of crop protection products. We develop and market products geared to the Canadian agricultural industry. These products are manufactured at several global DuPont locations. In 1995, revenue grew 23 per cent as a result of higher sales volumes. This volume growth was based on continued expansion of canola acreage and strong customer adoption of key weed-control products – of note, ULTIM† to corn growers and REFINE EXTRA* to cereal growers. Both of these products significantly increased revenue and market share in their segments.

General Products:

Traditionally, this business unit has marketed a variety of products sourced from global DuPont to the Canadian marketplace. Our offering included materials, equipment and chemicals for the electronics industry; printing and publishing products; and medical products. In spring 1995, DuPont announced its intention to divest its Medical Products business units. DuPont Canada distribution of medical products will cease once this sale is completed, about mid-1996. Effective October 1995, Unisource Canada became the master distributor of DuPont printing and publishing products. Based on 1995 results, we expect a decrease in 1996 sales revenue of approximately $53 million, with negligible impact on pre-tax earnings.

Outlook for the Specialty Chemicals and Materials Segment:

The mid-1996 start-up of our hydrogen peroxide expansion at Gibbons should enable us to capture opportunities in the pulp and paper market, where double-digit growth in industry demand for peroxide is anticipated and North American supply is limited. We expect to maintain our position as the leading supplier to the Canadian market. Continued growth in chemicals, led by white pigments, is anticipated for 1996. With flat automotive manufacturing volumes predicted, growth in Finishes should be modest compared to 1995. In Fluoroproducts, we anticipate increased sales from CFC alternatives, but overall revenue is expected to decline in 1996 with the continued phase-out of CFCs. Agricultural Products revenue will continue its robust growth trend as we provide products to help Canadian farmers meet increasing global demand.

SPECIALTY CHEMICALS AND MATERIALS AT A GLANCE

Products made in Canada

Chemicals and Specialties

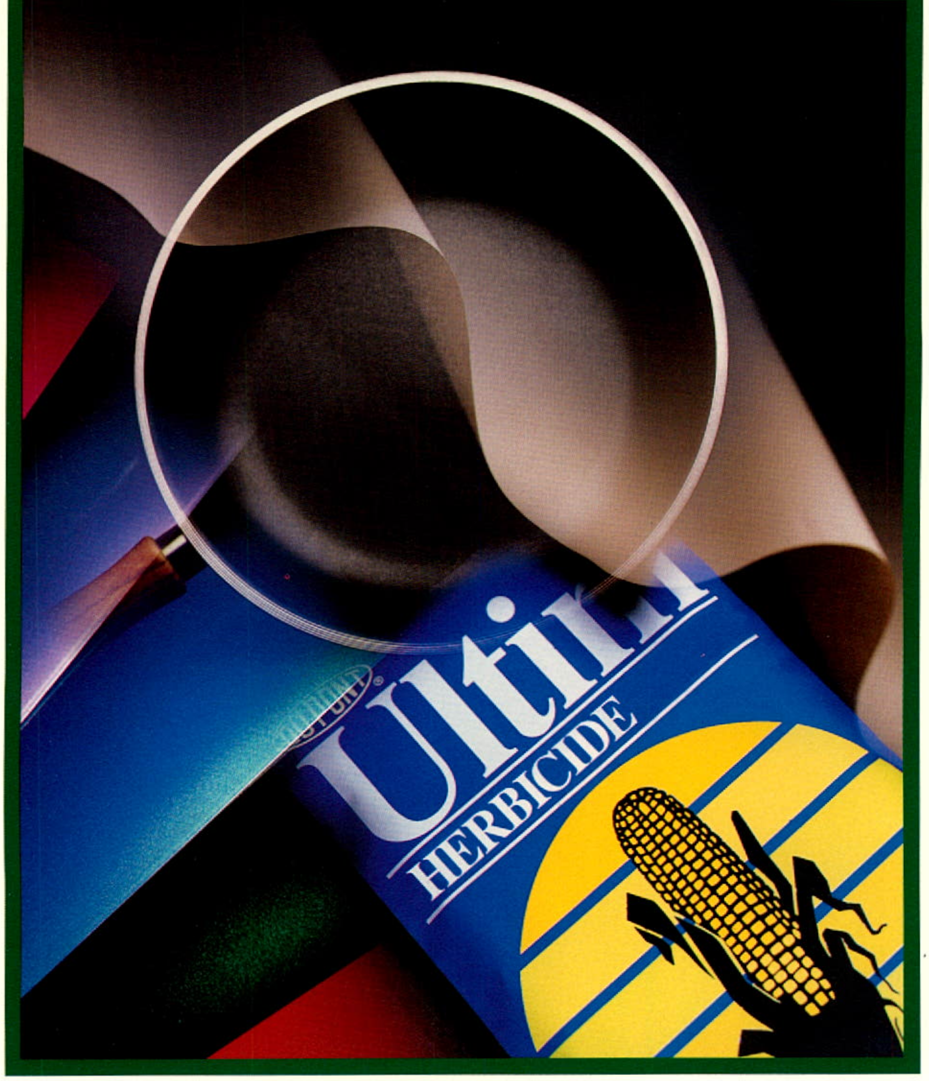
Hydrogen peroxide for:

- pulping, bleaching, de-inking wood fibres for papermaking

Fluoroproducts

SUVA*-123 for:

- refrigeration
- air-conditioning
- specialty applications



A sampling of the end uses of some of our Specialty Chemicals and Materials products.

Products made in Canada

Finishes

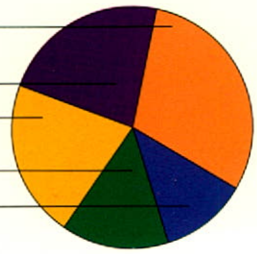
CHROMABASE†, CHROMAONE†, DULUX† II, CHROMACLEAR†, CENTARI*, IMRON* for:

- auto body shops

OEM finishes for:

- automotive assemblers and sub-assembly suppliers
- heavy-duty truck and bus manufacturers

Specialty Chemicals and Materials
1995 Net Sales



Within this segment, products made in global DuPont locations and marketed in Canada include:

- Crop protection chemicals used by Canadian growers of cereals, oilseeds, corn and soybeans;
- Titanium dioxide used in paints and vinyl siding;
- Sodium cyanide used in gold extraction;
- TEFLON* fluoropolymer coating used in commercial applications and consumer cookware;
- Printing and publishing products such as CYREL* printing plates;
- Electronic materials and chemicals used in computers and telecommunications equipment.

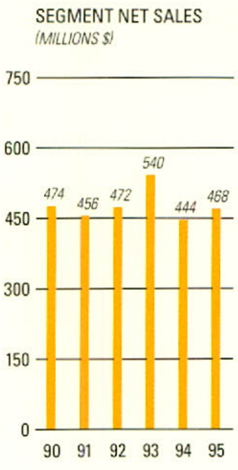
The 1995 Annual Report was produced using numerous DuPont printing and publishing products: WATERPROOF* colour proofing, DYLUX* monochrome proofing materials, and HOWSON* offset printing plates.

SPECIALTY PLASTICS AND FILMS

See "Filling a Need in Beverage Packaging," page seventeen.

Within the Specialty Plastics and Films segment, we manufacture and market specialty polyethylene and nylon films, adhesive polymers, polymer modifiers, engineering polymers, polyester elastomers and other specialty plastics to serve a variety of industries including packaging, construction, petroleum, natural gas, chemical processing, automotive and dairy. In 1995, sales revenue for this segment increased 5 per cent while operating earnings declined 3 per cent compared to 1994.

SPECIALTY PLASTICS AND FILMS



Engineering and Specialty Polymers:

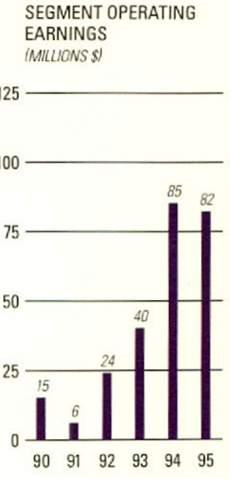
ZYTEL* nylon resin, used in automotive, electrical, sporting goods and other consumer and industrial durables, is manufactured in Ontario at our Kingston and Maitland sites, and is marketed in Canada and around the globe. The remaining comprehensive range of engineering and specialty polymers marketed domestically are manufactured at DuPont sites worldwide.

Revenue grew by 4 per cent in 1995. Domestic markets grew at a rapid rate. Exports to Japan, Asia Pacific, the U.S. and other foreign countries represented a significant contribution. We continued to introduce many new applications – for example, interior door handles of DuPont DELRIN** acetal resin which were commercialized on General Motors 1995 CK trucks. We also made significant investments to increase capacity at our Maitland and Kingston sites.

Modified Polymers:

At our Corunna, Ontario, site, sophisticated reactive extrusion technology is used to produce modified polymers. These products are used as adhesives in packaging and industrial applications including oil and gas pipe coating, and as modifiers that generate higher-value characteristics when added to basic polymers. Most products are exported to the U.S. and Europe, with growing amounts going to Asia Pacific and South America.

Our average growth rate over the past five years has exceeded 15 per cent. In 1995, revenue grew 7 per cent, as North American demand weakened and customers significantly reduced inventory in the second half of the year. Shipments outside North America remained strong.



SEGMENT RESULTS *Million $*	1990	1991	1992	1993	1994	**1995**
Net sales	$ 474	$ 456	$ 472	$ 540	$ 444	**$ 468**
Operating earnings	15	6	24	40	85	**82**
Capital expenditures	30	28	28	23	12	**17**
As % of Total Company						
Net sales	34%	34%	33%	34%	26%	**26%**
Operating earnings	13%	5%	17%	23%	34%	**30%**
Capital expenditures	17%	20%	26%	25%	14%	**14%**

Packaging and Films:

At Whitby, Ontario, we manufacture a wide range of specialty films for packaging and industrial applications. Our unique SCLAIRFILM▲ polyethylene films are focused on high-value segments for packaging products such as cheese, coffee, medical instruments and various types of paper. DARTEK† nylon film is used for packaging processed meats and in industrial applications. This unit also supplies a complete packaging system including manufactured films, machinery and after-sales service to the non-carbonated beverage industry for products such as milk and juices.

Our unique packaging system has been used for many years by Canadian dairies to package milk in the familiar pouch. We have increased our effort to market this system for milk and juices in the U.S. and Mexico. We are now entering South America. To serve some of these new markets, the unit has developed an aseptic filling system which enables dairies to sell milk in a pouch without refrigeration. It has been launched in Mexico.

Total revenue increased 2 per cent from 1994, with revenue from the higher-margin manufactured products up 9 per cent. Demand was very strong until mid-year; however, demand for packaging films eased off substantially in the second half. Polyethylene raw material prices were up about 70 per cent in the first half of 1995 compared to 1994. In the second half of the year, as polyethylene resin prices dropped, packaging customers liquidated inventory. Higher costs in 1995 led to lower operating earnings for the Packaging and Film unit.

Outlook for the Specialty Plastics and Films Segment:

The 1996 outlook for Engineering and Specialty Polymers is positive, with higher sales revenue expected in most categories. Growth will come from the pursuit of new developments and applications including opportunities for recyclable thermoplastics in innovative applications. In 1996, we expect revenue from our liquid packaging systems to continue to grow because of initiatives in the U.S., Mexico and South America. We expect revenue from packaging films to improve throughout the first half of 1996, rebounding from the slowdown in the second half of 1995. With low inventory levels, fixed costs under control and stability anticipated in raw material prices, Modified Polymers expects to see a return to double-digit growth in 1996 revenue and operating earnings. The Corunna site is well positioned to add new capacity as market demand increases.

Products made in Canada

Engineering and Specialty Polymers

ZYTEL* nylon resin for:
- automotive parts
- electrical applications
- sporting goods

Packaging and Films

SCLAIRFILM▲ polyethylene film for:
- food packaging
- medical applications
- paper overwrap

Liquid packaging systems for:
- pouch packaging non-carbonated beverages

A sampling of the end uses of some of our Specialty Plastics and Films products.

Products made in Canada

Packaging and Films

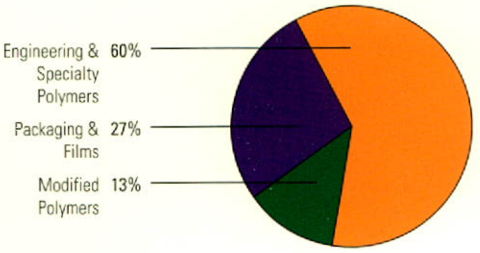
DARTEK† nylon film for:
- food packaging
- rubber curing

VEXAR** extruded netting for:
- produce packaging
- tree wrapping
- fencing

Modified Polymers

Specialty reactive polymers for:
- packaging
- tougheners for polymer products
- adhesives for multi-layer pipeline coatings

Specialty Plastics and Films
1995 Net Sales



Within this segment, many products are manufactured in global DuPont locations and marketed to Canadian customers, for automotive applications in particular. These products, with just one each of their various applications, include:

- BEXLOY** resins for automotive body panels;
- HYTREL** polyester elastomer for air bag doors;
- BUTACITE** polyvinyl butyral interlayer for laminated glass windshields;
- DELRIN** acetal resin for interior door handles;
- ZYTEL* HTN for air intake manifolds.

Responsible Care: A Total Commitment®

is a registered trademark of Canadian Chemical Producers' Association

Following a comprehensive environmental assessment, DuPont Canada received verification from the Canadian Chemical Producers' Association (CCPA) that the company has met all the requirements of the six codes of practice as specified in the CCPA's Responsible Care® *program – a voluntary environment, health & safety and risk management system started in Canada and adopted by chemical companies in almost 40 countries worldwide.*

At DuPont Canada, we believe that the integration of our environmental goals with our business strategy is the secret to overall success and competitive advantage for our company. On environmental matters, we have taken a leadership role. Across Canada, our people are dedicated to environmental stewardship and safe environmental practices. The following are just a few of our 1995 accomplishments:

- In 1990, we identified 27 toxic emissions sources at our manufacturing sites and made a commitment to eliminate or reduce to harmless levels all of these waste sources by 1995. We have achieved this commitment. As new breakdown by-products are identified, these too are being eliminated or reduced to harmless concentrations.
- At 41 million kilograms, our total non-toxic solid, liquid and air emissions, excluding carbon dioxide, have been reduced by 9 per cent from 1994, and are down a full 25 per cent from 1990 levels.
- We are making progress toward our goal of zero accidental releases. In 1995, we had three manufacturing incidents that were detectable beyond the immediate incident location, compared to four in 1994. These incidents had no measurable impact on people, property or the natural environment.
- Approval was given to spend $15 million in a capital project to reduce our emissions of the global warming gas, nitrous oxide, by 90 per cent at our Maitland facility.
- Together with our customers, we have reduced packaging waste going to landfill over the last five years from 38 kg per tonne of product shipped to 5 kg. The reduction was achieved through various source reduction, reuse and recycling programs.

Environmental Costs:

The expenses related to environmental initiatives are taken as normal business costs. As environmental performance expectations increase, so do the associated costs. We believe that prudent expenditures today represent an investment in our future. We do not have any known significant potential liabilities and expenses have not been accrued for future environmental remediation activities.

DuPont Canada's Commitment:

We will conduct our business with respect and care for the environment. We will continuously improve our practices in light of advances in technology and new knowledge in safety, health and environmental science. We will make consistent, measurable progress in implementing this commitment.

To Fulfill This Commitment:

We will adhere to the highest standards of performance and business excellence; aim for the goal of zero injuries, illnesses and environmental incidents; drive toward zero emissions and zero waste generation; excel in the efficient use of energy and natural resources, and manage our lands to enhance wildlife habitat; continuously improve our processes, practices and products; promote open and public discussion of environmental issues and build alliances to develop sound public policies; educate, train and motivate our employees and executives to comply with the environmental commitment, and provide accountability by reporting regularly to the public.

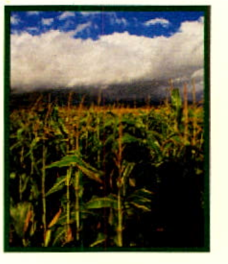
If you would like a copy of our Environmental Performance Report, please call (905) 821-5679, or fax your request to (905) 821-5592.

Designing From the Carpet Fibre Up

When it came time for the Sheraton Laval hotel in Quebec to renovate its ballroom, the company knew exactly what it wanted, right down to the carpet fibre. They insisted on using quality DuPont ANTRON LUMENA** solution-dyed nylon fibre, and were prepared to design the colour scheme based on DuPont fibre colours. They also wanted the carpet to have the luxurious look of cut pile. In other words, they were looking for a unique product.

Who better to meet the challenge than DuPont and Crossley Carpet Mills? The hotel was delighted. Crossley Carpets, working closely with a DuPont design and technical team, developed for the Sheraton Laval the first-ever cut-pile carpet made of DuPont LUMENA** solution-dyed nylon fibre used in a large commercial installation. Today, more than 3,600 square yards of richly patterned, multicoloured carpet graces the hotel's ballroom, convention centre, meeting rooms and hallways.

Helping Our Customers Grow Their Businesses

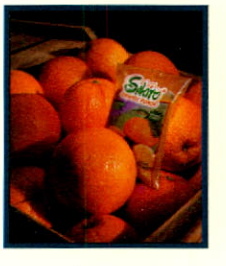


Every growing season, DuPont customers who grow corn are plagued by weeds and grasses that rob their crops of essential nutrients and moisture. Working with our customers, we determined that a one-step weed-control product that could be applied to a growing crop may result in better yields than crops treated with a traditional pre-emergent herbicide.

Over a six-year period, we developed, tested with our customers, and finally launched ULTIM†. ULTIM† is extraordinarily specific in singling out its target pests. With application rates at only 5 per cent of traditional weed-control chemicals, ULTIM† helps to reduce the chemical load on the environment.

ULTIM† has helped customers reduce costs and increase yields. For example, farmers choosing ULTIM† over other treatments can save more than $9 per acre on product alone. In 1995, customer satisfaction for ULTIM† led to a 50 per cent increase in the DuPont corn market share.

Filling a Need in Beverage Packaging



In Puerto Rico, orange trees provide protective shade to highland coffee crops. The oranges from these trees were often left to rot. The local government and the school board approached Campofresco, a Puerto Rican food packaging company, to find a way to process the unused oranges into juice for lunch programs. The big challenge was that the institutions did not have the refrigeration required to store juices packaged in the conventional manner.

DuPont and Campofresco worked together to apply our proprietary "hot-fill" packaging system, intended for larger food service applications, to this new challenge. The result was single-serving pouches of orange juice that can be stored unrefrigerated for up to six months, without a loss of flavour, colour or vitamin C. The school children describe the pouched juice as "easy to use and great tasting." This type of packaging also generates 70 per cent less waste than some traditional packaging approaches.

STATEMENTS OF EARNINGS AND RETAINED EARNINGS

Sales and other revenue: Net sales of $1.832 billion increased by 9 per cent, or $155.6 million, in 1995 and set a sales record for the third consecutive year. Domestic sales rose to $1.112 billion, up from $1.035 billion in 1994, a gain of 7 per cent. Export sales of $719.9 million set a new record, an increase of 12 per cent from $641.2 million, the previous record set in 1994. Approximately 87 per cent of 1995 export sales were to affiliates. In general, revenue gains were a result of higher sales volumes, with modest gains from selling price increases. All three segments contributed to sales growth: both Fibres and Intermediates, and Specialty Chemicals and Materials posted sales gains of 11 per cent, and Specialty Plastics and Films increased sales by 5 per cent. Other revenue of $29.6 million was predominantly the income earned on our growing portfolio of marketable securities. The increase of $22.8 million over 1994 income was due in part to the $99.8 million growth in the portfolio size and a general investment yield improvement of approximately 150 basis points in 1995. Also, 1994 other income was impacted by an investment loss of approximately $9.8 million.

Expenses: The cost of goods sold and other operating charges rose to 71 per cent of 1995 net sales, up from 69 per cent in 1994, reflecting a higher weight of lower-margin resale products in the sales mix. The 1995 selling, general and administrative expenses increased by 3 per cent in support of increased sales. Depreciation and amortization charges decreased by $4.7 million to $77.0 million as 1994 charges included a $5.0 million extraordinary depreciation charge associated with certain facilities at Maitland, Ontario. Research and development expenses of $13.9 million were down from $23.3 million in 1994 (see Note 2). There has been a significant increase in the portion of R&D performed on behalf of affiliates, for which we are reimbursed. Long-term debt interest expense declined by $1.7 million, consistent with the reduction of our debt liability. Other interest charges of $0.4 million in 1995 were significantly down from $3.0 million in 1994, as financing charges on extended payment terms with affiliates have been eliminated.

Net earnings of $181.6 million, or $1.96 per share, were up 17 per cent or $26.3 million over the $155.2 million, or $1.68 per share, a net earnings record set in 1994. Compared to 1993, net earnings almost tripled. This represents a return on average common shareholders' equity of 20.6 per cent in 1995, up from 19.9 per cent in 1994. On average, over the five years ending 1995, the company achieved a return of 14.3 per cent on average common shareholders' equity.

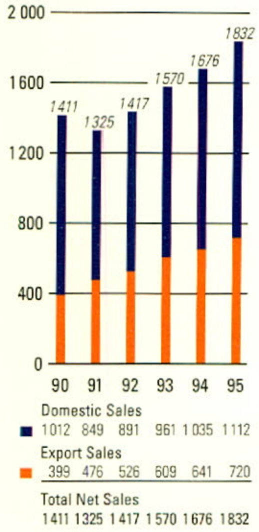
Outlook:

We have entered 1996 with less vibrant global and North American economies. Canadian market demand, especially in those areas depending on strong consumer confidence, continues to be weak but should strengthen as the year progresses. Automotive, packaging, and pulp and paper industries are beginning the year with significantly weaker markets than a year ago. However, Canadian businesses with determined export strategies and those that are globally competitive should continue to grow at rates exceeding overall GDP growth.

We believe our U.S. markets will continue to grow in 1996, but at lower rates than recently experienced. European markets are less certain, with several industry segments currently showing signs of weakness. Asian markets remain robust.

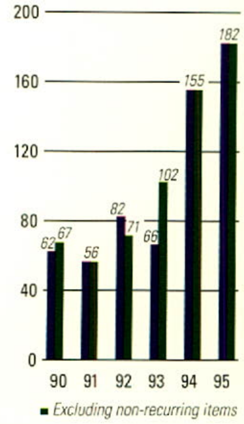
We anticipate continued growth in 1996. We expect to see increased benefit from our 1995 capital investments of $124 million, most significantly in Hydrogen Peroxide and Fibres.

NET SALES
(MILLIONS $)



(Dollars in thousands except per common share)		1995		1994
NET SALES	$	1 832 009	$	1 676 386
Interest and other income		29 626		6 820
		1 861 635		1 683 206
Cost of goods sold and other operating charges		1 307 926		1 161 086
Selling, general and administrative expenses		163 962		159 139
Depreciation and amortization		77 043		81 753
Research and development expenses *(Note 2)*		13 866		23 279
Interest on long-term debt		9 366		11 111
Other interest		384		3 034
		1 572 547		1 439 402
EARNINGS BEFORE INCOME TAXES		289 088		243 804
Income taxes *(Note 3)*				
Current		121 603		82 444
Deferred		(14 069)		6 117
		107 534		88 561
NET EARNINGS	$	181 554	$	155 243
NET EARNINGS PER COMMON SHARE	$	1.96	$	1.68
DIVIDENDS DECLARED PER COMMON SHARE	$	0.405	$	0.315
RETAINED EARNINGS AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	$	763 082	$	647 756
Cumulative adjustment due to accounting policy change *(Note 8)*		(35 652)		(35 652)
Retained earnings as restated		727 430		612 104
Add: Net earnings		181 554		155 243
Less: Dividends declared:				
Preferred shares		–		173
Common shares		37 458		29 158
Excess of consideration paid over stated capital of common and preferred shares *(Note 10)*		2 961		10 586
RETAINED EARNINGS AT END OF YEAR	$	868 565	$	727 430

NET EARNINGS
(MILLIONS $)



BALANCE SHEETS

Overview: The 1995 balance sheet continued to illustrate liquidity and a very strong financial position. The year 1995 ended with a ratio of current assets to current liabilities of 2.0 to 1 compared to 2.2 to 1 in 1994, despite a $64.1 million increase in current liabilities due to the maturity of long-term debt in 1996. Debt-to-total capital ratio dropped to 9 per cent from 10 per cent in 1994. The Dominion Bond Rating Service (DBRS) increased ratings on both our Senior Debt, from A (high) to AA (low), and our commercial paper, from R1 (low) to R1 (middle), both with a stable trend. Over the past two years, both Canadian rating agencies have upgraded our debt ratings.

Despite an aggressive capital expenditure program and increased dividends, cash and short-term investments increased by $99.8 million to $399.3 million. At year-end, this portfolio included $252 million of highly rated marketable securities maturing within 90 days, a $100 million Promissory Demand Note with E.I. du Pont and a five-day put option to liquidate a fund of highly rated government securities carried at $38 million. Total receivables of $292.7 million were up by $6.2 million due to higher sales levels. However, overall collections, as measured by days sales outstanding, improved to 56 days from 63 days at the end of 1994. Affiliate collections improved by 12 days and third-party collections improved by eight days. Bad debts were under $1 million compared to almost $4 million in 1994 and past due receivables decreased by $23 million. Inventories decreased by $1.4 million. Inventory coverage returned to 1993 levels, at 47 days supply compared to 53 days supply in 1994. Prepaid expenses increased by $4.9 million.

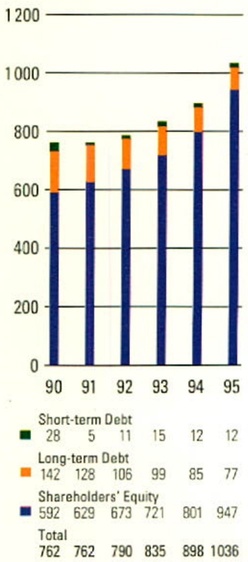
Net property, plant and equipment increased by $49 million (see Note 5), consisting of capital expenditures of $124 million, partly offset by depreciation charges of $74.8 million. Other assets decreased by $9.1 million to $20.4 million (see Note 6), primarily due to fewer outstanding employee relocation loans and reductions in mid-term customer equipment financing arrangements.

Bank and other short-term indebtedness consisted of $11.6 million of cheque float over year-end. The current portion of the long-term debt of $64.1 million reflects the scheduled repayment of the Australian Dollar Notes in 1996. By December 1996, an expected $95.3 million currency gain associated with the Australian Dollar Notes will be fully accrued, reducing the net liability to $50.8 million. At maturity, we will concurrently pay off these fully hedged Notes with $146.1 million cash and receive $95.3 million through sale of the currency swap, for a net cash outflow of $50.8 million Canadian (see Note 7).

Accounts payable increased by $33.4 million, of which $28.6 million is related to affiliate payables. The increase in dividends payable reflected the increase in quarterly dividends approved in 1995. Long-term debt at year-end represents the $12.5 million Province of Ontario loan (see Note 7). We continue to meet the non-interest-bearing conditions on this loan. The change in other long-term obligations relates to pension and other post-retirement benefit liabilities (see Notes 8 and 9). The $14.1 million decrease in deferred taxes reflects a shift of tax liability to current taxes payable.

During 1995, 171 000 common share stock options were exercised and employees elected to purchase a further 187 011 shares with their Performance Sharing Program payouts (see Note 10). Collectively, these share proceeds increased capital stock by $5.2 million, offset by the average stated capital value of 146 840 shares purchased on the open market under an issuer bid. If holders elected to exercise all outstanding options, capital stock would increase by 2 063 000 shares with a net cash inflow of $25.8 million. Our experience has been that options are almost always exercised by the holders and, accordingly, we have purchased and cancelled sufficient common shares to fully offset the anticipated dilutive effect. Net earnings in 1995 increased retained earnings by $181.6 million, reduced in part by dividend declarations of $37.5 million and share purchase related charges of $3.0 million, for a net increase of $141.1 million.

CAPITAL STRUCTURE
(MILLIONS $)



ASSETS *(Dollars in thousands)*	1995	1994
CURRENT ASSETS		
Cash and short-term investments *(Note 4)*	$ 399 331	$ 299 571
Accounts receivable *(Note 4)*	292 693	286 473
Inventories:		
Finished goods and work in process	110 165	105 086
Raw materials and supplies	27 545	34 055
Prepaid expenses	6 161	1 277
	835 895	726 462
PROPERTY, PLANT AND EQUIPMENT (Note 5)	646 964	597 985
OTHER ASSETS (Note 6)	20 407	29 496
	$ 1 503 266	$ 1 353 943
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank and other short-term indebtedness	$ 11 625	$ 12 379
Current portion of long-term debt *(Note 7)*	64 138	–
Accounts payable and accrued liabilities *(Note 4)*	292 115	258 728
Income taxes	42 658	50 176
Dividends	9 712	8 355
	420 248	329 638
LONG-TERM DEBT (Note 7)	12 500	84 534
OTHER LONG-TERM OBLIGATIONS		
Other post-retirement benefits *(Note 8)*	58 449	56 590
Other	7 075	10 248
	65 524	66 838
DEFERRED INCOME TAXES	57 599	71 668
SHAREHOLDERS' EQUITY		
Capital stock *(Note 10)*	78 830	73 835
Retained earnings	868 565	727 430
	947 395	801 265
	$ 1 503 266	$ 1 353 943

STATEMENTS OF CHANGES IN FINANCIAL POSITION

Overview: We continue to generate positive net cash flow in excess of aggressive capital expenditures and dividend increases. Effective working capital management, strict cost control and a strong focus on successful, ongoing operations have resulted in a cumulative net cash resource position of $387.7 million, an increase in net cash resources of $100.5 million during 1995.

In 1995, cash flow from operations, including working capital changes, generated cash of $324.9 million. Net earnings contributed $181.6 million in cash flow, an increase of $26.3 million over 1994. Non-cash charges included in net earnings contributed a further $63.0 million of positive cash flow: chiefly depreciation and amortization charges of $77.0 million, offset by a decrease in the provision for deferred income taxes of $14.1 million. A decrease in net working capital generated cash of $81.7 million. Excluding the $64.1 million of working capital related to the scheduled repayment of the Australian Dollar Notes in 1996, we reduced normal working capital investment by $17.6 million. This was due to an increase in payables of $27.2 million, offset in part by an increase in receivables and inventories of $4.8 million.

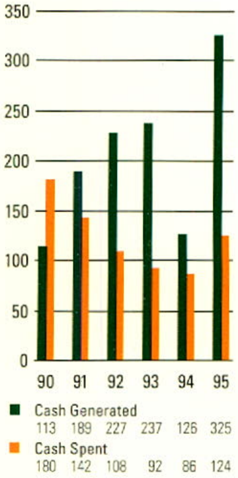
Cash dividends of $37.5 million were declared, an increase of 28 per cent over 1994. The dividend increased 1.5 cents, to 10.5 cents per quarter, effective the second quarter of 1995. This increased dividend payout to 15 per cent of cash flow from operations, calculated before the impact of working capital fluctuations. In 1994, the quarterly dividend rate was raised twice, increasing the annual payout by 35 per cent over 1993.

Investment in property, plants and equipment increased by $123.8 million in 1995, up 45 per cent over 1994. Large project spending included approximately $29 million towards the expansion of the Gibbons, Alberta, hydrogen peroxide plant; $8 million to upgrade the Kingston, Ontario, nylon polymerization processes; $10 million to increase the product flexibility of the recently installed BCF nylon carpet spinning facility; $15 million to upgrade and improve the nylon industrial specialties spinning facilities and approximately $19 million at the Maitland, Ontario, intermediates facility directed towards environmental improvements. During 1995, capital projects totalling $155.5 million were authorized and at year-end $104.4 million of unexpended project activity was carried forward to 1996 for completion. Other investments were reduced by $6.8 million, largely due to reduction of mid-term customer equipment finance arrangements.

In 1995, the company issued 171 000 common shares under the Employee Stock Option Plan at an average option price of $10.097 per share and a further 187 011 common shares under the Performance Sharing Program at an average of $18.513 per share for total proceeds of $5.2 million. A total of 146 840 common shares were purchased on the open market at an average cost of $20.91 per share to offset the potential dilution of these share programs. The remaining 1 397 Class A $3.75 Cumulative preferred shares were redeemed during the first quarter of 1995 at $60.00 per share.

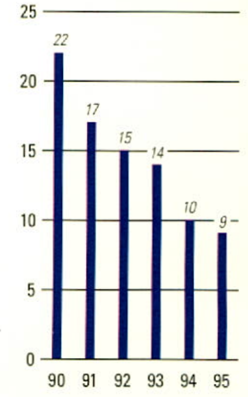
Net long-term debt decreased by $72.0 million. The net Australian Dollar Note liability decreased by $13.9 million, the result of ongoing accrual of the related currency gain expected to be realized in 1996. The balance of $64.1 million was classified to current liabilities, with no net cash impact in 1995, due to the maturity of this debt in December 1996. The company received a second installment of $6.0 million on the Province of Ontario loan (see Note 7). At year-end, short-term debt of $11.6 million was related to outstanding cheque float.

CASH GENERATED FROM OPERATIONS AND SPENT ON PLANTS AND PROPERTIES
(MILLIONS $)



CASH RESOURCES FROM (USED IN) *(Dollars in thousands)*		1995		1994
OPERATIONS				
Net earnings	$	181 554	$	155 243
Non-cash items in earnings statement:				
Depreciation and amortization		77 043		81 753
Loss (gain) from equity accounted investments		11		(5 020)
Deferred income taxes		(14 069)		1 899
Net change in working capital excluding cash resources		81 691		(97 856)
Change in other long-term obligations		(1 314)		(9 564)
		324 916		126 455
DIVIDENDS TO SHAREHOLDERS		(37 458)		(29 331)
INVESTING ACTIVITIES				
Property, plant and equipment, net		(123 780)		(85 568)
Net proceeds on disposition of the Polyethylene Resin and Sclairtech Licensing operations		–		78 603
Oil and gas exploration limited partnership *(Note 4)*		–		33 500
Other		6 836		(2 983)
		(116 944)		23 552
FINANCING ACTIVITIES				
Issue of common shares		5 188		3 296
Purchase of common and preferred shares		(3 154)		(13 310)
Reduction in long-term debt, net		(72 034)		(14 035)
		(70 000)		(24 049)
CHANGE IN CASH RESOURCES		100 514		96 627
Cash resources at beginning of year		287 192		190 565
CASH RESOURCES AT END OF YEAR	$	387 706	$	287 192
COMPONENTS OF CASH RESOURCES AT END OF YEAR				
Cash and short-term investments	$	399 331	$	299 571
Bank and other short-term indebtedness		(11 625)		(12 379)
	$	387 706	$	287 192

DEBT-TO-TOTAL CAPITAL RATIO
(PER CENT)



Approved by the Board:

E.L. Smith
Chairman, Audit Committee

A.R. Sawchuk
Chairman, President and
Chief Executive Officer

RESPONSIBILITIES FOR FINANCIAL REPORTING

The consolidated financial statements of DuPont Canada Inc. and its subsidiaries and all information in the annual report are the responsibility of management. Financial information contained elsewhere in the annual report is consistent with that shown in the financial statements.

The financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada, and necessarily include some amounts that are based on management's best estimates and judgments.

Management has developed and maintains systems of internal accounting controls, policies and procedures in order to provide reasonable assurance as to the reliability of the financial records and the safeguarding of assets. Employees are required to maintain the highest standards of personal and business integrity in their conduct of company affairs. An internal audit unit reviews and evaluates the accounting records and related systems of internal controls on an ongoing basis, and reports its findings and recommendations to management and to the Audit Committee of the Board.

The Board has established an Audit Committee and appoints its members from outside directors. This committee reviews the consolidated financial statements with management and the external auditors prior to submission to the Board for approval, as well as the recommendations of the external and internal auditors for improvements in internal controls and the action of management to implement such recommendations.

Price Waterhouse, Chartered Accountants, are responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards, and for expressing an opinion on the statements. Their report follows.

February 9, 1996

A.R. Sawchuk R.G. Anderson

A.R. Sawchuk
Chairman, President and
Chief Executive Officer

R.G. Anderson
Vice-President and
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders, DuPont Canada Inc.:

We have audited the consolidated balance sheets of DuPont Canada Inc. as at December 31, 1995 and 1994, and the consolidated statements of earnings and retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1995 and 1994, and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Price Waterhouse

Chartered Accountants
Mississauga, Ontario
February 9, 1996

(Dollars in thousands unless otherwise indicated)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

DuPont Canada Inc. is incorporated under the Canada Business Corporations Act. These consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and include the accounts of DuPont Canada Inc. and its wholly owned subsidiaries (the company). All dollar figures are reported in Canadian dollars.

INVENTORIES

Inventories are carried at the lower of average cost or net realizable value. The cost of finished goods inventories is based on material, direct labour and other costs relating to product conversion.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost. Preproduction expenses related to manufacturing and interest on borrowings incurred in connection with new facilities are charged to expense as incurred.

Depreciation is provided based on the estimated useful life of assets. The diminishing balance method is used for buildings and equipment at rates of 12 per cent or 10 per cent, provided that amounts set aside in the accounts are generally not less than 5 per cent of the original cost. Depreciation is not charged on new assets until they become operative.

FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are all monetary and are translated to Canadian dollars at exchange rates in effect at the balance sheet date. Revenues and expenses in foreign currencies are translated to Canadian dollars at rates which approximate the exchange rates at the dates of the transactions. Exchange gains and losses arising on these transactions are included in net earnings for the year.

PATENTS AND PROCESSES

Patents and processes are amortized over their economic life or remaining patent period, which is not more than fifteen years.

SHORT-TERM INVESTMENTS

Short-term investments are carried at the lower of cost or estimated net realizable value.

RESEARCH AND DEVELOPMENT

Research costs are expensed in the period in which they are incurred. Development costs are also expensed unless they are significant and meet generally accepted criteria for deferral. Costs are reduced by government grants, investment tax credits where applicable and reimbursements from affiliates.

NOTE 2 – RESEARCH AND DEVELOPMENT EXPENSES

	1995	1994
RESEARCH AND DEVELOPMENT EXPENSES INCLUDE:		
Gross expenditures on research and development	$ 27 652	$ 33 182
Less: Reimbursements from affiliates	9 345	5 997
Investment tax credits	4 341	3 726
Government grants	100	180
	$ 13 866	$ 23 279

NOTE 3 – INCOME TAXES

	1995	1994
THE COMPANY'S EFFECTIVE INCOME TAX RATE CONSISTS OF:		
Combined basic Canadian federal and provincial income tax rate	42.9%	42.5%
Increase (decrease) in the income tax rate resulting from:		
Manufacturing and processing allowance	(6.9)	(6.5)
Federal income tax surcharge and large corporation tax	0.9	0.6
Ontario research and development super allowance	(0.2)	(0.2)
Other	0.5	(0.1)
Effective income tax rate	37.2%	36.3%

NOTE 4 – TRANSACTIONS WITH AFFILIATES

In the normal course of business, the company had transactions with its major shareholder, E.I. du Pont de Nemours and Company, and other affiliates as summarized below:

	1995	1994
Sales	$ 631 673	$ 562 682
Purchases – for consumption and resale	839 961	719 322
Interest income	18 067	6 769
Demand note, included in short-term investments	100 000	200 000
Accounts receivable	165 870	161 026
Accounts payable and accrued liabilities	185 100	156 491
Dividends	28 701	22 322
Reimbursement of R&D expenditures	9 345	5 997
Proceeds on sale of equity investment in oil and gas exploration limited partnership	–	33 500

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

	1995	1994
Property, plant and equipment include the following:		
Buildings and equipment	$ 1 303 415	$ 1 235 036
Construction in progress	84 534	43 926
Land	8 285	8 334
	1 396 234	1 287 296
Less: Accumulated depreciation and amortization	749 270	689 311
	$ 646 964	$ 597 985

At December 31, 1995, $104 442 (1994 – $84 803) remained unexpended on authorized capital appropriations.

NOTE 6 – OTHER ASSETS		1995		1994
Other assets include:				
Patents and processes	$	8 044	$	8 231
Other long-term receivables		4 023		10 672
Employee relocation loans, secured		3 016		4 498
Other		5 324		6 095
	$	20 407	$	29 496

NOTE 7 – LONG-TERM DEBT		1995		1994
Long-term debt consists of:				
16 1/2% Australian $160 000 Notes due December 19, 1996	$	64 138	$	78 034
Province of Ontario Loan		12 500		6 500
		76 638		84 534
Less: current portion		64 138		–
	$	12 500	$	84 534

Principal, due on maturity, and semi-annual interest payments on the 1996 Australian Dollar Notes have been fully hedged by forward exchange contracts and currency exchange agreements. At the date of issue, the resulting equivalent pre-tax cost of funds was estimated to be less than the cost of comparable Canadian dollar borrowings. Reduction of the outstanding debt is due to the recognition of unrealized foreign exchange gains. The hedge counterparty is currently viewed as a strong credit risk with a solid financial record. The company assesses counterparty risk as minimal.

The loan from the Province of Ontario is non-interest-bearing, provided certain capital expenditure, employment and other commitments are met at specified manufacturing facilities of the company over the period to 1998. The loan is due in three equal annual installments commencing in December 1998.

NOTE 8 – OTHER POST-RETIREMENT BENEFITS

The company provides medical and life insurance benefits to pensioners and survivors. The associated plans are unfunded and benefits are paid from company funds. Under the terms of the benefit plans, the company reserves the right to change, modify or discontinue the plans.

During 1995, the company adopted the policy of accounting for these post-retirement benefits on an accrual basis instead of a cash basis. The expected costs of the employees' post-retirement benefits are now expensed during the years that the employees render services and an accumulated post-retirement benefit obligation is recognized. The obligation is determined by application of the terms of the plans together with relevant actuarial assumptions. Cash expenditures are not affected by this accounting change. This accounting policy has been applied retroactively. The effect of the change was to establish a long-term obligation at December 31, 1994, of $56 590, while concurrently reducing retained earnings by $35 652 and deferred taxes by $20 938, and to reduce net income in 1995 by $1 167 (1.3 cents per common share). Prior years' operating results have not been restated as the effect of this change on annual earnings is not significant.

NOTE 9 – PENSION COSTS AND OBLIGATIONS

The company has a non-contributory defined benefit pension plan covering all employees. Benefits are based on length of service and average earnings in the employee's best consecutive thirty-six months. Pension costs are funded through payments made to an irrevocable trust fund held by an independent trustee.

Actuarial valuations are prepared regularly to determine the costs of pension benefits and the appropriate amounts of company contribution to the fund. The actuarial method used incorporates management's best-estimate assumptions to determine the present value of accrued pension benefit obligations based on projections of salaries and wages to normal retirement dates. The most significant of these are:

	1995	1994
Discount rate	8.75%	8.25%
Wage and salary escalation	3.5 %	5.0 %

The long-term wage and salary escalation rate of 5.5% will be phased in over a five-year period starting at 3.5% in 1995 and increasing to 5.5% by 1999.

Pension fund assets are valued using a moving average method which recognizes changes in the market value of the investment portfolio over a four-year period in order to reflect long-term market trends rather than short-term fluctuations.

The status of the company's pension costs and obligations as at December 31 were as follows:

	1995	1994
Pension fund assets	$ 546 966	$ 514 537
Accrued pension obligations	$ 508 542	$ 515 437
Determination of pension expense for the year is summarized below:		
Current service costs	$ 9 886	$ 10 569
Interest cost on pension obligations	42 951	42 392
Return on fund assets	(44 624)	(42 177)
Other	(3 636)	381
Pension expense	$ 4 577	$ 11 165
Accrued pension costs included in "Other Long-Term Obligations" on the consolidated balance sheet	$ (24)	$ 5 241

NOTE 10 – CAPITAL STOCK

	1995 Number of Shares	1995 Stated Capital	1994 Number of Shares	1994 Stated Capital
Unlimited authorized Class A common shares without nominal or par value: January 1	92 287 673	$ 73 765	92 634 981	$ 70 938
Issued during the year for cash:				
On exercise of options	171 000	1 726	127 025	1 201
In respect of Performance Sharing	187 011	3 462	118 857	2 095
Treasury shares purchased for cash	(146 840)	(123)	(593 190)	(469)
December 31	92 498 844	78 830	92 287 673	73 765
Class A $3.75 cumulative preferred shares authorized and issued	–	–	1 397	70
		$ 78 830		$ 73 835

Pursuant to the employee stock option plan, options to acquire Class A common shares of the company have been granted, and remain outstanding, as follows:

Year	Options Granted	Price Per Share	Earliest Exercise Date	Expiry Date	Number of Options Outstanding at December 31, 1995
1995	278 200	$18.775	1996	2005	278 200
1994	277 500	$17.98	1995	2004	275 100
1993	328 800	$13.47	1994	2003	278 400
1992	298 200	$14.00	1993	2002	266 600
1991	679 200	$ 8.05	1992	2001	446 500
1990	727 050	$ 8.208	1991	2000	315 400
1989	673 950	$ 9.792	1990	1999	202 800

Each option represents the right to purchase one common share of the company at the indicated price during the period shown.

The company's Performance Sharing program is an incentive plan under which participants share in both the risks and rewards of the company's financial performance. A portion of payments under the program may be taken in company shares at the participant's option. Commencing in 1995, Performance Sharing participants were given the option of receiving their dividends in either cash or shares.

The company regularly purchases shares on the open market pursuant to a normal course issuer bid to offset shares that are issued under the employee stock option and performance sharing plans.

NOTE 11 – COMMITMENTS AND CONTINGENT LIABILITIES

The company's future minimum lease payments under operating leases are as follows:

Years ending December 31		
1996	$	5 410
1997		4 680
1998		4 428
1999		3 738
2000		3 608
Remainder		12 855
	$	34 719

The company has no outstanding capital leases.

The company is subject to various lawsuits and claims arising out of the normal course of business. In the opinion of company counsel, any liability resulting from such lawsuits and claims would not materially affect the consolidated financial position of the company.

NOTE 12 – SEGMENTED INFORMATION

	1995	1994
INDUSTRY SEGMENTS		
Net Sales		
Fibres and Intermediates	$ 716 024	$ 646 841
Specialty Chemicals and Materials	647 828	585 288
Specialty Plastics and Films	468 157	444 257
	$ 1 832 009	$ 1 676 386
Export sales included above	$ 719 924	$ 641 154
Operating earnings		
Fibres and Intermediates	$ 124 701	$ 101 488
Specialty Chemicals and Materials	60 717	60 841
Specialty Plastics and Films	82 014	84 911
	267 432	247 240
Other corporate earnings and expenses	21 656	(3 436)
Income taxes	(107 534)	(88 561)
Net earnings	$ 181 554	$ 155 243
Assets		
Fibres and Intermediates	$ 469 074	$ 421 123
Specialty Chemicals and Materials	359 344	333 047
Specialty Plastics and Films	204 039	215 808
Corporate	470 809	383 965
	$ 1 503 266	$ 1 353 943

	Capital Expenditures		Depreciation and Amortization	
	1995	1994	1995	1994
Fibres and Intermediates	$ 62 758	$ 56 511	$ 31 103	$ 29 911
Specialty Chemicals and Materials	35 175	9 613	25 366	24 527
Specialty Plastics and Films	17 041	11 994	11 971	14 285

FIVE-YEAR COMPARISON

(Amounts in thousands of dollars except where otherwise noted)	1995	1994	1993	1992	1991
OPERATING RESULTS					
Net sales	**1 832 009**	1 676 386	1 570 188	1 416 642	1 325 315
Earnings before income taxes	**289 088**	243 804	103 195	125 637	88 329
Income taxes	**107 534**	88 561	37 563	43 858	32 164
Net earnings	**181 554**	155 243	65 632	81 779	56 165
Cash flow from operations	**324 916**	126 455	237 062	226 690	189 066
FINANCIAL POSITION					
Current assets	**835 895**	726 462	529 403	437 296	366 830
Current liabilities	**420 248**	329 638	294 863	256 214	182 278
Working capital – including cash resources	**415 647**	396 824	234 540	181 082	184 552
Net property, plant and equipment	**646 964**	597 985	631 875	660 786	630 317
Accumulated depreciation and amortization	**749 270**	689 311	770 299	679 141	612 527
Investments and other assets	**20 407**	29 496	59 474	62 799	68 572
Total assets	**1 503 266**	1 353 943	1 220 752	1 160 881	1 065 719
Long-term debt	**12 500**	84 534	98 569	105 885	128 033
Other long-term obligations(1)	**65 524**	66 838	19 812	33 615	37 739
Deferred income taxes(1)	**57 599**	71 668	86 489	91 865	88 646
Shareholders' equity(1)	**947 395**	801 265	721 019	673 302	629 023
DATA PER COMMON SHARE (IN DOLLARS)*					
Average number of common shares outstanding	**92 473 221**	92 568 004	92 518 158	92 644 770	92 642 208
Net earnings	**1.96**	1.68	0.71	0.88	0.60
Dividends declared	**0.405**	0.315	0.233	0.233	0.233
Book value (year-end)	**10.24**	9.07	7.76	7.28	6.74
Market value – high	**24.50**	20.13	17.00	16.00	13.83
– low	**16.50**	14.75	13.17	13.33	7.92
– year-end	**24.00**	18.75	16.42	13.67	13.50
FINANCIAL RATIOS					
Return on average common shareholders' equity(2)	**20.6**	19.9	9.3	12.4	9.2
Return on capital employed(3)	**17.4**	16.0	7.2	9.4	6.6
Debt-to-total capital ratio(4)	**9**	10	14	15	17
Net earnings as a percentage of net sales	**9.9**	9.3	4.2	5.8	4.2
Current ratio(5)	**2.0**	2.2	1.8	1.7	2.0
OTHER					
Expenditures on property, plant and equipment, net	**123 780**	85 568	91 549	108 432	142 121
Depreciation and amortization	**77 043**	81 753	91 646	80 843	69 501
Non-recurring items of income (expense)	–	–	(56 500)	14 506	–
Average number of employees	**3 650**	3 707	3 997	4 143	4 162

*Restated to reflect 3-for-1 stock split in 1994.

(1)Figures for 1994 has been restated to reflect the cumulative obligation for other post-retirement benefits.

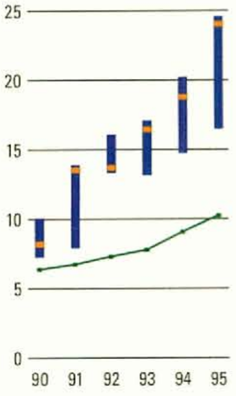
(2)Net earnings less preferred share dividends all as a percentage of average common shareholders' equity.

(3)Net earnings as a percentage of the sum of average total debt, deferred income taxes and shareholders' equity.

(4)Total debt as a percentage of the sum of total debt and shareholders' equity, all at year-end.

(5)Current assets divided by current liabilities, all at year-end.

COMMON STOCK TRADING RANGES
(DUP.A)



	90	91	92	93	94	95
Close December 31	8.17	13.50	13.67	16.42	18.75	24.00
Book Value December 31	6.38	6.74	7.28	7.76	9.07	10.24

Restated to reflect 3-for-1 stock split in 1994

Stock Listings

Common Stock (DUP.A)
Valuation Day value $1.6875*
The Montreal Exchange
The Toronto Stock Exchange

**Restated to reflect 2-for-1 stock splits in 1984 and 1987, and the 3-for-1 stock split in 1994.*

Annual General Meeting

The annual meeting of shareholders will be held April 26, 1996, at the DuPont Canada corporate office, 12:00 p.m., at 7070 Mississauga Road, Mississauga, Ontario.

Stock Transfer Agent and Registrar

Montreal Trust Company, Montreal, Toronto, Calgary and Vancouver

Scheduled Financial Reporting Dates

April 24, 1996; July 24, 1996; October 23, 1996; January 22, 1997

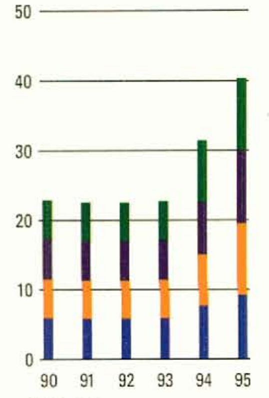
Auditors

Price Waterhouse
Mississauga Executive Centre
Suite 1100
1 Robert Speck Parkway
Mississauga, Ontario
L4Z 3M3

Anticipated Dividend Payment Dates

April 30, 1996; July 31, 1996; October 31, 1996; January 31, 1997

COMMON STOCK DIVIDEND DECLARATIONS
(Cents Per Share)



	90	91	92	93	94	95
4th Quarter	5.83	5.83	5.83	5.83	9.00	10.50
3rd Quarter	5.83	5.83	5.83	5.83	7.50	10.50
2nd Quarter	5.83	5.83	5.83	5.83	7.50	10.50
1st Quarter	5.83	5.83	5.83	5.83	7.50	9.00
Total Year	23.32	23.32	23.32	23.32	31.50	40.50

Restated to reflect 3-for-1 stock split in 1994

Common dividend declared in the first quarter 1996 was 13.00 cents per share

Shareholder Information

Seymour Trachimovsky
Corporate Secretary
(905) 821-5444

Investor Information

Antonio Pompeo
Treasurer
(905) 821-5358

Correspondence

DuPont Canada Inc.
Box 2200, Streetsville
Mississauga, Ontario
L5M 2H3

Public Information

Lili Ziobakas
Corporate Communications

Nous serons heureux de vous envoyer, sur demande, l'édition française de ce rapport.

Téléphone : (905) 821-5679

DIRECTORS AND CORPORATE OFFICERS

OFFICERS OF THE CORPORATION

Arthur R. Sawchuk
Chairman, President and Chief Executive Officer

Raymond G. Anderson
Vice-President and Chief Financial Officer

John M. Cameron
Vice-President and Business Director – Specialty Chemicals and White Pigments

David K. Findlay
Vice-President and Business Director – Nylon and Fibres

David R. Henderson
Vice-President, Human Resources and Communications

Antonio Pompeo
Treasurer and Director – Finance

Seymour B. Trachimovsky
General Counsel and Corporate Secretary

DIRECTORS

Michel F. Bélanger	Chairman Avenor Inc. Director since May 1987
Wendy K. Dobson	Director and Professor Centre for International Business University of Toronto Director since November 1989
L. Yves Fortier *C.C., Q.C.*	Chairman and Senior Partner Ogilvy Renault Director since February 1992
C.L. (Jerry) Henry	Executive Vice-President and Chief Financial Officer E.I. du Pont de Nemours and Company Director since May 1994
Gerald J. Maier	Chairman TransCanada PipeLines Limited Director since July 1982
Donald S. McGiverin	Governor and Chairman *(Retired 1994)* Hudson's Bay Company Director since April 1978
Hon. Gordon F. Osbaldeston *P.C., O.C.*	Professor Emeritus Western Business School University of Western Ontario Director since January 1987
George T. Richardson	Chairman and Managing Director James Richardson & Sons, Ltd. Director since December 1988
Arthur R. Sawchuk	Chairman, President and Chief Executive Officer DuPont Canada Inc. Director since February 1992
Elvie L. Smith	Director and Past Chairman Pratt & Whitney Canada Inc. Director since May 1982

BUSINESS DIRECTORS

Raymond G. Anderson
CORIAN* and Electronic Materials

James R. Barton
Finishes

John M. Cameron
Specialty Chemicals and White Pigments

A.F. (Sandy) Cameron
Fluoroproducts

Philip J. Duggan
Engineering Polymers

David K. Findlay
Nylon and Fibres

D.L. Reasons
Agricultural Products

Jerry P. Shuster
Packaging, Industrial Polymers, Printing and Publishing

Board Committees

Audit Committee
Elvie L. Smith, *Chairman,* **Wendy K. Dobson, L. Yves Fortier**
This committee has overall responsibility for reviewing financial statements of the corporation, accounting principles used in financial reporting, the adequacy of internal financial controls and relations with external auditors.

Pension Committee
Donald S. McGiverin, *Chairman,* **Hon. Gordon F. Osbaldeston, George T. Richardson**
This committee approves the pension benefits, funding and investment policies employed with respect to the corporation's pension plan and pension trust fund, and monitors the performance of the fund.

Human Resources and Corporate Governance Committee
Gerald J. Maier, *Chairman,* **Michel F. Bélanger, C.L. (Jerry) Henry**
This committee reviews and approves the compensation of executives, reviews management succession planning and compensation and benefits policy and strategy, assesses the performance of the full board and individual directors, proposes new nominees to the board, and develops and monitors the corporation's approach to corporate governance.

The corporation's approach to corporate governance is outlined in our 1995 Management Proxy Circular. For a copy of the Proxy Circular, please contact Seymour Trachimovsky, Corporate Secretary, at (905) 821-5444.

DuPont Canada cares ... and gives ... more than money to our communities

DUPONT CANADA CARES

Honoured as a *Caring Company* in Canada's IMAGINE program, DuPont Canada commits a specified percentage of pre-tax earnings to a variety of charitable causes. Hospitals, social service agencies, United Way and Centraide campaigns, the arts, ecological and educational programs are some of the recipients of donations from DuPont.

But our giving goes above and beyond the dollars we donate. Several of our employees enhance the corporation's donations by volunteering their time and expertise to various community organizations.

In the past several years, DuPont Canada has been a generous and frequent donor to education-related activities, particularly ones that encourage literacy in science and technology.

In 1995, Industry Canada presented a *Michael Smith Award for Science Promotion* to our company for donating time and money to foster an appreciation of science, technology, engineering and mathematics among young people.

The innovative *Partners in Progress* program initiated at our Maitland, Ontario site was a significant factor in the receipt of this prestigious award. This multifaceted program builds bridges between the world of business and the world of education through a variety of outreach programs including co-operative education, guest speaker exchanges, tutors, job shadowing, Fun With Science, Shad Valley sponsorship, science fairs, International Science Teachers' Conference and others. For more information on this program, please contact Ron Betsworth, (613) 348-4275.

WINNER
MICHAEL SMITH AWARD for SCIENCE PROMOTION

PRINTED IN CANADA IMPRIMÉ AU CANADA

DUPONT

DuPont Canada

Design: The Works Design Communications Ltd. Photography: Sydney Tabak Prepress/Printing: Bowne of Toronto