DuPont Canada

1994 ANNUAL REPORT

On the Cover:

Changing Our Attitudes

At DuPont's Whitby, Ontario site, Glenn LeClair and Bob Marshall are part of a Market Focus Team which concentrates on customer needs for ***high-performance stretch films***. About twenty people from accounting, client service, maintenance, technical, production, shipping and other functions meet every Friday to discuss issues relating to the business. "The team approach really makes people think about this product in a broad way," says Jeff Nichol, a marketing representative and one of the team's co-leaders. Team members visit customers and develop a greater understanding of each other's jobs. "This approach has virtually eliminated any of the 'it's not my job' attitude," says Jeff.

Results:

Sales volumes rose 50 per cent, and quality measurements improved 73 per cent.

At DuPont, Everyone is a Business Person

Throughout this report you'll find examples of some impressive ways our people are changing their approach to work.

At DuPont, we encourage all employees to think and act as business people – not simply as individuals with specific tasks to perform. No matter what their functions or training, more of our people are working together, bringing a broader outlook to their work, developing a deeper understanding of customers' needs and measuring their own contributions in terms of business results.

Most people have spent their lives becoming highly skilled and proficient in one function. They may have been trained as engineers, secretaries, mechanics or machine operators. But by working together, ***stepping beyond their functions*** and thinking more broadly about the business and its customers, they unlock an energy, attitude and commitment that add tremendous value for all DuPont stakeholders.

We are striving to create such a developmental business organization at DuPont. We believe that there is undiscovered potential in our people, in our technology, in the materials we use and in what we offer our customers.

It's not a system; it's a direction. The examples in this report illustrate the value it can deliver.

About the Company

DuPont Canada Inc. is a diversified industrial company serving customers in every Canadian province, the Yukon and the Territories, and in more than 35 countries worldwide.

We offer the thousands of products and services of the global DuPont company to our Canadian customers, and we sell our own manufactured products in Canada and around the world.

More than 65 per cent of our sales of manufactured products are to export markets.

Our business falls into three categories: Fibres and Intermediates; Specialty Chemicals and Materials, and Specialty Plastics and Films.

Engineering Polymers and Carpet Fibres comprised about 29 per cent of 1994 sales. No other product category accounted for more than 10 per cent.

A breakdown of DuPont products and markets served appears on pages 13, 15 and 17.

About 77 per cent of the common shares of DuPont Canada Inc. are owned by E.I. du Pont de Nemours and Company through its subsidiary, Du Pont Chemical and Energy Operations, Inc.

The remaining shares are held principally by Canadian investors, including more than 1,500 employee shareholders.

At the end of 1994, DuPont Canada employed 3,698 people.

Highlights 1994

Record net earnings of $1.68 per share more than doubled the $0.71 per share reported last year.

Record sales revenue rose seven per cent to $1,676 million, compared to $1,570 million in 1993. Excluding sales from our divested Polyethylene Resin and Sclairtech Licensing operations, revenue from ongoing operations grew 21 per cent.

Capital expenditures of $86 million increased capacity, improved product quality and strengthened our environmental stewardship position.

A new *flexible benefits plan* and a renewed *performance sharing plan* enabled employees to design personal benefits packages and to realize increased rewards from the success of the company.

Approval for a project of approximately $70 million to *expand* North American *hydrogen peroxide* production at our Gibbons, Alberta site was announced in the fourth quarter.

Return on equity reached 20 per cent, and *return on capital* was 16 per cent.

Helping Our Customers Grow

When Paul Banducci began marketing a material called Kevlar® in 1990, he was facing a challenge. Kevlar aramid fibre, which goes into bullet-resistant vests and several other products, already had a high share of a mature market, but Paul felt he could do more. He helped Lincoln Fabrics, a DuPont customer, and Canadian Body Armour, a vest manufacturer, develop a joint South American export strategy. DuPont helped determine standards, create and test a vest design, find sales agents and obtain export permits. "It's common sense," he declares. "You only do as well as all your customers in the value chain."

Paul Banducci

Results:

In 1994, sales of Kevlar for use in vests increased about 200 per cent.

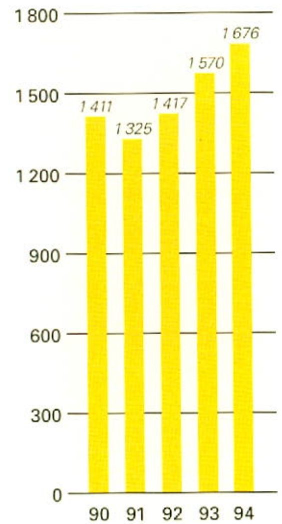
Financial Highlights

(Dollars in millions except per share amounts)

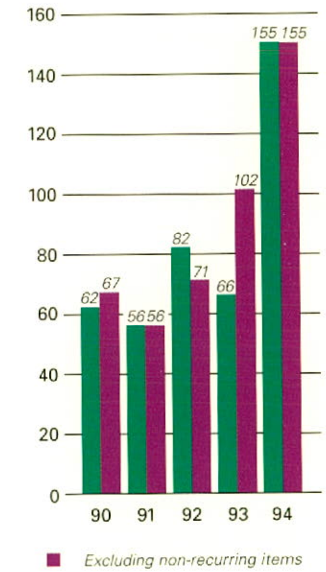
Year ended December 31		1994		1993	% change
Operating Results					
Net sales	$	1 676	$	1 570	7
Net earnings		155		66	137
– excluding non-recurring items		155		102	53
Cash flow from operations		126		237	–47
Financial Position					
Working capital – conventional	$	397	$	235	69
– excluding cash resources		110		44	149
Long-term debt		85		99	–14
Shareholders' equity		837		721	16
Total assets		1 354		1 221	11
Data Per Common Share					
Net earnings	$	1.68	$	0.71	137
– excluding non-recurring items		1.68		1.10	53
Dividends declared		0.315		0.233	35
Cash flow from operations		1.37		2.56	–46
Value at year-end					
Company books		9.07		7.76	17
Market (TSE)		18.75		16.42	14

Key Ratios	1994	1993	1992
Net earnings as a per cent of net sales	9.3%	4.2%	5.8%
Return on average common shareholders' equity	19.9%	9.3%	12.4%
Current ratio	2.2	1.8	1.7
Trade receivables – days sales outstanding	63	44	48
Inventories – days sales coverage	53	46	65
Debt to total capital ratio	10%	14%	15%

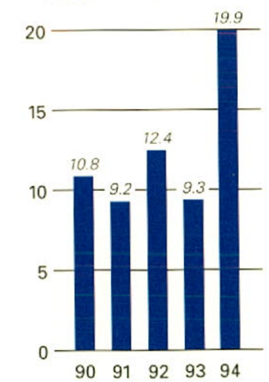
NET SALES
(MILLIONS $)



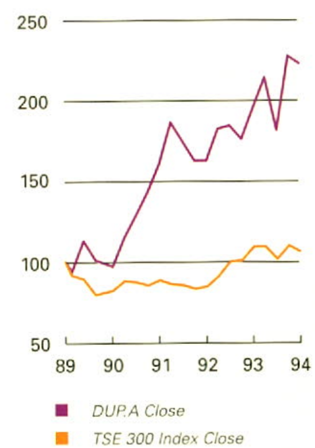
NET EARNINGS
(MILLIONS $)



RETURN ON AVERAGE COMMON SHAREHOLDERS' EQUITY *(PER CENT)*



DuPONT CANADA INC. COMMON STOCK
Indexed to 100 12/31/89



Objectives and Strategic Intents

The following financial objectives have guided DuPont Canada for more than a decade.

Objective 1

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 largest 100 listed Canadian industrials.

1994 Performance: Our 23.8 per cent normalized ROE increased 129 per cent over the 10.4 per cent in 1993. While complete year-end comparative data for Canadian industrials were not yet available, we believe that this outstanding performance will again position us to deliver top-quarter results for the 11th time in the past 12 years.

Objective 2

To deliver profit growth of at least 10 per cent per year over the business cycle.

1994 Performance: Record earnings of $155 million more than doubled those reported last year. Since 1989, our trend for underlying earnings growth over the business cycle has been 15 per cent per year.

Objective 3

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.

1994 Performance: Our normalized ROE averaged 13 per cent during the last recession. Our efforts to re-engineer and reposition our portfolio contributed significantly to our record 1994 results.

Strategic Intents

To ensure that we achieve our objectives, we are pursuing the following strategic initiatives:

- *Grow* DuPont sales and continually strengthen our presence in the Canadian markets we serve.
- *Position* our assets, our core competencies, our capabilities and our portfolio of manufactured products as sources of superior value for DuPont worldwide.
- *Leverage* our financial capacity to support DuPont's growth and renewal objectives in Canada.
- *Develop* the full potential of our employees and re-engineer our business processes.
- *Achieve* business success in a way that demonstrates care and concern for safety and health, while reinforcing our steadfast belief in sustainable development and environmental stewardship.

Making Intelligent Decisions

This spring, after years in shipping and receiving at DuPont's Sarnia, Ontario site, Greg Colman will join a production crew making polymers such as the binding agent, Fusabond® 168D polyolefin resin, used to coat pipes. As part of the managing system at Modified Polymers, employees rotate through various jobs. "By getting a variety of operations experience, I'll be able to make more intelligent decisions about everything I do," Greg says. He'll probably transfer again in two or three years. "You get involved with the whole process of making polymers. You feel you have a role in the whole business."

Greg Colman

Results:

This sharing of experience means that when customers have product quality, delivery, pricing or other questions, there is always someone on site capable of providing an answer.

Letter to Shareholders

For DuPont Canada, 1994 was a year of tremendous and gratifying achievement. Building upon our excellent track record of the past few years, we exceeded performance expectations on several fronts. Among the highlights:

- our employees set records for sales and earnings;
- we continued our exceptional safety performance;
- we upgraded our business portfolio;
- we improved our ability to deliver superior value to our customers through the customer-centred, team-oriented, business-focused approach of our people.

Our strong financial results for 1994 led to ***two dividend increases*** during the year and an overall payout 35 per cent higher than in 1993. Our fourth quarter dividend of nine cents per share was 54 per cent above the same period in the prior year.

The willingness and enthusiasm of our people are key factors in our success. For several years, we have been working toward becoming a "developmental organization." With the developmental approach, we improved our products and processes, resulting in increased customer value. ***The fundamental concept that "everyone is a business person" is becoming a living, working reality,*** resulting in strong performance, continued growth and employee satisfaction.

Record earnings of $155.2 million were more than 50 per cent higher than last year's on an underlying basis, and more than double last year's reported net earnings of $65.6 million. Sales revenue of $1.676 billion increased seven per cent over the previous year's $1.570 billion, setting a new record. Underlying revenue from ongoing operations rose 21 per cent, more than offsetting sales lost from discontinued operations. Export sales increased five per cent, representing 67 per cent of manufactured revenue, due to higher shipments to DuPont worldwide, particularly the United States. The return on equity to shareholders was 20 per cent, our best since 1988.

While all of our business units performed well, Packaging, Engineering Polymers, Agricultural Products and Finishes had a particularly prosperous year. Liquid Packaging won an important contract – to supply milk-pouch packaging machines to Leche Industrializada Conasupo S.A. de C.V., Mexico's leading dairy. Sales of Engineering Polymers increased 26 per cent, while sales of Agricultural Products climbed 36 per cent. Finishes added a third production shift in response to strong automotive demand, and received the esteemed Q1 Quality Award from Ford of Canada.

Last April, we completed a new $55 million nylon carpet yarn facility in Kingston, Ontario. The successful start-up coincided with a robust market. Industrial nylon yarn spinning capacity increased by 10 per cent in 1994, and we will start up an additional 40 per cent in 1995. Most of this new capacity is dedicated to the high-growth automotive air bag market.

In December, we announced a project of approximately $70 million to expand hydrogen peroxide production at our Gibbons, Alberta facility. Our increased production will support the major changes taking place in the North American pulp and paper industry, as many companies shift to environmentally-sound bleaching methods, incorporate more recycled material and adapt to produce higher-grade papers. Start-up is expected in the summer of 1996.

The willingness and enthusiasm of our people are key factors in our success. For several years, we have been working toward becoming a "developmental organization."

By remaining intensely focused on safe working habits, DuPont Canada employees achieved impressive levels of safety last year. While we applaud and commend *all* safety efforts, ***the 160 employees at our Kingston Research and Development Centre deserve special recognition for achieving the incredible record of 25 years without a lost-time injury.***

We performed well against our four key environmental objectives, outlined on page 10. We are ahead of schedule to achieve *all* of our goals to the year 2000. In 1995, we will successfully meet our commitment, established in 1990, to render harmless *all* toxic emissions from our manufacturing streams.

Looking ahead, our growth and success require us to aggressively seek to improve our competitive manufacturing position, and to search diligently for opportunities to serve niche markets. We must continue to become a more effective marketer of all DuPont products and services, with a particular emphasis on profitably growing our market share in Canada.

In the past few years, we have made remarkable progress in managing costs and enhancing quality. Our challenge now is to continue to "do more with less," while ensuring that we deliver superior value to our customers. The re-engineering of our operations has vastly improved our overall business health. We must now focus our resources on making further

Raùl Muñoz of DuPont Mexico helped DuPont Canada win an important contract to supply milk-pouch packaging machines to Mexico's largest dairy.

Arthur R. Sawchuk
President and
Chief Executive Officer
DuPont Canada

Raùl Muñoz
President and General Manager
DuPont Mexico

Elwood P. Blanchard, Jr.
Chairman of the Board
DuPont Canada

gains in the marketplace by helping our customers realize their business dreams and objectives. We are committed to being *the* source of innovation, and even inspiration, to the industries and customers we serve. ***Our people are dedicated to meeting demanding challenges with both determination and enthusiasm.*** In 1994, the highly valued Performance Sharing Program was renewed. With this program, a portion of each participant's pay is put at risk in exchange for greater financial rewards when financial targets are exceeded. Performance Sharing was introduced in 1990 as a five-year experiment and participation was mandatory. As of January 1995, participation became voluntary. ***Strong indicators of the confidence employees have in DuPont Canada, and the commitment*** they have for the company are:

- 93 per cent of the original participants chose to re-enroll in the program and overall participation increased by 16 per cent;
- as of December 1994, 77 per cent of participants opted to hold a portion of their Performance Sharing award in the form of DuPont Canada shares.

We commend and thank our people for their achievements. Their energy, focus and commitment resulted in success for all shareholders, including the more than 1,500 employee shareholders. We look forward to another exciting and profitable year in 1995.

In January 1995, Chairman Elwood P. (Doc) Blanchard, announced his retirement from our board of directors. During his eight-year tenure on the board, Doc's contribution in setting direction and policies helped shape the company's success. His counsel and friendship will be missed. We thank him for his ongoing and enthusiastic support.

Teaming With Our Customers

"When I joined the peroxide group in Mississauga, my job definition was pretty limited. I took orders over the phone and sent them to the manufacturing site in Maitland, Ontario. I made sure the peroxide was shipped but I didn't get involved in such things as supply and demand planning, logistics or customer satisfaction.

"Now, things are completely different. I still take orders and check on shipments, but I also do much more. I'm involved in every aspect of distribution, from production planning to actual delivery. I am part of a distribution team responsible for managing the supply and demand of peroxide within DuPont across North America. There are three sites – at Maitland, Ontario; in Gibbons, Alberta; and Memphis, Tennessee. Team members meet every couple of months to deal with distribution, scheduling and inventory issues, usually at one of these sites.

"We are very concerned about the quality of our deliveries. That means ***getting the product to the customer in the fastest, most cost-effective way***.

"Any delivery that does not arrive within 30 minutes of its scheduled time is investigated, and corrective action is put in place to ensure it doesn't happen again.

"I visit customers and attend drivers' meetings, and now I have responsibility for customer credit and collections. As a result, I am involved with the whole distribution chain, and I have strengthened the teaming concept with our customers.

"My work has changed tremendously and my responsibilities have increased. I like the responsibility, and enjoy my expanded role.

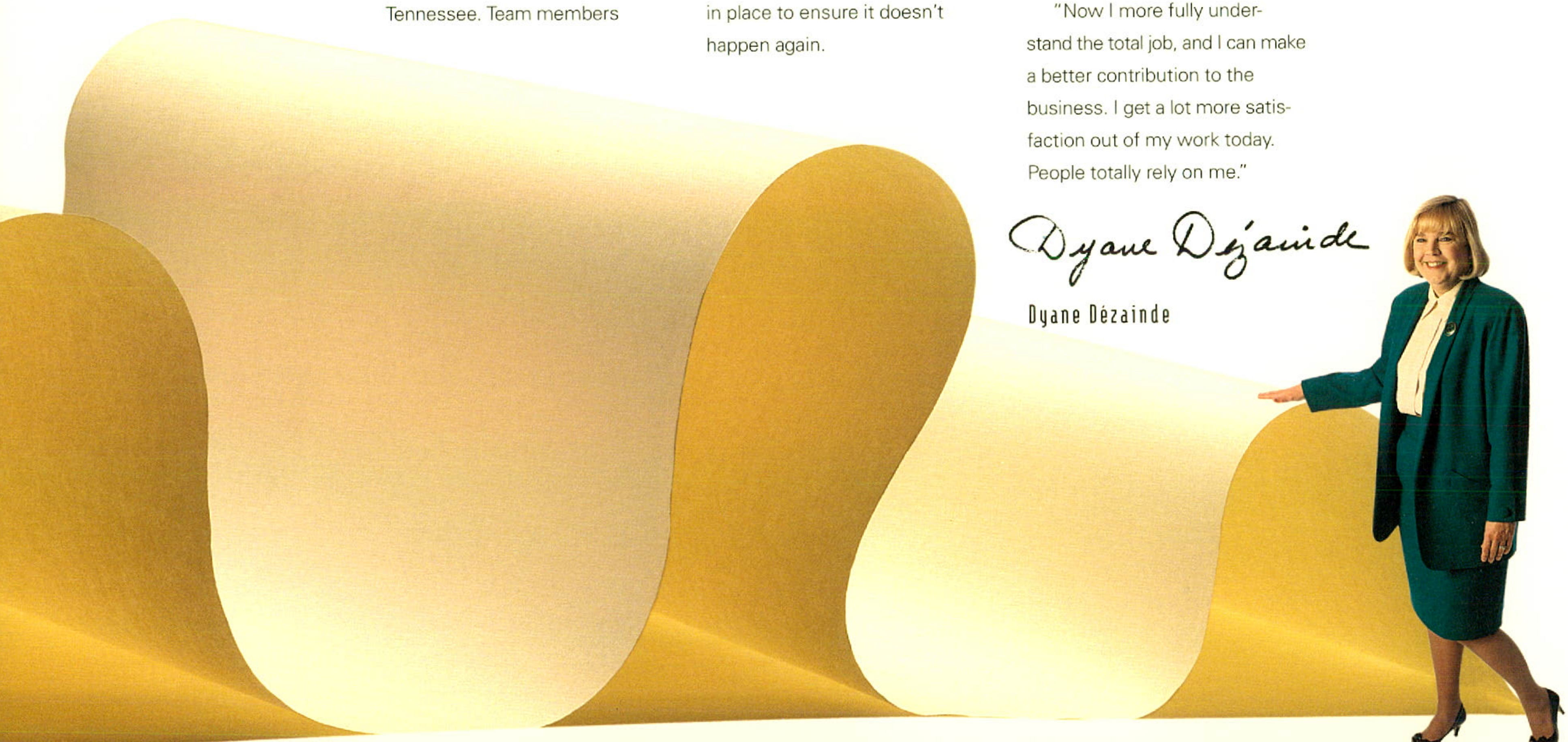
"Now I more fully understand the total job, and I can make a better contribution to the business. I get a lot more satisfaction out of my work today. People totally rely on me."

Dyane Dézainde

Dyane Dézainde

Results:

While total number of shipments increased, there were fewer emergency shipments and excellent, on-time delivery results were maintained.



Taking On More Responsibilities

Hal Promm is a member of the maintenance group at the Ajax, Ontario automotive finishes plant. In late 1993, he was one of the first members of a new Customer Focus Team. People from each shift meet daily to review production, scheduling, delivery and other issues to improve the total service to the customer.

It's a simple forum that allows everyone to contribute. Combined with an environment at Ajax that fosters participation and involvement, it has produced a new attitude to work that is focused on the customer and it is making a difference.

According to Hal: "It's amazing how my job has changed over the past few years. I still do maintenance, but I am responsible for so much more. I've had the chance to meet customers and understand their problems. When I think about maintenance problems, I think about how they affect the business as a whole. I have a real role to play in producing paint and finishes for customers.

"I even help choose the equipment we maintain. When we needed new filling equipment, a group from the plant went to Europe and the U.S. We found some good equipment which has helped us improve batch cycle times. ***Before, that never used to happen.*** You dealt with engineering and purchasing and they made the purchases. Now we use them as a resource and more of the responsibility is with us.

"In the past, only the sales reps went out to see customers. ***They were the sole pipeline for communications.*** Everything internal was departmentalized. Not any more. With everyone involved, there is more input, more ideas.

"Nothing is perfect, though. This approach suits some people, but not others. Some don't like extra responsibility – they find it hard working in a group. There is room for them, particularly if they are good at something specific. But some people leave.

"And there's more pressure. In 1994, the challenge was to produce four batches of paint a day instead of three, which had been the norm. At first, everyone felt uneasy. ***Could we do it? Now it's the norm.*** Soon we'll go to five batches a day, and people will be nervous again. But we'll do it."

Hal Promm

Results:

Pigmented production has almost doubled over the past two years. Last year Ford of Canada awarded its Q1 Quality Award to Finishes. Our Ajax site is now used as a benchmark to show other Ford suppliers how to achieve the rating.

Communicating Like Mad

Paul Taylor is an engineer and his speech reflects it: he is precise, considered and direct. When he spent three years at DuPont in the early '80s, those qualities served him well as he calculated, consulted and designed his way through the engineering problems put in front of him.

But when he rejoined the company in 1990, he found many of his responsibilities had little to do with his engineering qualifications. He's developed additional skills as he spends time in ***new roles – such as trainer, coach and communicator.***

"Engineering is still critical to what I do, but now there's so much more," he says. "Now I've got to think as a business person and team leader. This is fundamental to the work I do."

Paul has one of those jobs that is a nightmare to explain to your kids. Essentially, he is an engineering team leader who ensures that the project teams in Kingston, Ontario remain firmly focused on all the business implications of their projects. At the same time, he works with business teams to ensure they understand the practical engineering realities of their proposed projects.

As an example, DuPont predicted that the capacity to produce lightweight nylon industrial yarn for air bags like the one photographed, would likely not meet increased demand. Growth in the automotive air bag market had created the higher demand. A decision was made to develop new spinning machines and get them on-stream rapidly. Though it could take up to two years, there were tremendous benefits to moving faster.

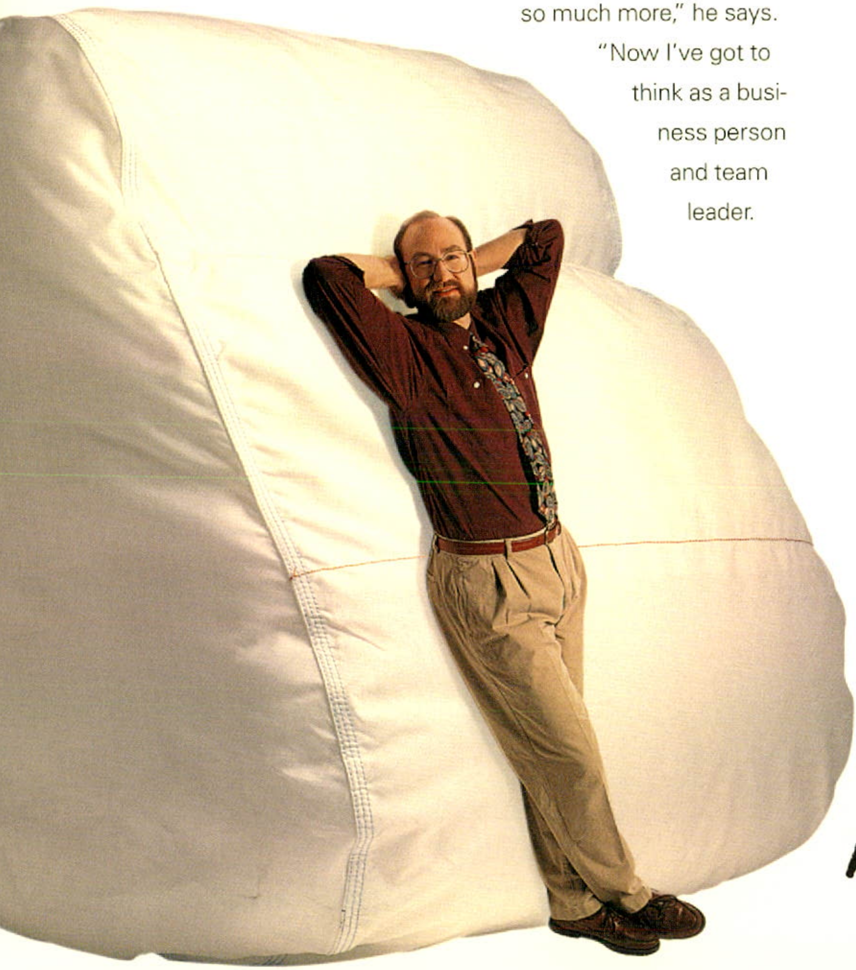
"We had to design and build them ourselves, component by component," explains Paul. "We were able to do it because of the way we approached our work. We pulled multidisciplinary teams together – engineering, operations, marketing, finance and so on – and said, 'Here's the reality. What can we do to help ourselves?'

"You've got to provide a very clear articulation of the business need. Everybody has to understand what our objectives are and why. If you want buy-in, you have to share real responsibility, share information, give people room and ***communicate like mad***. It can be time-consuming up front, but down the road it's just the opposite. We got the machines up and running in less than a year.

"Business-focused engineering just sort of evolved. You can't shrug anything off. It's a little more stressful. But it works."

Results:

Over the past four years, capital project cycle times have been reduced by 50 per cent.



Paul Taylor

Smoothing Out the Hierarchy

The Engineering Polymers group at the Maitland, Ontario site was the first within DuPont to adopt self-managed work teams. That was in 1983, and Bill Byker was there. "It was a shock. We were used to a very traditional structure," he says. "It was" – as he pauses and frowns – "hierarchical."

More than 10 years later, the 65 people in the Maitland group operate in ***anything but a hierarchical way.*** They make high-performance nylon resins used to manufacture specialized parts for automotive, electrical, sporting goods and other industries. For instance, Bauer Precision in-line skates are made, in part, with high performance Zytel® Super Tough nylon polymer from Maitland.

Today, Engineering Polymers is organized into five groups – operations, services, planning, personnel and management. Bill, who used to be a machine operator, is now a leader in the personnel group.

The 10 people in his group represent all jobs within the unit. So, people who work machines or who are responsible for maintenance or security also have responsibility for personnel activities. The group reviews job candidates, sets and monitors budgets and handles many of the day-to-day personnel issues that arise.

"Each year we get more involved," Bill explains. Last year, for the first time, seven people from Maitland participated in a Canada-wide strategic planning session for the Engineering Polymers unit. "We talked about vision, mission, strategies, intents, business tactics and so on. Many had never had those kinds of discussions before. But the whole evolution of this approach from 1983 has been to push responsibility and decision-making down to where the decisions had impact and a real effect.

"Most ***people don't want to leave their brains at the gatehouse.*** They want to participate, to be challenged and to feel involved," Bill maintains. "Now, you can't distinguish staff people from hourly workers in the plant.

"I'd say 98 per cent of the people here have reacted well to the approach. It takes patience and time, but today we all see ourselves as part of a business. We don't just have jobs, we work for a business."

Bill Byker

Results:

Accountability has moved closer to where the product is made, and that has increased productivity.

Environmental Report Card

Our Mission

To be a leader in Canada in setting and meeting high environmental standards.

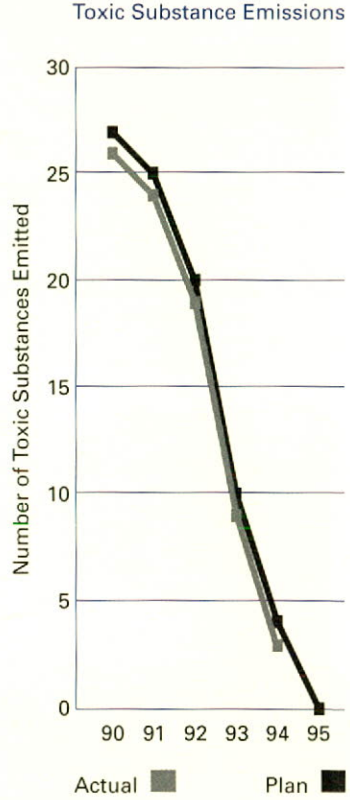
1994 Performance

At DuPont, we believe it is important to set goals and targets against which performance can be judged. Only by setting standards – and "raising the bar" each year – can progress and improvement be achieved. For 1994, we set four key corporate objectives in the environmental area. Here is a review of what we set out to do and how we performed.

Objective	Performance	Comment
*No "A" environmental incidents; six or fewer "B" incidents	Two "A" and two "B" incidents	Total "A" and "B" incidents have been reduced from a total of 27 in 1990 to four in 1994.
Reduce total emissions to 45 million kilograms	Reduced to 45 million kilograms	This was achieved despite an 11 per cent increase in production. Of all emissions, 99.98 per cent are non-toxic.
Eliminate toxicity from five more waste streams	Toxicity eliminated or reduced to harmless level in six waste streams	Toxic waste streams have been reduced from 27 in 1990 to three in 1994. These will be eliminated in 1995.
Establish inventories of greenhouse gas emissions, including carbon dioxide and nitrous oxide, and identify options to reduce them	Completed	New technology developed; to be installed in 1996 to eliminate 90 per cent of nitrous oxide. Commitment to eliminate 75 per cent of greenhouse gas emissions in carbon dioxide equivalent, by 2000 under Canada's *Climate Change Action Plan.*

* *"A" incidents are reported to the appropriate regulatory authority and can involve an emergency response.*
"B" incidents are detectable beyond their immediate location, but have no impact on people, property or the natural environment.

At DuPont Canada, we intend to essentially eliminate all toxic emissions by the end of 1995, based on 1990 commitments. As new toxic streams are identified, they too will be eliminated or rendered harmless.



For More Information

DuPont Canada produces a separate environmental report.
To obtain a copy, please write to:

External Affairs, DuPont Canada Inc.
P.O. Box 2200 Streetsville, Mississauga, Ontario L5M 2H3

Safety…Concern and Care for People – Both Inside and Outside the Company…

While DuPont exists in Canada for business purposes, our responsibilities go beyond the products and services we provide.

The company and all its stakeholders benefit from the strength and quality of Canadians. With this in mind, DuPont employees in Canada are actively involved in many social, educational and fund-raising programs, especially in the communities where we operate.

We donate at least one per cent of our pre-tax earnings to charitable, non-profit activities. With this level of giving, we are designated as a *Caring Company* in the nation-wide *Imagine* program.

We support a wide range of organizations, including hospitals, social service agencies, United Way and Centraide campaigns, medical research and the arts, as well as ecological, school and fitness projects. Education-related areas receive a significant portion of DuPont's donations. Our current focus is on programs that encourage high school students to remain in the science stream.

Safety

We completed 1994 with only one lost-time injury. The company has had only two lost-time injuries since October, 1990 – one of the best safety records of any Canadian industrial company. In 1994, employees produced their best-ever off-the-job safety performance with 13 lost-time injuries, compared to 31 the year before. DuPont believes off-the-job safety is as important as safety on the job, to ensure employees do not get hurt.

DuPont employees have developed such an exemplary approach to industrial safety that the company has packaged this expertise and is marketing it to outside clients in various industries.

Employment Equity

Several years before employment equity became law, DuPont was taking steps to ensure diversity in our work force in Canada. In 1985, a group known as the Valuing People Advisory Group was formed. With the group's help, a number of initiatives have been put in place:

- in 1991, an internal open posting system for jobs began;
- hundreds of DuPont employees have attended "A Matter of Respect" workshops, focused on the issue of sexual harassment;
- at all DuPont sites, Employee Assistance Programs provide confidential assistance to employees concerning a variety of personal issues; and,
- flexible work arrangements and job sharing have increased.

DuPont's mission statement on employment equity outlines a commitment to continuing to develop an environment that "is free of harassment and discrimination in all its forms, welcomes and values the diversity in our people and benefits by employing people from all segments of our society."

Community Outreach

DuPont provides more than just money. Our employees get directly involved in many corporate-sponsored community projects and fund-raising initiatives. One example is the Maitland, Ontario site where our people partner with local schools in many ways. These include a project where teachers can job-shadow to gain a perspective on the business world, a co-op work program, tree-planting projects and donations of recycled scientific and computer equipment. Scrap metal and wood that used to be discarded is now used in carpentry and auto shop classes. School bands play at special Maitland site events, and student artwork decorates the hallways and windows.

Fibres and Intermediates

Overview:

This segment manufactures and markets a variety of man-made fibres and related intermediate chemicals for makers of apparel and industrial fabrics, carpets, air bags and other industrial products. Furnishings (formerly Flooring Systems) is the largest customer grouping, and accounts for about one third of total segment revenues. In 1994, this segment increased sales revenue by 16 per cent and segment earnings increased by 23 per cent.

Furnishings:

A $55 million state-of-the-art expansion of our bulked continuous filament (BCF) carpet yarn spinning facility came on-stream at the end of the second quarter. Continuing consolidation in North American carpet manufacturing, an increase in private label brands, and an excess supply of BCF carpet yarn intensified pricing pressures toward the end of the year. However, higher automotive sales and improved demand for commercial carpet products produced record shipments.

Apparel:

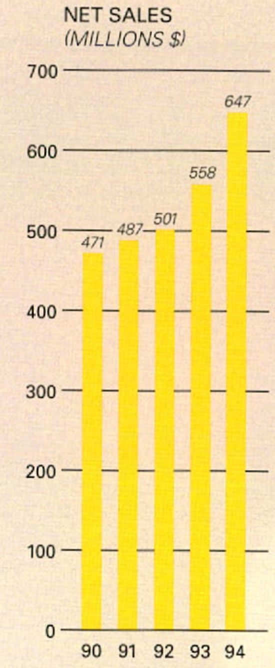
Exports of manufactured products continued to be strong. Export results benefited from the weakened Canadian dollar in 1994. Canadian demand was also healthy, particularly in the second half of the year. We experienced strong growth in both sales and earnings for LYCRA, DACRON and Textile Nylon.

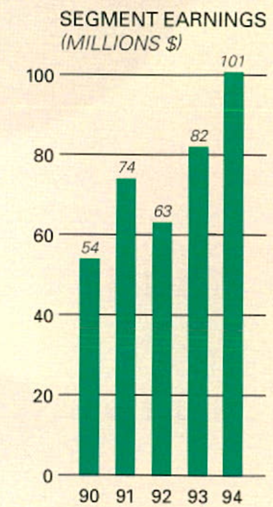
Nylon Industrial Specialties:

Revenues and earnings showed solid increases, primarily as a result of continued strong demand for automotive air bags. Our Kingston, Ontario facility is the primary global DuPont supplier for light- and mid-decitex yarns used to make these products. In response to this robust demand, a new nylon industrial spinning machine was brought on-stream in July, and additional state-of-the-art spinning and warping capacity will start up in 1995. By that time, our total capacity will have increased by over 50 per cent since 1993.

Nylon Intermediates:

Our Maitland, Ontario nylon intermediate production facility operated at record levels in 1994. Domestic sales were strong as customers increased capacity. Adipic acid sales to the U.S. were up substantially, especially in the first half of the year. Higher raw material prices in 1994 were more than offset by improved production yields and manufacturing cost reductions.





Outlook:

We expect continued pressures on prices in Furnishings. In Apparel, the strength of the second half of the year is expected to carry through most of 1995. Demand will be strong for Nylon Industrial Specialties as the automotive air bag market should continue to expand. The high level of activity in this area is attracting new competitors and new capacity. However, we are operating from a strong position. It will be difficult to match the 1994 level of shipments for Nylon Intermediates. While Canadian markets will likely remain strong, additional adipic acid capacity will be available in North America. In total, we expect that this segment will contribute similar performance in 1995.

Fibres and Intermediates At-A-Glance

Major Products	Major Raw Materials	Production Site	Major Industries/Markets Served	Domestic Market Position
Bulked continuous filament nylon	Adipic acid, hexamethylene diamine	Kingston	Carpet mills	Largest manufacturer
Nylon industrial staple	Adipic acid, hexamethylene diamine	Kingston	Industrial grinding/scouring surfaces	Only manufacturer
Light-decitex nylon industrial yarns	Adipic acid, hexamethylene diamine	Kingston	Special industrial markets (automotive air bags, aircraft escape slides, life vests, industrial sewing thread)	Only manufacturer & major exporter
Heavy-decitex nylon industrial yarns	Adipic acid, hexamethylene diamine	Kingston	Rubber industry (tires, hoses, conveyor belts), cordage and webbing markets	Largest manufacturer & exporter
Nylon textile yarns	Adipic acid, hexamethylene diamine	Kingston	Knitters & weavers of apparel fabrics, hosiery manufacturers, texturizers	Only manufacturer
LYCRA* spandex yarns	Glycol, isocyanate	Maitland	Makers of hosiery, active wear, sports equipment, intimate apparel, diapers, knitters & weavers	Only manufacturer & major exporter
Adi-Pure* adipic acid	Cyclohexane, nitric acid	Maitland	Nylon production, food additives, plasticizers	Only manufacturer
Dibasic esters	Dibasic acids, methanol	Maitland	Paint, plastics, equipment cleaning solvents	Only manufacturer
Nylon staple	n/a	global DuPont	Carpet mills	Important supplier
Nomex** aramid fibre	n/a	as above	Makers of fabric for heat-resistant garments for firefighters, other specialty clothing, electrical insulation	Major supplier
Kevlar** aramid fibre	n/a	as above	For high-strength applications in boats, brake linings, fibre-optic cable, ballistic clothing	Major supplier
DACRON* polyester fibre	n/a	as above	Spinners, weavers, and makers of pillows, duvets, sleeping bags, winter clothing	Important supplier
Tyvek** spunbonded olefin	n/a	as above	Air infiltration barrier for building construction, packaging, stationery products & specialty protective garments	Important supplier
Sontara** fabric	n/a	as above	Specialty industrial wipes, medical gauzes and apparel for operating rooms	Important supplier

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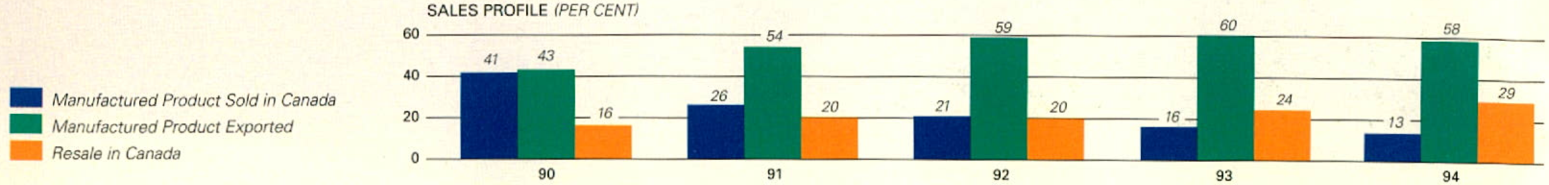
SALES PROFILE *(PER CENT)*



Specialty Chemicals and Materials

Overview:

This segment manufactures and markets fluoroproducts, hydrogen peroxide, and automotive and industrial finishes. It also sells a broad range of global DuPont products to Canadian customers in agriculture, health care, electronics, publishing, industrial and construction markets. In 1994 we increased segment revenues by 24 per cent with a similar improvement to segment earnings.

Chemicals and Specialties:

North American consumption of hydrogen peroxide increased more than 10 per cent in 1994. This was due to both the global recovery of the pulp and paper market, and peroxide's recognized advantage as a strong, environmentally-friendly bleaching agent. Industry capacity utilization reached more than 90 per cent at year-end. After five years of erosion, prices began to climb. To meet the increasing needs of our customers, we announced a $70 million project to double production at our Gibbons, Alberta facility. It is scheduled for completion in the summer of 1996. Canadian demand for global DuPont's chemicals and white pigments was strong in 1994. Our sales were 17 per cent above last year's.

Finishes:

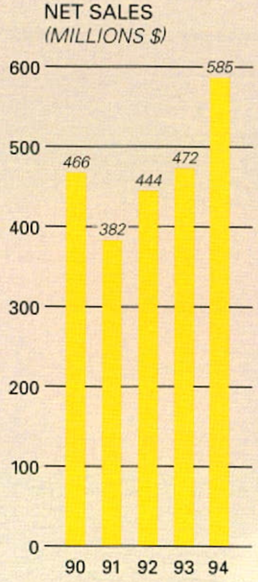
Revenue grew by 33 per cent, spurred by high production levels in the Canadian automotive industry, and the transfer of global DuPont business to our Ajax, Ontario site. We are now producing automotive finishes for the Ford Windstar minivan and have added a third shift. We increased sales to the heavy-duty truck and bus markets. We grew our refinish revenue by increasing our market share. This occurred despite a decline in the market, due to improved corrosion resistance and the increased use of spot repairs.

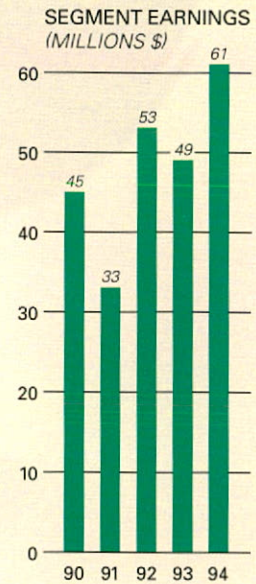
Fluoroproducts:

Demand for chlorofluorochemical (CFC) alternatives increased in Canadian air conditioning and refrigeration markets. There was also growth in export markets for our Suva Centri-LP, a more environmentally-benign fluorochemical.

General Products:

This business unit markets a wide variety of global DuPont products within Canada. In Agricultural Products, revenue increased 36 per cent as we introduced new products, benefited from our strength in the cereals area and capitalized on increased canola acreage in Western Canada. In Imaging Systems, new technologies are changing the roles of industry participants and the processes they use. Margins remain very tight. In Diagnostics, revenue and earnings declined due to continued cost containment measures in the Canadian health care industry.





Outlook:

Demand for hydrogen peroxide is expected to grow at approximately 10 per cent a year for the next few years and prices should continue to improve. Similarly, the outlook for Finishes is strong, as auto makers anticipate high production levels. We will also benefit from a full year of Ford Windstar minivan production. Market demand should remain strong for both our alternative Fluoroproducts and our competitive Agricultural Products. We anticipate improved results from Imaging Systems and Diagnostics. Overall, this segment should deliver improved results in 1995.

Specialty Chemicals and Materials At-A-Glance

Major Products	Major Raw Materials	Production Site	Major Industries/Markets Served	Domestic Market Position
Hydrogen peroxide	Hydrogen, natural gas	Maitland/Gibbons	Pulp & paper	Largest manufacturer
Formacel* & Suva* fluorochemicals	Hydrogen fluoride, perchlorethylene	Maitland	Refrigeration, air conditioning, specialty applications	Only manufacturer & major supplier
ChromaBase†, ChromaOne†, DuLux II†, ChromaClear†, Centari*, Lucite*, automotive finishes	Acrylic & polyester resins, pigments, additives	Ajax	Automobile manufacturers, auto-body refinishers	Major manufacturer
Herbicides, insecticides, fungicides	n/a	global DuPont	Agriculture, cereals, canola, corn and soybean crops	Important supplier
Imaging films, proofing systems, chemicals, equipment, printing plates & electronic imaging systems	n/a	as above	Graphic arts trade, commercial printers, applications in architecture, engineering, oil & gas exploration	Major supplier
Photoresist films, processing chemicals	n/a	as above	Manufacturers of computers, telecommunications equipment	Major supplier
X-ray film, electronic imaging and information systems, diagnostic & laboratory equipment, research compounds	n/a	as above	Hospitals, clinics, medical testing & research laboratories, other health care markets	Important supplier
Specialty chemicals & pigments (titanium dioxide pigment, sodium cyanide, safety/environmental management services)	n/a	as above	Resource industries, pulp & paper, paint manufacturers, other industrial producers	Important supplier
Teflon* fluoropolymer coating	n/a	as above	Commercial and consumer cookware	Only supplier

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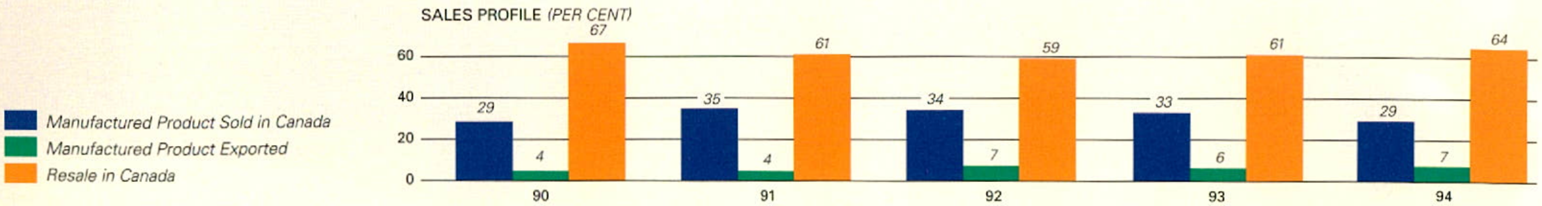


Specialty Plastics and Films

Overview:

This segment manufactures and markets plastic films and resins; designs and markets packaging systems; and offers Canadian customers the plastic resin and films of global DuPont. Engineering Polymers now accounts for about 60 per cent of total segment revenues. In June 1994, we sold our Polyethylene Resin and Sclairtech Licensing operations. This divestiture accounted for a decrease of $183.8 million in total segment revenue. Since these operations had not been profitable in recent years, total segment earnings were relatively unchanged by the divestiture. We increased revenue from ongoing operations by 25 per cent and more than doubled segment earnings.

Engineering Polymers:

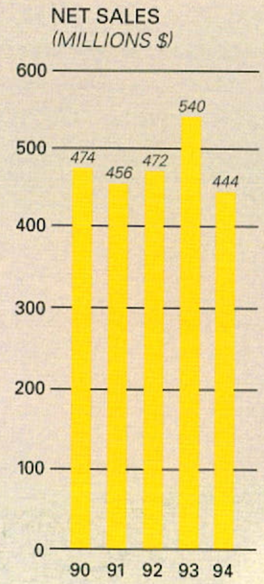
Revenue grew by 26 per cent and earnings increased significantly. Domestic markets grew at a rapid rate and global demand remained strong. We continue to benefit from healthy automotive markets in both Canada and the U.S. Additional opportunities are opening up as recyclable thermoplastics gain acceptance in new applications.

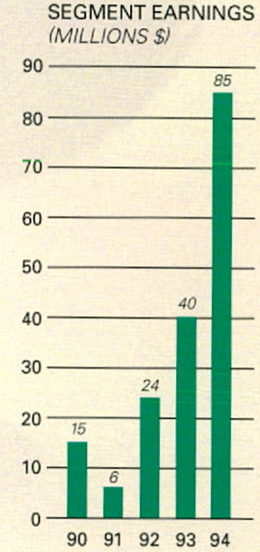
Packaging and Films:

While revenue rose by 13 per cent, prices of polyethylene resin, our principle raw material, increased by more than 50 per cent in 1994. This placed tremendous pressure on variable margins. However, fixed costs were significantly lower and earnings were much improved. Sales of our individual-serving milk-pouch system continued to grow in the U.S. and we made important inroads into the Mexican market. We achieved good growth in nylon film sales by taking advantage of specialty packaging opportunities.

Modified Polymers:

Revenue was up 24 per cent, primarily due to higher shipments of adhesive polymers and polymer tougheners. We improved our pipe coating sales and expanded our offering of co-extrudable adhesives into new industrial applications. A 25 per cent increase in capacity to extrude reactive polymers will come on-line in the first quarter of 1996.





Outlook:

Revenue and earnings growth in Engineering Polymers will be contingent on the continuing health of North American automotive, packaging and electrical markets. As a result, we expect fairly stable financial performance from this unit in 1995. Continued healthy growth is expected in our entire Modified Polymers unit. We anticipate more stable raw material prices to lessen the variable margin pressures on Liquid Packaging and Specialty Polyethylene Film. We expect growth in a number of our markets, especially milk packaging in the U.S. and Mexico.

Specialty Plastics and Films At-A-Glance

Major Products	Major Raw Materials	Production Site	Major Industries/Markets Served	Domestic Market Position
Engineering Polymers Zytel* nylon resin	Nylon 6,6 polymer	Maitland/Kingston	Automotive, electrical, sporting goods, furniture, consumer & industrial durables	Major manufacturer & large exporter
Modified Polymers (specialty reactive polymers)	Various resins and additives	Sarnia	Packaging, pipe coatings, adhesion, materials handling, automotive	Major manufacturer & large exporter
Sclairfilm▲ polyethylene films	Polyethylene resin	Whitby	Flexible packaging for food, industrial uses	Major manufacturer & large exporter
Liquid packaging systems	Sclairfilm▲, filling technology	Whitby	Dairy industry	Major systems supplier & exporter
Dartek† nylon film	Nylon 6,6 polymer	Whitby	Flexible packaging for food, industrial uses	Only manufacturer & large exporter
Vexar* extruded netting	Polyethylene resin	Whitby	Packaging for produce, tree wrapping, fencing	Largest manufacturer
Butacite** polyvinyl butyral	n/a	global DuPont	Automotive glass, architectural glazing	Important supplier
Elvax** ethylene vinyl acetate copolymer	n/a	as above	Adhesives, packaging, automotive, construction, footwear	Important supplier
Hytrel** polyester elastomer	n/a	as above	Automotive, building, furnishings, electrical components, footwear	Important supplier
Surlyn** ionomer	n/a	as above	Packaging, automotive and footwear	Important supplier
Neoprene synthetic rubber	n/a	as above	Adhesives, automotive	Important supplier
Delrin** acetal resin	n/a	as above	Automotive, appliances, electrical components, industrial equipment, sporting goods	Important supplier
Mylar** polyester film	n/a	as above	Flexible packaging for food, industrial uses	Important supplier
Nordel** hydrocarbon rubber	n/a	as above	Automotive, wire & cable, industrial goods, consumer products	Important supplier
Bexloy** automotive engineering resin	n/a	as above	Automotive	Important supplier
Rynite** thermoplastic polyester resin	n/a	as above	Automotive, appliance, electrical/electronics	Important supplier
XTC** thermoplastic polyester resin	n/a	as above	Automotive	Only supplier

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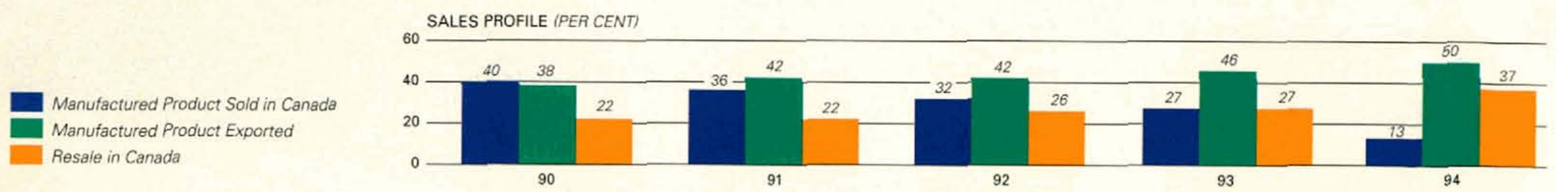


Management's Discussion & Analysis of the Consolidated

Statements of Earnings and Retained Earnings

Sales and Other Revenue:

We increased net sales by seven per cent, or $106.2 million, over 1993 to $1.676 billion. For the second year running we have surpassed previous record levels. This is especially commendable as 1993 net sales included approximately $184 million associated with the divested Polyethylene Resin and Sclairtech Licensing operations. We increased sales from ongoing operations by 21 per cent. Domestic sales of $1.035 billion increased eight per cent or $74.6 million. We grew our export sales to $641.2 million, surpassing the 1993 record by an additional $31.6 million or five per cent.

Other revenue of $6.8 million is down by $21.6 million. (Refer to Note 1.) The absence of licensing and royalty income in 1994 from the Sclairtech operation (sold to Novacor Chemicals Ltd.) accounts for the majority of this decrease. In 1994, interest income was well ahead of 1993, due to general investment yield increases and the growing size of our investment portfolio. However, this was partially offset by an investment loss.

Expenses:

We are achieving the anticipated cost containment results stemming from our business process re-engineering efforts commenced in 1993, and have essentially met our 1994 cost reduction target. With the increased sales noted above, expenses of $1.314 billion (the aggregate of cost of goods sold and other operating charges, and selling, general and administrative expenses) were less than one per cent above the previous year. This resulted in these expenses declining to 78.4 cents of each sales dollar from the 83.0 cents experienced in 1993. As part of our restructuring process, we did reclassify certain manufacturing site service and functional costs to selling, general and administration in 1994. Depreciation and amortization charges decreased by $9.9 million to $81.8 million, mainly reflecting the absence of accelerated depreciation of the nylon staple facility prior to shutdown in 1993. Although we discontinued research and development activity related to Polyethylene Resin and Sclairtech Licensing during 1994, we continued to strongly support research and development efforts. Total R&D expenditures were $29.3 million in 1994, compared to $29.2 million in 1993. Our reduction of long-term debt interest expense reflects the general decline in long-term debt.

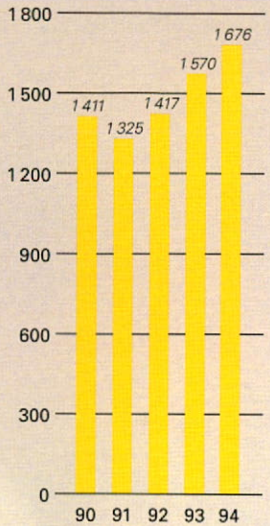
Net Earnings of $155.2 million or $1.68 per share is the best profit performance ever in the history of DuPont Canada. This is over double the reported 1993 earnings of $65.6 million or $0.71 per share. Compared to the underlying net earnings of $101.6 million or $1.10 per share in 1993, this represents a 53 per cent gain during a single year. These results build on the solid 1993 performance, when underlying net earnings were also a record and were 43 per cent above 1992.

Outlook:

Underlying market demand remains strong for most of our business operations, notably those serving the automotive, packaging and pulp and paper sectors. We anticipate that customer demand will continue to strengthen in our primary North American markets. In Canada, government actions at both the Federal and Provincial levels to control the debt, together with the impending Quebec referendum, will introduce uncertainty in the overall Canadian business climate. On balance, however, we anticipate continued good performance through 1995.

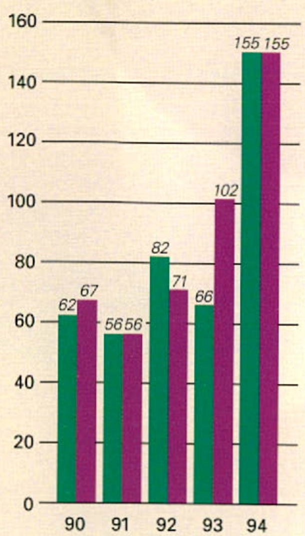
Consolidated Statements of Earnings and Retained Earnings – Years Ended December 31

NET SALES
(MILLIONS $)



(Dollars in thousands except per common share)		1994		1993
NET SALES	$	1 676 386	$	1 570 188
Other revenue *(Note 1)*		6 820		28 417
		1 683 206		1 598 605
Cost of goods sold and other operating charges		1 155 089		1 157 552
Selling, general and administrative expenses		159 139		145 880
Depreciation and amortization		81 753		91 646
Research and development expenses		29 276		29 248
Interest on long-term debt		11 111		12 834
Other interest		3 034		1 750
		1 439 402		1 438 910
Non-recurring expense *(Note 2)*		–		56 500
EARNINGS BEFORE INCOME TAXES		243 804		103 195
Income taxes *(Note 3)*				
Current		82 444		42 939
Deferred		6 117		(5 376)
		88 561		37 563
NET EARNINGS	$	155 243	$	65 632
NET EARNINGS PER COMMON SHARE	$	1.68	$	0.71
DIVIDENDS DECLARED PER COMMON SHARE	$	0.315	$	0.233
RETAINED EARNINGS AT BEGINNING OF YEAR	$	647 756	$	605 338
Add: Net earnings		155 243		65 632
Less: Dividends declared:				
Preferred shares		173		174
Common shares		29 158		21 602
Excess of consideration paid over stated capital of common and preferred shares *(Note 9)*		10 586		1 438
RETAINED EARNINGS AT END OF YEAR	$	763 082	$	647 756

NET EARNINGS
(MILLIONS $)



■ *Excluding non-recurring items*

Statements of Changes in Financial Position

During 1994, total cash resources increased by $96.6 million to $287.2 million, net of bank and other short-term indebtedness. Cash flow from operations of $126.5 million is down $110.6 million from the $237.1 million generated in 1993. Net earnings provided $155.2 million, an increase of $89.6 million over 1993. Total non-cash charges included in net earnings contributed a further $78.6 million: chiefly depreciation and amortization charges of $81.8 million, offset by the gain of $5.0 million on the sale of the partnership assets of our investment with Conoco Canada, and an increase in the provision for deferred income taxes. We significantly increased investment in working capital (expressed excluding the impact of the Polyethylene Resin and Sclairtech Licensing divestiture). Total receivables increased by $127.3 million, while inventories rose a further $27.7 million. This was offset in part by an increase in taxes payable of $46.7 million and modest increases in accounts payable and dividends payable of $2.5 million and $2.9 million respectively. Other long-term obligations decreased by $9.6 million, essentially due to the funding of outstanding accrued pension liabilities.

We declared total dividends of $29.3 million during the year, an increase of 35 per cent from the previous year. The common stock dividend rate was increased from 5.83 cents per share to 7.5 cents in the first quarter, and to 9 cents a share in the fourth quarter. This resulted in an overall quarterly dividend increase of 54 per cent.

We funded new investment in property, plants and equipment of $85.6 million during 1994. Project activity included product improvements, facility expansions and environmental controls on Furnishings, Nylon Industrial Specialties, Nylon Intermediates and Engineering Polymer facilities. During 1994 we authorized new capital projects for a total of $101.9 million and at year-end $84.8 million of outstanding projects were carried forward to 1995 for completion.

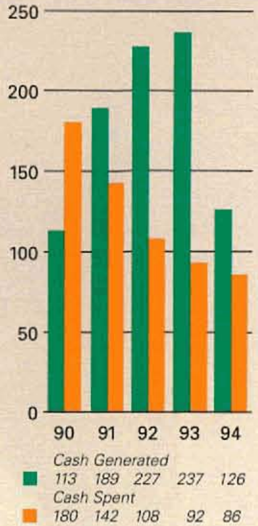
We received $78.6 million in net sale proceeds from the disposition of the Polyethylene Resin and Sclairtech Licensing operation to Novacor Chemicals Ltd. In addition to the sale price of $45.0 million, we recovered our investment in trade receivables and inventories net of current liabilities.

We also received $33.5 million in proceeds for our investment in an oil and gas exploration partnership. The partnership assets were sold to our former partner, Conoco Canada Limited. (Refer to Note 4.)

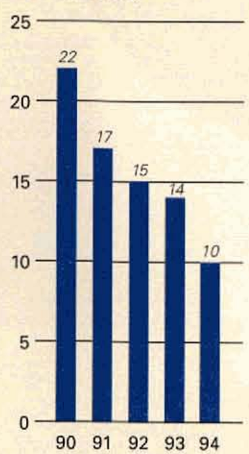
We issued 127,025 common shares under the Senior Employee Stock Option Plan at an average option price of $9.45 per share and a further 118,857 common shares under the Performance Sharing Program at an average of $17.62 per share for total proceeds of $3.3 million. We purchased 593,190 common shares on the open market at an average cost of $17.89 per share to offset the potential dilution of these share programs. We redeemed 44,655 Class A $3.75 cumulative preferred shares under an Issuer Bid offer of $60.00 per share. Shareholders received a redemption premium of $10.00 per share above par value. The company will retire the remaining 1,397 shares during the first quarter of 1995 and cancel this share class.

We decreased long-term debt by $14.0 million during 1994 as we recognized $13.6 million of the currency exchange gains anticipated at maturity of the Australian Dollar Note issue. (Refer to Note 7.) At year-end, short-term debt was $12.4 million of which outstanding cheque float accounted for $9.7 million. Our ratio of debt-to-total capital dropped to 10 per cent from 14 per cent during 1994. We do not expect any need for external funding during 1995. During 1994, the Canadian Bond Rating Service (CBRS) assigned their highest quality rating, A-1+, to our commercial paper program and increased our bond rating for senior long-term debt to A+(High). Both changes are related to our credit quality and strong liquidity position.

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



DEBT TO TOTAL CAPITAL RATIO *(PER CENT)*



Consolidated Statements of Changes in Financial Position – Years Ended December 31

CASH RESOURCES FROM (USED IN) *(Dollars in thousands)*	1994	1993
OPERATIONS		
Net earnings	$ 155 243	$ 65 632
Non-cash items in earnings statement:		
Depreciation and amortization	81 753	91 646
Provision for the write-down of Polyethylene Resin property, plant and equipment	–	31 810
Loss (gain) from equity accounted investments	(5 020)	7 862
Deferred income taxes	1 899	(5 376)
Net change in working capital excluding cash resources	(97 856)	59 291
Change in other long-term obligations	(9 564)	(13 803)
	126 455	237 062
DIVIDENDS TO SHAREHOLDERS	(29 331)	(21 776)
INVESTING ACTIVITIES		
Property, plant and equipment, net	(85 568)	(91 549)
Net proceeds on disposition of the Polyethylene Resin and Sclairtech Licensing operations	78 603	–
Oil and gas exploration limited partnership *(Note 4)*	33 500	(7 500)
Other	(2 983)	(33)
	23 552	(99 082)
FINANCING ACTIVITIES		
Issue of common shares	3 296	5 374
Purchase of common shares and preferred shares	(13 310)	(1 513)
Reduction in long-term debt, net	(14 035)	(7 316)
	(24 049)	(3 455)
CHANGE IN CASH RESOURCES	96 627	112 749
Cash resources at beginning of year	190 565	77 816
CASH RESOURCES AT END OF YEAR	$ 287 192	$ 190 565
COMPONENTS OF CASH RESOURCES AT END OF YEAR		
Cash and short-term investments	$ 299 571	$ 205 890
Bank and other short-term indebtedness	(12 379)	(15 325)
	$ 287 192	$ 190 565

Balance Sheets

We increased our cash and short-term investment position by $93.7 million to $299.6 million during 1994. Total receivables have risen by $98.9 million to $286.5 million. Excluding the $28.4 million related to Polyethylene, comparable trade receivables increased by $118.1 million, chiefly due to aligning our receivable terms of sales with our payment terms for purchases from DuPont affiliates. While this caused the collection period for total trade accounts to increase from 44 days to 63 days year over year, third party collections were essentially unchanged at 45 days. We recorded bad debts of $3.9 million compared to $1.3 million in 1993. Other receivables increased by $9.0 million, of which $6.8 million was the accrued interest due on a short-term note. Inventories rose by $9.6 million year over year, or $27.7 million excluding Polyethylene. Inventory coverage rose to 53 days supply from 46 days year over year as we increased certain stocks ahead of announced price increases.

Our ability to meet all current obligations is evidenced by our current ratio position of 2.2 as at year-end.

Net investment in property, plant and equipment decreased by $33.9 million. (Refer to Note 5.) We reduced gross investment by write-offs totaling $200.1 million, mainly the Polyethylene Resin facilities. These were offset in part by new capital expenditures of $85.6 million. Accumulated depreciation charges were also offset by these write-downs, net of cash recoveries of approximately $38 million. Depreciation and amortization charges on current investment amounted to $81.8 million in 1994.

The sale of the assets of our investment in the oil and gas exploration partnership to Conoco Canada Limited reduced other investments by $28.5 million. Other assets of $28.2 million are relatively unchanged. (Refer to Note 6.)

Accounts payable included approximately $24 million at the end of 1993 and $9.6 million at the end of 1994 related to Polyethylene liabilities. During 1994, underlying payables increased by $2.5 million. The $46.7 million increase in taxes payable represents the final tax instalment on 1994's record earnings, due in February 1995. Dividends payable as of year-end reflect the higher dividend payout declared during 1994.

Long-term debt consisted of the Australian Dollar Notes due in December 1996, carried at $78.0 million, and a $6.5 million non-interest bearing Province of Ontario development loan. (Refer to Note 7.) We reduced other long-term obligations by $9.6 million during 1994, essentially due to funding of outstanding accrued pension liabilities.

We increased Shareholders' Equity by a total of $115.9 million. The combined impact of new share issues under employee share programs ($3.3 million), offset by Treasury share purchases of common shares ($0.5 million) and our Issuer Bid purchase of preferred shares ($2.3 million) increased capital stock by $0.6 million. (Refer to Note 9.) 1994 net earnings increased retained earnings by $155.2 million, offset in part by dividend declarations of $29.3 million and share purchase related charges of $10.6 million, for a net increase of $115.3 million. Our return on average common shareholders' equity for 1994 was 19.9 per cent versus 9.3 per cent in 1993 or, excluding non-recurring items from 1993, an underlying 14.3 per cent. On average over the five years ending 1994, we have achieved 12.3 per cent on average common shareholders' equity.

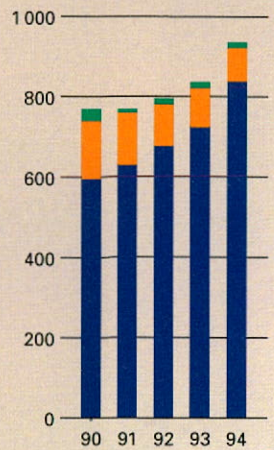
Risks and Uncertainties

Foreign Currency Exposure: Currently, the only foreign currency of significance is U.S. dollars. We net U.S. dollar revenues and liabilities to determine our U.S. dollar exposure at any point in time. Our practice is to hedge this exposure using forward contracts and currency exchange agreements as required.

Environmental Costs: We are committed to managing our operations with minimal risk to the environment. We have adopted in full the Canadian Chemical Producers' Association *Responsible Care®* codes of practice, and we continue to upgrade our Environmental Management System. During 1994, we have completed a full environmental assessment of our former Shawinigan site (shut down in 1982), and minor work was performed to restore the property to the industrial and commercial use norms defined by the Quebec Ministry of the Environment. Expenses associated with our environmental stewardship programs and compliance with internal standards and external legislation and regulations are taken as normal business costs. These costs are increasing as expectations regarding our environmental performance continue to grow. There are no known significant potential liabilities and no expenses have been accrued for future environmental remediation activities.

Consolidated Balance Sheets at December 31

CAPITAL STRUCTURE
(MILLIONS $)



Short-term debt
28 5 11 15 12
Long-term debt
142 128 106 99 85
Shareholders' equity
592 629 673 721 837
Total
762 762 790 835 934

ASSETS *(Dollars in thousands)*

		1994		1993
CURRENT ASSETS				
Cash and short-term investments *(Note 4)*	$	299 571	$	205 890
Accounts receivable *(Note 4)*		286 473		187 621
Inventories:				
Finished goods and work in process		105 086		98 602
Raw materials and supplies		34 055		30 903
Prepaid expenses		1 277		6 387
		726 462		529 403
PROPERTY, PLANT AND EQUIPMENT *(Note 5)*		597 985		631 875
INVESTMENTS		1 272		29 752
OTHER ASSETS *(Note 6)*		28 224		29 722
	$	1 353 943	$	1 220 752

LIABILITIES

		1994		1993
CURRENT LIABILITIES				
Bank and other short-term indebtedness	$	12 379	$	15 325
Accounts payable and accrued liabilities *(Note 4)*		258 728		270 605
Income taxes		50 176		3 486
Dividends		8 355		5 447
		329 638		294 863
LONG-TERM DEBT *(Note 7)*		84 534		98 569
OTHER LONG-TERM OBLIGATIONS		10 248		19 812
DEFERRED INCOME TAXES		92 606		86 489
SHAREHOLDERS' EQUITY				
Capital stock *(Note 9)*		73 835		73 263
Retained earnings		763 082		647 756
		836 917		721 019
	$	1 353 943	$	1 220 752

Approved by the Board:

E.L. Smith
Director

Arthur R. Sawchuk
Director

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 judgements.

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.

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 10, 1995

A.R. Sawchuk

President and Chief
Executive Officer

W.B. Barley

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, 1994 and 1993 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 audits 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, 1994 and 1993 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 10, 1995

(Dollars in thousands unless otherwise indicated)

NOTE 1 – OTHER REVENUE

	1994	1993
Other revenue consists of:		
Licensing and royalty income	$ –	$ 19 583
Interest and other income	6 820	8 834
	$ 6 820	$ 28 417

NOTE 2 – NON-RECURRING EXPENSE

	BEFORE INCOME TAXES		AFTER INCOME TAXES		PER COMMON SHARE AMOUNTS – AFTER INCOME TAXES	
	1994	1993	1994	1993	1994	1993
A. Loss on disposition of the Polyethylene Resin and Sclairtech Licensing operations*	$ –	$ (43 069)	$ –	$ (27 459)	$ –	$ (0.30)
B. Employee separation costs‡		(13 431)	–	(8 549)	–	(0.09)
	$ –	$ (56 500)	$ –	$ (36 008)	$ –	$ (0.39)

** On December 22, 1993, the company signed a Letter of Intent to sell these operations to Novacor Chemicals Ltd. for cash proceeds of $45 million plus an amount for certain current and other assets. The company excluded Polyethylene Resin and Sclairtech Licensing operations from its 1994 consolidated statement of earnings. On June 30, 1994, the sale was formally closed. A summary of the 1993 Polyethylene Resin and Sclairtech Licensing operations is as follows:*

Working capital	$ 32 836
Property, plant and equipment, net	38 619
Net sales	183 825
Other revenue	19 583
Loss from operations, net of income tax recovery of $1 560	2 727

‡ In 1993, the company incurred employee separation costs in connection with a corporate-wide cost reduction effort.

NOTE 3 – INCOME TAXES

	1994	1993
The company's effective income tax rate consists of:		
Combined basic Canadian federal and provincial income tax rate	42.5%	42.9%
Increase (decrease) in the income tax rate resulting from:		
Manufacturing and processing allowance	(6.5)	(7.4)
Federal income tax surcharge and large corporation tax	0.6	1.1
Ontario research and development super allowance	(0.2)	(0.5)
Other	(0.1)	0.3
Effective income tax rate	36.3%	36.4%

NOTE 4 – TRANSACTIONS WITH AFFILIATES		1994		1993
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:				
Sales	$	562 682	$	457 326
Purchases – for consumption and resale		719 322		617 268
Accounts receivable and accrued interest		161 026		44 560
Short-term note receivable		200 000		–
Accounts payable and accrued liabilities		156 491		166 021
Funds invested in oil and gas exploration limited partnership during year		–		7 500
Proceeds on sale of equity investment in oil and gas exploration limited partnership		33 500		–
Dividends		22 322		16 535

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT		1994		1993
Property, plant and equipment include the following:				
Buildings and equipment	$	1 235 036	$	1 308 352
Construction in progress		43 926		84 394
Land		8 334		9 428
		1 287 296		1 402 174
Less: Accumulated depreciation and amortization		689 311		770 299
	$	597 985	$	631 875

At December 31, 1994, $84 803 (1993 – $75 908) remained unexpended on authorized capital appropriations.

NOTE 6 – OTHER ASSETS		1994		1993
Other assets include:				
Patents and processes	$	8 231	$	11 512
Other long-term receivables		10 672		7 217
Employee relocation loans, secured		4 498		6 245
Other		4 823		4 748
	$	28 224	$	29 722

NOTE 7 – LONG-TERM DEBT		1994		1993
Long-term debt consists of:				
16½% Australian $160 000 Notes due December 19, 1996	$	78 034	$	92 069
Province of Ontario loan		6 500		6 500
	$	84 534	$	98 569

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 instalments commencing in December, 1998.

**E.I. du Pont de Nemours and Company holds its shares through Du Pont Chemical and Energy Operations, Inc.*

NOTE 8 – 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:

	1994	1993
Discount rate	8.25%	8.25%
Wage and salary escalation	5.0 %	5.0 %

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 was as follows:

	1994*	1993
Pension fund assets	$ 514 537	$ 517 603
Accrued pension obligations	515 437	520 522
Determination of pension expense for the year is summarized below:		
Current service costs	$ 10 569	$ 11 495
Interest cost on pension obligations	42 392	40 581
Return on fund assets	(42 177)	(40 715)
Other	381	(3 693)
Pension expense	$ 11 165	$ 7 668
Accrued pension costs included in "Other Long-Term Obligations" on the consolidated balance sheet	$ 5 241	$ 15 476

**Reflects the disposition of the Polyethylene Resin and Sclairtech Licensing operations.*

NOTE 9 – CAPITAL STOCK

	1994		1993	
	NUMBER OF SHARES	STATED CAPITAL	NUMBER OF SHARES	STATED CAPITAL
Unlimited authorized Class A common shares without nominal or par value:				
January 1	92 634 981	$ 70 938	92 218 449	$ 65 639
Issued during the year for cash:				
– on exercise of options	127 025	1 201	363 300	3 320
– in respect of performance sharing	118 857	2 095	152 532	2 054
Treasury shares purchased for cash	(593 190)	(469)	(99 300)	(75)
December 31	92 287 673	73 765	92 634 981	70 938
Class A $3.75 cumulative preferred shares authorized and issued	1 397	70	46 498	2 325
		$ 73 835		$ 73 263

The shareholders approved a three-for-one common share split on May 13, 1994. For the current year and all comparative periods, earnings per common share and other results expressed per common share give effect to this split.

The Board of Directors approved an offer to acquire, for cash, all of the outstanding Class A preferred shares at a price of $60.00 per share. Par value is $50.00. A total of 44,655 of the outstanding shares (approximately 97 per cent) were tendered. Prior to the offer, 446 shares were redeemed under a normal course issuer bid. DuPont has exercised its statutory right to acquire the Class A preferred shares that were not tendered to the offer.

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, 1994
1994	277 500	$17.98	1995	2004	277 500
1993	328 800	$13.47	1994	2003	303 900
1992	298 200	$14.00	1993	2002	276 000
1991	679 200	$ 8.05	1992	2001	453 200
1990	727 050	$ 8.208	1991	2000	371 700
1989	673 950	$ 9.792	1990	1999	273 500

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.

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 10 – COMMITMENTS AND CONTINGENT LIABILITIES

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

Years ending December 31		
– 1995	$	5 448
– 1996		4 443
– 1997		4 174
– 1998		3 544
– 1999		2 997
Remainder		7 629
	$	28 235

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 11 – SEGMENTED INFORMATION

		1994		1993
INDUSTRY SEGMENTS				
Net sales				
Fibres and Intermediates	$	646 841	$	558 457
Specialty Chemicals and Materials		585 288		471 545
Specialty Plastics and Films		444 257		540 186
	$	1 676 386	$	1 570 188
Export sales included above	$	641 154	$	609 539
Operating earnings				
Fibres and Intermediates	$	101 488	$	82 228
Specialty Chemicals and Materials		60 841		49 038
Specialty Plastics and Films		84 911		40 079
		247 240		171 345
Non-recurring expense		–		(56 500)
Other corporate earnings and expenses		(3 436)		(11 650)
Income taxes		(88 561)		(37 563)
Net earnings	$	155 243	$	65 632
Assets				
Fibres and Intermediates	$	421 123	$	337 337
Specialty Chemicals and Materials		333 047		344 438
Specialty Plastics and Films		215 808		233 313
Corporate		383 965		305 664
	$	1 353 943	$	1 220 752

	CAPITAL EXPENDITURES				DEPRECIATION AND AMORTIZATION			
		1994		1993		1994		1993
Fibres and Intermediates	$	56 511	$	59 705	$	29 911	$	33 940
Specialty Chemicals and Materials		9 613		7 670		24 527		27 088
Specialty Plastics and Films		11 994		22 840		14 285		18 300

Eleven-Year Comparison

(Amounts in thousands of dollars except where otherwise noted)

OPERATING RESULTS	1994	1993	1992	1991
Net sales	1 676 386	1 570 188	1 416 642	1 325 315
Earnings before income taxes	243 804	103 195	125 637	88 329
Income taxes	88 561	37 563	43 858	32 164
Net earnings	155 243	65 632	81 779	56 165
Cash flow from operations	126 455	237 062	226 690	189 066
FINANCIAL POSITION				
Current assets	726 462	529 403	437 296	366 830
Current liabilities	329 638	294 863	256 214	182 278
Working capital – conventional	396 824	234 540	181 082	184 552
Net property, plant and equipment	597 985	631 875	660 786	630 317
Accumulated depreciation and amortization	689 311	770 299	679 141	612 527
Investments and other assets	29 496	59 474	62 799	68 572
Total assets	1 353 943	1 220 752	1 160 881	1 065 719
Long-term debt	84 534	98 569	105 885	128 033
Other long-term obligations	10 248	19 812	33 615	37 739
Deferred income taxes	92 606	86 489	91 865	88 646
Shareholders' equity	836 917	721 019	673 302	629 023
COMMON SHARE DATA* (IN DOLLARS)				
Average number of common shares outstanding	92 568 004	92 518 158	92 644 770	92 642 208
Net earnings per share	1.68	0.71	0.88	0.60
Dividends declared	0.315	0.233	0.233	0.233
Book value (year-end)	9.07	7.76	7.28	6.74
Market value – high	20.13	17.00	16.00	13.83
– low	14.75	13.17	13.33	7.92
– year-end	18.75	16.42	13.67	13.50
FINANCIAL RATIOS				
Return on average common shareholders' equity[1]	19.9	9.3	12.4	9.2
Return on capital employed[2]	16.0	7.2	9.4	6.6
Debt to total capital ratio[3]	10	14	15	17
Net earnings as a percentage of net sales	9.3	4.2	5.8	4.2
Current ratio[4]	2.2	1.8	1.7	2.0
OTHER				
Expenditures on property, plant and equipment	85 568	91 549	108 432	142 121
Depreciation and amortization	81 753	91 646	80 843	69 501
Research and development expenses	29 276	29 248	25 146	27 117
Non-recurring items of income (expense)	–	(56 500)	14 506	–
Average number of employees	3 707	3 997	4 143	4 162

* *Restated to reflect 3-for-1 stock split in 1994 and 2-for-1 stock splits in 1984 and 1987.*
[1] *Net earnings less preferred share dividends all as a percentage of average common shareholders' equity.*
[2] *Net earnings as a percentage of the sum of average total debt, deferred income taxes and shareholders' equity.*
[3] *Total debt as a percentage of the sum of total debt and shareholders' equity, all at year-end.*
[4] *Year-end current assets divided by current liabilities.*

1990	1989	1988	1987	1986	1985	1984
1 411 389	1 416 873	1 377 965	1 340 977	1 242 857	1 186 195	1 170 597
96 862	133 383	205 470	162 198	126 435	(20 977)	63 936
34 429	46 866	87 583	73 447	52 215	4 923	22 755
62 433	86 517	117 887	88 751	74 220	(25 900)	41 181
113 316	155 137	138 777	132 185	134 074	34 520	69 950
426 531	506 037	356 650	308 305	283 654	285 620	317 446
189 773	177 319	168 135	279 526	186 547	205 832	161 841
236 758	328 718	188 515	28 779	97 107	79 788	155 605
555 531	430 789	369 277	313 953	302 563	259 247	222 691
553 035	502 810	463 278	447 468	425 194	407 186	378 498
67 525	65 085	55 984	169 061	190 983	192 626	132 357
1 049 587	1 001 911	781 911	791 319	777 200	737 493	672 494
142 143	157 314	12 049	16 101	180 732	205 165	142 967
42 698	32 858	20 353	11 275	–	–	–
83 434	83 244	82 531	69 267	59 575	46 221	57 512
591 539	551 176	498 843	415 150	350 346	280 275	310 174
92 497 257	93 307 626	94 383 564	96 287 790	96 207 348	94 832 796	94 635 576
0.67	0.93	1.25	0.92	0.77	(0.27)	0.43
0.233	0.225	0.167	0.108	0.075	0.067	0.067
6.38	5.95	5.30	4.32	3.60	2.91	3.25
10.00	10.33	10.33	11.42	6.75	4.75	3.58
7.25	7.67	7.88	6.50	4.50	2.52	2.58
8.17	8.42	8.00	9.50	6.54	4.75	2.96
10.8	16.1	25.1	22.8	24.0	–	13.9
7.6	13.3	19.7	15.0	13.0	–	8.4
22	23	4	21	34	44	32
4.4	6.1	8.6	6.6	6.0	–	3.5
2.2	2.9	2.1	1.1	1.5	1.4	2.0
180 360	110 872	100 400	53 858	86 574	71 433	45 329
57 696	50 931	46 660	49 475	46 819	38 881	35 748
22 609	21 920	20 648	18 299	13 661	12 999	13 491
(7 057)	5 954	29 593	3 330	19 119	(51 130)	–
4 275	4 138	4 013	4 227	4 550	4 854	5 017

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 and 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. For manufacturing facilities, the diminishing balance method is used and rates of 12 per cent or 10 per cent are applied to the net investment at each plant site, provided that amounts set aside in the accounts are generally not less than five per cent of the original cost. Thus the provision for depreciation is higher in the early life of the assets when the risk is greater. Depreciation is not charged on new assets until they become operative.

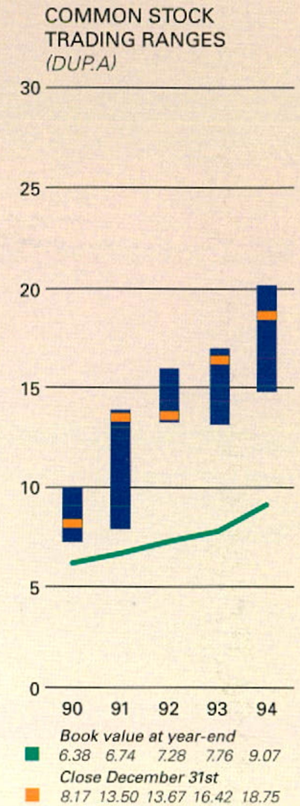
Patents and Processes

Purchased patents and processes are amortized over their economic life.

Short-Term Investments

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

Shareholder Information



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

Notice of Meeting

The annual meeting of shareholders will be held April 28, 1995, at DuPont Canada's Mississauga office, 7070 Mississauga Rd.

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.

Stock Transfer Agent and Registrar

Montreal Trust Company,
Montreal, Toronto, Calgary and Vancouver

Auditors

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

Directors and Corporate Management

Board of Directors

Michel F. Bélanger
Michel Bélanger is the chairman of the board of Avenor Inc. (an international forest products company). He chairs the Quebec Liberal Party's referendum committee. He was the co-chairman of the 1991 commission on the political and economic future of Quebec. Mr. Bélanger is a past chairman of the board of the National Bank of Canada. He serves on several boards of directors.

Elwood P. Blanchard, Jr.
Elwood Blanchard is the chairman of the board of DuPont Canada Inc. and a former director of E.I. du Pont de Nemours and Company. His career with DuPont spans 36 years. He is president of the board of trustees of Longwood Gardens, Inc. and serves on the board of Milliken & Company.

Wendy K. Dobson
Wendy Dobson is a professor and director of the Centre for International Business at the University of Toronto. She serves on the board of directors of IBM Canada, the Toronto-Dominion Bank, TransCanada PipeLines, and Pratt & Whitney Canada. She is a former federal associate minister of Finance and former president of the C.D. Howe Institute.

L. Yves Fortier, CC, QC
Yves Fortier is chairman and senior partner of the Montreal law firm Ogilvy Renault. He was formerly Canada's ambassador and permanent representative to the United Nations in New York. He is a director of several corporations including the Royal Bank of Canada, Northern Telecom Limited, TransCanada PipeLines, and Avenor Inc.

C.L. (Jerry) Henry
Jerry Henry is senior vice-president and chief financial officer of E.I. du Pont de Nemours and Company. He has served DuPont in various positions since he joined the company in 1963. Mr. Henry is a member of the advisory board of the University of Tennessee and a director of PNC Bank-Delaware.

Arnold M. Ludwick
Arnold Ludwick is president and chief executive officer of Claridge Inc. He is also vice-president of the Seagram Company Ltd. and deputy chairman of Joseph E. Seagram & Sons Ltd. and is a director of The CRB Foundation. Mr. Ludwick has been associated with the group for 30 years. He was formerly with Price Waterhouse & Co. in Winnipeg and Montreal.

Gerald J. Maier
Gerald Maier is chairman of TransCanada PipeLines. He is a director of many Canadian companies, including BCE Inc., the Bank of Nova Scotia, Alberta Natural Gas and TransAlta Corporation. He is honourary colonel of the King's Own Calgary Regiment, vice-chairman of the Canadian National Committee for the World Petroleum Congresses, chairman of the Van Horne Institute, and vice-chairman of The Council for Canadian Unity.

Donald S. McGiverin
Donald McGiverin is corporate director and governor and chairman (retired 1994) of the Hudson's Bay Company. He is a director of Hudson's Bay Historical Foundation, The Manufacturers Life Insurance Company, Manufacturers Capital Corporation and DMCG Investments Ltd.

Gordon F. Osbaldeston, PC, OC
Gordon Osbaldeston is professor emeritus, Western Business School, and corporate director of several Canadian companies including Bell Canada, Rockwell International of Canada, Molson Companies Limited, National Bank of Canada, as well as the London Medical Association (University Hospital). He was formerly the under-secretary of state for External Affairs, clerk of the Privy Council and secretary to the Cabinet, and in 1986 was appointed a member of the Queen's Privy Council for Canada.

George T. Richardson
George Richardson is the chairman and managing director of James Richardson & Sons, Limited. He is also chairman and director of Richardson Greenshields Limited, and serves as a director of several other Canadian companies including Inco Limited, United Canadian Shares Limited and Akjuit Aerospace Incorporated. Mr. Richardson is an honourary director of Canada's Aviation Hall of Fame.

Arthur R. Sawchuk
Arthur Sawchuk is the president, chief executive officer and a director of DuPont Canada Inc. He has served in many positions since he joined the company's engineering group in 1958. He is a member of the Policy Committee of the Business Council on National Issues, and is on the board of directors of Avenor Inc., The Manufacturers Life Insurance Company and Ontario Hydro.

Elvie L. Smith
Elvie Smith is a director and past chairman of Pratt & Whitney Canada Inc. He has received numerous awards for his distinguished work in aviation engineering. Mr. Smith was formerly the chairman of the Aerospace Industries Association of Canada, and is a director of CAL.

Committee Membership

Audit Committee

Elvie Smith – Chairman
Wendy Dobson
Yves Fortier
Jerry Henry
Arnold Ludwick
Gordon Osbaldeston

Human Resources Committee

Gerald Maier – Chairman
Michel Bélanger
Elwood Blanchard, Jr.
Donald McGiverin
George Richardson

Pension Committee

Donald McGiverin – Chairman
Michel Bélanger
Wendy Dobson
Yves Fortier
Jerry Henry
Arnold Ludwick
Gerald Maier
Gordon Osbaldeston
George Richardson
Elvie Smith

Corporate Officers

Elwood P. Blanchard, Jr.
Chairman of the Board

Arthur R. Sawchuk
President and Chief Executive Officer

Finn Hovland
Senior Vice-President

David W. Colcleugh*
Senior Vice-President
*On loan to E.I. du Pont de Nemours and Company.

William B. Barley
Vice-President and Chief Financial Officer

John M. Cameron
Vice-President

Antonio Pompeo
Treasurer

Seymour B. Trachimovsky
General Counsel and Corporate Secretary

Linda M. Baily
Assistant Corporate Secretary

General Managers

James R. Barton
General Manager
Finishes

A.F. (Sandy) Cameron
General Manager
Fluoroproducts

Philip J. Duggan
General Manager
Engineering Polymers

David K. Findlay
General Manager
Fibres & Nylon Enterprise

Delbert C. Glover
Vice-President & General Manager
General Products

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Viewing Ourselves as a Business

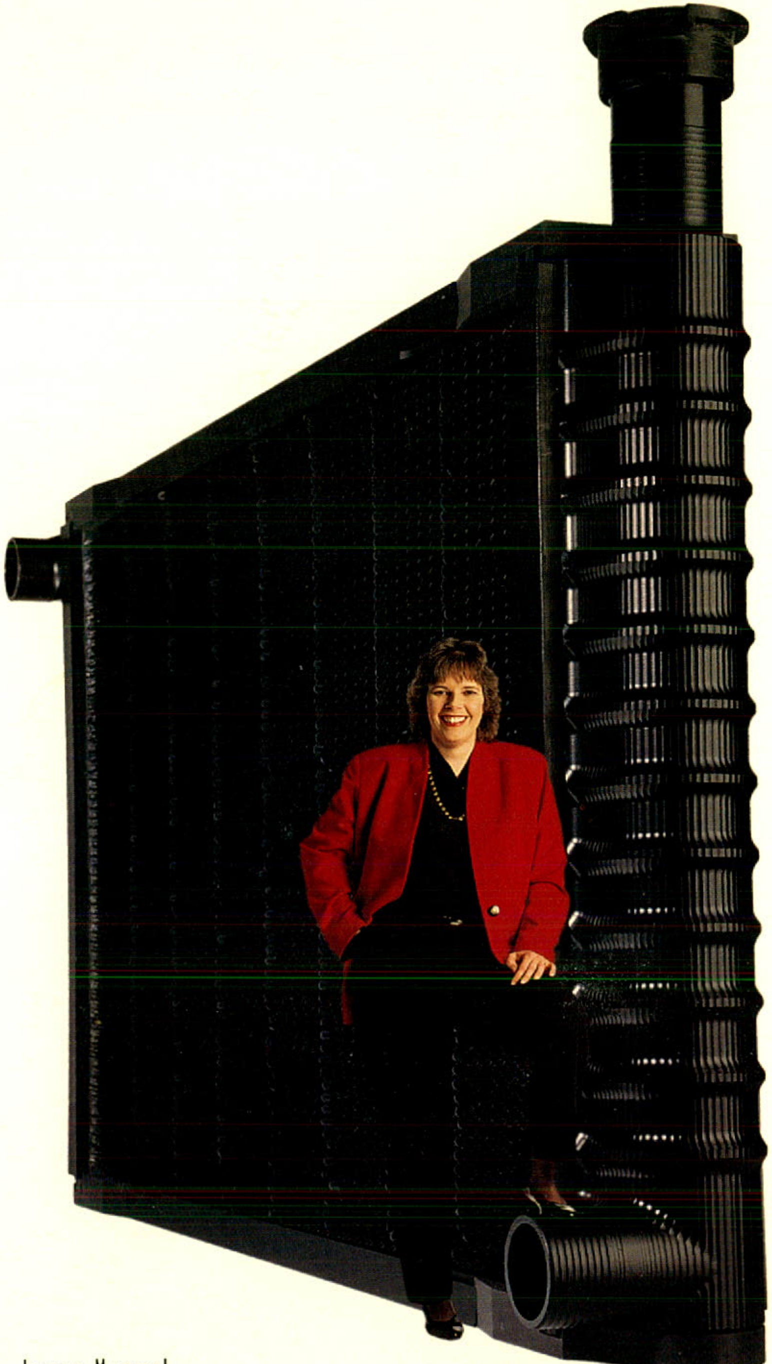
Last year, research manager Lynne Manuel, along with other employees in DuPont's Research and Development organization in Canada, looked for ways to be more effective. They began by developing a concept of the changes required to become more globally competitive and more business focused. Next, teams closely examined their work processes and systems, while striving for business focus, cost efficiency and increased effectiveness.

"We integrated technology research and development, and business development activities into a single, focused and vibrant organization. Today, we have more capability to help DuPont business units achieve their growth and renewal objectives," says Lynne.

The automotive radiator (right) made of nylon polymer is one of many unique products being developed as a result of the R&D's new business-focused approach.

Lynne Manuel

Lynne Manuel



Results:

Research and Development in this Canadian organization is an efficient and effective proposition for the DuPont company's global businesses. Their investment in this Research and Development capability has been increasing year over year.

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About the Annual Report

The 1994 Annual Report was produced using the following DuPont products: Crosfield Magnascan®* Plus colour scanner, Crosfield®* MagnaLink II interface, Crosfield®* MS2000 imagesetter, BrightLight contact film, CRONASCAN® laser film for colour separations, WATERPROOF® colour proofing, DYLUX® monochrome proofing materials, and HOWSON™ offset printing plates.

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