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Hearing on

“Competition and Consolidation in the U.S. Seed and Agrochemical Industry”

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Chairman Grassley, Ranking Member Leahy, and Members of the Judiciary Committee, my name is Jim Collins. I am executive vice president with responsibility for the DuPont Agriculture segment, including DuPont Pioneer and Crop Protection. Following the completion of the proposed merger between DuPont and Dow, I will assume the role of chief operating officer of the agriculture-focused business.

I have more than 25 years of experience in food and agriculture, and have spent most of my professional life serving farmers and American agriculture. I'm proud to support an industry that is so productive that it feeds our own country and hundreds of millions of people around the world, which strengthens global food security while supporting economic development and job creation in rural America.

From Delaware to Iowa to Minnesota to California, from organic to conventional, from farmers just beginning their journey in agriculture to those ready to pass on their legacy to the next generation – they may be from different backgrounds, but the challenges farmers are rising to meet are the same.

I'm proud to work for a company that understands, anticipates and is so deeply invested in the innovation that will help farmers build resiliency against future challenges. My long history with the company gives me unique insight into how the proposed merger between DuPont and Dow, two American companies each with strong legacies of using global science to deliver local solutions, will strengthen our ability to bring increased choice and seed and crop chemical innovation to better serve our farmer customers and end consumers.

Meeting the needs of the growing global population – and the need for innovative tools that can help farmers grow more food per acre to feed us all and more non-food crops to meet ever-increasing needs for renewable fuels, fibers and materials – is at the very heart of

DuPont's business. We've all read the statistics – one in nine people around the world are undernourished. Continued increases in greenhouse gas emissions could raise the number of people at risk of undernourishment by as many as 175 million people by 2080¹. The World Bank estimates that climate change could drive more than 100 million additional people into poverty by 2030². Extreme weather events could lead to crop yield losses as high as 5 percent by 2030 and 30 percent by 2080, which would drive up food prices and further exacerbate food insecurity and poverty in the world's most vulnerable places.

That's why DuPont is deeply invested in building resiliency in food systems around the world. Our investment in innovation and discovery supported farmers in the 20th century as they increased agricultural productivity by more than 12 times between 1950 and 2000.³ Today, we're providing the innovation needed as farmers rise to the 21st century challenge of increasing productivity by 60 percent between the mid-2000s and 2050 in order to feed an expected 9 billion people⁴. To help achieve this goal, in 2012, DuPont committed \$10 billion to research and development and the introduction of 4,000 new products by the end of 2020⁵.

As an industry, achieving global food security is only possible if we make the right investments in agricultural research and innovation today. By combining our complementary strengths, such as DuPont's seed expertise with Dow's trait development, we will be able to respond faster and more effectively to the changing conditions that impact farmers

¹ http://www.usda.gov/oce/climate_change/FoodSecurity2015Assessment/FullAssessment.pdf

² <https://openknowledge.worldbank.org/handle/10986/22787>

³ http://www.ers.usda.gov/media/201254/eb9_1_.pdf

⁴ <http://www.fao.org/docrep/016/ap106e/ap106e.pdf>

⁵ http://foodsecurity.dupont.com/wp-content/uploads/2015/10/DuPont_FoodSecurity_Goals_2015.pdf

with innovative products, greater choice and competitive price for value, ultimately increasing farmer productivity and profitability.

Overview of the Dow-DuPont Merger

DuPont operates in a wide variety of business segments: agriculture (which includes seeds and crop protection); advanced materials (which includes polymers used in packaging) like Tyvek®; protective materials like Kevlar®; materials used in electronics and communications applications; advanced biofuels; and nutrition and health products, among others.

The proposed merger between DuPont and Dow is intended to result in three independent, publicly traded companies, approximately 18-24 months after conclusion of the merger:

- An Agriculture company consisting of DuPont Crop Protection, DuPont Pioneer and Dow AgroSciences, which will be headquartered in Wilmington, Delaware, home of DuPont's current headquarters, with sites in Johnston, Iowa, and Indianapolis, Indiana, serving as Global Business Centers with leadership of business lines, business support functions, R&D, global supply chain, and sales and marketing capabilities concentrated in the two Midwest locations.
- A Material Science company consisting of DuPont's Performance Materials segment, as well as Dow's Performance Plastics, Performance Materials and Chemicals, Infrastructure Solutions, and Consumer Solutions (excluding the Dow Electronic Materials business), which will be based in Midland, Michigan, home of Dow's current headquarters.
- A Specialty Products company consisting of DuPont's Nutrition & Health, Industrial Biosciences, Protection Solutions and Electronics & Communications, as well as the Dow Electronic Materials business, which will also be based in Wilmington, Delaware.

Each of these intended three companies will be focused on its specific areas of expertise and will be well-positioned to compete and grow over the long term.

The Merger Is Complementary

The merger is procompetitive and good for farmers. It creates an American agriculture leader and strong global competitor capable of increasing productivity and profitability for U.S. farmers better than either company could alone.

Dow and DuPont both have strong positions in different parts of the agriculture inputs market, but each needs additional capabilities to compete effectively in today's evolving market. This merger was conceived to create an industry leader capable of competing better than either of us could alone. In seed, the Agriculture business will remain a strong number two; in crop protection, it will represent the combination of numbers four and five in the market.

Dow and DuPont have complementary product lines and bringing them together will enable us to be a more vigorous competitor than we can be independently, bringing even greater innovation and choice to our customers.

In the agricultural sector, the combined firm will continue to face significant competition from multi-national players, established mid-sized firms, and numerous smaller/regional companies. We actively compete with small and large companies alike. Small companies are an important part of the competitive dynamic in the marketplace. This includes companies developing traits for major crops and a large number of smaller seed companies.

Smaller entities (including public and private research institutions) consistently discover new and novel chemistries and can easily partner with larger commercial entities to bring products to market. Collaborative public-private and large-small company partnerships are

part of a dynamic ecosystem that drives innovation. DuPont and Dow both have a long history as partners in successful collaborations and that will continue.

Many smaller ag companies and institutions are capable of innovating in crop protection and/or seeds/traits. Over the past ten years, active ingredient launches, patent applications and the introduction of new products in germplasm and traits have increased and contributed to a proliferation of competition in the marketplace.

As we look to complete the proposed merger, DuPont and Dow are fully cooperating with a thorough review by the Antitrust Division of the U.S. Department of Justice, joined by the Attorneys General of 10 states. Antitrust authorities overseeing other major global markets, including the European Union, Brazil, Canada and China, are also reviewing the proposed merger. We are working constructively with each of these bodies as they review the transaction.

The Merger Will Result in Substantial Growth Opportunities

The merger is pro-competitive and our employees, our shareholders, our suppliers and other business partners, and most importantly, our customers – particularly farmers – will all benefit from the strong successor companies that we intend to create. In the face of increasing pressure from foreign-owned competitors, particularly in the area of agriculture, the merger ensures that two trusted American brands continue to be leaders serving the interests of the farmers who depend on us, the employees who serve their needs and the communities in which we operate.

The intended pure-play companies in Agriculture, Material Science and Specialty Products will be in a stronger position to invest in R&D and innovation, which are the primary

drivers of growth, and will continue a 200-year old legacy at DuPont of harnessing the power of innovation to deliver value-added solutions.

As a result, the three focused businesses will be able to develop new products more efficiently. For farmers, this ultimately means better and safer product offerings and expanded choice at a lower cost.

Offering Unparalleled Innovation to Farmers is a Requirement, Not a Choice

I understand some people have asked whether the transaction might reduce innovation. Nothing could be further from the truth. Science, technology and consumer demand are rapidly changing the face of the agriculture industry. In order to remain competitive as a company, we must offer farmers the choice and new technologies that they need and want, cost-effectively — which can only be accomplished by driving more productive, targeted innovation. If the combined firm were to innovate less aggressively, we would risk getting left behind, and that is not the vision we have for our future. In fact, we think the combined firm will be able to unite the "best in class" abilities from both DuPont and Dow to be even better at R&D, which will allow us to bring more innovative products to market more effectively than either company could do alone.

Varying farmer needs across agricultural products and the challenges presented by climate change, pesticide resistance, and limited resource availability compel ongoing innovation that is key to business survival and profitability. In crop protection specifically, the practical reality is that resistance to pesticides, regulatory pressures and the needs of farmers make constant innovation even more essential to any company's long-term success.

With limited opportunities for new land to be put into production, the world will need increased productivity on every acre to meet the demand for more and better food by an increasingly urban and middle-class population. Farmers are constantly seeking out new inputs that give them an edge when it comes to yield, water and land use, pest and disease control, consumer expectations on price, flavor and quality, and sustainability.

Meeting sustainability, climate and regulatory challenges, all while bringing new products to market as quickly as possible, requires a highly productive innovation engine. Combining each company's complementary pipelines and core set of R&D capabilities will result in better R&D outcomes – more and better new products will be discovered and developed more quickly. Together, each company gains access to a wide variety of traits, expanding our ability to create broad-spectrum products that offer farmers new and innovative combinations of traits that address costly pests and diseases. For example, Dow's traits technology, combined with DuPont's extensive germplasm library, can create new products that include trait combinations that have never before been available to farmers.

And together, we will be better equipped to help farmers achieve their sustainability goals. The merged company will have a greatly enhanced toolbox with which to help farmers minimize artificial irrigation, reduce chemical usage, increase yields, choose what crops to plant where and when, and improve their economic returns. For example, DuPont provides farmers with best-in-class services, such as the Encirca tools, that enable them to reduce environmental nitrogen load through the use of data analytics. Bringing together Dow's N-Serv product that stabilizes fertilizer nitrogen in soil with Encirca services from DuPont will add more value to the marketplace, and enable farmers to further reduce fertilizer run-off into our waterways, improving farmer sustainability outcomes.

The reality is that if our products do not offer farmers the best price for value, they will seek it elsewhere. If we do not find and develop new products that meet the constantly shifting needs of farmers, we will not thrive as a company. Continued investment in innovation and discovery to improve our product offerings is a requirement, not a choice.

Creating an American Agriculture Leader and Strong Global Competitor Capable of Delivering Productivity and Profitability to U.S. Farmers

Our history as an American brand stretches back more than two centuries. We are proud of our deep roots in communities like Wilmington, Delaware and Johnston, Iowa – connections that will continue following the conclusion of the proposed merger between DuPont and Dow. While DuPont’s work touches everything from polymers to biobased packaging to protective materials like Kevlar®, one of our closest connections is to the hardworking farm families that ensure that American agriculture remains the most productive and generous in the world.

Agricultural productivity is a significant driver of the U.S. economy, with agriculture and related industries contributing \$835 billion to the U.S. gross domestic product in 2014.⁶ U.S. agricultural products remain a key export, with FY 2015 agricultural exports totaling \$139.7 billion⁷. The strength of the U.S. economy depends upon the U.S. maintaining its leadership role and competitive edge in this area.

⁶ <http://www.ers.usda.gov/data-products/chart-gallery/detail.aspx?chartId=40037&ref=collection&embed=True&widgetId=39734>.

⁷ <http://www.ers.usda.gov/media/2133862/us-trade-outlook-aes95-003-.pdf>

At the same time, farm income is forecast to decline for the third straight year after reaching record highs⁸. DuPont is proud of its longstanding commitment to providing cutting edge technology and innovation as part of an industry that supports the millions of farmers and other Americans employed in agriculture and related industries – and helps them remain resilient and productive even during tough times.

Following merger approval, Dow AgroSciences, DuPont Crop Protection and DuPont Pioneer will come together to form a focused business with complementary capabilities. We will be better able to respond more quickly to the changing conditions that impact farmers with innovative products and competitive price for value, ultimately increasing farmer productivity and profitability.

Since the announcement of the proposed merger, my team and I have had regular, ongoing conversations about the impact of the merger with a wide variety of our stakeholders at the national, state and local levels. We have met with leaders and membership at all of the primary national commodity groups, including National Corn Growers Association, American Seed Trade Association, American Soybean Association, United Soybean Board, and U.S. Grains Council. Likewise, we have met with leadership, individual members and at general assemblies of the membership of American Farm Bureau Federation and National Farmers Union. We've been at major agriculture industry events, including Commodity Classic and Farm Progress Show, where we've had the opportunity to connect with countless stakeholders from our farmer customers to distributors and others. We've met with and briefed members of this Committee, the House and Senate Agriculture Committees, officials at the U.S. Department of

⁸ <http://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/highlights-from-the-farm-income-forecast.aspx>

Agriculture and several state departments of agriculture, and local officials in the communities where we operate. We have met with thousands of farmers throughout the country and have had more than 2,000 stakeholders visit our facilities.

We've also been meeting regularly with our employees, and I can tell you that despite the natural uncertainty that accompanies change, they are truly excited that we will have the opportunity to create an American global leader fully focused on the needs of the farmers we have served for generations.

Combining our complementary distribution networks also will allow us to connect directly with more farmers to more rapidly identify and address the pests and diseases they are dealing with. Offering a broader range of lower-cost products will also benefit our retailer and distributor customers who want a range of products to offer to their own farmer customers.

From the looming threat of climate change to growing insect and disease pressure to the unpredictability of natural disasters and drought – as the challenges farmers face change and evolve, so must the tools and technology available to them. The strong agricultural business we intend to create will be strong and capable of making the level of investment in innovation required to keep pace with Mother Nature.

Conclusion

Farmers today have many choices to make, and they are looking for companies to provide them with the best sets of products and services. With a larger and more balanced portfolio of crop protection and traited seed products, we believe that the future agriculture company will be better able to develop the service offerings our farmers need.

I have personally seen dramatic changes in production agriculture and farmer purchasing behavior in the U.S. – particularly over the past two decades. DuPont and Dow plan to come together not to take away choices, but to better service the needs of farmers by creating an integrated, systems approach to agriculture as it evolves. This type of change is not just good for farmers, it is being driven by farmers and what they need from us.

In short, creating a focused agriculture company will enable us to respond more quickly to the changing conditions that impact farmers with superior products and competitive price for value, ultimately increasing farmer productivity and profitability. Our combined research and development effort will support industry-wide innovation in data analytics, precision agriculture, enhanced output traits, and other promising new technologies. As a combined company, we will be much better equipped to meet these needs than either company could on its own.

Thank you again for the opportunity to address the Committee and discuss with you the ways in which the proposed merger between DuPont and Dow will expand our capacity to invest in targeted discovery and innovation, which translates into better, safer and cost competitive products for our farmer customers and American families.

I'd welcome the opportunity to respond to any questions you may have.