DuPont Finance
Wilmington, DE 19898

September 30, 2010

Technical Director
File Reference No. 1810-100
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: Exposure Draft – Proposed Accounting Standards Update, Financial Instruments (Topic 825) and Derivatives and Hedging (Topic 815), Accounting for Financial Instruments and Revisions to the Accounting for Derivative Instruments and Hedging Activities (the "Proposed ASU").

E.I. du Pont de Nemours and Company ("DuPont") appreciates this opportunity to provide our comments on the Proposed ASU. DuPont is a world leader in science and innovation across a range of disciplines, including agriculture and industrial biotechnology, chemistry, biology, materials science and manufacturing.

We support the objective of improving financial reporting for financial instruments by increasing the decision usefulness of the information provided. However, we believe that objective is not advanced by recording changes in fair value through net income when an entity does not trade or intend to sell or transfer its financial instrument(s). Our comments in that regard and on other aspects of the Proposed ASU are below.

Equity investments

We believe that the accounting for equity ownership interests should continue to be based on the extent of influence and / or control that can be exercised. When significant influence exists, but not control, a "one line consolidation" through the equity method appropriately depicts the ownership interest in the consolidated financial statements. This long-standing accounting method is conceptually sound, has withstood the test of time and does not appear to be "broken." Introducing additional criteria to qualify for the equity method unnecessarily complicates the accounting model and clouds the underlying rationale for the equity method.

As the FASB has acknowledged, some equity securities do not have readily determinable fair values and the cost method is appropriate. We believe that many non-investment companies enter into equity investments as part of an operational strategy rather than to obtain a trading profit. These strategic investments are often made in privately held businesses that may also be in a relatively early stage of their development. Therefore, assessing fair value is inherently more subjective given the lack of an active market and the variety of potential business outcomes that must be considered. Coupled with these factors, the lack of market inputs will require an income approach to generate a fair value estimate. Access to the necessary information to utilize an income approach will be difficult for a minority shareholder to obtain, thereby making the requirement to mark the investment to fair value on a recurring basis impracticable.

We believe that the underlying business strategy for an equity investment is relevant to the accounting that should be employed. Recording gains and losses in earnings each quarter on strategic investments by applying Level 3 measurements will not enhance the usefulness of the financial statements of non-investment companies. As noted in IFRS 9 paragraph BC83, "... *presenting fair value gains and losses in profit or loss for some equity investments may not be indicative of the performance of the entity, particularly if the entity holds those equity instruments for non-contractual benefits, rather than primarily for increases in the value of the investment.*" If an exception to fair value measurement is not made available for equity investments held for purposes other than trading profit, we believe that, similar to IFRS 9, an entity should be able to elect to record changes in fair value through other comprehensive income. To further this point, we note that consideration of intent is provided within the Proposed ASU as it relates to investments in debt securities where the intent is to hold the investment for its contractual term. In such situations, changes in fair value are to be reported through other comprehensive income. At a minimum, we believe that considerations of intent and the underlying business purpose of the transaction should also be afforded to equity investments such that changes in fair value are reported outside of earnings.

Receivables and payables arising in the ordinary course of business

We agree with the Board's observation in BC147 of the Proposed ASU that amortized cost for short-term receivables and payables often approximates fair value and that receivables are subject to impairment recognition. Thus, we believe that the benefit of subjecting these instruments to qualifying criteria for measurement at amortized cost is not cost-justified; instead, the default measurement attribute should be amortized cost.

Entity's own debt

Entities typically do not transfer or trade their own debt and fluctuations in fair value may not be realized. Thus, we believe that amortized cost should be the default measurement attribute for an entity's own debt. Measurement at fair value would be appropriate if the entity expects to transfer its debt to another party, trades its debt, or if most of the entity's assets are measured at fair value.

An embedded derivative in an entity's own debt should not be a trigger for fair-value-measurement through-net-income of the entire hybrid instrument. We particularly disagree with the Proposed ASU's requirement to record the debt-host at fair value through net income when the fair value of the embedded derivative is inconsequential. The existing approach of bifurcating derivatives that are not clearly and closely related is likely to result in more decision-useful financial statements.

Guarantees

Paragraph C2 of the Proposed ASU indicates that guarantees not explicitly excluded from the Proposed ASU's scope will be subject to the proposed guidance for financial instruments. We note that indemnifications for claims related to the sale of a business can be subject to the provisions of ASC Topic 460, Guarantees. A requirement to fair value such indemnifications on an ongoing basis will likely create measurement difficulties due to the uncertainties inherent in such indemnifications. Also, disclosing a quantitative sensitivity for these Level 3 measurements when disputes exist may be prejudicial to the party providing the indemnification. We believe that a fuller rationale for a requirement to continually measure all guarantees at fair value needs to be articulated and deliberated before changing the existing accounting guidance for guarantees.

Derivatives

We support the effort to simplify the accounting for derivatives and hedging activities. We agree in principle with lowering the qualifying threshold to reasonably effective from highly effective and permitting qualitative assessments. However, we believe further implementation guidance must be included in the final standard to avoid interpretive issues. Without additional guidance companies are likely to continue using the current highly effective range and continue to perform quantitative analysis in order to avoid any problems. In particular, the Proposed ASU's assertion that "a quantitative assessment is necessary if a qualitative assessment cannot establish compliance with the reasonably effective criterion" will be challenging for companies to apply.

We do not agree with the elimination of the short-cut method or critical terms match method for assessing effectiveness. These methods are valuable and practical when applied to common and "plain vanilla" transactions. Elimination of these methods is contrary to the Proposed ASU's objective to simplify the accounting for derivatives.

We hope that these comments will prove useful to the Board during its deliberations on the Proposed ASU.

Sincerely,

Barry J. Niziolek
Vice President & Controller
E.I. du Pont de Nemours and Company