E. I. du Pont de Nemours and Company: The Conoco Split-off (A)
Suggested Questions

1. Do you believe DuPont management's claim in early-to-mid 1998 that Conoco was dragging down DuPont's value?

2. Assuming that DuPont's stock price was in fact undervalued, was the October 1998 IPO of Conoco the best way to address the problem? Would another approach for divesting Conoco have been preferable?

3. As a DuPont shareholder presented with the proposed split-off transaction in July 1999, what factors would you consider in deciding whether to exchange your shares for Conoco Class B shares?

4. Does it make sense for DuPont management to have structure the second-stage divestiture of Conoco as a split-off rather than as a conventional spin-off?

5. The Limited's split-off of its Abercrombie & Fitch unit (described on page 6 of the case) was structured as a "modified Dutch auction." Do you think this would have been a superior way to structure DuPont's split-off of Conoco?

6. As an investor, how might you trade the securities of DuPont and Conoco such that you would profit from a successful split-off but would not be exposed to overall market risk? What are the risks and expected returns from your proposed strategy?

NOTE: On page 10, the case states that "…Conoco's share price was $27.38 on July 11, the last trading day before the offer became effective…" However, July 11, 1999 was a Sunday and the markets were closed. Therefore, in your analysis, use the following closing prices:

	DuPont	Conoco
Thursday July 8, 1999	$68.50	$27.375
Friday July 9, 1999	$71.6875	$26.6875
Monday July 12, 1999	$70.625	$26.625