

DUPONT E I DE NEMOURS & CO

Form 11-K

June 29, 2006

[Table of Contents](#)

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT

**PURSUANT TO SECTION 15(D) OF THE
SECURITIES AND EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

DUPONT 401(k) AND PROFIT SHARING PLAN

(FULL TITLE OF THE PLAN)

E. I. DU PONT DE NEMOURS AND COMPANY

1007 MARKET STREET WILMINGTON,

DELAWARE 19898

(NAME AND ADDRESS OF PRINCIPAL EXECUTIVE OFFICE OF ISSUER)

Table of Contents

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, E. I. du Pont de Nemours and Company has duly caused the Annual Report to be signed by the undersigned hereunto duly authorized.

DuPont 401(k) and Profit Sharing Plan

Dated: June 28, 2006

by: /s/ Robert Slone
Robert Slone
Director
Global Rewards, Policy & Strategy and US Delivery

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Index to Financial Statements and Supplemental Schedule

| | Page(s) |
|--|----------------|
| <u>Report of Independent Registered Public Accounting Firm</u> | 1 |
| Financial Statements: | |
| <u>Statements of Net Assets Available for Benefits at December 31, 2005 and 2004</u> | 2 |
| <u>Statements of Changes in Net Assets Available for Benefits for the Years Ended December 31, 2005 and 2004</u> | 3 |
| <u>Notes to Financial Statements</u> | 4-9 |
| Supplemental Schedule*: | |
| <u>Schedule of Assets (Held at End of Year)</u> | 10 |
| <u>Schedule of Delinquent Participant Contributions</u> | 11 |

* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Participants and Administrator of

DuPont 401(k) and Profit Sharing Plan

In our opinion, the accompanying statements of net assets available for benefits and the related statements of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of DuPont 401(k) and Profit Sharing Plan (the Plan) at December 31, 2005 and 2004, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) and Schedule of Delinquent Contributions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

June 28, 2006

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Statements of Net Assets Available for Benefits

December 31, 2005 and 2004

| | 2005 | 2004 |
|--|---------------------|---------------------|
| Assets: | | |
| Investments: | | |
| Company stock fund | \$ 364,693 | \$ 339,291 |
| Mutual funds | 4,711,557 | 3,683,883 |
| Common/collective trust funds | 2,729,089 | 2,344,269 |
| Participant loans | 155,111 | 103,906 |
| Total investments | 7,960,450 | 6,471,349 |
| Receivables: | | |
| Dividends and interest | 95 | 30 |
| Total receivables | 95 | 30 |
| Cash | 7,775 | 98,583 |
| Net assets available for benefits | \$ 7,968,320 | \$ 6,569,962 |

The accompanying notes are an integral part of these financial statements.

Table of Contents**DuPont 401(k) and Profit Sharing Plan****Statements of Changes in Net Assets Available for Benefits****December 31, 2005 and 2004**

| | 2005 | 2004 |
|---|--------------|--------------|
| Additions: | | |
| Investment income: | | |
| Net appreciation in fair value of investments | \$ 95,825 | \$ 418,964 |
| Interest Income | 8,408 | 6,522 |
| Dividend Income | 307,788 | 180,796 |
| | 412,021 | 606,282 |
| Contributions: | | |
| Participant | 1,032,254 | 1,101,902 |
| Employer | 409,064 | 485,905 |
| Total contributions | 1,441,318 | 1,587,807 |
| Total additions | 1,853,339 | 2,194,089 |
| Deductions: | | |
| Benefits paid to participants | 454,381 | 485,812 |
| Administrative expenses | 600 | 520 |
| Total deductions | 454,981 | 486,332 |
| Net increase | 1,398,358 | 1,707,757 |
| Net assets available for benefits: | | |
| Beginning of year | 6,569,962 | 4,862,205 |
| End of year | \$ 7,968,320 | \$ 6,569,962 |

The accompanying notes are an integral part of these financial statements.

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Notes to Financial Statements

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the DuPont 401(k) and Profit Sharing Plan (the **Plan**) is provided for general information purposes only. Participants should refer to the plan document for a more complete description of the Plan's provisions.

General

The Plan, which was effective January 1, 2003, is a defined contribution plan sponsored by E. I. du Pont de Nemours and Company (**Plan Sponsor**). Any eligible employees of the Plan Sponsor's subsidiaries or general partnerships, which have adopted the Plan with the Plan Sponsor's approval, are eligible to participate in the Plan. Currently, eligible employees, as defined in the Plan, of DuPont Holographics, Inc., DuPont Displays Solutions, Inc. (formerly known as Polar Vision, Inc.), and DuPont Displays, Inc. (formerly known as Uniax, Inc.), (collectively the **Employer** or the **Company**) are covered under the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (**ERISA**).

The designated trustee of the Plan is Merrill Lynch Trust Co., FSB, (**Merrill Lynch**).

Eligibility

All employees of the Company are eligible to participate except any employee whose compensation and conditions of employment are covered by a collective bargaining agreement to which the Company is a party unless the agreement calls for the employee's participation in the Plan or an employee whose services are leased from another company. Participation begins the first day of employment.

Contributions

Eligible employees may participate in the Plan by authorizing the Company to make before-tax payroll deductions of between 1 percent to 75 percent of their eligible earnings for deposit in the Plan. Participants who are or will attain age 50 by the end of the plan year may elect to contribute an additional amount as before tax catch-up contributions, in the amount permitted by law. Contributions to the Plan are subject to certain limits imposed by the Internal Revenue Service (**IRS**) and the Plan terms. A participant may change his or her deferral election at any time.

The Company provides a matching contribution of 100 percent of the participant's before-tax contributions that do not exceed 3 percent of their eligible compensation plus an additional matching contribution of 50 percent of any before-tax contributions that exceed 3 percent but do not exceed 5 percent of the participant's eligible compensation.

In addition, the Plan permits the Company to make a discretionary Profit Sharing Contribution. No such contribution was made for the years ended December 31, 2005 or 2004. If the Company were to make such a Profit Sharing contribution, any employee who was actively employed on the last day of the plan year or who retired during the plan year would receive an allocation based on the ratio that the participant's compensation bears to the total compensation of all Participants.

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Notes to Financial Statements

Upon enrollment in the Plan, a participant may direct employee, matching, and Profit Sharing contributions to the investment options available. Participants may allocate the contributions among these investment options in multiples of 1 percent.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions and (b) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on the ratio of the balance of that participant's investment option account to the sum of the balances of all participants' investment option accounts. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants have a fully and immediately vested interest in the portion of their accounts contributed by them, the Company's Matching Contribution and in the earnings of such contributions. A participant's vested interest in the Company's Profit Sharing contributions and the related earnings are determined using the following table:

| Years of Service | Vested Percent |
|--------------------------------|----------------|
| immediately upon participation | 0% |
| 1 | 33% |
| 2 | 66% |
| 3 or more | 100% |

In addition, a participant becomes 100 percent vested in all contributions upon attainment of normal retirement age (age 59 1/2) or disability or death while employed by the Employer.

Forfeited Accounts

Forfeitures of the Profit Sharing contributions may occur if a participant terminates or withdraws his or her Profit Sharing Contributions prior to the full vesting period. These forfeitures will be used, as defined in the Plan, to pay administrative expenses and may reduce the amount of future Employer contributions. There were no such forfeited amounts during the Plan years ended December 31, 2005 and 2004.

Participant Loans

Participants may borrow from their vested 401(k) and Matching fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance with a repayment period of between 1 and 5 years. The loans are secured by the balance in the participant's account and bear interest at rates commensurate with local prevailing rates as determined by the Plan administrator on a monthly basis. At December 31, 2005 and 2004, the rates range from 5% to 11.5%. Principal and interest is paid ratably through payroll deductions.

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Notes to Financial Statements

Payment of Benefits

In the case of normal retirement, retirement due to permanent disability or termination of employment, participants may elect to receive the value of their vested balances, in accordance with the provisions of the Plan, in a lump-sum distribution or in installments payable in cash or in kind, or part in cash and part in kind over a period not to exceed the expected future lifetime, or the joint expected future lifetime (based on actuarial tables) of the participant and their spouse.

Withdrawals

A withdrawal of all or a portion of a participant's account may be made under certain conditions including election by the participant after attaining age 59 1/2, separation from service, death or disability, or Plan termination. Withdrawals of employee contributions for undue financial hardship are also permitted. Withdrawals are subject to federal income taxes.

Administrative Expenses

Reasonable expenses of administering the Plan, at the election of the Company, may be paid by the Plan. For the years ended December 31, 2005 and 2004, the Plan paid \$600 and \$520 in administrative expenses, respectively. Brokerage fees, transfer taxes, investment fees and other expenses incident to the purchase and sale of securities and investment shall be included in the cost of such securities or investments or deducted from the sales proceeds.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

The investments of the Plan are stated at fair value. Shares of registered investment companies (mutual funds) are valued at the net asset value of shares held by the Plan at year-end. Shares of common and collective trust funds are valued at net unit value, which is based upon the value of the underlying securities as determined by the trustee at year-end. The DuPont Stock Fund is valued at its year-end unit closing price (defined as the year-end market price of common stock plus the uninvested cash position). Participant loans are valued at cost which approximates fair value.

Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Realized gains and losses on the sale of the DuPont Stock Fund is based on the average cost of the securities sold. Purchases and sales of investments are recorded on a trade-date basis. Capital gain distributions are included in dividend income.

Table of Contents**DuPont 401(k) and Profit Sharing Plan****Notes to Financial Statements****Payment of Benefits**

Benefits are recorded when paid.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amount of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 3 - INVESTMENTS

Investments that represent 5% or more of the net assets available for benefits were as follows:

| | December 31, | |
|---|---------------------|--------------|
| | 2005 | 2004 |
| Merrill Lynch Retirement Preservation Trust | \$ 2,138,395 | \$ 1,793,236 |
| MFS Total Return Fund | 700,878 | 541,936 |
| Templeton Growth Fund | 562,682 | 412,396 |
| Franklin Balance Sheet | 1,050,917 | 856,255 |
| ML Basic Value Fund Class I | 484,956 | 392,110 |
| Merrill Lynch Equity Index TR Tier 6 | | 331,474 |
| DuPont Stock Fund | | 339,291 |

During the year ended December 31, 2005, and 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

| | 2005 | 2004 |
|-------------------------------|-------------|-------------|
| Company stock fund | \$ (51,871) | \$ 22,484 |
| Mutual funds | 117,988 | 334,260 |
| Common/collective trust funds | 29,708 | 62,220 |
| | \$ 95,825 | \$ 418,964 |

NOTE 4 TAX STATUS

The Plan Sponsor has adopted the Merrill Lynch Prototype Non-Standardized Profit Sharing Plan with Cash or Deferred Arrangement (the Merrill Lynch Prototype Plan). The Merrill Lynch Prototype Plan received an Opinion Letter from the Internal Revenue Service dated June 4, 2002 stating that the form of the plan is acceptable under section 401 of the Internal Revenue Code (IRC) for use by employers for the benefit of their employees. Accordingly, no provision has been made for

Table of Contents**DuPont 401(k) and Profit Sharing Plan****Notes to Financial Statements**

federal income taxes in the accompanying financial statements. Although the Plan has been amended since receiving the opinion letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE 5 - RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds and units of common/collective trust funds managed by Merrill Lynch, the Trustee. In addition, the Plan offers the DuPont Stock Fund investment option. The plan purchased \$138,265 and \$152,247 of stock during the years ended December 31, 2005 and 2004, respectively. The plan sold \$112,863 and \$127,306 of stock during the years ended December 31, 2005 and 2004, respectively. Transactions in these investments qualify as party-in-interest transactions which are exempt from the prohibited transaction rules of ERISA.

NOTE 6 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits from the financial statements to the Form 5500:

| | December 31, | |
|--|--------------|--------------|
| | 2005 | 2004 |
| Net assets available for benefits per the financial statements | \$ 7,968,320 | \$ 6,569,962 |
| Less: Amounts allocated to withdrawing participants | | (98,583) |
| Net assets available for benefits per the Form 5500 | \$ 7,968,320 | \$ 6,471,379 |

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but are not yet paid as of that date.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants would become 100 percent vested in the profit sharing contributions.

NOTE 8 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Notes to Financial Statements

investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

NOTE 9 SUBSEQUENT EVENT

Effective January 1, 2006, DuPont Liquid Packaging Materials, a wholly owned subsidiary of DuPont, became a participating employer under the Plan.

Table of Contents

Supplemental Schedule

Table of Contents**DuPont 401(k) and Profit Sharing Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)**

December 31, 2005

| (a) | (b) | (c) | (d) |
|--|-----|---|---------------------|
| Identity of Issue | | Description of Investment | Current Value |
| * Merrill Lynch Small Cap Index CT Tier 2 | | Common/Collective Trusts | \$ 172,128 |
| * Merrill Lynch Equity Index TR Tier 6 | | Common/Collective Trusts | 361,977 |
| * Merrill Lynch International Index CT Tier 2 | | Common/Collective Trusts | 56,589 |
| * Merrill Lynch Retirement Preservation Trust | | Common/Collective Trusts | 2,138,395 |
| <i>Total common/collective trust funds</i> | | | 2,729,089 |
| * Merrill Lynch International Value Fund Class A | | Registered Investment Company | 88,609 |
| * Merrill Lynch Fundamental Growth Fund Class I | | Registered Investment Company | 330,604 |
| * Merrill Lynch Global Growth Fund Class A | | Registered Investment Company | 55,394 |
| Franklin Growth Fund Adv Class | | Registered Investment Company | 154,457 |
| Franklin Small-Mid Cap Growth Fund Adv Class | | Registered Investment Company | 395,633 |
| MFS Total Return Fund | | Registered Investment Company | 700,878 |
| Templeton Foreign Fund (Adv) | | Registered Investment Company | 194,672 |
| Templeton Growth Fund | | Registered Investment Company | 562,682 |
| AIM Premier Equity Fund Institutional | | Registered Investment Company | 169,119 |
| AIM Constellation Fund Institutional | | Registered Investment Company | 109,194 |
| Franklin Balance Sheet Investment Fund Adv | | Registered Investment Company | 1,050,917 |
| MFS Research Fund | | Registered Investment Company | 120,500 |
| * ML Balanced Capital Fund Class I | | Registered Investment Company | 293,942 |
| * ML Basic Value Fund Class I | | Registered Investment Company | 484,956 |
| <i>Total mutual funds</i> | | | 4,711,557 |
| * DuPont Company Stock Fund | | Company Stock Fund | 364,693 |
| * Participant loans | | 5% to 11.5% Maturing from June 2006 - September 2010 | 155,111 |
| TOTAL ASSETS (Held at End of Year) | | | \$ 7,960,450 |

* Party-in-interest

Table of Contents

DuPont 401(k) and Profit Sharing Plan

Schedule II

Schedule of Delinquent Participant Contributions

Form 5500, Schedule H, Part IV, Line I

For the Year Ended December 31, 2005

| | Total that Constitute Nonexempt Prohibited Transactions |
|---|--|
| Participant Contributions Transferred Late to Plan | |
| Participant contributions withheld from the pay of September 13, 2003. Deposited to the Trust on January 27, 2005 | \$ 75.72 |
| Participant contributions withheld from the pay of March 31, 2003. Deposited to the Trust on February 7, 2005 | \$ 879.80 |
| Participant contributions withheld from the pay of April 30, 2003. Deposited to the Trust on February 7, 2005 | \$ 1,420.19 |
| Total | \$ 2,375.71 |