DUPONT E I DE NEMOURS & CO
Form DEF 14A
March 17, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to §240.14a-12

E. I. du Pont de Nemours and Company

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

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Annual Meeting - April 26, 2006

March 17, 2006

Dear Stockholder:

You are invited to attend the Company's 2006 Annual Meeting on Wednesday, April 26, 2006, at 10:30 a.m. in the DuPont Theatre, DuPont Building, Wilmington, Delaware.

The enclosed Notice of Annual Meeting and Proxy Statement provide information about the governance of our Company and describe the various matters to be acted upon during the meeting. In addition, there will be a report on the state of the Company's business and an opportunity for you to express your views on subjects related to the Company's operations.

To make it easier for you to vote your shares, you have the choice of voting over the Internet, by telephone, or by completing and returning the enclosed proxy card. The proxy card describes your voting options in more detail. In any case, you may request a ticket for the meeting. If you need special assistance, please contact the DuPont Stockholder Relations Office at 302-774-3034.

The Annual Meeting gives us an opportunity to review our progress as a unified, growth-focused science company. We appreciate your ownership of DuPont, and I hope you will be able to join us on April 26.

Sincerely,

C. O. Holliday, Jr.

March 17, 2006

To the Holders of Common Stock of
E. I. du Pont de Nemours and Company

NOTICE OF ANNUAL MEETING

The Annual Meeting of Stockholders of E. I. DU PONT DE NEMOURS AND COMPANY will be held on Wednesday, **April 26, 2006,** at 10:30 a.m. local time, in the DuPont Theatre in the DuPont Building, 1007 Market Street, Wilmington, Delaware. The meeting will be held to consider and act upon the election of directors, the ratification of the Company's independent registered public accounting firm, stockholder proposals described in the Proxy Statement and such other business as may properly come before the meeting.

Holders of record of DuPont Common Stock at the close of business on March 6, 2006, are entitled to vote at the meeting.

This notice and the accompanying proxy materials are sent to you by order of the Board of Directors.

Mary E. Bowler
Secretary

YOUR VOTE IS IMPORTANT. THERE ARE THREE WAYS TO VOTE:

- By Internet, or
- By telephone, or
- Sign, date and return your proxy card in the enclosed envelope as soon as possible.

Registered stockholders and holders of shares in the Company's U.S. employee benefit plans may access their proxy materials electronically in 2007 by visiting *www.computershare.com/us/ecomms*. Stockholders with brokerage accounts can determine if their brokers offer electronic delivery by visiting *www.icsdelivery.com*.

2006 ANNUAL MEETING OF STOCKHOLDERS

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Proxy Statement

The enclosed proxy materials are being sent at the request of the Board of Directors of E. I. du Pont de Nemours and Company to encourage you to vote your shares at the Annual Meeting of Stockholders to be held April 26, 2006. This Proxy Statement contains information on matters that will be presented at the meeting and is provided to assist you in voting your shares.

The Company's 2005 Annual Report on SEC Form 10-K, containing management's discussion and analysis of financial condition and results of operations of the Company and the audited financial statements, and this Proxy Statement were distributed together beginning March 17, 2006.

General Information

Who May Vote

All holders of record of DuPont Common Stock as of the close of business on March 6, 2006 (the record date) are entitled to vote at the meeting. Each share of stock is entitled to one vote. As of the record date, 921,122,610 shares of DuPont Common Stock were outstanding. A majority of the shares voted in person or by proxy is required for the approval of each of the proposals described in this Proxy Statement. Abstentions and broker non-votes are not counted in the vote.

How to Vote

Even if you plan to attend the meeting you are encouraged to vote by proxy. You may vote by proxy in one of the following ways:

- By Internet at the address listed on the proxy card.
- By telephone using the toll-free number listed on the proxy card.
- By returning the enclosed proxy card (signed and dated) in the envelope provided.

When you vote by proxy, your shares will be voted according to your instructions. If you sign your proxy card but do not specify how you want your shares to be voted, they will be voted as the Board of Directors recommends. You can change or revoke your proxy by Internet, telephone or mail at any time before the polls close at the Annual Meeting.

Shares Held In Savings Plans

If you participate in one of the following plans, your voting instruction card will include the shares you hold in the plan:

DuPont 401(k) and Profit Sharing Plan for
DuPont Holographics, Inc.,
DuPont Display Solutions, Inc.,
DuPont Displays, Inc.,
Inpaco Corporation, and
Liqui-Box Corporation

DuPont Powder Coatings USA
Profit Sharing Plan

DuPont Savings and Investment Plan

Pioneer Hi-Bred International, Inc.
Savings Plan

Solae Savings Investment Plan

Thrift Plan for Employees of Sentinel
Transportation, LLC

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The plan trustees will vote according to the instructions received on your proxy. If proxies for shares in savings plans are not received by Internet, telephone or mail, those shares will be voted by the trustees as directed by the plan sponsor or by an independent fiduciary selected by the plan sponsor.

Proxy Statement Proposals

At each annual meeting stockholders are asked to elect directors to serve on the Board of Directors and to ratify the appointment of our independent registered public accounting firm for the year. Other proposals may be submitted by the Board of Directors or stockholders to be included in the proxy statement. To be considered for inclusion in the 2007 Annual Meeting Proxy Statement, stockholder proposals must be received by the Company no later than November 17, 2006.

For any proposal that is not submitted for inclusion in next year's proxy statement, but is instead sought to be considered as timely and presented directly at the 2007 Annual Meeting, Securities and Exchange Commission rules permit management to vote proxies in its discretion if the Company: (1) receives notice of the proposal before the close of business on January 31, 2007 and advises stockholders in the 2007 Annual Meeting Proxy Statement about the nature of the matter and how management intends to vote on such matter; or (2) does not receive notice of the proposal prior to the close of business on January 31, 2007.

Proxy Committee

The Proxy Committee is composed of directors of the Company who vote as instructed the shares of DuPont Common Stock for which they receive proxies. Proxies also confer upon the Proxy Committee discretionary authority to vote the shares on any matter which was not known to the Board of Directors a reasonable time before solicitation of proxies, but which is properly presented for action at the meeting.

Solicitation of Proxies

The Company will pay all costs relating to the solicitation of proxies. Innisfree M&A Incorporated has been retained to assist in soliciting proxies at a cost of $10,000 plus reasonable expenses. Proxies may be solicited by officers, directors and employees of the Company personally, by mail, or by telephone or other electronic means. The Company will also reimburse brokers, custodians, nominees and fiduciaries for reasonable expenses in forwarding proxy materials to beneficial owners of DuPont Common Stock.

Secrecy in Voting

As a matter of policy, proxies, ballots and voting tabulations that identify individual stockholders are held confidential by the Company. Such documents are available for examination only by the independent tabulation agents, the independent inspectors of election and certain employees associated with tabulation of the vote. The identity of the vote of any stockholder is not disclosed except as may be necessary to meet legal requirements.

Governance of the Company

Strong corporate governance is an integral part of the Company's core values, supporting the Company's sustainable growth mission. DuPont is committed to having sound corporate governance principles and practices. Please visit the Company's website at *www.dupont.com,* under the "Investor Center" caption, for the Board's Corporate Governance Guidelines, the Board-approved Charters for the Audit, Compensation and Corporate Governance Committees and related information. These Guidelines and Charters are also included in this Proxy Statement and free copies may be obtained by writing to the Corporate Secretary.

DUPONT BOARD OF DIRECTORS

CORPORATE GOVERNANCE GUIDELINES

These Guidelines serve as an important framework for the Board's corporate governance practices and to assist the Board in carrying out its responsibilities effectively. The Board reviews these Guidelines periodically and may modify them as appropriate to reflect the evolution of its governance practices.

The Board

Responsibility

The Board has an active responsibility for broad corporate policy and overall performance of the Company through oversight of management and stewardship of the Company to enhance the long-term value of the Company for its shareholders and the vitality of the Company for its other stakeholders.

Role

In carrying out its responsibility, the Board has specific functions, in addition to the general oversight of management and the Company's business performance, including providing input and perspective in evaluating alternative strategic initiatives; reviewing and, where appropriate, approving fundamental financial and business strategies and major corporate actions; ensuring processes are in place to maintain the integrity of the Company; evaluating and compensating the CEO; and planning for CEO succession and monitoring succession planning for other key positions.

Duties

Directors are expected to expend sufficient time, energy and attention to assure diligent performance of their responsibility. Directors are expected to attend meetings of the Board, its Committees on which they serve, and the Annual Meeting of Shareholders; review materials distributed in advance of the meetings; and make themselves available for periodic updates and briefings with management via telephone or one-on-one meetings.

Leadership

The positions of Chairman of the Board and CEO are held by the same person, except in specific circumstances.

Independence

A majority of the Board are independent directors in accordance with the standards of independence of the New York Stock Exchange and as described in the Guidelines. See pages 6-7. The Corporate Governance Committee as well as the Board annually reviews relationships that Directors may have with the Company to make a determination of whether there are any material relationships that would preclude a Director being independent.

Qualifications

Directors are selected for their integrity and character, sound, independent judgment, breadth of experience, insight and knowledge, and business acumen. Leadership skills, scientific or technology expertise, familiarity with issues affecting global businesses in diverse industries, prior government service, and diversity are among the relevant criteria, which will vary over time depending on the needs of the Board. The Corporate Governance Committee considers candidates for potential nomination to recommend for approval by the full Board.

The Board does not limit the number of other public company boards that a Director may serve on. However, the Corporate Governance Committee considers the number of boards a Director sits on. Directors are encouraged to limit the number of other public company boards to take into account their time and effectiveness and are expected to advise the Chairman in advance of serving on another board.

When a Director's principal responsibilities or business association changes significantly, the Director will tender his or her resignation to the Chairman for consideration by the Corporate Governance Committee of the continued appropriateness for Board service.

No Director may stand for reelection to the Board after reaching age 70. An employee Director retires from the Board when retiring from employment with the Company, with the exception of the former CEO. The Board may in unusual circumstances and for a limited period ask a Director to stand for reelection after the prescribed retirement date.

Orientation and Continuing Education

New Directors participate in an orientation process to become familiar with the Company and its strategic plans and businesses, significant financial matters, core values including ethics, compliance programs, corporate governance practices and other key policies and practices through a review of background materials, meetings with senior executives and visits to Company facilities. The Corporate Governance Committee is responsible for providing guidance on Directors' continuing education.

Compensation

The Board believes that compensation for outside Directors should be competitive. DuPont Common Stock is a key component with payment of a portion of Director compensation as DuPont stock, options or similar form of equity-based compensation, combined with stock ownership guidelines requiring all outside Directors to hold DuPont stock equal to at least two times the annual retainer within five years. The Compensation Committee reviews periodically the level and form of Director compensation and, if appropriate, proposes changes for consideration by the full Board.

Annual Self-Evaluation

The Board and each Committee make an annual self-evaluation of its performance with a particular focus on overall effectiveness. The Corporate Governance Committee is responsible for overseeing the self-evaluation process.

Access to Management and Advisors

Directors have access to the Company's management and, in addition, are encouraged to visit the Company's facilities. As necessary and appropriate, the Board and its Committees may retain outside legal, financial or other advisors.

Board Meetings

Selection of Agenda Items

The Chairman establishes the agenda for Board meetings, in conjunction with Chairs of the Committees. Directors are encouraged to suggest items for inclusion on the agenda and may raise subjects not specifically on the agenda.

Attendance of Senior Executives

The Board welcomes regular attendance of senior executives to be available to participate in discussions. Presentation of matters to be considered by the Board are generally made by the responsible executive.

Executive Sessions

Regularly scheduled Board meetings include a session of all Directors and the CEO. In addition, the Board meets in regularly scheduled executive sessions without the participation of the CEO or other senior executives. The presiding director is generally the Chair of the Corporate Governance Committee, unless there is a matter within the responsibility of another Committee, such as CEO evaluation and compensation, when the Chair of that Committee presides.

Leadership Assessment

Succession Planning

The Board plans for succession to the position of CEO. The Compensation Committee oversees the succession planning process. To assist the Board, the CEO periodically provides the Board with an assessment of senior executives and their potential to succeed to the position of CEO, as well as perspective on potential candidates from outside the Company. The Board has available on a continuing basis the CEO's recommendation should he/she be unexpectedly unable to serve. The CEO also provides the Board with an assessment of potential successors to key positions.

CEO Evaluation and Compensation

Through an annual process overseen and coordinated by the Compensation Committee, independent Directors evaluate the CEO's performance and set the CEO's compensation.

Guidelines for Determining the Independence of DuPont Directors

It is the expectation and practice of the Board that, in their roles as members of the Board, all members will exercise their independent judgment diligently and in good faith, and in the best interests of the Company and its shareholders as a whole, notwithstanding any member's other activities or affiliations.

However, in addition, the Board has determined that a majority of its members should be "independent" in that they are free of any material relationship with the Company or Company management, whether directly or as a partner, shareholder or officer of an organization that has a material relationship with the Company. In furtherance of this objective, the Board has adopted the following Guidelines for determining whether a member is considered "independent."

The Board will re-examine the independence of each of its members once per year and again if a member's outside affiliations change substantially during the year.

For purposes of these Guidelines, "members of his/her immediate family" and similar phrases will mean a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than an employee) who shares the person's home. "The Company" means the Company and all of its consolidated subsidiaries.

1. Regardless of other circumstances, a Board member will not be deemed independent if s/he does not meet the independence standards adopted by the New York Stock Exchange (see page 7), or any applicable legal requirement.

2. Except in special circumstances, as determined by a majority of the independent members of the Board, the following relationships will be considered not to be material relationships that would affect a Board member's independence:

   (a) If the Board member is an executive officer or employee, or any member of his/her immediate family is an executive officer, of a bank to which the Company is indebted, and the total amount of the indebtedness does not exceed one percent (1%) of the total assets of the bank for any of the past three (3) years.

   (b) If the Board member or any member of his/her immediate family serves as an officer, director or trustee of a charitable or educational organization, and contributions by the Company do not exceed the greater of one million dollars (US $1,000,000) or two percent (2%) of such organization's annual consolidated gross revenues, including annual charitable contributions, for any of the past three (3) years.

3. If a Board member has a relationship that exceeds the thresholds described in Section 2 above, or another significant relationship with the Company or its management that is not described in Section 2 above, then the Board will determine by a majority of the independent members whether that member's relationship would affect the Board member's independence.

4. The Board will consider all relevant facts and circumstances in determining independence.

5. Any determinations of independence made pursuant to Section 3 above will be disclosed in the Company's annual meeting proxy statement.

Current New York Stock Exchange standards state that a director will not be independent:

(a) If the Board member is, or has been within the last three (3) years, an employee or any member of his/her immediate family is, or has been within the last three (3) years, an executive officer of the Company;

(b) If the Board member is a current employee/partner, or if any member of his/her immediate family is a current partner or a current employee of the Company's auditor that participates in the firm's audit, assurance or tax compliance (but not tax planning) practice, or the Board member or his/her immediate family was within the last three (3) years (but is no longer) a partner or employee of the firm and personally worked on the Company's audit within that time;

(c) If the Board member or any member of his/her immediate family is, or in the last three (3) years has been, employed as an executive officer of another company where the Company's present executive officers at the same time serve/served on that company's compensation committee;

(d) If the Board member is a current employee, or if any member of his/her family is a current executive officer, of another company that makes payments to, or receives payments from, the Company for property or services which exceed the greater of one million dollars (US $1,000,000) or two percent (2%) of the other company's annual consolidated gross revenues for any of the last three (3) years; or

(e) If the Board member, or a member of his/her immediate family, has received more than one hundred thousand dollars (US $100,000) in direct compensation from the Company (other than director and committee fees and pension or other forms of deferred compensation for prior service which are not contingent in any way on continued service) during any twelve-month period within the last three (3) years.

Committees of the Board

Audit Committee

Responsibilities include:

- Employs the Company's independent registered public accounting firm, subject to stockholder ratification, to audit the Company's consolidated financial statements.
- Pre-approves all services performed by the Company's independent registered public accounting firm.
- Provides oversight on the external reporting process and the adequacy of the Company's internal controls.
- Reviews the scope of the audit activities of the independent registered public accounting firm and the Company's internal auditors and appraises audit efforts of both.
- Reviews services provided by the Company's independent registered public accounting firm and other disclosed relationships as they bear on the independence of the Company's independent registered public accounting firm.
- Establishes procedures for the receipt, retention and resolution of complaints regarding accounting, internal controls or auditing matters.

All members of the Audit Committee are independent directors under the Board's Corporate Governance Guidelines and applicable regulatory and listing standards. The Board has determined that Dr. Curtis J. Crawford is an audit committee financial expert within the meaning of applicable Securities and Exchange Commission rules.

See the Audit Committee Report on page 11. The Audit Committee Charter is attached at Appendix "A" and is available on the Company's website *(www.dupont.com)*. A summary of The Audit Committee Policy on Pre-approval of Services Performed by the Independent Registered Public Accounting Firm is attached at Appendix "A-1."

Compensation Committee

Responsibilities include:

- Establishes executive compensation policy consistent with corporate objectives and stockholder interests.
- Oversees process for evaluating CEO performance against Board-approved goals and objectives and recommends to the Board compensation for the CEO.
- Administers grants under the Company's compensation plans.
- Oversees succession planning process for the CEO and key leadership.

All members of the Compensation Committee are independent directors under the Board's Corporate Governance Guidelines and applicable regulatory and listing standards.

See the Compensation Committee Report on page 18. The Compensation Committee Charter is attached at Appendix "B" and is available on the Company's website (*www.dupont.com*).

Corporate Governance Committee

Responsibilities include:

- Recommends to the Board nominees for election to the Board of Directors.
- Reviews principles, policies and procedures affecting directors and the Board's operation and effectiveness.
- Oversees evaluation of the Board and its effectiveness.

All members of the Corporate Governance Committee are independent directors under the Board's Corporate Governance Guidelines and applicable regulatory and listing standards.

The Corporate Governance Charter is attached at Appendix "C" and is available on the Company's website *(www.dupont.com)*. A description of the Director Nomination Process is attached at Appendix "C-1."

Environmental Policy Committee

Responsibilities include:
- o Reviews the Company's environmental policies and practices.
- o Provides support for the Company's sustainable growth mission.

Science and Technology Committee

Responsibilities include:
- o Monitors state of science and technology capabilities within the Company.
- o Oversees the development of key technologies essential to the long-term success of the Company.

Strategic Direction Committee

Responsibilities include:
- o Reviews the strategic direction of the Company's major business segments.
- o Reviews significant trends in technology and their anticipated impact on the Company.

Committee Membership

The following chart shows the current committee membership and the number of meetings that each committee held in 2005. Committee membership changed during 2005. For the previous configuration, refer to the Company's 2005 Annual Meeting Proxy Statement. The Science and Technology Committee was established effective November 1, 2005. The Science and Technology Committee held no meetings in 2005.

Director	Audit Committee	Compensation Committee	Corporate Governance Committee	Environmental Policy Committee	Science and Technology Committee	Strategic Direction Committee
Alain J.P. Belda		X				X
Richard H. Brown		X	C			X
Curtis J. Crawford	X	X			C	
John T. Dillon	X	X				X
Louisa C. Duemling			X	X	X	
Charles O. Holliday, Jr.						C
Lois D. Juliber	X	C	X			X
Masahisa Naitoh			X	X		
Sean O'Keefe	X			X		
William K. Reilly			X	C	X	
H. Rodney Sharp, III	X	X			X	
Charles M. Vest	C			X	X	
Number of Meetings in 2005	9	7	8	3	0	3

C = Chair

Directors fulfill their responsibilities not only by attending Board and committee meetings but also through communication with the Chairman and Chief Executive Officer and other members of management relative to matters of mutual interest and concern to the Company.

In 2005, twelve meetings of the Board were held. Each director attended at least 77% of the aggregate number of meetings of the Board and the committees of the Board on which the director served. Attendance at these meetings averaged 95% among all directors in 2005.

As provided in the Board's Corporate Governance Guidelines, directors are expected to attend the Company's Annual Meetings of Stockholders. All directors attended the 2005 Annual Meeting.

Communications with the Board and Directors

Stockholders and other parties interested in communicating directly with the Board, presiding director or other outside director may do so by writing in care of the Corporate Secretary. The Board's independent directors have approved procedures for handling correspondence received by the Company and addressed to the Board, presiding director or other outside director. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of the Company's internal audit function and handled in accordance with procedures established by the Audit Committee with respect to such matters, which include an anonymous toll-free hotline (1-800-476-3016) and a website (*https://reportanissue.com/dupont/welcome*) through which to report issues.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics for Directors with provisions specifically applicable to directors. In addition, the Company has a long-standing Business Ethics Policy and Business Conduct Guide applicable to all employees of the Company, including executive officers. The Business Ethics Policy, Business Conduct Guide and Code of Business Conduct and Ethics for Directors are available on the Company's website *(www.dupont.com)*. Copies of these documents may also be obtained free of charge by writing to the Corporate Secretary.

Office of the Chief Executive

The Office of the Chief Executive (OCE) has responsibility for the overall direction and operations of all the businesses of the Company and broad corporate responsibility in such areas as corporate financial performance, environmental leadership and safety, development of global talent, research and development and global effectiveness. All seven members are executive officers.

Audit Committee Report

The Audit Committee of the Board of Directors (the "Committee") assists the Board in fulfilling its oversight responsibilities with respect to the external reporting process and the adequacy of the Company's internal controls. Specific responsibilities of the Committee are set forth in the Audit Committee Charter adopted by the Board and last amended and restated effective February 1, 2004. The Charter is attached to this Proxy Statement at Appendix "A."

The Committee is comprised of six directors, all of whom meet the standards of independence adopted by the New York Stock Exchange and the Securities and Exchange Commission. Subject to stockholder ratification, the Committee appoints the Company's independent registered public accounting firm. The Committee approves in advance all services to be performed by the Company's independent registered public accounting firm in accordance with the Committee's Policy on Pre-approval of Services Performed by the Independent Registered Public Accounting Firm. A summary of the Policy is attached to this Proxy Statement at Appendix "A-1."

Management is responsible for the Company's financial statements and reporting process, for establishing and maintaining an adequate system of internal control over financial reporting, and for assessing the effectiveness of the Company's internal control over financial reporting. PricewaterhouseCoopers LLP (PwC), the Company's independent registered public accounting firm, is responsible for auditing the Company's consolidated financial statements, for attesting to Management's Report on Internal Control over Financial Reporting, and for assessing the effectiveness of internal control over financial reporting. The Committee has reviewed and discussed the Company's 2005 annual report on Form 10-K, including the audited consolidated financial statements of the Company and Management's Report on Internal Control over Financial Reporting for the year ended December 31, 2005 with management and with representatives of PwC.

The Committee has also discussed with PwC matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as amended. The Committee has received from PwC the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with PwC its independence.

The Committee has also considered whether the provision to the Company by PwC of limited nonaudit services is compatible with maintaining the independence of PwC. The Committee has satisfied itself as to the independence of PwC.

Based on the Committee's review of the audited consolidated financial statements
of the Company, and on the Committee's discussions with management of the Company and with PwC, the Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2005.

AUDIT COMMITTEE

Charles M. Vest, Chair
Curtis J. Crawford
John T. Dillon
Lois D. Juliber
Sean O'Keefe
H. Rodney Sharp, III

Directors' Compensation

Nonemployee directors receive compensation for Board service, which is designed to fairly compensate directors for their Board responsibilities and align their interests with the long-term interests of stockholders. An employee director receives no additional compensation for Board service.

With the assistance of the consultant retained by the Compensation Committee, the Company closely monitors trends in director compensation in the marketplace, as well as changes among the Comparator Group of Companies (as defined on page 18). Subsequent to a careful review of market practices in 2005, the compensation for nonemployee directors was revised effective January 1, 2006.

Compensation for nonemployee directors for 2005 and 2006 is described in detail in the chart set forth below:

Compensation Element	2005	2006
Annual Retainer	$50,000 (cash)	$85,000 (cash)
(Cash and Long-Term Incentive)	$85,000 delivered in 1,770 Time-Vested Restricted Stock Units	$115,000 delivered in 2,930 Time-Vested Restricted Stock Units
	(Granted February 2, 2005; dividend equivalents; vest in three equal annual installments; payable in cash)	(Granted February 1, 2006; dividend equivalents; vest in three equal annual installments; payable in cash)
Annual Committee Member Fee	$9,000	Audit $15,000 All Other Committees $9,000
Annual Committee Chair Fee	Audit $25,000 All Other Committees $18,000	Audit $25,000 All Other Committees $18,000
Stock Ownership Guideline	5 × Annual Cash Retainer = $250,000	2 × Total Annual Retainer = $400,000

The Company also pays for or reimburses directors for reasonable travel expenses related to attending Board, committee and Company business meetings. Spouses are invited occasionally to accompany directors to Board-related events, for which the Company pays or reimburses travel expenses. These travel expenses are imputed as income to the directors and are grossed up to cover taxes. In 2005, the Company held a Board of Directors meeting in Asia to which spouses of directors were invited. Amounts representing imputed income and associated tax gross-up amounts in connection with this trip ranged from $0 to $27,585 per director.

Stock Ownership Guidelines

Stock ownership guidelines require each nonemployee director to hold DuPont Common Stock equal to a multiple of the annual retainer. Directors have up to five years from date of election to achieve the required ownership. As of the end of 2005, seven of eleven directors met or exceeded the ownership requirements. Three of the remaining directors have several more years to achieve the guideline level.

Deferred Compensation

Under the DuPont Stock Accumulation and Deferred Compensation Plan for Directors, a director may defer all or part of the Board and committee fees in cash or stock units until a specified year, until retirement as a director or until death. Interest accrues on deferred cash payments and dividend equivalents accrue on deferred stock units.

Retirement Income Plan

The Company's retirement income plan for nonemployee directors was discontinued in 1998. Nonemployee directors who began their service on the Board before the plan's elimination continue to be eligible to receive benefits under the plan. Annual benefits payable under the plan equal one-half of the annual Board retainer (exclusive of any committee compensation and stock, restricted stock units or option grants) in effect at the director's retirement. Benefits are payable for the lesser of life or ten years.

Directors' Charitable Gift Plan

The Directors' Charitable Gift Plan was established in 1993. After the death of a director, the Company will donate five consecutive annual installments of up to $200,000 each to tax-exempt educational institutions or charitable organizations recommended by the director and approved by the Company.

A director is fully vested in the Plan after five years of service as a director or upon death or disability. The Plan is unfunded; the Company does not purchase insurance policies to satisfy its obligations under the Plan. The directors do not receive any personal financial or tax benefit from this program because any charitable, tax-deductible donations accrue solely to the benefit of the Company. Employee directors may participate in the Plan if they pay their allocable cost.

Accidental Death And Disability Insurance

The Company also maintains $300,000 accidental death and disability insurance on nonemployee directors.

1 ELECTION OF DIRECTORS

The 11 nominees for election as directors are identified on pages 14 through 16. All nominees are now members of the Board of Directors. Two current directors are not standing for election: Louisa C. Duemling and H. Rodney Sharp, III, who are retiring pursuant to the age 70 retirement policy in the Board's Corporate Governance Guidelines.

The Board has determined that, except for C. O. Holliday, Jr., the Chairman and CEO, each of the nominees is independent within the independence requirements of the NYSE listing standards and in accordance with the Guidelines for Determining the Independence of DuPont Directors set forth in the Board's Corporate Governance Guidelines. See pages 6-7.

The Board knows of no reason why any nominee would be unable to serve as a director. If any nominee should for any reason become unable to serve, the shares represented by all valid proxies will be voted for the election of such other person as the Board of Directors may designate following recommendation by the Corporate Governance Committee, or the Board may reduce the number of directors to eliminate the vacancy.

The following material contains information concerning the nominees, including their recent employment, other directorships, and age as of the 2006 Annual Meeting.

ALAIN J.P. BELDA, 62 Director since 2000
Chairman and Chief Executive Officer of Alcoa Inc., the world's largest producer of primary aluminum, fabricated aluminum and alumina. He formerly served as president and chief executive officer, president and chief operating officer, vice chairman, and executive vice president of Alcoa Inc. Mr. Belda is a director of Alcoa Inc. and Citigroup Inc. He also serves as a trustee of Brown University and The Conference Board.

RICHARD H. BROWN, 58 Director since 2001
Former chairman and chief executive officer of Electronic Data Systems Corporation, a leading global services company, chief executive officer of Cable & Wireless plc, president and chief executive officer of H&R Block Inc. and vice chairman of Ameritech Corporation. Mr. Brown is a director of The Home Depot, Inc. and Browz Group, LC. He also serves on the Advisory Board of Mitsui & Co. Venture Partners. He is a former member of The Business Council; The Business Roundtable; U.S.-Japan Business Council; the French-American Business Council; the President's Advisory Committee on Trade and Policy Negotiations and the President's National Security Telecommunications Advisory Committee.

CURTIS J. CRAWFORD, 58 Director since 1998
President and Chief Executive Officer of XCEO, Inc., a consulting firm specializing in leadership and corporate governance. He formerly served as president and chief executive officer of Onix Microsystems, Inc. and chairman, president and chief executive officer of ZiLOG, Inc. Dr. Crawford is a director of Agilysys, Inc., ITT Industries, Inc., and ON Semiconductor Corporation. He also serves as a trustee of DePaul University.

JOHN T. DILLON, 67 Director since 2004
Retired chairman and chief executive officer, president and chief operating officer and executive vice president packaging of International Paper, a global paper and paper distribution, packaging and forest products company. He is vice chairman of Evercore Capital Partners, and a director of Caterpillar, Inc., and Kellogg Company. A member of The Business Council, Mr. Dillon is a former chairman of The Business Roundtable, was a member of the President's Advisory Council on Trade Policy and Negotiations and served as chairman of the National Council on Economic Education.

ELEUTHÈRE I. DU PONT, 39 Director since January 2006
President of Wawa, Inc., a chain of food markets in the mid-Atlantic region, and responsible for information technology, real estate, supply chain, finance and legal. He was formerly executive vice president and chief financial officer. Mr. du Pont has led Wawa's bakery, dairy, supply chain, people and food safety operations. He serves as a trustee of the Children's Hospital of Philadelphia and the Longwood Foundation.

CHARLES O. HOLLIDAY, JR., 58 Director since 1997
Chairman and Chief Executive Officer of DuPont. He is a former president, executive vice president, president and chairman DuPont Asia Pacific and senior vice president. He is a director of HCA and chairman of The Business Roundtable's Task Force for Environment, Technology and Economy. Mr. Holliday is a founding member of the International Business Council, and a member of the National Academy of Engineering and the Executive Committee of the U.S. Council on Competitiveness. He also serves as a trustee of Winterthur Museum and a member of the board of Catalyst.

LOIS D. JULIBER, 57 Director since 1995
Retired vice chairman of Colgate-Palmolive Company, the principal business of which is the production and marketing of consumer products. She formerly served as chief operating officer, executive vice president Developed Markets, president, Colgate-Palmolive North America and chief technological officer of Colgate-Palmolive. Ms. Juliber is a director of Goldman Sachs and a member of the board of trustees of Wellesley College, Girls Inc. and Women's World Banking.

MASAHISA NAITOH, 68   Director since 2000
Chairman and Chief Executive Officer of the Institute of Energy Economics, Japan. He formerly served as Executive Vice Chairman of ITOCHU Corporation, an international trading company headquartered in Tokyo, Japan, and executive vice president, senior managing director and advisor of ITOCHU. Prior to joining ITOCHU, Mr. Naitoh served in a number of senior policy positions in the Japanese government's Ministry of International Trade and Industry. Mr. Naitoh is a director of Molex Incorporated and an international advisory board member of Total.

SEAN O'KEEFE, 50   Director since July 2005
Chancellor of Louisiana State University and former administrator of the U.S. National Aeronautics and Space Administration (NASA). He served in key leadership positions in the U.S. federal government, including deputy assistant to the President and deputy director of the Office of Management and Budget in the current Bush administration. He was appointed secretary of the Navy, and served as the comptroller and chief financial officer of the Department of Defense during the presidency of George H.W. Bush. Mr. O'Keefe is a director of Battelle Memorial Institute and Sensis Corporation, and a fellow of the National Academy of Public Administration and the International Academy of Astronautics.

WILLIAM K. REILLY, 66   Director since 1993
Founding Partner of Aqua International Partners, L.P., which finances water supply and renewable energy. He formerly served as administrator of the United States Environmental Protection Agency, the Payne visiting professor at the Institute for International Studies at Stanford University, president of the World Wildlife Fund and The Conservation Foundation. Mr. Reilly is a director of ConocoPhillips, Royal Caribbean International, the Packard Foundation and the American Academy in Rome. He also serves as chairman of the board of the World Wildlife Fund and co-chair of the National Commission on Energy Policy.

CHARLES M. VEST, 64   Director since 1993
Professor and former president of the Massachusetts Institute of Technology. He is a former provost and vice president of Academic Affairs and dean of Engineering of the University of Michigan. Mr. Vest is a director of International Business Machines Corporation, chair of the advisory board of TIAX LLC, a trustee of In-Q-Tel, a fellow of the American Association for the Advancement of Science, and a member of the National Academy of Engineering and the President's Council of Advisors on Science and Technology.

Ownership of Company Stock

The following table includes shares in DuPont beneficially owned by each director and nominee, by each executive officer named in the Summary Compensation Table on page 24 and by all directors and executive officers as a group as of December 31, 2005. Also included are shares of DuPont Common Stock granted in 2006 under the Variable Compensation Plan.

Under rules of the Securities and Exchange Commission, "beneficial ownership" includes shares for which the individual, directly or indirectly, has or shares voting or investment power, whether or not the shares are held for the individual's benefit.

	Amount and Nature of Beneficial Ownership (Number of Shares)			
	Direct [1]	Voting or Investment Power [2]*	Right to Acquire [3]	Percent of Class [4]
A. J.P. Belda	11,381		17,132	
R. H. Brown	6,993		17,132	
T. M. Connelly, Jr.	35,772		373,311	
C. J. Crawford	4,380		17,132	
J. T. Dillon	3,182		2,900	
L. C. Duemling	63,818	239,056	17,132	
E. I. du Pont	459	4,642,302*		
R. R. Goodmanson	93,929		1,189,500	
C. O. Holliday, Jr.	187,177	179,300	3,661,466	
L. D. Juliber	17,042	600	17,132	
S. J. Mobley	53,560		486,554	
M. Naitoh	11,914		17,132	
S. O'Keefe				
G. M. Pfeiffer	55,381	195,448	680,417	
W. K. Reilly	25,164		17,132	
H. R. Sharp, III	368,446	5,504,760*	17,132	0.7%
C. M. Vest	19,071		17,132	

	Amount and Nature of Beneficial Ownership			
Directors and Executive Officers as a Group	957,670	6,121,134	6,548,336	1.6%

(1) These shares are held individually or jointly with others, or in the name of a bank, broker or nominee for the individual's account. Also included are stock units credited under the Variable Compensation Plan, the Salary Deferral and Savings Restoration Plan and the DuPont Stock Accumulation and Deferred Compensation Plan for Directors, and vested restricted stock units and shares resulting from option exercises for which delivery is deferred.

(2) This column includes other shares over which directors and executive officers have or share voting or investment power, including shares directly owned by certain relatives with whom they are presumed to share voting and/or investment power.

(3) This column includes shares which directors and executive officers have a right to acquire through the exercise of stock options granted under DuPont's stock option plans.

(4) Unless otherwise indicated, beneficial ownership of any named individual does not exceed 0.5% of the outstanding shares of the class.

* Because they may be considered to share, directly or indirectly, voting and/or investment power, E. I. du Pont and H. R. Sharp, III are each listed as beneficial owners of the same 4,642,302 shares. These shares of DuPont Common Stock are reported only once in the total for directors and executive officers as a group.

Section 16(a) Beneficial Ownership Reporting Compliance

Directors and executive officers are required to file reports of ownership and changes in ownership of DuPont Common Stock with the Securities and Exchange Commission and the New York Stock Exchange. In 2005, one report for C. J. Crawford was filed one day late because of an administrative processing error.

Compensation Committee Report on Executive Compensation

Governance

The Compensation Committee (the "Committee") is responsible for establishing executive compensation policies and programs consistent with corporate objectives and stockholder interests. The Committee operates under a written charter adopted by the Board. The charter is reviewed on an annual basis and revised as appropriate. The Committee's membership is determined by the Board and is composed entirely of independent directors. The Committee meets at scheduled times during the year, and it also considers and takes action by written consent. The Committee Chair reports on Committee actions and recommendations at Board meetings.

Compensation Philosophy

The Company's executive compensation policy is designed to attract, motivate, reward and retain high quality executives necessary for the leadership of the Company by aligning their interests with those of the stockholders and recognizing the individual and team performance of each executive in meeting the business objectives of the Company. The Company's executive compensation policy is intended to provide each executive a total annual compensation that is commensurate with the executive's responsibilities, experience and demonstrated performance and competitive with a select group of peer companies ("Peer Group") as well as a larger group of other similarly-sized industrial companies ("Comparator Group of Companies").

When determining variable compensation, the Committee evaluates the Company's corporate performance and annual compensation against the Peer Group (which are the same companies included in the Peer Group index used in the stock performance graph shown on page 28).
The policy also provides for competitive long-term compensation opportunity when compared with other major industrial companies, including many of those shown in the Peer Group index. These programs are designed to provide executives with compensation levels at about the median of the Comparator Group of Companies for periods when the Company's performance is at targeted levels. Executives have the opportunity to earn above or below market compensation based on how well the Company performs when compared to the performance of the Peer Group.

Determining Executive Compensation

An important aspect of the Committee's annual work relates to the determination of compensation for Company executives, including the Chief Executive Officer. The Committee has retained Mercer Human Resource Consulting ("Mercer") as a third party advisor to provide independent advice, research, and evaluation related to executive compensation. In this capacity, the consultant reports directly to the Committee and meets regularly with the Committee Chair and Committee without management present.

Competitive and Pay-for-Performance Analysis

In 2005, the Committee retained Mercer to conduct a detailed analysis of all elements of executive compensation. Compensation data was collected for the Comparator Group of Companies. The analysis in aggregate confirmed that the Company's compensation practices support its compensation philosophy of enhancing shareholder value through programs that attract, motivate and retain key executives. Overall, executive target total cash compensation is about at the market median.

The analysis also included a pay-for-performance review comparing DuPont's performance to the Comparator Group of Companies, based on four financial metrics: revenue growth, earnings per share growth, return on invested capital, and total shareholder return. Based on these four measures, DuPont compensation for the officers included in the Summary Compensation Table on page 24 is aligned with Company performance.

Total Compensation Review

In addition to reviewing external compensation practices and alignment of pay-for-performance, the Committee reviews all components of the current and historic compensation of the CEO and other Named Executive Officers. The Committee uses tally sheets to analyze the current target opportunity and the consequences of decisions made by the Committee in the past. Future compensation actions are made within the context of this detailed analysis.

Internal Pay Equity

It has been the Committee's practice for the past decade to review CEO compensation in the context of internal pay equity. The position of DuPont's Executive Vice President has been used as a benchmark for these purposes. Total target annual cash compensation for the CEO is about twice that of the Executive Vice President.

Components of Compensation

Compensation for executive officers consists of the following components: base salary, annual variable compensation, and long-term incentive grants consisting of stock options and performance-based and time-vested restricted stock units.

Base Salary

Consistent with the Company's policy, base salaries are about the median of the Comparator Group of Companies. Salary increases for executive officers are based on individual responsibilities, experience and contribution, as well as position relative to the competitive market. This is the same approach as used for other salaried employees.

Variable Compensation Plan

The Variable Compensation Plan (VCP) is designed to align participants with the annual objectives and goals of the Company and with the interests of the stockholders. The Committee established variable compensation targets for each participating level of responsibility within the Company, based on the consultant's evaluation of variable compensation levels at the Comparator Group of Companies. The VCP provides approximately 6,400 DuPont employees, including executive officers, with total annual compensation that is closely linked to DuPont's financial and operational performance for the year. Typically, 25% of variable compensation is paid in DuPont Common Stock, and senior leaders have the choice of receiving up to 100% in stock.

As previously approved by stockholders, the VCP limits the annual maximum funding to 20% of consolidated net income after deducting 6% of net capital employed. Each year the Committee reviews operating results, excluding all significant items, in determining the overall limit on variable compensation. This ensures that the amount available for variable compensation fluctuates in relation to the Company's operating results.

In determining VCP payments to participants for 2005, the Committee used a formula, which consisted of equally weighted components of earnings per share (EPS) (excluding significant items) versus the prior year and return on invested capital (ROIC) versus the average of the Peer Group.

Variable compensation differentiation across platforms and business units is based on after-tax operating income (excluding significant items), free cash flow, and revenue versus each unit's financial commitments for the year. In addition, payments may be differentiated by platform and business unit based on a qualitative assessment of performance on the Company's core values: ethics and integrity; workplace environment, treatment and development of people, and strategic staffing (including diversity); and safety, health and environmental stewardship.

In arriving at the level of payments for 2005, the Committee considered that 2005 EPS (excluding significant items) was 98% of 2004, ROIC was 95% of the average of the Peer Group and average platform and business unit performance was 92% of each unit's financial commitments for the year.

The combination of the corporate and business unit performance factors described above resulted in an average payment of 94% of the award target (with individual business unit factors ranging from 19% to 190%). The Committee approved awards for 2005 that totaled 77% of the 2004 grant.

Variable compensation payments for 2005 were 35% of the maximum amount available under the VCP limit. Over the past ten years, the Committee has approved payments on average of 47% of the maximum available.

Stock Performance Plan

Long-term incentive grants are made to provide an incentive primarily for employees responsible for the growth and success of the Company. Long-term incentive grants are also intended to encourage the ownership of DuPont stock and thereby further link the interest of grantees with those of the Company's stockholders. About 2,100 employees, including executive officers, key leaders globally, and middle management, received grants in 2005.

The Committee established long-term incentive targets for each participating level of responsibility within the Company, based on an evaluation of long-term incentive levels and practices at the Comparator Group of Companies. Long-term incentive awards for DuPont are targeted to be near the median long-term incentive opportunity granted by the group of companies surveyed.

The Company's long-term incentive program uses a blend of stock options, performance-based restricted stock units and time-vested restricted stock units. In 2005, for corporate officers, stock options represented 50%, performance-based restricted stock units represented 25% and time-vested restricted stock units represented 25% of the total long-term incentive delivered. For participants below the corporate officer level, stock options represented 75%, and time-vested restricted stock units represented 25% of the total long-term incentive delivered.

The same components were included in the long-term incentive program for 2006, but the mix was rebalanced. Corporate officers received 33% stock options, 33% performance-based restricted stock units and 33% time-vested restricted stock units. For participants below the corporate officer level, the mix was changed to 50% stock options and 50% time-vested restricted stock units.

All options and restricted stock units are granted under the Company's Stock Performance Plan, previously approved by stockholders. The Plan provides that a grantee forfeits rights under stock options, stock appreciation rights or restricted stock

grants if the Compensation Committee determines, after a hearing, that the grantee willfully has engaged in any activity harmful to the interest of the Company.

These vehicles support the Company's focus on increasing shareholder value and accelerating growth and productivity strategies. The Committee's goal is to ensure that the long-term incentive program motivates participants to higher levels of performance, while reflecting competitive market practices and delivering value to shareholders and participants.

Long-term incentives typically are granted annually and individual grants generally range from 0% to 200% of the target for each level of responsibility to reflect employees' future potential and individual performance, including achievement of critical operating tasks in such areas as organizational capacity and strategic positioning.

Annual non-qualified stock option grants made at market price on the date of grant, vest in one-third increments over three years, and carry a term of six years. Options require DuPont stock price appreciation in order for the grantees to realize any benefit, thereby aligning employee and stockholder interests.

Beginning with grants made in 2003, the Company has expensed stock options. The Company has never repriced stock options and has no intent to reprice options in the future.

A reload feature is available for options granted from 1997 through 2003 to facilitate stock ownership by management. Effective with options granted in 2004, option grants do not include a reload feature and the Committee does not intend to add this feature in the future.

DuPont corporate officers, who drive the development and execution of business strategy, are eligible for performance-based restricted stock units. Units are awarded at the beginning of a three-year performance cycle. At the conclusion of the performance cycle, payouts can range from 0%-200% of the target grant based on pre-established performance-based objectives in both revenue growth and ROIC vs. the Peer Group, over a three-year performance period.

Time-vested restricted stock units generally vest over a three-year period.

The Chairman and CEO received 50% of value in options and 50% of value in performance-based restricted stock units; in 2005 he did not receive time-vested restricted stock units. For 2006, the CEO's mix is aligned with other corporate officers at 33% stock options, 33% performance-based restricted stock units, and 33% time-vested restricted stock units. Aligning the CEO's long-term incentives with those of other corporate officers ensures more consistent focus among the senior management team.

Consistent with an overall compensation philosophy to attract, motivate, reward and retain high quality executives, special awards of stock options, time-vested restricted stock units and/or performance-vested restricted stock units may be made to key senior management employees from time to time.

Stock Ownership Guidelines

The Committee believes senior leadership should have a significant equity position in the Company. Stock ownership guidelines are in place to better align executive officers and other senior leaders with the interests of stockholders and to encourage a longer-term focus in managing the Company. The guidelines specify a number of shares that executive officers must accumulate and hold within three years of the date of achieving the various executive levels. Stock ownership guidelines vary from a maximum of five times base salary for the CEO to one and one-half times for Vice Presidents. An annual review is conducted to assess compliance with the guidelines. The CEO and other Named Executive Officers exceed the ownership guidelines.

Perquisites and Personal Benefits

As a matter of business philosophy, DuPont provides very limited perquisites or personal benefits to senior executive officers (including the CEO). All employees in the Stock Performance Plan (approximately 2,100 employees) are provided financial education services such as seminars focused on Company programs. In addition, personal financial counseling (excluding tax counseling) is provided to senior leaders.

Compensation for the Chief Executive Officer (CEO)

The Committee recommends to the Board specific individual compensation actions for the Chairman and Chief Executive Officer (CEO) based upon evaluation of the CEO's performance against Board-approved goals and objectives. The Committee tracks the total annual compensation of CEOs of the Peer Group to assist in the determination of the compensation of DuPont's CEO, as well as monitors the competitive practice of the Comparator Group of Companies.

In reaching its decision on Mr. Holliday's base pay, 2005 variable compensation award, and long-term incentive grants, the Committee evaluated Mr. Holliday based on the Company's overall financial and operational performance for 2005, progress on long-term strategic objectives, and against the Company's core values. In addition to this internal review, the Committee assessed Mr. Holliday's compensation against the Peer Group of companies. Based on this evaluation and in recognition of Mr. Holliday's leadership in refocusing DuPont's business direction, responding to natural disasters and other uncontrollable events and overhauling key internal capabilities and processes, the Board of Directors approved the following compensation actions:

Base Pay

For 2006, the Board approved a 3% increase in salary to $1,293,000. This increase is consistent with the salary adjustments for the Company and will place his base pay at about the expected 2005 median pay for the Peer Group chief executive officers.

Variable Compensation

The computation of Mr. Holliday's 2005 variable compensation grant was consistent with the formula followed for other corporate employees, reflecting the 94% award target based on corporate and business unit financial results. Mr. Holliday's variable compensation grant for 2005 was $1,628,000.

Long-term Incentives

In 2005, Mr. Holliday received 300,000 stock options and 70,000 performance-based restricted stock units. In January 2006, the Board approved a grant to Mr. Holliday of 300,000 stock options, 58,000 time-vested restricted stock units, and 58,000 performance-based restricted stock units.

Total 2005 Compensation

The following table provides a concise overview of Mr. Holliday's 2005 total compensation. The information provided here can also be found in other sections of this Proxy Statement.

	Value
Base Salary	$1,255,008
Variable Compensation	$1,628,000
Long-Term Incentives	
Stock Options	$1,811,844[(1)]
Performance-Based Restricted Stock Units	$2,975,000[(2)]
Total 2005 Compensation	$7,669,852

(1) Amount shown is from the Stock Option Grants Table on page 25 and represents the fair value as of 12/31/2005 using the Black-Scholes option pricing model. Assumptions used were as follows: Stock Price: $42.50; Exercise Price: $48.05; Dividend Yield: 2.9%; Volatility: 23.35%; Risk-Free Interest Rate: 3.7%; Expected Life: 4.5 years.

(2) Amount shown is from the Long-Term Incentive Plan Award Table on page 26 and represents the fair value at year-end.

Other Arrangements

Mr. Holliday does not have an employment agreement or a change in control severance agreement, nor does he have any other special agreement entitling him to any compensation following termination of employment.

Company Aircraft

The Company aircraft are dedicated primarily to senior management support and are intended for business travel only. An exception is provided to the Chairman/CEO, who is required, under the Company's personal security policy, to use Company aircraft for all air travel needs, including non-business air travel. These costs are treated as personal benefits for Mr. Holliday and disclosed as such in the "Other Annual Compensation" column in the table on page 24.

* * *

Section 162(m) of the Internal Revenue Code of 1986

The federal tax laws impose requirements in order for compensation payable to the CEO and certain executive officers to be fully deductible. The Company has taken appropriate actions to maximize its income tax deduction.

* * *

The Compensation Committee believes the executive compensation programs and practices described above are competitive. They are designed to provide increased compensation with improved financial results and offer additional opportunity for capital accumulation, but only if stockholder value is increased.

COMPENSATION COMMITTEE

Lois D. Juliber, Chair
Alain J. P. Belda
Richard H. Brown
Curtis J. Crawford
John T. Dillon
H. Rodney Sharp, III

COMPENSATION INFORMATION

The following table shows information about the compensation of the Company's chief executive officer and four other highest paid executive officers. Three additional tables provide detailed information about these employees' stock options and restricted stock unit awards.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation		
Name and Principal Position	Year	Salary	Variable Compensation (Bonus) [1]	Other Annual Compensation	Restricted Stock Awards [3]	Shares Underlying Options Granted	All Other Compensation [4]
C. O. Holliday, Jr.	2005	$ 1,255,008	$ 1,628,000	$ 156,189 [2]		300,000	$ 36,965
Chairman	2004	1,118,000	2,400,000			245,800	33,540
& Chief Executive Officer	2003	1,118,000	1,300,000			464,200	33,293
R. R. Goodmanson	2005	784,200	682,000		$ 573,750	103,500	23,526
Executive Vice President	2004	756,400	1,006,000 [5]		590,760	103,500	22,665
& Chief Operating Officer	2003	736,000	581,000			174,000	31,120
G. M. Pfeiffer	2005	580,196	458,000		391,000	70,700	17,406
Senior Vice President	2004	532,152	771,000 [5]		345,704	60,300	15,965
& Chief Financial Officer	2003	506,020	417,000			85,000	15,120
S. J. Mobley	2005	572,384	458,000		391,000	70,700	17,172
Senior Vice President,	2004	538,668	571,000		363,208	63,200	16,160
Chief Administrative	2003	513,640	367,000			85,000	15,358
Officer & General Counsel							
T. M. Connelly, Jr.	2005	510,576	481,000		352,750	63,200	15,317
Senior Vice President	2004	465,352	508,000		362,046	63,200	12,367
and Chief Science &	2003	431,400	332,000			85,000	10,773
Technology Officer							

(1) On average about 25% of variable compensation is paid in DuPont Common Stock.

(2) DuPont policy requires the Chief Executive Officer to use Company aircraft for security reasons whenever practicable. The amount reflected in this column includes a total of $142,297 that represents the aggregate incremental cost to the Company of all personal travel by Mr. Holliday and his guests on Company aircraft. Incremental cost is calculated based on the variable operating costs to the Company, including fuel, mileage, trip-related maintenance, weather-monitoring costs, crew travel expenses, on-board catering, landing/ramp fees and other variable costs. Fixed costs which do not change based on usage, such as pilot salaries and the cost of maintenance not related to trips, are excluded. The amount reflected in this column also includes $5,000 for financial counseling services, $8,502 for travel expenses of Mr. Holliday's spouse in connection with a meeting of the Board of Directors in Asia, and $390 for Mr. Holliday's personal use of a Company automobile. Mr. Holliday does not receive any gross-up for payment of taxes associated

with the described benefits. The total value of Mr. Holliday's perquisites in 2003 and 2004, including the aggregate incremental cost to the Company of personal use of Company aircraft, was less than $50,000.

(3)

On February 2, 2005, time-vested restricted stock units were granted under the Company's Stock Performance Plan to the above-mentioned named executive officers. Time-vested restricted stock units will vest in one-third increments over three years. Performance-based restricted stock units were also granted on February 2, 2005. See Long-Term Incentive Plan Awards Table on page 26. C. O. Holliday, Jr. received no time-vested stock units. His grant of restricted stock units consisted solely of performance-based units.

At December 31, 2005, the following executive officers held restricted stock in the following aggregate numbers and values based on $42.50 closing price per share: R. R. Goodmanson, 46,695 shares, $1,984,538; G. M. Pfeiffer, 29,127 shares, $1,237,898; S. J. Mobley, 18,343 shares, $779,578; T. M. Connelly, Jr., 17,414 shares, $740,095. Dividends on restricted stock are credited to grantees as additional units of restricted stock, payable in DuPont Common Stock at time of vesting.

(4)
The amounts in this column represent matching contributions made under the Company's savings plans, including the following amounts credited under the related savings restoration plan in 2005: $30,655 for C. O. Holliday, Jr.; $17,226 for R. R. Goodmanson; $11,106 for G. M. Pfeiffer; $10,872 for S. J. Mobley; and $9,017 for T. M. Connelly, Jr.

(5)
Includes special bonuses for 2004 in recognition of outstanding leadership in completion of sale of Invista business: $200,000 for R. R. Goodmanson; $200,000 for G. M. Pfeiffer.

STOCK OPTION GRANTS TABLE

	Individual Option Grants in 2005[1]				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term [2]		
Name	**Number of Shares Underlying Options Granted**	**Percent of Total Options Granted in 2005 [3]**	**Exercise Price [4]**	**Expiration Date**	**0%**	**5%**	**10%**
C. O. Holliday, Jr.	300,000	4.18%	$ 48.05	2/2/11	0	$4,902,000	$11,130,000
R. R. Goodmanson	103,500	1.44	48.05	2/2/11	0	1,691,190	3,839,850
G. M. Pfeiffer	70,700	.99	48.05	2/2/11	0	1,155,238	2,622,970
S. J. Mobley	70,700	.99	48.05	2/2/11	0	1,155,238	2,622,970
T. M. Connelly, Jr.	63,200	.88	48.05	2/2/11	0	1,032,688	2,344,720
All Stockholders' Gains	Increase in market value of DuPont Common Stock at assumed rates of stock price appreciation [5]					$ 16,291,481,246	$ 36,989,838,080
All Optionees' Gains	As a percent of all stockholders' gains [6]					.72%	.72%

(1)
Stock options are exercisable beginning one to three years from date of grant and have a term of six years.

(2)
Represents total appreciation over the exercise price at the assumed annual appreciation rates of 0%, 5% and 10% compounded annually for the term of the option.

(3)
Options granted in 2005 include a total of 7.2 million options granted to management employees under the Stock Performance Plan.

(4)
The exercise price is the average of the high and low prices of DuPont Common Stock as reported on the NYSE-Composite Transactions Tape on the date of grant.

(5)
Calculated from the $48.05 exercise price applicable to options granted in connection with the normal annual grant under the Stock Performance Plan in 2005 based on the 997,030,676 shares outstanding on the February 2, 2005 grant date for those options.

(6)
Represents potential realizable value for all options granted in 2005 as compared to the increase in market value of DuPont Common Stock at assumed rates of stock price appreciation. Potential realizable value for all options granted in 2005 is calculated from the $48.05 exercise price applicable to options granted in connection with the normal annual grant under the Stock Performance Plan.

AGGREGATED 2005 OPTION EXERCISES/ YEAR-END 2005 OPTION VALUES TABLE

Name	Option Exercises in 2005		Shares Underlying Unexercised Options Held at Dec. 31, 2005		Value of Unexercised In-the-Money Options Held at Dec. 31, 2005 (2)	
	Shares Underlying Options	Value Realized [1]	Exercisable	Unexercisable	Exercisable	Unexercisable
C. O. Holliday, Jr.	6,124	$ 92,990	3,024,799	918,601	$ 1,469,964	$ 734,987
R. R. Goodmanson			765,500	527,500	551,000	275,500
S. J. Mobley	31,478	402,761	438,154	189,568	276,414	134,587
G. M. Pfeiffer			552,417	195,234	655,538	134,587
T. M. Connelly, Jr.	763	7,343	269,345	167,168	285,609	134,587

(1)
Represents the pre-tax gain, the difference between the market value of the option shares on the date of exercise and the exercise price.

(2)
Represents the closing price for DuPont Common Stock on December 31, 2005 of $42.50 less the option grant price for all outstanding exercisable and unexercisable options for which the option price is less than the closing price. Exercisable options have been held at least one year from the date of grant (or six months in the case of reload options) and have met applicable stock price hurdles. Unexercisable options have either not met the applicable vesting requirements or price hurdles.

LONG-TERM INCENTIVE PLAN AWARDS TABLE

Name	Individual Grants in 2005		Estimated Future Payouts Under Long-Term Incentive Plan [1]		
	Number of Units Awarded	Performance Period Until Maturation or Payout	Threshold (# of shares)	Target (# of shares)	Maximum (# of shares)
C. O. Holliday, Jr.	70,000	2005-07	0	70,000	140,000
R. R. Goodmanson	14,900	2005-07	0	14,900	29,800
S. J. Mobley	9,200	2005-07	0	9,200	18,400
G. M. Pfeiffer	9,200	2005-07	0	9,200	18,400
T. M. Connelly, Jr.	7,500	2005-07	0	7,500	15,000

(1)
Performance-based restricted stock units are earned for achieving established corporate objectives of revenue growth and return on invested capital (ROIC) relative to the Company's peer group over a three-year performance period beginning in 2005 and ending in 2007. If performance equals the median as compared to the Company's peer group for both revenue growth and ROIC, payout will be 90% of the target amount. Threshold and maximum are based on the grant provisions that actual awards earned can range from zero percent to 200 percent of the target awards.

Retention Arrangement

The Company generally does not enter into agreements with executive officers. However, in connection with the Company's desire to retain R. R. Goodmanson, who joined the Company in 1999 as an external executive hire in the position of Executive Vice President, in July 2004 the Company entered into a retention agreement with Mr. Goodmanson. This retention agreement supersedes the agreement between the Company and Mr. Goodmanson dated April 22, 1999, as amended and restated March 15, 2004.

Mr. Goodmanson's original agreement provided for a severance payment of two years pay (salary plus variable compensation) in the event of termination by the Company on or before May 1, 2004. The new retention arrangement extends the period through which such a severance benefit is payable until May 1, 2009, and provides that Mr. Goodmanson's target variable compensation award will be used in the calculation of any severance payment.

The retention agreement further provides that Mr. Goodmanson will be entitled to a special award of $1,000,000 if he remains with the Company through May 1, 2009 or is terminated by the Company (other than for cause) before that date, and that he will be eligible for retiree medical, dental and life insurance coverage regardless of the age at which he retires from the Company.

Stock Performance Information

The following graph presents the cumulative five-year total return for DuPont Common Stock compared with the S&P 500 Stock Index and a self-constructed peer group of companies. The peer group companies are Alcoa, BASF, Dow Chemical, Eastman Kodak, Ford, General Electric, Hewlett-Packard, Minnesota Mining and Manufacturing, Monsanto, Motorola, PPG Industries, Rohm & Haas and United Technologies.

The graph assumes that the value of DuPont Common Stock, the S&P 500 Stock Index, and the peer group of companies was each $100 on December 31, 2000 and that all dividends were reinvested. The peer group is weighted by market capitalization.

Retirement Benefits

Retirement benefits for DuPont employees under the DuPont Pension and Retirement Plan are based on an employee's years of service and average monthly pay during the employee's three highest-paid years. "Average monthly pay" includes regular monthly compensation and one-twelfth of annual variable compensation payments, but excludes other bonuses. The Internal Revenue Code limits the amount of annual benefits that can be paid from the pension trust. Retirement benefits in excess of these limitations are paid from the Company's general revenues under separate unfunded pension restoration plans.

	Estimated Annual Retirement Benefits Based on Service of:			
Salary and Variable Compensation	**30 Years**	**35 Years**	**40 Years**	**45 Years**
$ 700,000	$ 304,000	$ 356,000	$ 408,000	$ 461,000
1,260,000	556,000	650,000	744,000	839,000
1,820,000	808,000	944,000	1,080,000	1,217,000
2,380,000	1,060,000	1,238,000	1,416,000	1,595,000
2,940,000	1,312,000	1,532,000	1,752,000	1,973,000
3,500,000	1,564,000	1,826,000	2,088,000	2,351,000

The table above illustrates the straight life annuity amounts payable under the DuPont Pension and Retirement Plan and pension restoration plans to DuPont employees retiring at age 65 in 2006. Benefits are subject to a Social Security offset which is reflected in the estimated benefits shown in the table. As of retirement age (65), the years of service credited for retirement benefits for active DuPont employees named in the Summary Compensation Table on page 24 would be as follows: 43 years for C. O. Holliday, Jr., 13 years for R. R. Goodmanson, 40 years for G. M. Pfeiffer, 38 years for S. J. Mobley and 39 years for T. M. Connelly, Jr.

2 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Article III, Section 5, of the Bylaws provides that it shall be the duty of the Audit Committee to employ, subject to stockholder ratification at each annual meeting, independent public accountants to audit the books of account, accounting procedures and financial statements of the Company for the year and to perform such other duties as prescribed from time to time by the Audit Committee. On April 27, 2005, the stockholders ratified the appointment by the Audit Committee of PricewaterhouseCoopers LLP (PwC) to perform the functions assigned to it in accordance with the Bylaws.

PwC, an independent registered public accounting firm, has served as the Company's independent accountants continuously since 1954. It is believed that its knowledge of the Company's business gained through this period of service is valuable.

Securities and Exchange Commission rules require reassignment of the lead partner after five years. This rotation provides the Company the benefit of new thinking and approaches in the audit area.

Fees for services provided by PwC for the past two completed fiscal years ended December 31 (in millions) were as follows:

	2005	2004
Audit Fees	$ 18.9	$ 18.8
Audit-Related Fees	1.8	5.4
Tax Fees	0.1	0.9
All Other Fees	0.1	0.4
TOTAL	$ 20.9	$ 25.5

Fees for audit services included the audit of the Company's consolidated financial statements, separate audits of its subsidiaries, services associated with regulatory filings, and the audit of Management's Report on Internal Control over Financial Reporting and the effectiveness of internal control over financial reporting. Fees for audit-related services primarily included accounting services associated with the repatriation of cash under the American Jobs Creation Act, audits of company-sponsored benefit plans and statutory attestation services. For 2004, audit-related fees also included audits of separate financial statements of the divested Textiles & Interiors businesses. Tax fees in 2004 principally included certain tax compliance and planning services. Fees for all other services primarily included miscellaneous consulting.

The Audit Committee has adopted a Policy on Pre-approval of Services Performed by the Independent Registered Public Accounting Firm. A summary of the Policy appears in this Proxy Statement beginning on page A-4.

Subject to ratification by the holders of DuPont Common Stock, the Audit Committee has reemployed PwC as the independent registered public accounting firm to audit the Company's consolidated financial statements for the year 2006 and to render other services as required of them. Representatives of PwC are expected to be present at the meeting and will have an opportunity to address the meeting and respond to appropriate questions.

The Board of Directors recommends that you vote "FOR" the following resolution:

RESOLVED: That the action of the Audit Committee in employing PricewaterhouseCoopers LLP as the independent registered public accounting firm for the year 2006 to perform the functions assigned to it in accordance with Article III, Section 5, of the Bylaws of E. I. du Pont de Nemours and Company hereby is ratified.

3 STOCKHOLDER PROPOSAL ON EXECUTIVE COMPENSATION

The International Brotherhood of DuPont Workers, P. O. Box 10, Waynesboro, Virginia 22980, owner of 60 shares of DuPont Common Stock, has given notice that it will introduce the following resolution and statement in support thereof:

RESOLVED: That the stockholders of E. I. du Pont de Nemours and Company, assembled in annual meeting in person and by proxy, hereby recommend the following nonbinding proposal: that the Board of Directors prepare a report, to be made available to shareholders four months after the 2006 Annual Meeting, that shall review the compensation packages provided to senior executives of the Company and address the following.

1. Ways to link compensation more closely to the Company's financial performance.
2. Comparison of compensation packages for senior executives with that provided to the lowest paid Company employees in the U.S. and internationally.
3. Whether there should be a ceiling on compensation provided to senior executives so as to prevent the possibility of excessive compensation.
4. Whether compensation of senior executives should be adjusted in the event of the layoff of a substantial number of employees.
5. Ways to link compensation to the Company's social corporate performance (e.g. incentives given for meeting or surpassing certain standards, such as those involving the impact of production on the environment).

Stockholder's Statement

Mr. Holliday has served as CEO since 1998 and during that time his total compensation has been made up of three elements salary, cash bonus and stock.

While his salary and bonus for 2004 was 3.6 million, a 50% increase over what he received during 2003, that amount is dwarfed by what he has received in stock. As of October 2005, Mr. Holliday has been provided with over 460,000 shares of stock, over 3.5 million stock options and over 130,000 restricted stock units. Also, Mr. Holliday can look forward to a pension, were he to retire right now, of close to $2 million per year.

In contrast with the white glove treatment that Mr. Holliday has received, the stockholders and employees have been subject to very different treatment.

For stockholders, since 1998 when Mr. Holliday took over as CEO, DuPont stock is down over 30% (with DuPont stock at $40) while the S&P is up 30%. Dow Chemical, a competitor, is up over 40% for that same period.

For employees, they have received a yearly wage increase that has averaged significantly less than 3%, and in just the last four years, their contribution toward health care costs have gone up almost four fold. For DuPont pensioners, the picture is even worse, with retirees often paying more in health care costs than they receive from their pension!

It is said that success comes with its price and that price can be expensive. In the case of DuPont and its treatment of Mr. Holliday, it can also be said that failure comes with its price and that price is also expensive.

While DuPont has many formulas for calculating executive compensation, all detailed within the proxy statement, you have to wonder what all these formulas really mean since Mr. Holliday has been accumulating enormous wealth while the shareholders, employees and pensioners have been suffering.

It is past time for DuPont to rethink the criteria used for compensating its senior executives. This proposal will do just that and would be applauded by the employees of DuPont as well as the general public. This proposal simply makes sense!

If you AGREE, please mark your proxy FOR this resolution.

Position of the Board of Directors
The Board of Directors
recommends that you vote
"AGAINST" this proposal

The Board shares the underlying objective that the Company's executive compensation policy and programs be linked to business and individual performance and stockholder value. The Company's executive compensation policy is designed to attract, motivate, reward and retain high quality executives necessary for the leadership of the Company by aligning their interests with those of the stockholders, and recognizing the individual and team performance of each executive in meeting the business objectives of the Company.

The Board believes that the objective of this proposal is being addressed through the engaged oversight and work of the Compensation Committee and the Committee's Report on Executive Compensation set forth on pages 18-23 of this Proxy Statement ("Report").

The Report describes how closely executive compensation is linked to the Company's financial performance on an annual, mid-term and long-term basis.

In 2003 and again in 2005, the Compensation Committee worked with an outside consultant to undertake a study of DuPont's executive compensation strategy. As a result, changes were implemented to further strengthen the link between compensation and corporate financial performance. For example, senior leadership now receives performance-based restricted stock units based on pre-established performance-based operational metrics. These performance-based units are more fully described in the Report.

In addition, the Report describes the link between annual variable compensation and social corporate performance, including performance on the Company's core values "payments may be differentiated by platform and business unit based on a qualitative assessment of performance on the Company's core values: ethics and integrity; workplace environment, treatment and development of people, and strategic staffing (including diversity); and safety, health and environmental stewardship."

The Report also describes the steps taken by the Company to address concern over increasing CEO compensation in the market, relative to that of average employees, without corresponding accountability for performance. Over the past decade, the position of DuPont's Executive Vice President has been used as an additional benchmark, with total annual cash compensation for the CEO currently about twice that of the Executive Vice President.

In the Board's view, the report requested by the proposal would duplicate the Compensation Committee's ongoing work to review, evaluate and modify the Company's executive compensation policy and programs and to report annually to all stockholders through the Proxy Statement.

4 STOCKHOLDER PROPOSAL ON GENETICALLY MODIFIED FOOD

Christian Brothers Investment Services, Inc., 90 Park Avenue, New York, New York 10016, owner of 58,504 shares of DuPont Common Stock; The Sisters of St. Francis of Philadelphia, 609 South Convent Road, Aston, Pennsylvania 19014, owner of $2,000 or more worth of shares of DuPont Common Stock; The Sisters of Charity of Saint Elizabeth, P. O. Box 476, Convent Station, New Jersey 07961, owner of 1,300 shares of DuPont Common Stock; The Episcopal Church, 815 Second Avenue, New York, New York 10017, owner of 11,200 shares of DuPont Common Stock; As You Sow Foundation, 311 California Street, Suite 510, San Francisco, California 94104, as representative of Adelaide Gomer, owner of 125 shares of DuPont Common Stock; Sisters of St. Dominic of Caldwell, New Jersey, 52 Old Swartswood Station Road, Newton, New Jersey 07860, owner of 100 shares of DuPont Common Stock; The Benedictine Sisters of Mount St. Scholastica, Inc., 801 S. 8th Street, Atchison, Kansas 66002, owner of 589 shares of DuPont Common Stock; The Congregation of Benedictine Sisters, 285 Oblate Drive, San Antonio, Texas 78216, owner of 600 shares of DuPont Common Stock; The Grand Rapids Dominican Sisters, 2025 E. Fulton Street, Grand Rapids, Michigan 49503, owner of 1407 shares of DuPont Common Stock; and Providence Trust, 515 SW 24th Street, San Antonio, Texas 78207, owner of 4,750 shares of DuPont Common Stock have given notice that they will introduce the following resolution and statement in support thereof:

Stockholders' Statement

Whereas: Disclosure of material information is a fundamental principle of our capital markets. Investors, their confidence in corporate bookkeeping shaken, are starting to scrutinize other possible "off-balance sheet" liabilities, such as risks associated with activities harmful to human health and the environment, that can impact long-term shareholder value.

SEC reporting requirements include disclosure of environmental liabilities and of trends and uncertainties that the company reasonably expects will have a material impact on revenues. Public companies are now required to establish a system of controls and procedures designed to ensure that financial information required to be disclosed in SEC filings is recorded and reported in a timely manner.

Whereas: The FDA does not require producers of genetically engineered (GE) food products to seek prior FDA approval of finished GE food products; nor does the FDA issue assurances as to the safety of these products. Producers of GE-products are merely encouraged to have voluntary safety consultations with the FDA.

According to *Safety of Genetically Engineered Foods: Approaches to Assessing Unintended Health Effects* (National Academy of Sciences [NAS] 7/2004): "...there remain sizable gaps in our ability to identify...unintended adverse effects on human health [of genetically modified organisms]." (p.15)

No post-marketing surveillance is required to verify results of pre-market screening for unanticipated adverse health consequences from the consumption of GE food (*NAS* 7/2004) or environmental impacts from the production of GE crops.

Gone to Seed (Union of Concerned Scientists) reports that genetically engineered DNA is contaminating U.S. traditional seed stocks of corn, soybeans and canola, and that if left unchecked could disrupt agricultural trade, unfairly burden the organic foods industry, and allow hazardous materials into the food supply.

Weed resistance to herbicides used widely by farmers who plant genetically engineered herbicide resistant crops, is increasing. (Agriculture Research 8/24/04).

In December 2002, StarLink corn, not approved for human consumption, was detected in a U.S. shipment to Japan. StarLink first contaminated U.S. corn supplies in September 2000, triggering a recall of 300 products.

Insurers in Germany, the U.K. and elsewhere are refusing liability coverage for genetically engineered crops, demonstrating heightened concern about the long-term safety of GE crops.

An August-September 2004 survey of 1,194 grain elevators across the United States conducted by the American Corn Growers Foundation Farmer Choice-Customer First program found that nearly one-quarter (23.7%) reported that they are requiring segregation of biotech corn from conventional corn varieties.

Despite these potential hazards, DuPont does not include risks associated with genetically modified organisms in its financial reporting.

RESOLVED: That the board of directors review and report to shareholders by the 2007 annual meeting on the company's internal controls related to potential adverse impacts associated with genetically modified organisms, including:

- reviewing the adequacy of current post-marketing monitoring systems;
- retaining an independent environmental expert to review the effectiveness of established risk management processes; and
- examining possible impact on seed product integrity.

Position of the Board of Directors
The Board of Directors
recommends that you vote
"AGAINST" this proposal

The Board of Directors agrees that identification of and comprehensive disclosure of potential liabilities and trends and uncertainties facing the Company is of critical importance to stockholders and other constituencies. The Company currently has in place an extensive system of controls and procedures designed to ensure that issues are surfaced and addressed. The Board therefore believes that the concerns raisedin the proposal are already being satisfied.For a wide range of current information on DuPont's activities in the area of biotechnology, please visit *www.biotech.dupont.com*.

The Company conducts significant testingon new products before such products are brought to the marketplace. In the area of genetically engineered food products, the pre-market testing is a robust, multi-year process. Each new product undergoes a myriad of laboratory and field tests at every stage of development and commercialization, with such testing lasting for a period of seven to ten years. In addition, new products are subject to U.S. Department of Agriculture and Environmental Protection Agency approval requirements with which the Company fully complies. The Company also participates in the Food and Drug Administration's voluntary pre-market notification program and supports the adoption of a mandatory pre-market notification requirement.

Under the leadership of the Product Stewardship Council and associated product stewardship teams and networks throughout the Company, DuPont's ongoing product stewardship efforts are designed to assure that the Company's products remain safe and appropriate for use, and that any potential concerns regarding products are identified and addressed in a timely manner. Product stewardship reviews are conducted on a regular basis by all businesses.Data collected by the Company in any post-market monitoring is integrated fully into the product stewardship process. For example, any significant change in use, regulations or risk information may triggera new review of the product.

In recognition of the value of differing viewpoints and perspectives on the dialogue over biotechnology, the Company in 1999 established the Biotechnology Advisory Panel ("Panel"), an independent panel whose mission is "to guide our actions, help us create positions on important issues, and guide and challenge us in the development, testing and commercialization of new products based on biotechnology." The Panel's members represent a diversity of international interests, academic and vocational expertise, and cultural backgrounds. The interactive dialogue generated by the work of the Panel has enriched the Company's understanding of potential issues associated with the use of this technology. For a copy of the Biotechnology Advisory Panel's January 2005 report, please visit *www.biotech.dupont.com.*

The Company's entity-wide controls and procedures assure that employees from a wide variety of disciplines participate in the preparation of the Company's Securities and Exchange Commission ("SEC") disclosure documents. This includes employees with responsibility for biotechnology and genetically engineered food products, who are involved directly in identifying, analyzing and reporting information for disclosure in DuPont's SEC filings. The Board of Directors therefore believes that appropriate information about genetically engineered food products is being reflected in the Company's SEC filings.

5 STOCKHOLDER PROPOSAL ON PERFORMANCE-BASED COMPENSATION

The United Brotherhood of Carpenters and Joiners of America, 101 Constitution Avenue, NW, Washington, DC 20001, owner of 16,300 shares of DuPont Common Stock has given notice that it will introduce the following resolution and statement in support thereof:

RESOLVED: That the shareholders of E. I. du Pont de Nemours and Company ("Company") request that the Board of Director's Executive Compensation Committee establish a pay-for-superior-performance standard in the Company's executive compensation plan for senior executives ("Plan"), by incorporating the following principles into the Plan:

1. The annual incentive component of the Company's Plan should utilize financial performance criteria that can be benchmarked against peer group performance, and provide that no annual bonus be awarded based on financial performance criteria unless the Company exceeds the median or mean performance of a disclosed group of peer companies on the selected financial criteria;

2. The long-term equity compensation component of the Company's Plan should utilize financial and/or stock price performance criteria that can be benchmarked against peer group performance, and any options, restricted shares, or other equity compensation used should be structured so that compensation is received only when Company performance exceeds the median or mean performance of the peer group companies on the selected financial and stock price performance criteria; and

3. Plan disclosure should allow shareholders to monitor the correlation between pay and performance established in the Plan.

Stockholder's Statement

We feel it is imperative that executive compensation plans for senior executives
be designed and implemented to promote long-term corporate value. A critical design feature of a well-conceived executive compensation plan is a close correlation between the level of pay and the level of corporate performance. We believe the failure to tie executive compensation to superior corporate performance has fueled the escalation of executive compensation and detracted from the goal of enhancing long-term corporate value. The median increase in CEO total compensation between 2003 and 2004 was 30.15% for S&P 500 companies, twice the previous year increase of 15.04% according to The Corporate Library's CEO Pay Survey.

The pay-for-performance concept has received considerable attention, yet
most executive compensation plans are
designed to award significant amounts of compensation for average or below average peer group performance. Two common and related executive compensation practices have combined to produce pay-for-average-performance and escalating executive compensation.

First, senior executive total compensation levels are targeted at peer group median levels. Second, the performance criteria and benchmarks in the incentive compensation portions of the plans, which typically deliver the vast majority of total compensation, are calibrated to deliver a significant portion of the targeted amount. The formula combines generous total compensation targets with less than demanding performance criteria and benchmarks.

We believe the Company's Plan fails to promote the pay-for-superior-performance principle. Our proposal offers a straightforward solution: The Compensation Committee should establish and disclose meaningful performance criteria on which to base annual and long-term incentive senior executive compensation and then set and disclose performance benchmarks to provide for awards or payouts only when the Company exceeds peer group performance. We believe a plan to reward only superior corporate performance will help moderate executive compensation and focus senior executives on building sustainable long-term corporate value.

Position of the Board of Directors
The Board of Directors
recommends that you vote
"AGAINST" this proposal

The Board agrees that executive compensation policies and practices should provide challenging performance objectives and serve to motivate executives to enhance long-term corporate values. We believe, however, that our current program is largely performance-based, and effectively aligns participants' interests with those of our stockholders. The Board also believes that adopting a policy such as that proposed would adversely affect our ability to attract and retain the most qualified senior executives.

The Compensation Committee, which is comprised of six independent, nonemployee directors, administers and oversees all of the Company's compensation programs, including those for senior executives. In 2003 and again in 2005, the Compensation Committee, with the assistance of an outside consultant, re-evaluated the Company's executive compensation strategy. As a result, the Company's long-term incentive program was expanded to include a blend of stock options, performance-based restricted stock units and time-vested restricted stock units. These vehicles provide a strong incentive for employees responsible for the growth and success of the Company and encourage ownership of DuPont stock, thus strengthening the link between grantees' interests and stockholders' interests.

Stock option grants are inherently performance-based because their value is

directly linked to the Company's stock price over time, thereby reflecting the Company's fundamental performance. In order for grantees to realize any benefit, stock options require DuPont stock price appreciation.

Similarly, performance-based restricted
stock units take into account the Company's overall financial performance relative to pre-established performance-based objectives in both revenue growth and return on invested capital as compared with the Company's Peer Group, over a three-year period. Payouts can range from zero to 200% of the target grant. Time-vested restricted stock units provide capital accumulation opportunities and support retention goals for key employees.

The Company's annual variable compensation program rewards employees based on the performance of the Company, their business units and their individual contributions. In determining the amount available for variable compensation awards, the Compensation Committee employs a formula reflecting return on invested capital versus the Company's Peer Group and earnings per share growth. This approach ensures that the variable compensation component of compensation is
performance-based.

For additional detail about the Company's compensation program, please see the Compensation Committee Report on Executive Compensation beginning on page 18 of this Proxy Statement.

For the reasons cited above, the Board believes that the elements of the Company's long-term incentive program are inherently performance-based and align employees' interests with those of DuPont's stockholders. Adoption of this proposal would reduce the Company's flexibility to offer competitive compensation arrangements and its ability to attract and retain the most qualified senior executives. Consequently, we do not believe that this proposal is in the long-term best interests of the Company's stockholders.

6 STOCKHOLDER PROPOSAL ON PFOA

United Steelworkers, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, 3340 Perimeter Hill Drive, Nashville, Tennessee 37211, owner of 74 shares of DuPont Common Stock; Amalgamated Bank LongView Collective Investment Fund, 15 Union Square, New York, New York 10003, owner of 333,298 shares of DuPont Common Stock; and Sisters of Mercy of the Americas, 515 Montgomery Avenue, Merion Station, Pennsylvania 19066, owner of 100 shares of DuPont Common Stock have given notice that they will introduce the following resolution and statement in support thereof:

RESOLVED: The shareholders of E. I. du Pont de Nemours and Company ("DuPont") urge the Board of Directors to issue a report on PFOA compounds used in DuPont products by the 2007 Annual Meeting, at reasonable cost and excluding confidential information, evaluating the feasibility of an expeditious phase-out of the use of PFOA in the production of all DuPont products including materials that may degrade to PFOA in use or in the environment, and the development and adoption of safer substitutes.

Stockholders' Statement

DuPont faces liabilities and marketplace
risks due to the potential health and environmental consequences of PFOA, a chemical processing aid used in the production of Teflon® and other products.

PFOA does not break down in the environment and may be detectable in the

blood of more than 90% of Americans. 3M the original supplier stopped producing PFOA in the U.S. due to concerns about its environmental impacts. PFOA has been detected in household dust in consumers' homes in several states, and in water near DuPont facilities in Parkersburg, WV, Fayetteville, NC and Circleville, OH.

The Company states in shareholder reports that it believes PFOA does not harm human health. Yet as of the filing of this resolution, management had not disclosed in shareholder reports that workers in DuPont's Parkersburg, WV facility most of whom were likely to have experienced elevated exposure to PFOA compared with the general population, were found to have higher than normal levels of leukemia, rheumatic heart disease, atherosclerosis and aneurysm.

Therefore, shareholders believe that the report requested by this resolution should also summarize the scientific studies indicative of potential health hazards associated with PFOA.

A class action lawsuit seeking $5 billionin damages has been filed against our company alleging the management's failure to disclose known risks of Teflon® to consumers, including but not limited to issues associated with emissions of PFOA.

In September 2004, DuPont settled a class action involving PFOA water pollution near the Parkersburg, WV plant, where DuPont manufactures Teflon®. DuPont will pay at least $108 million under the settlement. The company could have to spend an additional $235 million for medical monitoring for area residents and be subject to further personal injury suits if an independent panel finds a link between PFOA exposure and disease. (DuPont Form 10Q, 11/5/04)

DuPont received a criminal subpoena from the U.S. Justice Department in May 2005 regarding alleged withholding of information on risks of PFOA. This follows EPA civil charges asserting that the management unlawfully withheld information from EPA related to the Parkersburg, WV facility including the presence of PFOA in blood samples of pregnant DuPont employees, and PFOA contamination in local drinking water above the Company's community exposure guidelines. (EPA Notice, 7/8/04)

Risks of PFOA and related compounds
are currently under review for potential regulatory restrictions or bans in Canada, Australia and Europe.

To defend share value against the risks associated with PFOA, proponents urge a yes vote on this resolution.

Position of the Board of Directors
The Board of Directors
recommends that you vote
"AGAINST" this proposal

The Board of Directors shares the underlying objective of the proposal to defend shareholder value in the Company's products associated with PFOA. However, in view of the current technological infeasibility of phasing out the use of PFOA in the production of all Company products, the Board of Directors believes that the Company's approach to PFOA, includingits recent commitment to the U.S. Environmental Protection Agency ("EPA") 2010/15 PFOA Stewardship Program, represents the best approach to defending shareholder value. Under the U.S. EPA program, the Company has committed to virtually eliminate the sources of exposure to PFOA from its manufacturing operations and products by 2015.

The Company uses a form of PFOA asa processing agent to manufacture fluoropolymer resins and dispersions.PFOA is not used in the manufacture of fluorotelomers; however, it is anunintended by-product at trace levels influorotelomer-based products. Both families of products provide significant and, in some cases, unique societal benefits. The Company believes, with its science and technology, that the U.S. EPA's goals can be achieved while continuing to provide fluoropolymer and fluorotelomer products to

meet its customers' needs and contribute to shareholder value.

Stockholders and members of the public will be able to track the Company's progress against these commitments through the Company's website and that of the U.S. EPA. In addition, the Company has provided extensive discussion regarding PFOA in its periodic reporting documents required by the securities laws as well as providing a substantial body of information about PFOA on its website (*www.pfoa.dupont.com*).

7 STOCKHOLDER PROPOSAL ON CHEMICAL FACILITY SECURITY

Green Century Funds, 29 Temple Place, Suite 200, Boston, Massachusetts 02111, owner of 85 shares of DuPont Common Stock, has given notice that it will introduce the following resolution and statement in support thereof:

Stockholder's Statement

Whereas: Security at chemical facilities has become one of the most important issues facing our country. Across the United States, thousands of facilities use and store extremely hazardous substances in
large quantities that pose major risks to surrounding communities, employees, and the environment;

Whereas: According to Risk Management Plans (RMPs) filed by companies with the U.S. Environmental Protection Agency, at over 100 of these facilities more than one million people live in the area where they could be seriously injured or killed in the event of a catastrophic incident such as a chemical accident or terrorist attack;

Whereas: A report by the Army Surgeon General in 2003 ranked an attack on a chemical plant second only to a widespread biological attack in the magnitude of its hazard to the public. Numerous other government agencies and private groups have published warnings about these dangers. *(http//www.crtk.org/detail.cfm? docID=765%26cat=spills%2520and% 2520emergencies)*;

Whereas: It is often possible for a company to increase the inherent security of a facility and decrease the number of people at risk of harm by switching to chemicals that are less acutely hazardous, reducing the quantities of extremely hazardous substances stored at facilities, altering the processes used at facilities, or locating facilities outside densely populated areas;

Whereas: Improving physical security through such steps as hiring additional security guards and building perimeter fences will not reduce the number of people endangered by a facility;

Whereas: DuPont operates thirty-three facilities in the United States that combined put a total of over nine million people at risk in the event of a catastrophic release of chemicals caused by an accident or terrorist attack, according to an independent report analyzing RMPs filed by our Company with the EPA as of 2004 (*http://uspirg.org/uspirg.asp?id2=13532&id3=USPIRG&*). These facilities use large quantities of extremely hazardous substances including hydrofluoric acid, chlorine, hydrochloric acid, oleum (fuming sulfuric acid), phosgene, sulfur trioxide, and titanium tetrachloride;

Whereas: Shareholders know little about our Company's efforts to prevent and reduce the magnitude of catastrophic incidents at its facilities. Our Company's most recent 10-K and 10-Q filings contain no information on the possibility of such incidents and their potential impact on the Company or on employees, surrounding communities, and the environment;

RESOLVED, shareholders request that the independent directors of the Board of DuPont prepare a report, at reasonable cost

and omitting proprietary information, on the implications of a policy for reducing potential harm and the number of people in danger from potential catastrophic chemical releases by increasing the inherent security of DuPont facilities through such steps as reducing the use and storage of extremely hazardous substances, reengineering processes, and locating facilities outside high-population areas. The report should be available to investors by the 2007 Annual Meeting.

Position of the Board of Directors
The Board of Directors
recommends that you vote
"AGAINST" this proposal

The Board of Directors is, and has been, acutely focused on the issues presented in this stockholder proposal. The Company has for decades implemented comprehensive programs to assess and reduce the risks associated with the use, handling, storage and transportation of hazardous chemicals on Company plant sites, including those
that may be classified as higher-hazard chemicals. These processes and programs are reviewed on a regular basis, and continuously upgraded to reduce risks.

The Board of Directors has established an Environmental Policy Committee, which is composed entirely of independent directors. This Committee is charged with overseeing the Company's process safety management practices, as well as its environmental policies and practices, and reporting on its work to the full Board.

Additionally, the Company has adopted and implemented the DuPont SHE (safety, health and environment) Commitment, which is a driving force behind all of the Company's decisions related to the use and storage of chemicals, the manufacturing, inventory and materials handling processes employed by the Company, and the location of Company facilities. Specifically, the DuPont SHE Commitment states that the Company strives to "continuously analyze and improve our

practices, processes and products to reduce their risk and impact throughout the product life cycle. We will develop new products and processes that have increasing margins of safety for both human health and the environment. We will seek opportunities to make our new and existing facilities inherently safer." The DuPont SHE Commitment is available at
http://www2.dupont.com/Social_Commitment/en_US/SHE/usa/us2.html.

The implementation of Process Safety Management Programs at all manufacturing sites, which include risk management requirements involving technology, facilities and personnel, also seek to effectively identify and manage risks associated with the handling and storage of the various chemicals used by the Company. Specifically, under the Company's Process Hazards Analysis (PHA) system, the Program analyzes Inherently Safer Process opportunities to reduce risk on higher-hazard processes. The PHA also includes an analysis and review of facilities to evaluate the impact of a variety of potential consequences both on and off-site.

As part of the Company's program to ensure a comprehensive approach to these issues, the Company conducts routine internal audits of its safety, health and environmental performance in relation to its SHE Commitment. These audits review each facility's Process Safety Management Programs to assure compliance with Company expectations. Further, the Company's SHE programs are audited by two separate and independent auditors, both of which have specific experience in the safety, health and environment area. One such audit annually reviews the Company's SHE audit program with results reported to senior leadership. A summary of these findings is posted on the Company's website at *http://www2.dupont.com/Social_Commitment/en_US/SHE/thirdparty/index.html*. The second independent audit reviews the Company's SHE systems to

ascertain overall adherence to the Company's SHE policies and programs.

The Proposal seeks the preparation and delivery of a report on the implications of
a policy for reducing potential harm. The Company has already adopted such a policy, as set forth in the DuPont SHE Commitment. The Company's Process Safety Management Programs, as implemented, are designed to evaluate and address the very concerns stated in the Proposal. The Board therefore believes the objectives of the proposal are being met. Furthermore, a detailed report addressing the risks associated with the design and operation of the Company's chemical facilities would likely require disclosure of security sensitive and proprietary financial and operational data. Any such disclosure could compromise the security of the Company's facilities, its employees, and the surrounding communities.

For the reasons noted above, the Board of Directors recommends a vote "against" this proposal.

Other Matters

The Board of Directors knows of no other proposals that may properly be presented for consideration at the meeting but, if other matters do properly come before the meeting, the persons named in the proxy will vote your shares according to their best judgment.

APPENDIX "A"

E. I. DU PONT DE NEMOURS AND COMPANY

AUDIT COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities relating to:

Monitoring the quality, reliability and integrity of the Company's external financial reporting process;

The adequacy of the Company's internal controls particularly with respect to the Company's compliance with legal and regulatory requirements and corporate policy;

The independence and qualifications of the Company's independent registered public accounting firm, who shall be accountable to the Audit Committee and the Board of Directors;

The performance of the Company's internal audit function and the Company's independent registered public accounting firm; and

The preparation of an Audit Committee Report for inclusion in the Company's annual meeting proxy statement, in accordance with applicable rules and regulations.

II. RESPONSIBILITIES

The Audit Committee's responsibilities shall include:

Subject to shareholder approval, nominating, employing and replacing the independent registered public accounting firm to audit the consolidated financial statements of the Company.

Pre-approving all audit and permitted non-audit related services, including the fees related to the provision of such services, to be performed by the Company's independent registered public accounting firm.

Reviewing and appraising the audit efforts of the Company's independent registered public accounting firm.

Reviewing and appraising the audit efforts of the Company's internal audit function, including reviewing with the independent registered public accounting firm the responsibilities, budget and staffing of the internal audit function.

Ensuring that the independent registered public accounting firm submit, at least annually, to the Audit Committee a report describing (1) the independent registered public accounting firm's quality control procedures, (2) all relationships between the independent registered public accounting firm and the Company, and (3) material issues raised by the independent registered public accounting firm's most recent internal quality control review or peer review or by any governmental or professional inquiry or investigation in the most recent five-year period relating to the independent registered public accounting firm's audits. The Audit Committee is responsible for actively engaging in a dialogue with the independent registered public accounting firm with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent registered public accounting firm. As appropriate, the Audit Committee shall

recommend that the Board of Directors take appropriate action in response to the independent registered public accounting firm's report to satisfy itself of their independence.

Reviewing with management and the independent registered public accounting firm the Company's financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Annual Report on Form 10-K and in its quarterly reports on Form 10-Q prior to filing such reports with the Securities and Exchange Commission. Such review shall include discussing with the independent registered public accounting firm those matters required to be discussed under generally accepted auditing standards and applicable regulations.

Discussing with management the Company's earnings press releases, earnings guidance, and other financial information provided to analysts and rating agencies.

Meeting with management periodically to discuss guidelines and policies governing the processes used to assess, monitor and control the Company's major risk exposures, including financial risk exposures.

Discussing with the independent registered public accounting firm any problems or difficulties encountered during the course of the audit and any significant disagreements with management.

Approving the appointment or removal of the Vice President and General Auditor.

Providing an open avenue of communication among and individually with the independent registered public accounting firm, management, the internal audit function, and the Board of Directors, and taking appropriate actions resulting from this interaction.

Establishing procedures for the receipt, retention and resolution of complaints regarding accounting, internal controls or auditing matters, including procedures for the confidential, anonymous submission of complaints by employees of the Company.

Reviewing and assessing the adequacy of this Charter on an annual basis and recommending changes, if any, to the Board of Directors.

Establishing a policy to govern the Company's hiring of employees or former employees of its independent registered public accounting firm.

Reporting regularly to the Board.

Conducting an annual performance evaluation of the Audit Committee.

III. COMPOSITION

The Audit Committee shall be comprised of at least three independent directors. All of the members of the Audit Committee shall be independent as determined under the Board's Corporate Governance Guidelines and the New York Stock Exchange standard and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. In the judgment of the Board, all of the members of the Audit Committee shall be financially literate or become so within a reasonable period of time after his or her appointment to the Audit Committee and at least one member of the Committee shall possess experience and expertise in accounting or financial management.

The members of the Audit Committee shall be elected by the Board at the annual organizational meeting of the Board. The members of the Audit Committee shall serve until their successors shall be duly elected and qualified.

The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise it. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent registered public accounting firm to attend a meeting of or to meet with any members of, or consultants to, the Audit Committee.

The Company shall provide the Audit Committee with a level of funding appropriate for the Audit Committee to carry out its responsibilities.

IV. MEETINGS

The Committee shall meet at least six times annually. As part of its job to foster open communication, the Committee shall meet at least annually with management, the Vice President and General Auditor and the independent registered public accounting firm in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

V. LIMITATION OF DUTIES

While the Audit Committee has the responsibilities and powers set forth in the Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete, accurate and in accordance with generally accepted accounting principles. The independent registered public accounting firm is responsible for planning and conducting audits. Management is responsible for preparing complete, accurate financial statements in accordance with generally accepted accounting principles.

APPENDIX "A-1"

Summary of Audit Committee Policy
on Pre-approval of Services Performed by the Independent Registered Public Accounting Firm

The independence of the Company's independent registered public accounting firm is critical to ensure the integrity of the Company's financial statements. To assure that the services performed by the independent registered public accounting firm do not impair their independence, the Audit Committee has established a policy governing pre-approval of services to be provided by the independent registered public accounting firm.

The independent registered public accounting firm will submit a report, which includes an aggregate of services in the following four categories expected to be rendered during the year and the related range of fees, to the Audit Committee for its approval:

1. Audit services comprise the work necessary for the independent registered public accounting firm to render opinions on the audit of the consolidated financial statements of the Company and on management's assessment and on the effectiveness of the Company's internal controls as specified in §404 of the Sarbanes-Oxley Act, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide. Audit services include separate audits of the Company's subsidiaries, services associated with SEC registration statements, periodic reports and other documents issued in connection with securities offerings.

2. Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, including financial statement audits of businesses to be divested, employee benefit plan audits, agreed-upon or expanded audit procedures to meet certain regulatory requirements, and certain attestation services.

3. Tax services include selected non-U.S. tax compliance and limited assistance with tax audits involving federal, state and international tax consulting projects commenced prior to December 31, 2001.

4. Other services include attestation services required in connection with governmental requests/reviews and other attestation services performed in connection with nonfinancial information.

From time to time, circumstances may arise in which it will become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval (e.g., new services or approved services exceeding the pre-approved range of fees). In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The Audit Committee has delegated limited pre-approval authority to the Audit Committee Chair. Any services and associated fees approved by the Audit Committee Chair will be reported to the Audit Committee at its next meeting.

APPENDIX "B"

E. I. DU PONT DE NEMOURS AND COMPANY

COMPENSATION COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Compensation Committee is to:

Discharge the responsibilities of the Company's Board of Directors relating to compensation of the Company's executive employees;

Produce a Report on Executive Compensation for inclusion in the Company's annual meeting proxy statement, in accordance with applicable rules and regulations; and

Oversee the succession planning process and personal development for key positions.

II. RESPONSIBILITIES

The Compensation Committee's responsibilities shall include:

Establishment of the executive compensation policy for the Company consistent with corporate objectives and shareholder interests;

Oversight of the process for evaluation of the performance of the Chief Executive Officer, including coordination of input from independent directors regarding the performance of the Chief Executive Officer against Board-approved goals and objectives relevant to CEO compensation;

Recommendation to the Board regarding the compensation for the Chief Executive Officer based on the evaluation;

Review and approval of compensation for, including employment arrangements with, executive officers other than the CEO;

Recommendation to the Board regarding the compensation for nonemployee directors;

Administration of grants under the Company's compensation plans, including recommendation to the Board with respect to variable compensation and equity-based plans;

Assessment of key leadership talent and monitoring succession planning, development and retention of key current and future leaders;

Oversight of the Chief Executive Officer succession planning process;

Reporting regularly to the Board; and

Annual performance evaluation of the Compensation Committee.

In carrying out these responsibilities, the Compensation Committee may

- Take appropriate action to authorize the issuance of DuPont common stock pursuant to provisions of the Company's compensation and benefit plans;
- Retain or replace trustees under the Company's benefit plans and take such other actions as may be required by the Company's compensation and benefit plans, related trust agreements or other plan documents;
- Retain any consultant that the Committee considers appropriate and approve related fees and other retention terms; and
- Request any officer or employee of the Company or the Company's outside counsel to attend a meeting of or to meet with any members of, or consultants to, the Compensation Committee.

III. COMPOSITION

The Compensation Committee shall be comprised of at least three independent directors, each of whom shall be independent as determined under the Board's Corporate Governance Guidelines and the New York Stock Exchange standard and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Compensation Committee shall be elected by the Board at the annual organizational meeting of the Board. The members of the Compensation Committee shall serve until their successors shall be duly elected and qualified.

The Company shall provide the Compensation Committee with a level of funding appropriate for the Compensation Committee to carry out its responsibilities.

IV. MEETINGS

The Committee shall meet at least three times annually. The Committee may at its discretion meet with or without management, and with or without any compensation consultant retained by the Committee, in separate executive sessions to discuss any matters that the Committee, management or the compensation consultant believe should be discussed privately.

APPENDIX "C"

E. I. DU PONT DE NEMOURS AND COMPANY

CORPORATE GOVERNANCE COMMITTEE CHARTER

I. PURPOSE

The primary purpose of the Corporate Governance Committee is to:

Identify individuals qualified to become Board members consistent with criteria approved by the Board and recommend to the Board nominees for election as directors of the Company, including nominees whom the Board proposes for election as directors at the annual meeting; and

Develop and recommend to the Board a set of corporate governance principles for the Company.

II. RESPONSIBILITIES

The Corporate Governance Committee's responsibilities shall include:

Selection of new directors who shall have the highest personal and professional integrity, who shall have demonstrated exceptional ability and judgment and who shall be most effective, in conjunction with the other nominees to the Board, in collectively serving the long-term interests of the shareholders;

Review and recommendation to the Board on the size, composition and organization of the Board and its committees; directorship policies and practices; Board operations; and associated matters of corporate governance, including committee charters;

Guidance on directors' continuing education;

Oversight of the evaluation of the Board and its effectiveness;

Reporting regularly to the Board; and

Annual performance evaluation of the Corporate Governance Committee.

In carrying out these responsibilities, the Corporate Governance Committee may

Consult with the Chairman and Chief Executive Officer in developing recommendations to the Board on potential nominees for election to the Board and such other matters as the Committee considers appropriate; and

Retain any search firm that the Committee considers appropriate to be used to identify director candidates and approve related fees and retention terms of such firm.

III. COMPOSITION

The Corporate Governance Committee shall be comprised of independent directors, each of whom shall be independent as determined under the Board's Corporate Governance Guidelines and the New York Stock Exchange standard and shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Corporate Governance Committee shall be elected by the Board at the annual organizational meeting of the Board. The members of the Corporate Governance Committee shall serve until their successors shall be duly elected and qualified.

The Company shall provide the Corporate Governance Committee with a level of funding appropriate for the Corporate Governance Committee to carry out its responsibilities.

IV. MEETINGS

The Committee shall meet at least three times annually. The Committee may at its discretion meet with or without management, and with or without any search firm retained by the Committee, in separate executive sessions to discuss any matters that the Committee, management or the search firm believe should be discussed privately.

APPENDIX "C-1"

Director Nomination Process

The purpose and responsibilities of the Corporate Governance Committee, described in the Committee's Charter at Appendix C (and available on the Company's website at *www.dupont.com)*, include recommending to the Board nominees for election as directors. The Committee's members are independent under the Board's Corporate Governance Guidelines and the NYSE standard.

The Committee considers potential candidates suggested by Board members, as well as management, stockholders and others. The Committee has engaged a director recruitment firm to assist in identifying and evaluating potential candidates.

The Board's Corporate Governance Guidelines describe qualifications for directors: Directors are selected for their integrity and character; sound, independent judgment; breadth of experience, insight and knowledge; and business acumen. Leadership skills, scientific or technology expertise, familiarity with issues affecting global businesses in diverse industries, prior government service, and diversity are among the relevant criteria, which will vary over time depending on the needs of the Board. Additionally, directors are expected to be willing and able to devote the necessary time, energy and attention to assure diligent performance of their responsibility.

When considering candidates for nomination, the Committee takes into account these factors to assure that new directors have the highest personal and professional integrity, have demonstrated exceptional ability and judgment and will be most effective, in conjunction with other directors, in serving the long-term interest of all stockholders. The Committee will not nominate for election as a director a partner, member, managing director, executive officer or principal of any entity that provides accounting, consulting, legal, investment banking or financial advisory services to the Company.

The Committee will consider candidates for director suggested by stockholders, applying the factors for potential candidates described above and taking into account the additional information described below. Stockholders wishing to suggest a candidate for director should write to the Secretary of the Company and include:

- A statement that the writer is a stockholder of record (or providing appropriate support of ownership of DuPont stock);
- The name of and contact information for the candidate;
- A statement of the candidate's business and educational experience;
- Information regarding each of the factors described above in sufficient detail to enable the Committee to evaluate the candidate;
- A statement detailing any relationship between the candidate and any customer, supplier or competitor of the Company or any other information that bears on potential conflicts of interest, legal considerations or a determination of the candidate's independence;

Information concerning service as an employee, officer or member of a board of any charitable, educational, commercial or professional entity;

Detailed information about any relationship or understanding between the proposing stockholder and the potential candidate; and

A statement by the potential candidate that s/he is willing to be considered and to serve as a director if nominated and elected.

Once the Committee has identified a prospective candidate, the Committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on whatever information is provided to the Committee with the recommendation of the prospective candidate, as well as the Committee's own knowledge of the prospective candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the likelihood that the prospective nominee can satisfy the factors described above. If the Committee determines, in consultation with the Chairman of the Board and other Board members as appropriate, that further consideration is warranted, it may gather additional information about the prospective nominee's background and experience.

The Committee also considers such relevant factors as it deems appropriate, including the current composition of the Board and specific needs of the Board to assure its effectiveness. In connection with this evaluation, the Committee determines whether to interview the prospective nominee; one or more members of the Committee and other directors, as appropriate, may interview the prospective nominee in person or by telephone. After completing this evaluation, the Committee concludes whether to make a recommendation to the full Board for its consideration.

* * *

This year Eleuthère (Thère) I. du Pont and Sean O'Keefe are standing for election by the stockholders for the first time. Mr. du Pont was brought to the attention of the Corporate Governance Committee by two nonemployee directors; Mr. O'Keefe was brought to the Committee's attention by the Chairman and Chief Executive Officer and the director recruitment firm retained by the Committee.

For DuPont's 2007 Annual Meeting, the Committee will consider nominations submitted by stockholders of record and received by the Secretary of the Company by December 4, 2006.

DIRECTIONS TO THE DUPONT THEATRE

From Philadelphia on I-95 South

1. Follow I-95 South to Wilmington.
2. From right lane take Exit 7A marked "52 South, Delaware Ave."
3. Follow exit road (11th Street) marked "52 South, Business District."
4. Continue on 11th Street bearing left through Delaware Avenue intersection to parking.
5. The DuPont Theatre is in the Hotel du Pont Building.

From Baltimore on I-95 North

1. Follow I-95 North to Wilmington Exit 7 marked "Route 52, Delaware Avenue."
2. From right lane take Exit 7 onto Adams Street.
3. At the third traffic light on Adams Street, turn right onto 11th Street.
4. Follow 11th Street marked "52 South, Business District," bearing left through Delaware Avenue intersection to parking.
5. The DuPont Theatre is in the

Hotel du Pont Building.

To reach Wilmington by train, please call AMTRAK at 800-872-7245 for Northeast Corridor service or SEPTA at 302-652-3278 for local train service.

www.dupont.com

Printed on Recycled Paper

E. I. du Pont de Nemours and Company
Annual Meeting of Stockholders

April 26, 2006
10:30 a.m. Local Time

The DuPont Theatre
DuPont Building
1007 Market Street
Wilmington, Delaware

PLEASE REFER TO THE REVERSE SIDE FOR TELEPHONE AND INTERNET VOTING INSTRUCTIONS.

Annual Meeting Proxy Card

o Please mark this box with an X if your address has changed and print the new address below.

____

____

A. Management Proposals - The Board of Directors recommends a vote "FOR" Board proposals 1 and 2.

1. Election of Directors:

	For	Withhold		For	Withhold		For	Withhold
01 - Alain J.P. Belda	o	o	05 - Eleuthère I. du Pont	o	o	09 - Sean O'Keefe	o	o
02 - Richard H. Brown	o	o	06 - Charles O. Holliday, Jr.	o	o	10 - William K. Reilly	o	o
03 - Curtis J. Crawford	o	o	07 - Lois D. Juliber	o	o	11 - Charles M. Vest	o	o
04 - John T. Dillon	o	o	08 - Masahlsa Naitoh	o	o			

	For	**Against**	**Abstain**
2. On Ratification of Independent Registered Public Accounting Firm	o	o	o

B. Stockholder Proposals - The Board of Directors recommends a vote "AGAINST" the following stockholder proposals.

	For	**Against**	**Abstain**
3. On Executive Compensation	o	o	o
4. On Genetically Modified Food	o	o	o
5. On Performance-Based Compensation	o	o	o
6. On PFOA	o	o	o
7. On Chemical Facility Security	o	o	o

(Check All That Apply)

Send Annual Meeting Ticket o

Discontinue Annual Report Mailings for this Account o

Comments (see reverse) o

C. Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

Please sign this proxy exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If the signer is a corporation, sign the full corporate name by duly authorized officer.

Signature 1 - Please keep signature within the box	Signature 2 - Please keep signature within the box	Date (mm/dd/yyyy)

E. I. DU PONT DE NEMOURS AND COMPANY

Annual Meeting of Stockholders

April 26, 2006
10:30 a.m.

The DuPont Theatre
DuPont Building
1007 Market Street
Wilmington, Delaware

E. I. DU PONT DE NEMOURS AND COMPANY

This Proxy Solicited on Behalf of the Board of Directors.

The undersigned hereby appoints R. H. Brown, C. O. Holliday, Jr., and C. M. Vest, or any of them, each with power of substitution, as proxies for the undersigned to vote all shares of Common Stock of said Company which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held on April 26, 2006, and any adjournments thereof, as hereinafter specified and, in their discretion, upon such other matters as may properly come before the meeting. The undersigned hereby revokes all proxies previously given.

As described on page 1 of the proxy statement, this proxy also provides voting instructions for shares held for the account of the undersigned in certain employee savings plans. A trustee for each plan will vote these shares as directed provided your voting instruction is received by April 20, 2006. **A trustee for an employee savings plan may vote as directed by the plan sponsor or by an independent fiduciary selected by the plan sponsor all shares held in the plan for which no voting instructions are received. Other shares owned by you will be voted only if you sign and return a proxy card, vote by Internet or telephone, or attend the meeting and vote by ballot.**

On matters for which you do not specify a choice, your shares will be voted in accordance with the recommendation of the Board of Directors.

When properly executed this proxy will be voted in the manner directed herein. If no direction is made, this proxy will be voted FOR proposals 1 and 2 and AGAINST proposals 3 through 7.

PLEASE VOTE, DATE AND SIGN THIS PROXY ON THE OTHER SIDE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

Your shares will not be voted unless you vote by Internet or telephone as described below or sign and return this card.

Comments:

Telephone and Internet Voting Instructions

You can vote by telephone OR Internet! Available 24 hours a day 7 days a week!
Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

To vote using the Telephone (with U.S. and Canada)

Call toll free 1-800-652-VOTE (8683) in the United States or Canada any time on a touch tone telephone. There is NO CHARGE to you for the call.

Follow the simple instructions provided by the recorded message.

To vote using the Internet

Go to the following web site: WWW.COMPUTERSHARE.COM/EXPRESSVOTE

Enter the information requested on your computer screen and follow the simple instructions.

If you vote by telephone or the Internet, please DO NOT mail back this proxy card.
Proxies submitted by telephone or the Internet must be received by 12:00 a.m., Eastern Standard Time, on April 25, 2006.

THANK YOU FOR VOTING

Caller requesting to vote proxy one proposal at a time, voting for all nominees

IVR:	Welcome to Computershares's Express Voting Service. pause
	To vote, you'll need to supply some information from your proxy card, this will only take a moment. If you don't have your card handy, feel free to hang-up and call back when you're ready. To start, please enter the control number (pause), this is the 6 digit number that is circled and located in the colored bar on the front of the card.
Caller:	*011060 (example)*
IVR:	Next, I'm going to need your holder account number. This number is underlined and located next to the control number. Please enter that number now, excluding any letters or leading zeroes.
Caller:	*12688# (example)*
IVR:	Thank you, please hold while I verify those numbers.
This message will play repeatedly until the host system responds	three seconds of silence followed by. . .) . . .still verifying (three more seconds of silence) . . .please continue to hold. . .
IVR:	Ok, you'll be voting your proxy for. . .
	E. I. du Pont de Nemours and Company
	Before you can vote, I need to verify one last piece of information. Located on the proxy card next to the underlined account number is a box that contains your proxy access number. Please enter that number now.
Caller:	*20521 (example)*
IVR:	Thank you, please hold while I verify that number. . .
This message will play repeatedly until the host system responds	(three seconds of silence followed by. . .) . . .still verifying. . .
IVR:	Ok, now to cast your vote. . .
IVR:	You can vote one of two ways. To vote all proposals in accordance with the recommendations of the Board of Directors, press 1. To vote one proposal at a time, press 2.
Caller:	*Presses 2*
IVR:	Ok, let's vote on each proposal.
IVR:	Proposal number 1. The Board of Directors recommends a vote for all nominees.
	You have three ways to vote this item. You can vote for all nominees, withhold from all nominees or withhold from individual nominees. To vote for "all' nominees, press 1; withhold from all, press 2 or withhold from individual nominees, press 3. To cancel and start over, press star.
Caller:	*Presses 1*
IVR:	Okay, voting for all nominees
IVR:	Proposal number 2. For which the Board of Directors recommends a vote "for". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller:	*Presses 1*
IVR:	Proposal number 3. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.
Caller:	*Presses 1*

IVR:	Proposal number 4. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.
Caller:	*Presses 1*
IVR:	Proposal number 5. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.
Caller:	*Presses 2*
IVR:	Proposal number 6. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.
Caller:	*Presses 3*
IVR:	Proposal number 7. For which the Board of Directors recommends a vote "against". To vote, "against", press 1; vote "against", press 2; or to "abstain", press 3.
Caller:	*Presses 1*
IVR:	If you would like to attend the annual meeting press 1 otherwise press 2.
Caller:	*Presses 2*
IVR:	If you would like to discontinue mailing an annual report to this account press 1, otherwise press 2.
Caller:	*Presses 2*
IVR:	If you're planning on attending the meeting, press 1, Otherwise, press 2
Caller:	*Presses 1*
IVR:	Ok, you've finished voting but before we process your vote let me list your choices and then you can confirm your vote at the end. You've elected to vote as follows. . . For proposal number 1, you voted (____________) You voted (____________) proposal numbers. You voted (____________) proposal number You abstained from proposal number (____________). You voted for proposal number (____________). If this is correct, press 1; to hear how you voted again, press 2 and to change your vote, press 3.
Caller:	*Presses 1*
IVR:	Please hold while I record your vote.
This message will play repeatedly until the host system responds	(three seconds of silence followed by. . .) . . .please continue to hold. . .
IVR:	Your vote has been recorded. It is not necessary for you to mail in your proxy card and we look forward to

	seeing you at the meeting. If you have another proxy card or wish to change your vote, press 1, otherwise I'm now going to end this call.
Caller:	*timeout*
IVR:	Thank you for voting, goodbye.
Caller:	*Hang-up.*

Caller requesting to vote proxy one proposal at a time, withholding from specific nominees

Dialog between application and the caller

IVR:	Welcome to Computershares's Express Voting Service. pause
	To vote, you'll need to supply some information from your proxy card, this will only take a moment. If you don't have your card handy, feel free to hang-up and call back when you're ready. To start, please enter the control number (pause), this is the 6 digit number that is circled and located in the colored bar on the front of the card.
Caller:	*011060 (example)*
IVR:	Next, I'm going to need your holder account number. This number is underlined and located next to the control number. Please enter that number now, excluding any letters or leading zeroes.
Caller:	*515# (example)*
IVR:	Thank you, please hold while I verify those numbers.
This message will play repeatedly until the host system responds	three seconds of silence followed by. . .) . . .still verifying (three more seconds of silence). . .please continue to hold. . .
IVR:	Ok, you'll be voting your proxy for. . .
	E. I. du Pont de Nemours and Company
	Before you can vote, I need to verify one last piece of information. Located on the proxy card next to the underlined account number is a box that contains your proxy access number. Please enter that number now.
Caller:	*99301 (example)*
IVR:	Thank you, please hold while I verify that number. . .
This message will play repeatedly until the host system responds	(three seconds of silence followed by. . .) . . .still verifying . . .
IVR:	Ok, now to cast your vote . . .
IVR:	You can vote one of two ways. To vote all proposals in accordance with the recommendations of the Board of Directors, press 1. To vote one proposal at a time, press 2.
Caller:	*Presses 2*
IVR:	Ok, let's vote on each proposal.
IVR:	Proposal number 1. The Board of Directors recommends a vote for all nominees.
	You have three ways to vote this item. You can vote for all nominees, withhold from all nominees or withhold from individual nominees. To vote for "all' nominees, press 1; withhold from all, press 2 or withhold from individual nominees, press 3. To cancel and start over, press star.
Caller:	*Presses 3*
IVR:	Okay, we will withhold the nominees you specify. . .

	For each nominee listed on your card, there is a corresponding two-digit number. Enter the number corresponding to the nominee you want to withhold.
Caller:	*Presses 0 (example)*
IVR:	Ok, withholding from nominee number...

To withhold your vote from another nominee, enter the two-digit number. If there are no other nominees you wish to withhold press zero. If you've made a mistake and want to start over, press star.

Caller: *Presses number...*

IVR: Ok, withholding from nominee number...

To withhold your vote from another nominee, enter the two-digit number. If there are no other nominees you wish to withhold press zero. If you've made a mistake and want to start over, press star.

Caller: *Presses 0*

IVR: Ok, finished withholding for nominees

IVR: Proposal number 2. For which the Board of Directors recommends a vote "for". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller: *Presses 1*

IVR: Proposal number 3. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller: *Presses 1*

IVR: Proposal number 4. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller: *Presses 1*

IVR: Proposal number 5. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller: *Presses 2*

IVR: Proposal number 6. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller: *Presses 3*

IVR: Proposal number 7. For which the Board of Directors recommends a vote "against". To vote, "for", press 1; vote "against", press 2; or to "abstain", press 3.

Caller: *Presses 1*

IVR: If you would like to attend the annual meeting press 1 otherwise press 2.

Caller: *Presses 2*

IVR: If you would like to discontinue mailing an annual report to this account press 1, otherwise press 2.

Caller: *Presses 1*

IVR: Ok, you've finished voting but before we process your vote let me list your choices and then you can confirm your vote at the end.

You've elected to vote as follows. . . .

For proposal number 1, you voted for all nominees except nominee. (____________)

	You voted for proposal numbers (____________).
	You voted against proposal numbers (____________).
	You abstained from proposal numbers (____________).
	If this is correct, press 1; to hear how you voted again, press 2 and to change your vote, press 3.
Caller:	*Presses 1*
IVR:	Please hold while I record your vote.

This message will play repeatedly until the host system responds	(three seconds of silence followed by...) ...please continue to hold...
IVR:	earcon Your vote has been recorded. It is not necessary for you to mail in your proxy card and we look forward to seeing you at the meeting. If you have another proxy card or wish to change your vote, press 1, otherwise I'm now going to end this call.
Caller:	*timeout*
IVR:	Thank you for voting, goodbye.
Caller:	*Hang-up.*

Caller requesting to vote proxy as recommended by the Board of Directors

Dialog between application and the caller

IVR:	Welcome to Computershares's Express Voting Service. pause To vote, you'll need to supply some information from your proxy card, this will only take a moment. If you don't have your card handy, feel free to hang-up and call back when you're ready. To start, please enter the control number (pause), this is the 6 digit number that is circled and located in the colored bar on the front of the card.
Caller:	*011060 (example)*
IVR:	Next, I'm going to need your holder account number. This number is underlined and located next to the control number. Please enter that number now, excluding any letters or leading zeroes.
Caller:	*515# (example)*
IVR:	Thank you, please hold while I verify those numbers.
This message will play repeatedly until the host system responds	three seconds of silence followed by. . .) . . .still verifying (three more seconds of silence). . .please continue to hold. . .
IVR:	Ok, you'll be voting your proxy for. . . E. I. du Pont de Nemours and Company Before you can vote, I need to verify one last piece of information. Located on the proxy card next to the underlined account number is a box that contains your proxy access number. Please enter that number now.
Caller:	*99301 (example)*
IVR:	Thank you, please hold while I verify that number. . .
This message will play repeatedly until the host system responds	(three seconds of silence followed by. . .) . . .still verifying. . .
IVR:	Ok, now to cast your vote . . .
IVR:	You can vote one of two ways. To vote all proposals in accordance with the recommendations of the Board of Directors, press 1. To vote one proposal at a time, press 2.
Caller:	*Presses 1*
IVR:	If you're planning on attending the annual meeting, press 1. Otherwise, press 2
Caller:	*Presses 1*
IVR:	Ok, just to confirm. You've elected to vote all proposals in accordance with the recommendations of the Board of Directors.
IVR:	If this is correct, press 1; to hear how you voted again, press 2 and to change your vote, press 3.
Caller:	*Presses 1*
IVR:	Please hold while I record your vote.

This message will play repeatedly until the host system responds	(three seconds of silence followed by. . .) . . .please continue to hold . . .

IVR:	Your vote has been recorded. It is not necessary for you to mail in your proxy card and we look forward to seeing you at the meeting. If you have another proxy card or wish to change your vote, press 1, otherwise I'm now going to end this call.
Caller:	*timeout*
IVR:	Thank you for voting, goodbye.
Caller:	*Hang-up.*

TEST SITE ONLY - No votes will be recorded

E. I. du Pont de Nemours and Company - Online Proxy

Proxy Login

Your **Holder Account Number** is underlined and appears in the colored bar on the front of your proxy.

Your **Proxy Access Number** is the number in the box to the right of your **Holder Account Number**.

Please enter your details below and click Login .

HOLDER ACCOUNT NUMBER (including the letter C):

PROXY ACCESS NUMBER:

Please note:
If you vote via the Internet, please do not mail your proxy.

E. I. du Pont de Nemours and Company
Computershare Investor Services
250 Royall St.
Canton, MA 02021

Contact Computershare

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TEST SITE ONLY - No votes will be recorded

E. I. du Pont de Nemours and Company - Online Proxy **Print**

Electronic Delivery Option

Now there is a new and easy way for you to receive important shareholder information such as the Annual Report, Notice of Meeting and proxy-related materials - electronically. By registering for this service, you will enjoy convenient and timely access to company documents and help reduce high printing and postage costs, creating better shareholder value while at the same time helping the environment.

Simply enter your email address in the space provided. If we have previous electronic delivery instructions for you on file, your email address will appear below. If you do not wish to participate in this voluntary program, click Continue to proceed to online voting.

ý **Yes, please update my delivery preference to receive future annual meeting materials electronically. I have read and agreed to the Terms and Conditions for electronic delivery.**

Email Address:	**name@company.com**
Email Address Confirmation:	**name@company.com** -

Continue

E. I. du Pont de Nemours and Company
Computershare Investor Services
250 Royall St.
Canton, MA 02021

Contact Computershare

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TEST SITE ONLY - No votes will be recorded

E. I. du Pont de Nemours and Company - Online Proxy **Print** **Logout**

PROXY - E. I. du Pont de Nemours and Company

-[Name of holder will appear here]-

E. I. DU PONT DE NEMOURS AND COMPANY

This Proxy Solicited on Behalf of the Board of Directors.

The undersigned hereby appoints R. H. Brown, C. O. Holliday, Jr., and C. M. Vest, or any of them, each with power of substitution, as proxies for the undersigned to vote all shares of Common Stock of said Company which the undersigned is entitled to vote at the Annual Meeting of Stockholders to be held on April 26, 2006, and any adjournments thereof, as hereinafter specified and, in their discretion, upon such other matters as may properly come before the meeting. The undersigned hereby revokes all proxies previously given.

As described on page 1 of the proxy statement, this proxy also provides voting instructions for shares held for the account of the undersigned in certain employee savings plans. A trustee for each plan will vote these shares as directed provided your voting instruction is received by April 20, 2006. **A trustee for an employee savings plan may vote as directed by the plan sponsor or by an independent fiduciary selected by the plan sponsor all shares held in the plan for which no voting instructions are received. Other shares owned by you will be voted only if you sign and return a proxy card, vote by Internet or telephone, or attend the meeting and vote by ballot.**

o Check this box to cast your vote in accordance with the recommendations of E. I. du Pont de Nemours and Company Management

Management Proposals - The Board of Directors
recommends a vote FOR Board proposals 1 and 2.

1. Election of Directors:

01 - Alain J.P. Belda	**o FOR**	**oWITHHOLD**
02 - Richard H. Brown	**o FOR**	**o WITHHOLD**
03 - Curtis J. Crawford	**o FOR**	**o WITHHOLD**

04 - John T. Dillon	o **FOR**	o **WITHHOLD**
05 - Eleuthère I. du Pont	o **FOR**	o **WITHHOLD**
	8.58	
First Quarter	14.22	11.82

The closing sale price for the common stock as quoted on the NASDAQ National Market System on February 17, 2006 was $0.21.

Holders. As of March 10, 2006, there were 140 holders of record of the Company s common stock.

Dividends. The Company has not paid any cash dividends since its inception, nor does it currently intend to pay cash dividends in the foreseeable future. The Company intends to retain all earnings, if any, for use in its business operations. The Company has entered into an indenture pursuant to its Senior Notes. Under this indenture, the Company cannot, directly or indirectly, make any dividend payment if at the time of such payment:

1. there is a default under the Senior Notes or a default under those Notes shall occur as a consequence of such payment;

2. the Company cannot incur $1.00 of additional indebtedness under the Coverage Ratio Exception (as defined in the indenture); or

3. the dividend, when added to the aggregate amount of all other restricted payments (as defined in the indenture) made after April 23, 2004, exceeds a certain Restricted Payments Basket (as defined in the indenture).

The Company is currently in default under the Senior Notes and so is prohibited from making any dividend payments.

Recent sales of unregistered securities. There were no unregistered securities sold by the Company during the fiscal year ended December 31, 2005.

Issuer purchases of equity securities. The Company did not repurchase any of its common stock during the fiscal quarter ended December 31, 2005.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

The following should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations, as well as the consolidated financial statements and notes thereto contained elsewhere in this Annual Report on Form 10-K. Financial Highlights and Results of Operations should be read together with the accompanying Consolidated Financial Statements and Notes. The period-to-period comparability of the Company s selected consolidated financial data is affected by its acquisition activity. Please see discussion in the section titled Management s Discussion and Analysis of Financial Condition and Results of Operations - Overview.

Five year selected consolidated financial data of Curative Health Services, Inc. and Subsidiaries for the years ended December 31 is as follows (in thousands, except per share data):

	2005(1)	2004(1)	2003(1)	2002	2001
Statements of Operations Data:					
Total revenues	$ 261,059	$ 224,980	$ 163,494	$ 139,229	$ 81,638
Costs and operating expenses:					
Costs of product sales and services	206,191	168,930	102,465	89,297	55,666
Selling, general and administrative	55,702	50,042	40,995	26,401	51,466
Goodwill and intangible asset impairment	77,608	133,969			
Total costs and operating expenses	339,501	352,941	143,460	115,698	107,132
(Loss) income from operations	(78,442)	(127,961)	20,034	23,531	(25,494)
Interest (expense) income, net	(25,468)	(15,726)	(2,280)	(1,111)	816
Other income (expense), net	712	(1,081)	2,327	1,907	
(Loss) income from continuing operations	(103,198)	(144,768)	20,081	24,327	(24,678)
Income tax (benefit) provision	(3,415)	(3,949)	7,909	9,682	(2,473)
(Loss) income from continuing operations	(99,783)	(140,819)	12,172	14,645	(22,205)
(Less) Income from discontinued operations	(1,809)	(586)	903		
Net (loss) income	$ (101,592)	$ (141,405)	$ 13,075	$ 14,645	$ (22,205)
Per Share Data Basic					
(Loss) income - continuing operations	$ (7.67)	$ (10.89)	$ 0.97	$ 1.30	$ (3.09)
(Loss) Income - discontinued operations	(0.14)	(0.04)	0.07		
Net (loss) income	$ (7.81)	$ (10.93)	$ 1.04	$ 1.30	$ (3.09)
Per Share Data Diluted					
(Loss) income - continuing operations	$ (7.67)	$ (10.89)	$ 0.89	$ 1.20	$ (3.09)
(Loss) income - discontinued operations	(0.14)	(0.04)	0.07		
Net (loss) income	$ (7.81)(2)	$ (10.93)(2)(3)	$ 0.96(2)(3)	$ 1.20	$ (3.09)
Weighted average common shares, basic	13,002	12,932	12,536	11,280	7,193

Weighted average common shares assuming conversions, diluted	13,002	12,932	13,816	12,207	7,193

	2005(1)	2004(1)	2003(1)	2002	2001
Balance Sheet Data:					
Working capital (deficit)	$ (156,875)	$ 50,788	$ 25,468	$ 17,353	$ 2,525
Total assets	169,288	283,784	233,938	186,886	76,439
Long-term liabilities	6,329	215,711	40,906	26,153	6,000
(Accumulated deficit) retained earnings	(212,879)	(111,287)	30,118	17,043	2,398
Stockholders (deficit) equity	(94,333)	4,453	143,720	120,901	36,004

(1) Excludes amounts from discontinued operations for revenues and operating expenses. See Note 5 of Notes to Consolidated Financial Statements.

(2) See Note 18 of Notes to Consolidated Financial Statements for net (loss) income per share calculation.

(3) Weighted average shares used in the above calculations have been corrected for 2004. Such correction resulted in an increase in net loss per share of $.01 for the fourth quarter of 2004, and had no impact on 2003.

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company had approximately $213.2 million in outstanding debt as of December 31, 2005, including the $185.0 million of Senior Notes and a $26.3 million revolving credit facility with GECC, and incurred significant losses during 2005 and 2004. In August 2005, the Company announced it had formed a special committee and hired a financial advisor to assist it in evaluating the financial alternatives available given its significant debt and continuing losses. In September 2005, the Company commenced discussions with an Ad Hoc committee representing holders of approximately 80% of the aggregate principal amount of the Senior Notes regarding a possible restructuring of the Senior Notes. In connection with these discussions, the Company elected not to pay the interest payment due on the Senior Notes on November 1, 2005 and instead elected to use the 30-day grace period under the Senior Note indenture. In addition, the Company executed a waiver agreement with GECC for failing to meet the financial covenants of total leverage ratio and senior secured leverage ratio related to its revolving credit facility for the quarter ended September 30, 2005. Additionally, this waiver agreement included a temporary waiver until December 1, 2005 of any default under the credit facility related to the Company s not paying the November 1, 2005 coupon on the Senior Notes for 30 days. On December 1, 2005, the Company entered into a Forbearance Agreement with GECC which provides that, subject to certain conditions, GECC, together with the other lenders under the Existing Credit Facility, which is governed by the Credit Agreement, will forbear from exercising remedies on account of the cross-default under the Credit Agreement arising from the Company s failure to pay interest on the Senior Notes. Subject to certain termination events, including additional events of default under the Credit Agreement, the Forbearance Agreement will expire on June 10, 2006. Under the terms of the Forbearance Agreement, Curative may continue to draw-down under the Credit Agreement as if such existing events of default had not occurred. Upon termination of the Forbearance Agreement, all obligations under the Credit Agreement, together with interest, will be immediately due and payable and the lenders may exercise any rights or remedies thereunder. As of April 5, 2006, our obligations under our Existing Credit Facility with GECC have been paid in full in connection with the interim order of the Bankruptcy Court authorizing the DIP Financing described below. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis. If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

As a result of these developments, all of the Company s outstanding debt is in default and has been classified as current in the accompanying financial statements. These conditions raise substantial doubt about the Company s ability to continue as a going concern (see Note 2 of Notes to Consolidated Financial Statements).

Curative operates a Specialty Infusion business unit and a Wound Care Management business unit to deliver high-quality care and positive clinical outcomes for patients experiencing serious acute or chronic medical conditions.

Through its Specialty Infusion business unit, the Company provides intravenous and injectable biopharmaceutical and compounded pharmaceutical products and comprehensive infusion services to patients with chronic and critical disease states. All patient care is delivered through a national footprint of community-based branches. Each local branch has an experienced multidisciplinary team of pharmacists, nurses, reimbursement specialists and patient service representatives who comprehensively manage all aspects of a patient s infusion and related support needs. In its Specialty Infusion operations, the Company purchases biopharmaceutical and other

pharmaceutical products from suppliers and contracts with insurance companies and other payors to provide its services, which include coordination of patient care, 24-hour nursing and pharmacy availability, patient education and reimbursement billing and collection services. The Company s Specialty Infusion revenues are derived primarily from fees paid by the payors under these contracts for the distribution of these biopharmaceutical and other pharmaceutical products and for the injection or infusion services provided. Additional revenues are acquired through biopharmaceutical and pharmaceutical product distribution and support services under contracts with retail pharmacies for which the Company receives related service fees. The products distributed and the injection or infusion therapies offered by Curative are used by patients with chronic or severe conditions such as hemophilia, immune system disorders, chronic or severe infections, nutritionally compromised and other severe conditions requiring nutritional support, cancer, rheumatoid arthritis, hepatitis C and multiple sclerosis. As of December 31, 2005, the Company had approximately 485 payor contracts and provided products or services in approximately 45 states.

The Wound Care Management business unit contracts with hospitals to manage outpatient Wound Care Center® programs that offer a comprehensive range of services and enable the Wound Care Management business unit to provide patient specific wound care diagnosis and treatments on a cost-effective basis. Wound Care Management currently operates two types of Wound Care Center® programs with hospitals: a management model and an under arrangement model, with a primary focus on developing management models.

In the management model, Wound Care Management provides management and support services for a chronic wound care facility owned or leased by the hospital and staffed by employees of the hospital, and generally receives a fixed monthly management fee or a combination of a fixed monthly management fee and a variable case management fee. In the under arrangement model, Wound Care Management provides management and support services, as well as the clinical and administrative staff, for a chronic wound care facility owned or leased by the hospital, and generally receives fees based on the services provided to each patient. In both models, physicians remain independent. Wound Care Management offers assistance in recruiting and provides training in wound care to the physicians and staff associated with the Wound Care Center® programs. As of December 31, 2005, the Wound Care Center® network consisted of 109 outpatient clinics (103 operating and 6 contracted) located on or near campuses of acute care hospitals in approximately 30 states.

CHAPTER 11 BANKRUPTCY PROCEEDINGS

On March 27, 2006, Curative and each of its direct and indirect subsidiaries filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Company filed its Chapter 11 Cases to implement and effect the Plan. Prior to commencement of the Chapter 11 Cases, Curative solicited votes to accept or reject the Plan from the holders of the Senior Notes issued by the Company and the holders of known general unsecured claims against the Company as of February 6, 2006. Prior to the commencement of the Chapter 11 Cases, the Company received the requisite votes for the Plan to be confirmable under Section 1129 of the Bankruptcy Code.

The Plan was filed with the Bankruptcy Court on March 27, 2006. The Plan, which is described in more detail under Item 1 under the caption, Planned Reorganization and Chapter 11 Bankruptcy Proceedings, will, if confirmed and consummated, result in the cancellation and discharge of all claims relating to the Senior Notes. Each Senior Noteholder will receive a cash payment of approximately 54.9% of its respective claim related to the Senior Notes, unless a Senior Noteholder was qualified to elect and did elect to receive its pro rata share of certain cash consideration provided in the Plan and the New Curative Common Stock. Holders of existing shares of Old Curative Common Stock and options will not receive any distributions under the Plan and all shares of Old Curative Common Stock and options will be extinguished.

In connection with the reorganization to be effected by the Plan, the Company intends to deregister its existing securities under the Securities Exchange Act of 1934, and become a private company upon its emergence from Chapter 11.

Events Leading to Chapter 11 Cases

Factors Affecting the Company s Liquidity

Since June 2004, Curative has faced various issues that have negatively affected its liquidity and its ability to service its debt obligations. Specifically, and as described in further detail below, Curative has experienced reduced revenue generation as a result of:

California s modification of its blood-product reimbursement methodology,

a modification of the federal government s blood-product reimbursement methodology,

slow maturation of certain new branch locations,

the resignation of certain customer sales and service representatives, and

additional future liquidity risks, including potential indemnification claims.

Significant Decrease in Blood-Product Reimbursement

On April 23, 2004, the Company acquired CCS, a leading national provider of specialty infusion pharmaceuticals and related services for a purchase price of $154.2 million, including working capital adjustments of approximately $4.1 million. The acquisition of CCS was financed with a portion of the proceeds obtained from the issuance of the Senior Notes and additional borrowings. See Note 4 of Notes to Consolidated Financial Statements included elsewhere in this Annual Report on Form 10-K.

At the time of the CCS acquisition, a significant portion of the Company s business involved the sale of blood-clotting products by the Company to hemophilia patients who are beneficiaries of Medi-Cal program or other state funded programs for hemophilia patients. These blood products were dispensed directly to patients or through the Company s relationships with third party pharmacies.

In May 2004, California announced that, effective June 1, 2004, California modified its reimbursement methodology for blood-clotting products to ASP (as provided by the manufacturer) plus 20%. This change in California s reimbursement methodology amounted to an approximate 30-40% reduction from the acquisition cost plus 1% methodology previously in effect. The implementation of this reduction in reimbursement from Medi-Cal, and changes in regulations governing such reimbursement, significantly impacted the Company s revenues from the sale of blood-clotting products.

In addition to the 30%-40% decrease in revenue for blood-clotting products generated from Medi-Cal reimbursement, in November 2004, the federal government announced that, effective January 1, 2005, it would modify its reimbursement methodology for blood-clotting products in a manner which would negatively affect the Company s revenues. Prior to January 1, 2005, Curative was able to seek reimbursement from Medicare for blood-clotting products at a rate of 95% of the AWP. After January 1, 2005, Medicare reimbursed for blood-clotting products at a rate of ASP plus 6% plus a $0.14 per unit dispensing fee.

Underperforming Branch Expansion

The Company s overall growth strategy, and its approach to offsetting the decreased revenue resulting from the change in Medi-Cal reimbursement methodology described above, included opening 13 new branches throughout the United States since June 2004. The Company projected that these new branches would quickly enter into the necessary service contracts and other business and patient relationships in the short-term and begin generating positive revenue consistent with historical results. However, for various reasons, including slower than anticipated managed care contract signings, certain of these branches have not matured as quickly as planned and have not generated anticipated revenues.

Resignation of Hemophilia Service Representatives

The success of the Company s Specialty Infusion business unit depends in part upon its ability to retain key employees, referred to as hemophilia service representatives, who service hemophilia patients. The hemophilia service representatives are the chief contacts and maintain the primary relationship with Curative s customers. While the Company has employment agreements with its hemophilia service representatives which, where appropriate, contain covenants not to compete and other restrictive covenants that apply if the hemophilia service representatives cease employment with Curative, the loss of any hemophilia service representatives could result in the loss of a significant number of customers and corresponding revenue from the sale of blood-clotting products to such customers.

On October 21, 2005, six hemophilia service representatives resigned. The Company estimates that the patients serviced by these employees represent approximately $25.0 million of revenue annually. While it is not certain that the Company will lose the full $25.0 million of revenue, it is likely that it will experience a significant decrease in revenue as a result of these resignations. The Company may experience the loss of other hemophilia services representatives in the future which could adversely affect its business and prospects.

Additional Factor Affecting the Company s Liquidity

In addition to the factors adversely affecting the Company s revenue generation described above, its future liquidity may also be affected by the following additional factor:

The Pharmacy Claims. Two of the Company s Apex and eBioCare, might be subject to potential indemnification liabilities to three independent retail pharmacies that previously did business with Curative. The indemnification claims are in connection with an audit conducted by the DHS Audit related to the pharmacies medical billing for clotting factor supplied to the pharmacies by Apex and eBioCare, and the pharmacies medical billing for the anti-inhibitor product FEIBA supplied to the pharmacies by Apex and eBioCare. While liability with respect to these claims is uncertain at this time, Apex and eBioCare believe that some amount of monetary loss is reasonably possible if the pharmacies assert and prevail on indemnification claims. Apex and eBioCare estimate that the range of loss may be anywhere from $0 to $39.3 million. As the amount of potential exposure cannot be estimated at this time, no related loss provision has been accrued in the consolidated financial statements as of December 31, 2005.

DISCONTINUED OPERATIONS

On December 2, 2005, the Company sold certain assets related to its specialty injectable and oral medications business (the Business), including Synagis® (collectively, the Assets Sold) to ProCare Pharmacy, Inc. and ProCare Pharmacy Direct, Inc. (collectively, ProCare) for a total consideration of $1.75 million.

Under the Asset Purchase Agreement between Curative and ProCare, the Company sold and ProCare purchased or assumed certain personal property, licenses, permits, contracts, leases and patient files related to the Business. In addition, ProCare assumed and the Company is no longer

responsible for all liabilities and obligations related to the operation of the Business and the Assets Sold arising after the sale. Also in connection with the sale, the Company closed its branches in Albany, New York; Lake Charles, Louisiana; Birmingham, Alabama; Columbus, Mississippi; and Hurricane, West Virginia. As a result, the Company recorded approximately $0.7 million for facility terminations, $0.6 million in inventory and bad debt reserves, $0.7 million in goodwill and intangible write offs, $0.3 million for severance and vacation payouts related to the termination of 88 employees, $0.1 million in equipment write off costs and $0.2 million in other related costs, for a total cost of $2.6 million.

The Company recorded a pre-tax loss on the sale of approximately $0.9 million which was recorded in the accompanying statements of operations for the year ended December 31, 2005. The results of the discontinued operation are classified as such in a separate component of (loss) income on the accompanying Consolidated Statements of Operations. Excluded from the sale was the Company s accounts receivable related to the Business which had a balance of approximately $1.9 million. The Company expects to collect substantially all of those receivables within one year. Thereafter, the Company will have no continuing cash flows or operations related to the discontinued operation. See Note 5 to Notes to Consolidated Financial Statements.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management s Discussion and Analysis of Financial Condition and Results of Operations discusses the Company s consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition, bad debts, inventories, income taxes and intangibles. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements:

Revenue recognition

The Company s Specialty Infusion business unit s revenues and related accounts receivable are recorded, net of any contractual allowances, when the product is shipped to a patient or physician s office, or when the service is provided. The Company records contractual allowances on a payor-by-payor basis in accordance with its interpretation of contractual terms, applicable regulations or payor requirements. Reimbursement rates may be subject to adjustments by payors that could result in payments that differ from the Company s estimates. Additionally, any health care regulation changes or contract amendments may require the Company to review the estimation process. Curative is reimbursed for the products and services it provides from third-party payors, including managed care organizations and Medicare and Medicaid programs, as well as private payors.

Generally, the Company records any required contractual allowances at the time it records revenue and applies amounts against those allowances when cash is received. This process is completed at the transaction level and on a transaction-by-transaction basis. The Company does not track its contractual reserves by date of service nor does it track the amount of increased or decreased reserve recorded when a transaction is closed out. Therefore, the Company cannot provide an analysis of estimate changes by transaction or year.

On a consolidated basis, the Company had a contractual reserve balance of $1.1 million at the end of 2003, reduced reserves by $7.9 million and added reserves of $7.4 million during 2004, a net decrease of $0.5 million, for a balance of contractual reserves at the end of 2004 of $0.6 million. The increase in the Company s contractual allowance was primarily attributed to the acquisition of Critical Care Systems, Inc. in April of 2004. Additionally, included in the net change for 2004 is an increase of $1.0 million recorded in the second quarter of 2004 related to a retroactive reimbursement change the Company experienced. This was previously disclosed in the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 and Current Report on Form 8-K filed on August 4, 2004 because of the unique nature of the adjustment. In 2005, the Company reduced reserves by $14.5 million and added reserves of $16.3 million, a net increase of $1.8 million, for a balance of contractual reserves at the end of 2005 of $2.4 million. The increase in the Company s contractual allowance was primarily attributed to the acquisition of Critical Care Systems, Inc. in April of 2004.

The Company s Wound Care Management business unit s revenues are recognized after the management services are rendered and are billed monthly in arrears, thus no contractual allowances are required for this portion of the Company s business.

Trade receivables

Considerable judgment is required in assessing the ultimate realization of receivables, including the current financial condition of the customer, age of the receivable and the relationship with the customer. The Company estimates its allowances for doubtful accounts using these factors. If the financial condition of the Company s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. In circumstances where the Company is aware of a specific customer s inability to meet its financial obligations (e.g., bankruptcy filings), a specific reserve for bad debts is recorded against amounts due to reduce the receivable to the amount the Company reasonably believes will be collected. For all other customers, the

Company has reserves for bad debt based upon the total accounts receivable balance. As of December 31, 2005, the Company s reserve for accounts receivable was approximately 10% of total receivables. Although the Company believes its reserve for accounts receivable at December 31, 2005 is reasonable, there can be no assurance that additional reserves will not be needed in the future. The recording of any such reserve may have a negative impact on the Company s operating results.

The Company verifies benefits with third-party payors and obtains authorization prior to shipping products or rendering services and, as such, the Company does not have accounts receivable pending approval from third-party payors.

The following table breaks down the Company s gross accounts receivable into approximate percentages by payor group and aging classification as of December 31:

	As of December 31, 2005				
Payor Group	**0 90 Days**	**91 180 Days**	**181 365 Days**	**> 365 Days**	**Total**
Commercial and other(1)	43%	8%	9%	10%	70%
Medicaid	9%	2%	2%	3%	16%
Medicare	8%	2%	2%	2%	14%
Self-pay(2)	*	*	*	*	*
Total(3)	60%	12%	13%	15%	100%

	As of December 31, 2004				
Payor Group	**0 90 Days**	**91 180 Days**	**181 365 Days**	**> 365 Days**	**Total**
Commercial and other(1)	33%	8%	10%	9%	60%
Medicaid	12%	6%	5%	5%	28%
Medicare	7%	*	2%	3%	12%
Self-pay(2)	*	*	*	*	*
Total(3)	52%	14%	17%	17%	100%

(1) Excludes allowances for contractual adjustments of approximately $2.4 million and $0.6 million as of December 31, 2005 and 2004, respectively.

(2) Self-pay amounts primarily consist of patient co-payments, deductibles and self-pay balances on accounts that have not been paid by the primary payor. The Company considers the patient s potential payment obligation in its evaluation of the allowance for doubtful accounts based on the current financial condition of the customer, age of the receivable and the relationship with the customer.

(3) Amounts are calculated as percent of accounts receivable, and excludes allowances for doubtful accounts of $7.4 million and $3.6 million as of December 31, 2005 and 2004, respectively, which are not specifically tracked by payor group and aging classification.

* Less than 1%.

Inventories

Inventories are carried at the lower of cost or market on a first in, first out basis. Inventories consist of high-cost biopharmaceutical and pharmaceutical products that, in many cases, require refrigeration or other special handling. As a result, inventories are subject to spoilage or shrinkage. On a quarterly basis, the Company performs a physical inventory and determines whether any shrinkage or spoilage adjustments are needed. Although the Company believes its inventories balance at December 31, 2005 is reasonably accurate, there can be no assurance that spoilage or shrinkage adjustments will not be needed in the future. The recording of any such reserve may have a negative impact on the Company s operating results.

Deferred income taxes

The Company accounts for income taxes under Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes, which requires the use of the asset and liability method of accounting for income taxes. Under this method, deferred taxes are determined by calculating the future tax consequences attributable to differences between the financial accounting and tax bases of existing assets and liabilities. A valuation allowance is recorded against deferred tax assets when, in the opinion of management, it is more likely than not that the Company will be able to use the deferred tax assets benefit.

The Company records and periodically reviews its estimated income tax reserves. Income tax reserves are established for exposure items related to various federal and state tax matters. Income tax reserves are recorded when an exposure is identified and when, in the opinion of management, it is probable that a liability has been incurred and the amount of the liability can be estimated. While the Company believes that its income tax reserves are adequate, the settlement of any such exposures at amounts that differ from current reserves may require the Company to materially increase or decrease its income tax reserves.

The Company had approximately $25.3 million in deferred income tax assets at December 31, 2005 (approximately $5.8 million in current assets and $19.5 million in long-term assets) and approximately $5.9 million in deferred income tax liabilities. The Company has a full valuation allowance against its net deferred tax assets based on the uncertainty of recovery.

Goodwill and intangibles

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Intangibles consist of separately identifiable intangibles, such as payor contracts, pharmacy and customer relationships and covenants not to compete. The Company accounts for goodwill and intangible assets in accordance with SFAS No. 142, Goodwill and Other Intangible Assets, which requires goodwill and intangible assets with indefinite lives to not be amortized but rather to be reviewed annually, or more frequently if impairment indicators arise, for impairment. Separable intangible assets that are not deemed to have an indefinite life are amortized over their useful lives. In assessing the recoverability of the Company s goodwill and intangibles, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. Due primarily to unfavorable changes in the economics of the Specialty Infusion business unit, the Company recorded non-cash impairment charges from continuing operations of $77.5 million in goodwill and $138 thousand in other intangible assets during the third quarter of 2005 and $133.9 million in goodwill and $68 thousand in other intangible assets during the fourth quarter of 2004 (see Note 6 of Notes to Consolidated Financial Statements). The Company conducted an additional analysis as of December 31, 2005 and, based on those results, no further impairment was identified. The fair value of the Specialty Infusion business unit was estimated by performing a discounted cash flows analysis for the reporting unit. The Company will continue to monitor its goodwill and intangibles for impairment indicators which include, among others, the Company s performance versus its forecast, changes in contracts or reimbursement by payors and critical personnel departures.

KEY PERFORMANCE INDICATORS

The following provides a summary of some of the key performance indicators that may be used to assess the Company s results of operations. These comparisons, which exclude amounts from discontinued operations (see Note 5), are not necessarily indicative of future results (dollars in thousands).

	2005	2004	$ Change	% Change	2004	2003	$ Change	% Change
Specialty Infusion revenues	$ 232,169	$ 198,055	$ 34,114	17%	$ 198,055	$ 134,596	$ 63,459	47%
Wound Care Management revenues	28,890	26,925	1,965	7%	26,925	28,898	(1,973)	(7)%
Total revenues	$ 261,059	$ 224,980	$ 36,079	16%	$ 224,980	$ 163,494	$ 61,486	38%
Specialty Infusion revenues to total	89%	88%			88%	82%		
Wound Care Management revenues to total	11%	12%			12%	18%		
Total	100%	100%			100%	100%		
Specialty Infusion gross margin	$ 38,963	$ 41,201	$ (2,238)	(5)%	$ 41,201	$ 45,355	$ (4,154)	(9)%
Wound Care Management gross margin	15,905	14,849	1,056	7%	14,849	15,674	(825)	(5)%
Total gross margin	$ 54,868	$ 56,050	$ (1,182)	(2)%	$ 56,050	$ 61,029	$ (4,979)	(8)%
Specialty Infusion gross margin %	17%	21%			21%	34%		
Wound Care Management gross margin %	55%	55%			55%	54%		
Total gross margin %	21%	25%			25%	37%		
Specialty Infusion SG&A	$ 27,262	$ 17,858	$ 9,404	53%	$ 17,858	$ 14,100	$ 3,758	27%
Wound Care Management SG&A	3,754	3,971	(217)	(5)%	3,971	4,641	(670)	(14)%
Corporate SG&A	17,367	18,267	(900)	(5)%	18,267	15,502	2,765	18%
Charges(1)	7,319	9,946	(2,627)	(26)%	9,946	6,752	3,194	47%
Total SG&A	$ 55,702	$ 50,042	$ 5,660	11%	$ 50,042	$ 40,995	$ 9,047	22%
Goodwill and intangible asset impairment	$ 77,608	$ 133,969	$ (56,361)	(42)%	$ 133,969	$	$ 133,969	100%
Operating margin (deficit)	$ (78,442)	$ (127,961)	49,519	(39)%	$ (127,961)	$ 20,034	$ (147,995)	(739)%
Operating margin (deficit) %	(30)%	(57)%			(57)%	12%		

(1) The Company s charges are discussed under Results of Operations - *Selling, General and Administrative.*

RESULTS OF OPERATIONS

Fiscal Year 2005 vs. Fiscal Year 2004

Revenues. The Company s revenues increased $36.1 million, or 16%, to $261.1 million for the fiscal year ended December 31, 2005 compared to $225.0 million for the fiscal year ended December 31, 2004. The increase in

revenues for 2005 was the result of the April 2004 acquisition of CCS, offset by a reduction in hemophilia revenue related to reduced reimbursement from California state programs.

Product revenues, attributed entirely to the Specialty Infusion business unit, increased $34.1 million, or 17%, to $232.2 million in 2005 from $198.1 million in 2004. The increase in product revenues for the twelve-month period was primarily attributable to the 2004 acquisition of CCS, offset by a reduction in hemophilia revenue related to the reduced reimbursement from California state programs. As a percentage of Specialty Infusion s revenues, hemophilia revenues accounted for approximately 42% for the year ended December 31, 2005.

Service revenues, attributed entirely to the Wound Care Management business unit, increased $2.0 million, or 7%, to $28.9 million in 2005 from $26.9 million in 2004. During 2005, the Company signed 17 new Wound Care Management contracts and 6 contracts were terminated.

Cost of Product Sales. Cost of product sales, attributed entirely to the Specialty Infusion business unit, increased $36.4 million, or 23%, to $193.2 million in 2005 compared to $156.9 million in 2004. The increase in cost of product sales was primarily attributable to the 2004 acquisition of CCS and increased costs for IVIG products. As a percentage of product revenues, cost of product sales in 2005 was 83% compared to 79% in 2004. The dollar and percentage increases for 2005 were primarily attributable to the acquisition of CCS which resulted in a reduction of the percentage of the Company s revenues derived from hemophilia products, which have a lower product cost as a percentage of revenue, as well as the reduction in hemophilia revenue related to the reduced reimbursement from California state programs.

Cost of Services. Cost of services, attributed entirely to the Wound Care Management business unit, increased $0.9 million, or 8%, to $13.0 million in 2005 from $12.1 million in 2004. As a percentage of service revenues, cost of services was flat at 45% in 2005 and 2004.

Gross Margin. Gross margin decreased $1.2 million, or 2%, to $54.9 million in 2005 from $56.0 million in 2004. Specialty Infusion s gross margin declined to $39.0 million in 2005 from $41.2 million in 2004, a decrease of $2.2 million, or 5%. As a percentage of its revenues, Specialty Infusion s gross margin was 17% in 2005 as compared to 21% in 2004. The decreases in gross margin dollars and percentage for the year ended December 31, 2005 were attributed to lower average revenue per unit for hemophilia products as a result of changes in reimbursement rates, lower average revenue per unit for IVIG products at pharmacies operating before the CCS acquisition due to a higher mix of managed care business and a higher product cost. These decreases were partially offset by the inclusion of the gross margin from the CCS acquisition.

Wound Care Management s gross margin increased 7% to $15.9 million in 2005 compared to $14.8 million in 2004. As a percentage of its revenues, Wound Care Management s gross margin was flat at 55% in 2005 and 2004.

Selling, General and Administrative. Selling, general and administrative expenses increased by $5.7 million, or 11%, to $55.7 million in 2005 compared to $50.0 million in 2004 and consisted of $27.3 million related to the Specialty Infusion business unit, $3.7 million related to the Wound Care Management business unit, $17.4 million related to corporate services and $7.3 million in charges related to the Company s corporate reorganization and financial advisory fees. The increase in selling, general and administrative expenses of $5.7 million was primarily due to the inclusion of CCS s results for a full year in 2005, offset by the charges of $7.3 million in 2005 compared to $9.9 million in 2004, or $2.6 million. The charges incurred during 2005 related to the corporate office relocation and financial restructuring advisory and legal fees. As a percentage of total Company revenues, selling, general and administrative expenses were 21% in 2005 compared to 22% in 2004.

Goodwill Impairment. During the third quarter of 2005, the Company conducted an interim impairment test related to the carrying values of goodwill and other intangible assets, attributed entirely to the Specialty Infusion business unit, in accordance with SFAS No. 142 and SFAS No. 144, respectively. Based on the results of this evaluation, in the third quarter of 2005, the Company recorded non-cash impairment charges from continuing operations of $77.5 million in

goodwill and $0.1 million in other intangible assets related to the Specialty Infusion business unit. The total charge of $77.6 million resulted primarily from changes in the economics of the Specialty Infusion business unit, including reimbursement changes and resulting decline in gross margin. The Company conducted an additional analysis as of December 31, 2005 and, based on those results, no further impairment was identified. The fair value of the Specialty Infusion business unit was estimated by performing a discounted cash flow analysis for the reporting unit. See Note 6 of Notes to Consolidated Financial Statements.

Interest (Expense) Income. Net interest expense in 2005 was $25.5 million compared to $15.7 million in 2004. The increase of $9.7 million was primarily due to the Company s increased debt used to fund the CCS acquisition in April of 2004 (see Notes 4 and 11 of Notes to Consolidated Financial Statements).

Other (Income) Expense. Other income of $0.7 million and $0 in 2005 and 2004, respectively, and other expense of $0 and $1.1 million in 2005 and 2004, respectively, primarily represented the fair value adjustments of the Company s interest rate swap agreement for those periods. The Company terminated the interest rate swap agreement in June of 2005 (see Note 12 of Notes to Consolidated Financial Statements).

Income tax benefit. The Company recorded an income tax benefit of approximately $3.4 million in 2005 compared to a benefit of $3.9 million in 2004. The tax benefit in 2005 resulted primarily from the Company reversing certain tax reserve items, offset by the recording of a full valuation allowance of $1.4 million against its deferred tax assets.

Net Loss. Loss from continuing operations in 2005 was $99.8 million, or ($7.67) per share, compared to a loss from continuing operations of $140.8 million, or ($10.89) per share in 2004. The loss from continuing operations for 2005 was attributed to the goodwill and intangible asset impairment charges, the increased interest expense related to the Company s Senior Notes, the decreased gross margins for Specialty Infusion and the charges taken primarily related to the Company s corporate office relocation and financial advisory fees.

The Company also recorded loss from discontinued operations of $1.8 million, or $0.14 per share compared to a loss from discontinued operations of $0.6 million, or ($0.04) per share. As a result, the Company had a total net loss in 2005 of $101.6 million, or ($7.81) per share compared to a net loss of $141.4 million, or ($10.93) per share, in 2004.

Fiscal Year 2004 vs. Fiscal Year 2003

Revenues. The Company s revenues increased $61.5 million, or 38%, to $225.0 million for the fiscal year ended December 31, 2004 compared to $163.5 million for the fiscal year ended December 31, 2003. The increase in revenues was the result of the 2004 acquisition of CCS, offset by a reduction in hemophilia revenue related to the reduced reimbursement from California state programs and a reduction in service revenues in the Wound Care Management business unit.

Product revenues, attributed entirely to the Specialty Infusion business unit, increased $63.5 million, or 47%, to $198.1 million in 2004 from $134.6 million in 2003. The increase in product revenues was primarily attributable to the 2004 acquisition of CCS**,** offset by a reduction in hemophilia revenue related to the reduced reimbursement from California state programs and a reduction in IVIG sales. Product revenues for the years ended December 31 included the following:

	2004			2003		
		In millions	% of Specialty Infusion Revenues		In millions	% of Specialty Infusion Revenues
Hemophilia	$	111.4	56%	$	115.3	86%
Other branch pharmacy revenue(1)		86.7	44%		19.3	14%
Total Specialty Infusion revenues	$	198.1	100%	$	134.6	100%

(1) Includes product, service and per diem revenues for products such as, among others, antibiotics, IVIG, TPN, Remicaid® and chemotherapy.

Service revenues, attributed entirely to the Wound Care Management business unit, decreased $2.0 million, or 7%, to $26.9 million in 2004 from $28.9 million in 2003. The decrease in service revenues was primarily attributable to contract terminations, contract renegotiations resulting in lower average revenues per program and the conversion over the last two years of four under arrangement programs to management service programs where revenues are lower. As of the fiscal year ended 2004, the Company signed 13 new Wound Care Management contracts and 6 contracts were terminated. The improvement in the total number of contracts signed in 2004 versus contracts terminated was the result of a more favorable climate for outsourcing within the hospital market as well as improved financial stability of hospitals generally. Program terminations

by client hospitals have been effected for such reasons as reduced reimbursement, financial restructuring, layoffs, bankruptcies, hospital closings or a hospital s decision to maintain a wound care center without external management. The continued termination, non-renewal or renegotiations of a material number of management contracts or the inability to sign new contracts could result in a continued decline in the Company s Wound Care Management business unit revenue. The Wound Care Management business unit has a number of initiatives to counter the decline in revenue, although there can be no assurance that the initiatives will be successful. These initiatives include new product offerings such as inpatient wound care programs at acute care hospitals focusing on pressure sores, and wound outreach programs whereby nurse practitioners or physicians from affiliated Wound Care Centers provide related services to long-term care facilities in surrounding areas. All of these programs are currently being offered to hospitals.

Cost of Product Sales. Cost of product sales, attributed entirely to the Specialty Infusion business unit, increased $67.6 million, or 76%, to $156.9 million in 2004 compared to $89.2 million in 2003. The increase in cost of product sales was primarily attributable to the 2004 acquisition of CCS. As a percentage of product revenues, cost of product sales in 2004 was 79% compared to 66% in 2003. The increased percentage for 2004 was primarily attributable to the acquisition of CCS which resulted in the reduction of the percentage of the Company s revenues derived from hemophilia products, which have a lower product cost as a percentage of revenue, as well as the reduction in hemophilia revenue related to the reduced reimbursement from California state programs.

Cost of Services. Cost of services, attributed entirely to the Wound Care Management business unit, decreased $1.1 million, or 9%, to $12.1 million in 2004 from $13.2 million in 2003. The decrease in cost of services for 2004 was primarily attributed to the conversion over the last two years of four under arrangement programs to management service programs where expenses are lower. As a percentage of service revenues, cost of services in 2004 was 45% compared to 46% in 2003.

Gross Margin. Gross margin decreased $5.0 million, or 8%, to $56.1 million in 2004 from $61.0 million in 2003. Specialty Infusion s gross margin declined to $41.2 million in 2004 from $45.4 million in 2003, a decrease of $4.2 million, or 9%. As a percentage of its revenues, Specialty Infusion s gross margin was 21% in 2004 as compared to 34% in 2003. The decreases in gross margin dollars and percentage were attributed to lower average revenue per unit for hemophilia as a result of changes in reimbursement rates, lower average revenue per unit for IVIG at pharmacies operating before the CCS acquisition due to a higher mix of managed care business, and a higher cost of service. These decreases were partially offset by the inclusion of the gross margin from the CCS acquisition. Wound Care Management s gross margin slightly decreased to $14.8 million in 2004 from $15.7 million in 2003, or 5%. As a percentage of its revenues, Wound Care Management s gross margin was 55% in 2004 compared to 54% in 2003. The increase was attributed to the conversion over the past two years of four under arrangement contract programs to management services contracts where gross margins are typically higher.

Selling, General and Administrative. Selling, general and administrative expenses increased by $9.0 million, or 22%, to $50.0 million in 2004 compared to $41.0 million in 2003 and consisted of $17.8 million related to the Specialty Infusion business, $4.0 million related to the Wound Care Management business, $18.3 million related to corporate services and $9.9 million in charges. The total 2004 charges of $9.9 million included the following:

Charge		**In Millions**
Critical Care Systems integration	$	6.8
Litigation expense		1.8
Corporate reorganization		1.3
Total charges	$	9.9

The increase in selling, general and administrative expenses of $9.0 million was due to the charges of $9.9 million in 2004 compared to $6.7 million in charges in 2003 and the 2004 acquisition of CCS which accounted for increases of approximately $3.7 million in Specialty Infusion expenses and $2.8 million due to growth in corporate departments in support of the CCS, offset by a decrease of approximately $0.7 million in Wound Care Management expenses. As a percentage of total revenues, selling, general and administrative expenses were 22% for 2004

compared to 25% for 2003.

Goodwill Impairment. During the fourth quarter of 2004, the Company conducted its impairment test related to the carrying values of goodwill and other intangible assets, attributed entirely to the Specialty Infusion business unit, in accordance with SFAS No. 142, Goodwill and Other Intangible Assets and SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, respectively. Based on the results of this evaluation, the Company recorded non-cash impairment charges of $133.9 million in goodwill and $68 thousand in other intangible assets related to the Specialty Infusion business unit. The total charge of $134.0 resulted primarily from changes in the economics of the Specialty Infusion business unit, including the changes in reimbursement methodology that occurred in 2004.

Interest (Expense) Income. Net interest expense in 2004 was $15.7 million compared to $2.3 million in 2003. The increase of $13.4 million was due to the Company s increased debt used to fund the CCS acquisition in April of 2004 (see Notes 4 and 11 of Notes to Consolidated Financial Statements).

Other Expense. Other expense in 2004 was $1.1 million compared to $0 in 2003 and represents the fair value adjustments of the Company s interest rate swap agreement as of December 31, 2004 (see Note 12 of Notes to Consolidated Financial Statements).

Income tax (benefit) provision. The Company recorded an income tax benefit of $3.9 million in 2004 compared to an expense of $7.9 million in 2003. The benefit in 2004 is primarily related to the net pre-tax loss adjusted for non-deductible items such as goodwill impairment.

Net (Loss) Income. Loss from continuing operations in 2004 was $140.8 million, or ($10.89) per share, compared to income from continuing operations of $12.2 million, or $0.89 per diluted share in 2003 (calculated under the as if converted method as described in Note 18 of Notes to Consolidated Financial Statements). The loss from continuing operations for 2004 was attributable to the increase in charges incurred in 2004, increased interest expense related to the Company s Senior Notes, the goodwill impairment charge and the reductions in hemophilia revenue related to the reduced reimbursement from California state programs. The Company also recorded a loss from discontinued operations of $0.6 million or ($0.04) per share, compared to income from discontinued operations of $0.9 million, or $0.07 per diluted share in 2003 (see Note 5 of Notes to Consolidated Financial Statements). As a result, the Company had a total net loss in 2004 of $141.4 million, or ($10.93) per share compared to net income of $13.1 million, or $0.96 per diluted share, in 2003.

LIQUIDITY AND CAPITAL RESOURCES

Working capital deficit was $156.9 million at December 31, 2005 compared to working capital of $50.8 million at December 31, 2004. The decrease in working capital is the result of the Company classifying its debt and other obligation as current (see Notes 2 and 11 of Notes to Consolidated Financial Statements). Total cash and cash equivalents at December 31, 2005 was $1.1 million. The ratio of current assets to current liabilities was 0.39 to 1 at December 31, 2005 and 1.8 to 1 at December 31, 2004.

Cash flows provided by continuing operating activities for 2005 totaled $3.8 million, primarily attributable to the net loss from continuing operations of $99.8 for the year, a $1.1 million change in the fair value of the interest rate swap and a decrease in accounts payable and accrued expenses of $4.0 million, offset by depreciation and amortization of $5.9 million, bad debt provision of $8.4 million, the goodwill and intangible asset impairment charges of $77.6 million and decreases of approximately $0.5 million, $5.2 million and $6.3 million in accounts receivable, inventories and prepaids and other, respectively.

Cash flows provided by continuing investing activities totaled $0.1 million, attributable to $5.9 million in fixed asset purchases, net of $1.6 million in disposals, offset by proceeds of $4.4 million related to the Prescription City Settlement (see Note 4 to Consolidated Financial Statements).

Cash flows used in continuing financing activities totaled $0.6 million, attributable to $1.6 million in borrowings against credit facilities, net of deferred financing costs and $1.5 million in proceeds from repayments of notes receivable from stockholders, offset by $3.7 million in

repayments of notes payable.

At December 31, 2005, the Company experienced a net decrease in accounts receivable of $7.1 million primarily attributable to approximately $4.2 million of additional reserves the Company recorded in the fourth quarter of 2005 and a reduction in days sales outstanding (DSO). DSO was 87 days at December 31, 2005, as compared to 88 days at December 31, 2004. At December 31, 2005, DSO for the Specialty Infusion business unit was 91 days and for the Wound Care Management business unit, DSO was 56 days, compared to 89 days and 73 days, respectively, at December 31, 2004.

As of December 31, 2005, the Company s debt and other obligation of $213.2 million included $185.0 million in Senior Notes, $26.3 million in borrowed funds from the Company s commercial lender, $0.4 million representing the DOJ obligation and $1.5 million representing the convertible note used in connection with the purchase of Apex in February 2002. On October 26, 2005, the Company commenced litigation against former stockholders of Apex alleging, among other things, that stockholders of Apex made material misrepresentations in connection with their sale of Apex stock to Curative in 2002. Prior to commencement of the action, Curative notified the representative of the former stockholders indicating that it would not be making the installment payment due on December 31, 2005 or any further payments pending resolution of this dispute (see Item 3, Legal Proceedings). The Company s debt

and other obligation were classified as current liabilities under generally accepted accounting principles as of December 31, 2005 (see Notes 2 and 11 of Notes to Consolidated Financial Statements).

The total of the Company s debt and other obligation and long-term liabilities decreased $4.2 million to $213.2 million compared to $217.5 million at December 31, 2004. The decrease was primarily due to a decrease in the DOJ obligation resulting from payments made in 2005, the release of the obligation to pay a $1.0 million promissory note entered into in connection with the asset purchase of Prescription City (see Note 11 of Notes to Consolidated Financial Statements) and the repayment of the $3.0 million note payable in connection with the purchase of Home Care of New York, Inc.

The Company s current liquidity needs include those related to working capital needs for the servicing of its debt, approximately $19.9 million in interest expense, paid semi-annually, related principally to the Company s outstanding Senior Notes, a $0.4 million obligation payable to the DOJ related to the settlement of its litigation previously disclosed and the expansion of the Company s branch network of full-service pharmacies, including capital expenditure requirements of approximately $3.0 million.

On May 2, 2005, the Company made the first 2005 semi-annual interest payment of approximately $9.75 million on the Senior Notes, and on October 23, 2005, the Company paid the $3.0 million convertible note related to the purchase of Home Care. The Company made these payments by drawing against its revolving credit facility. The Company did not, however, pay the November 1, 2005 coupon due on the Senior Notes and instead elected to use the 30-day grace period under the Note indenture to continue to negotiate with the Ad Hoc Committee of the bondholders and their financial advisor regarding a restructuring of the Senior Notes.

As previously disclosed, the Company hired a financial advisor to assess the financial alternatives available to the Company given its significant debt and continuing losses. In addition, the Ad Hoc Committee comprised of the holders of approximately 80% of the Company s Senior Notes hired a financial advisor as well.

In connection with the Existing Credit Facility, on December 1, 2005, the Company entered into a Forbearance Agreement with GECC. The Forbearance Agreement provides that, subject to certain conditions, GECC, together with the other lenders under the Existing Credit Facility, which is governed by the Credit Agreement, will forbear from exercising remedies on account of the cross-default under the Credit Agreement arising from the Company s failure to pay interest on the Senior Notes. Subject to certain termination events, including additional events of default under the Credit Agreement, the Forbearance Agreement will expire on June 10, 2006. Under the terms of the Forbearance Agreement, Curative may continue to draw-down under the Credit Agreement as if such existing events of default had not occurred. Upon termination of the Forbearance Agreement, all obligations under the Credit Agreement, together with interest, will be immediately due and payable and the lenders may exercise any rights or remedies thereunder.

The Forbearance Agreement provides that interest on outstanding amounts on the revolver facility will accrue at the default rate under the agreement, but paid at the rate in the agreement as if no event of default had occurred. The difference between interest accrued and interest paid, the PIK spread, becomes due and payable at the end of the forbearance period, provided however that GECC will waive such additional interest due as long as: 1) a terminating event under the facility does not occur, 2) the Company accepts GECC s proposal for a DIP Credit facility and 3) GECC provides the Exit Facility (see Note 1 of Notes to Consolidated Financial Statements). In addition, the Forbearance Agreement waives payment of an early termination fee that became due and payable of $1.2 million, subject to the same conditions as the PIK interest. The Company recorded the $1.2 million termination penalty and PIK interest in the accompanying financial statements. Further, the Company was not in compliance with the financial covenants of total leverage, senior secured leverage and fix charges coverage ratios under its revolving credit facility at December 31, 2005, and the Company and GECC executed a waiver agreement related to these covenants. As of April 5, 2006, our obligations under our Existing Credit Facility with GECC have been paid in full in connection with the interim order of the Bankruptcy Court authorizing the DIP Financing described below. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis.

If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

On December 2, 2005, the Company reached an agreement with the Ad Hoc Committee on the general terms of a financial restructuring and entered into a Plan Support Agreement. The financial restructuring, as contemplated by the Plan Support Agreement and the Plan, is designed to (a) de-leverage the Company s balance sheet, (b) provide substantial liquidity to conduct business operations, (c) ensure that business operations are unaffected by the Chapter 11 Cases and that the Company is able to retain existing management and employees and (d) provide the greatest return to creditors. Under the Plan Support Agreement, the Senior Noteholders party thereto agreed to forbear from exercising remedies with respect to any defaults and events of defaults arising, or that may arise, under the Senior

Notes, and agreed further to take all commercially reasonable actions to oppose and object to, and not to support, any person s taking action to exercise remedies with respect to the Senior Notes. The Plan Support Agreement will terminate on July 31, 2006, or upon the earlier failure to satisfy certain milestones with respect to the Plan.

On March 27, 2006, Curative and each of its direct and indirect subsidiaries filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Company filed the Chapter 11 Cases to implement and effect the Plan. Prior to commencement of the Chapter 11 Cases, the Company solicited votes to accept or reject the Plan from the holders of the Senior Notes issued by Curative and the holders of known general unsecured claims against the Company as of February 6, 2006. Prior to the commencement of the Chapter 11 Cases, the Company received the requisite votes for the Plan to be confirmable under Section 1129 of the Bankruptcy Code.

The Plan was filed with the Bankruptcy Court on March 27, 2006. The Plan will, if confirmed and consummated, result in the cancellation and discharge of all claims relating to the Senior Notes. Each Senior Noteholder will receive a cash payment of approximately 54.9% of its respective claim related to the Senior Notes, unless a Senior Noteholder was qualified to elect and did elect to receive its pro rata share of certain cash consideration provided in the Plan and the New Curative Common Stock. Holders of existing shares of Old Curative Common Stock and options will not receive any distributions under the Plan and all shares of Old Curative Common Stock and options will be extinguished.

The Bankruptcy Court entered an interim order authorizing the Company to enter into a $45.0 million debtor-in-possession credit facility that is secured by all or substantially all of the Company s assets and a pledge of the equity interests of each of its subsidiaries, or DIP Financing). The proceeds of the DIP Financing were used to pay, in full, all amounts outstanding under the Existing Credit Facility as of April 5, 2006 and also will be used for working capital and other general corporate purposes during the Chapter 11 Cases.

The DIP Financing provides for a secured revolving credit facility of up to $45.0 million, of which the Company can use up to $7.5 million as a letter of credit sub facility and up to $5.0 million as a swingline sub facility (i.e., a short-term loan advance facility). The Company used the facility immediately to pay all of its outstanding borrowings under the previous facility.

The Company will pay all accrued interest on outstanding LIBOR loans on the last day of the applicable LIBOR period, provided in the case of any LIBOR period greater than three months in duration, interest shall be payable at three month intervals and on the last day of such LIBOR period. All accrued interest on outstanding revolving credit LIBOR loan advances will bear interest at an annual rate equal to the LIBOR rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 3% to 3.5%. For outstanding base rate loans, the Company will pay all accrued interest on the first business day of each calendar quarter. All accrued interest on outstanding revolving credit base rate loans bears interest at an annual rate equal to the base rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 1.75% to 2.25% for the revolving credit base rate loans.

In the DIP Financing Credit Agreement, the Company has made certain representations and warranties to GECC and is subject to certain reporting requirements and financial and other covenants. The credit facility restricts the Company s ability to incur or to permit any of its properties or assets to be encumbered by liens. The credit facility also restricts the Company s ability to make certain types of payments relating to its capital stock, including the declaration or payment of dividends. Consolidations, mergers, sales of assets and the creation of additional subsidiaries are also restricted, as is the Company s ability to purchase assets and to make investments. The covenants also restrict transactions with the Company s affiliates and require the Company to maintain certain levels with respect to its total leverage ratio, senior leverage ratio and fixed charge coverage ratio. The DIP facility provided for conditions to close which included covenants related to levels of the Company s fixed charges coverage ratio, senior secured leverage ratio and total leverage ratio. The Company was in compliance with these as well as other requirements as of the close date.

The Company s longer term cash requirements include working capital for the expansion of its Specialty Infusion business branch pharmacy network and servicing of the Company s substantial debt. Other cash requirements are anticipated for capital expenditures in the normal course of business, including the acquisition of software, computers and equipment related to the Company s management information systems.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

At December 31, 2005, the Company had an approximate $0.4 million obligation, payable in February 2006, to the DOJ related to the settlement of its litigation previously disclosed, as well as bank debt and convertible and promissory notes totaling $212.9 million payable over various periods through 2011 that were used in the Specialty Infusion acquisitions (see Note 4 of Notes to Consolidated Financial Statements). In addition, the Company has contractual obligations under various operating leases.

The following table details total future payments under these obligations at December 31, 2005 (in thousands):

	Total	Less than 1 year	1 3 years	3 5 years	More than 5 years
Senior subordinated notes(1)	$ 185,000	$ 185,000	$	$	$
Revolving loan facility(1)	26,346	26,346			
DOJ obligation	375	375			
Convertible note payable(2)	1,524	1,524			
Operating leases	16,338	4,201	7,059	3,898	1,180
Total	$ 229,583	$ 217,446	$ 7,059	$ 3,898	$ 1,180

(1) Due to the Company s current financial condition, all of the Company s outstanding debt has been classified as current in the accompanying financial statements (see Notes 2 and 11 of Notes to Consolidated Financial Statements).

(2) Currently in dispute (see Note 21 of Notes to Consolidated Financial Statements).

The effects of inflation and changing prices are considered immaterial.

RECENTLY ISSUED ACCOUNTING STANDARD

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), Share-Based Payment, (SFAS No. 123(R)) which eliminated the alternative of accounting for share-based compensation transactions under the intrinsic value method of APB No. 25. Instead, SFAS No. 123(R) requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments. The Company adopted SFAS No. 123(R) on January 1, 2006.

Given the Company s filing for Chapter 11 reorganization as described above, the cancellation of the Company s stock as well as existing options and the expected issuance of new options at prices to be determined, the impact of adoption of SFAS No. 123(R) on future net income cannot be predicted at this time. SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing activity, rather than as an operating activity as currently presented. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While future tax deduction amounts cannot be determined at this time, the amount of tax benefit from stock option exercises recorded in operating cash flows recognized in prior periods included no benefit in 2005 or 2004 and $1.5 million in 2003.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company currently does not have market risk sensitive instruments entered into for trading purposes and does not have operations subject to risks of material foreign currency fluctuations. The Company does not enter into derivative instruments other than for cash flow hedging purposes and does not speculate using derivative instruments.

For non-trading purposes, the Company is subject to interest rate risk under its Existing Credit Facility. In conjunction with the acquisition of CCS on April 23, 2004, the Company restructured its previous credit facility with GECC to provide for a $40.0 million senior secured revolving credit facility. Loans under this Existing Credit Facility may, at the Company s option, be obtained as Base Rate loans, LIBOR loans or any combination thereof. This credit facility was to terminate on April 23, 2009.

In connection with the Existing Credit Facility, on December 1, 2005, the Company entered into a Forbearance Agreement with GECC. The Forbearance Agreement provides that, subject to certain conditions, GECC, together with the other lenders under the Existing Credit Facility, which is governed by the Credit Agreement, will forbear from exercising remedies on account of the cross-default under the Credit Agreement arising from the Company s failure to pay interest on the Senior Notes. Subject to certain termination events, including additional events of default under the Credit Agreement, the Forbearance Agreement will expire on June 10, 2006. Under the terms of the Forbearance Agreement, Curative may continue to draw-down under the Credit Agreement as if such existing events of default had not occurred. Upon termination of the Forbearance Agreement, all obligations under the Credit Agreement, together with interest, will be immediately due and payable and the lenders may exercise any rights or remedies thereunder.

The Forbearance Agreement provides that interest on outstanding amounts on the revolver facility will accrue at the default rate under the agreement, but paid at the rate in the agreement as if no event of default had occurred. The difference between interest accrued and interest paid, the PIK spread, becomes due and payable at the end of the forbearance period, provided however that GECC will waive such additional interest due as long as: 1) a terminating event under the facility does not occur, 2) the Company accepts GECC s proposal for a DIP Credit facility and 3) GECC provides the Exit Facility (see Note 1 of Notes to Consolidated Financial Statements). In addition, the Forbearance Agreement waives payment of an early termination fee that became due and payable of $1.2 million, subject to the same conditions as the PIK interest. The Company recorded the $1.2 million termination penalty and PIK interest in the accompanying financial statements. As of April 5, 2006, our obligations under our Existing Credit Facility with GECC have been paid in full in connection with the interim order of the Bankruptcy Court authorizing the DIP Financing. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis. If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

The table below provides information about the Company s financial instruments, in accordance with stated terms of related agreements, that are sensitive to changes in interest rates. For debt obligations, the table presents principal amounts outstanding and related weighted average interest rates. As a result of the Company s financial condition and its filing of a Plan of Reorganization under Chapter 11, all of the Company s outstanding indebtedness is classified as current.

The following table provides information about the Company s financial instruments at December 31 (dollars in millions):

	December 31, 2005		Outstanding Balances December 31,					
	Balance	Fair Value	2006	2007	2008	2009	2010	There-after
Liability:								
Long-term debt (Senior Notes)	$	$	$	$	$	$	$	$
Fixed rate ($US)(1)	185.0	118.4	185.0					
Average interest rate(1)	10.75%	22.72%	10.75%					
Long-term debt (Revolver)	$	$	$	$	$	$	$	$
Variable rate ($US)(2)	26.3	26.3	26.3					
Average interest rate(2)	7.9%	7.9%	8.63%					
Convertible note used in purchase of Apex Average interest rate(3)	$ 1.5	$ 1.5	$ 1.5	$	$	$	$	$
	4.4%	4.4%	4.4%					
Department of Justice obligation	$ 0.4	$ 0.4	$ 0.4	$	$	$	$	$
Average interest rate(4)	6.0%	6.0%	6.0%					

(1) The Senior Notes mature in May of 2011 and bear interest at a fixed rate of 10.75%.

(2) The average interest rates are based on the LIBOR forward yield curves at December 31, 2005 plus the applicable 3.5% premium. The senior secured revolving credit facility terminates on April 23, 2009. The LIBOR interest rate in effect at December 31, 2005 was the 30-day LIBOR rate of 4.4% plus 3.5%. On a monthly basis, a Base Rate of prime plus 2.25% is applied to the difference between the LIBOR period loan and the actual outstanding balance of the revolving facility. As of December 31, 2005, the prime rate in effect was 7.0%. In addition to the LIBOR and Base Rate interest rate, there is a monthly unused line fee of between 0.5% and 0.75% of the unused balance on the facility.

(3) Average interest rates are contractual amounts. The Company is disputing this obligation (see Part I, Item 3, Legal Proceedings).

(4) Average interest rates are contractual amounts.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required by this item is incorporated herein by reference to the Consolidated Financial Statements listed in Item 15(a) of Part IV of this Report.

This table should be read together with the accompanying Consolidated Financial Statements and Notes. The period-to-period comparability of the Company s selected consolidated financial data is affected by its acquisition activity. See Note 4 of Notes to Consolidated Financial Statements.

The following table sets forth the unaudited financial results of the Company for the eight quarters ended December 31, 2005 (in thousands, except per share data)(1):

	Total Revenues(1)	Gross Profit(1)	Net Loss	Income Per Common Share, Basic(3)	Net Loss Per Common Share, Diluted(2)(3)
Quarter Ended					
2005					
December 31	$ 68,715	$ 14,803	$ (12,528)	$ (0.96)	$ (0.96)
September 30	67,135	14,020	(80,926)	(6.22)	(6.22)
June 30	65,879	13,313	(4,774)	(0.37)	(0.37)
March 31	59,330	12,732	(3,364)	(0.26)	(0.26)
2004					
December 31	$ 62,018	$ 12,638	$ (139,340)	$ (10.77)	$ (10.77)
September 30	64,398	15,115	(2,066)	(0.16)	(0.16)
June 30	59,190	15,117	(3,132)	(0.24)	(0.24)
March 31	39,374	13,180	3,133	0.24	0.23

(1) Excludes amounts from discontinued operations. See Note 5 of Notes to Consolidated Financial Statements.

(2) See Note 18 of Notes to Consolidated Financial Statements for net (loss) income per share calculation.

(3) Weighted average shares used in the above calculations have been corrected for 2004. Such correction resulted in an increase in net loss per share of $.01 for the fourth quarter of 2004

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company s management, including its Chief Executive Officer (CEO) and Chief Financial Officer (CFO), the Company evaluated the effectiveness of the design and operation of the Company s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of the end of the period covered by this report on Form 10-K. Based on this evaluation, the Company noted a deficiency in the effectiveness of the Company s financial statement close process in three non-routine, judgmental areas relating to the allowance for doubtful accounts, certain accrued liabilities relating to the Company s revolving credit facility and certain income tax accounts. As a result of this deficiency, audit adjustments increasing the Company s net loss in the aggregate amount of $6.2 million were recorded by the Company. Accordingly, the CEO and CFO concluded that, due to the material weakness in the Company s internal controls, the Company s disclosure controls and procedures were not effective as of December 31, 2005.

Any system of controls, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system will be met. In addition, the design of any control system is based, in part, upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that the Company s controls will succeed in achieving their goals under all potential future conditions.

Changes in Internal Controls

Except as noted above, there were no changes in the Company s internal control over financial reporting that occurred during the fourth quarter of 2005 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

Remediation of Material Weakness in Internal Control over Financial Reporting

In order to address the material weakness noted above, the Company has revised its financial statement closing procedures to provide for broader review and discussion of such non-routine judgments in the future which will involve, as appropriate, legal counsel, additional internal financial staff, and outside financial advisors. Based on these changes in the financial statement closing process, management of the Company believes that the Company s disclosure controls and procedures are effective as of the date of filing of this report on Form 10-K.

ITEM 9B. OTHER INFORMATION

None.

PART III

The information required by Part III of this Form 10-K is omitted from this Report in that the Registrant will file a definitive proxy statement pursuant to Regulation 14(a) for its 2006 Annual Meeting of Shareholders (the Proxy Statement) not later than 120 days after the end of the fiscal year covered by this Report, and certain information included therein is incorporated herein by reference.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference to the sections Election of Directors, Executive Officers and Section 16(a) Beneficial Ownership Reporting Compliance of the Company s Proxy Statement. The Company has adopted a Code of Ethics that applies to the Company s Chief Executive Officer and senior financial officers. The text of such Code of Ethics has been posted on the Company s website at www.curative.com. Any amendment to, or waiver from, a provision of such Code of Ethics shall be posted on the Company s website at www.curative.com. In addition, the Company has adopted a Code of Business Practices as part of its compliance program, and a copy of such Code of Business Practices is available upon written request to the Company.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the sections Executive Compensation and Election of Directors Compensation of Directors of the Company s Proxy Statement.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the sections Stock Ownership of Certain Beneficial Owners and Management and Equity Compensation Plan Information of the Company s Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the section Certain Transactions of the Company s Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated by reference to the section Ratification of Appointment of Independent Auditors of the Company s Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are included with the filing of this report:

1. **Index to Financial Statements**

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheets at December 31, 2005 and 2004

Consolidated Statements of Operations for the years ended December 31, 2005, 2004 and 2003

Consolidated Statements of Stockholders Equity for the years ended December 31, 2005, 2004 and 2003

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003

Notes to Consolidated Financial Statements

2. **Financial Statement Schedules**

Schedule II - Consolidated Schedule - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, or not required, or because the required information is included in the consolidated financial statements or notes thereto.

(b) Exhibits

The list of exhibits, entitled Exhibits, immediately following the financial statement schedules accompanying this report is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

CURATIVE HEALTH SERVICES, INC.

By: /s/ Paul F. McConnell
Paul F. McConnell
Chief Executive Officer
(Principal Executive Officer)

Date: April 10, 2006

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Paul F. McConnell, John C. Prior and Thomas Axmacher, jointly and severally, his attorneys-in-fact, each with the power of substitution, for him in any and all capacities, to sign any amendments to this Report on Form 10-K, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Paul F. McConnell Paul F. McConnell	Chief Executive Officer (Principal Executive Officer, Director)	April 10, 2006
/s/ Thomas Axmacher Thomas Axmacher	Chief Financial Officer (Principal Financial and Accounting Officer)	April 10, 2006
/s/ John C. Prior John C. Prior	Chief Operating Officer Director	April 10, 2006
/s/ Paul S. Auerbach, MD Paul S. Auerbach, MD	Director	April 10, 2006
/s/ Daniel E. Berce Daniel E. Berce	Director	April 10, 2006
/s/ Lawrence English Lawrence English	Director	April 10, 2006

/s/	Timothy I. Maudlin Timothy I. Maudlin	Chairman of the Board	April 10, 2006
/s/	Gerard Moufflet Gerard Moufflet	Director	April 10, 2006

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of Curative Health Services, Inc.

We have audited the accompanying consolidated balance sheets of Curative Health Services, Inc. and subsidiaries as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders (deficit) equity, and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits 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. We were not engaged to perform an audit of the Company s internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Curative Health Services, Inc. and subsidiaries at December 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

The accompanying financial statements have been prepared assuming that Curative Health Services, Inc. and subsidiaries will continue as a going concern. As more fully described in Note 1, the Company defaulted on its outstanding debt obligations during 2005 and, subsequent to year end, has filed voluntary petitions under chapter 11 of the United States Bankruptcy Code. These conditions raise substantial doubt about the Company s ability to continue as a going concern. Management s plans in regard to these matters are also described in Notes 1 and 2. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

/s/ Ernst & Young LLP

Manchester, New Hampshire
March 27, 2006, except for Notes 1, 2 and 11,
as to which the date is April 5, 2006

CURATIVE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	December 31, 2005		December 31, 2004	
ASSETS				
Current assets:				
Cash and cash equivalents	$	1,099	$	415
Accounts receivable (less allowance of $7,416 and $3,560 at December 31, 2005 and 2004, respectively)		66,487		73,544
Inventories		10,495		15,381
Prepaids and other current assets		3,529		5,650
Deferred financing fees		9,913		
Federal income tax refund receivable		756		3,431
Deferred income taxes		5,860		3,977
Current assets of discontinued operations		2,278		12,010
Total current assets		100,417		114,408
Property and equipment, net		11,934		10,906
Intangibles subject to amortization, net		18,548		20,383
Intangibles not subject to amortization (trade names)		1,440		1,446
Goodwill		36,387		119,559
Other assets		367		12,979
Non-current assets of discontinued operations		195		4,103
Total assets	$	169,288	$	283,784
LIABILITIES AND STOCKHOLDERS (DEFICIT) EQUITY				
Current liabilities:				
Accounts payable	$	13,133	$	23,774
Accrued expenses and other current liabilities		29,879		21,026
Debt in default and other obligation		213,245		5,496
Current liabilities of discontinued operations		1,035		13,324
Total current liabilities		257,292		63,620
Long-term liabilities				210,991
Deferred income taxes		5,860		3,511
Other long-term liabilities		74		1,209
Non-current liabilities of discontinued operations		395		
Total long-term liabilities		6,329		215,711
Commitments and contingencies				
Stockholders (deficit) equity:				
Preferred stock, $.01 par value per share; 10,000,000 shares authorized, none issued				
Preferred stock, Series A Junior Participating, par value $.01 per share, 500,000 shares authorized, none issued				
Common stock, $.01 par value per share; 50,000,000 shares authorized, 13,043,133 shares issued and outstanding (12,951,462 shares in 2004)		129		128
Additional paid in capital		120,293		119,449
Accumulated deficit		(212,879)		(111,287)
Deferred compensation		(1,876)		(2,364)
Notes receivable stockholders				(1,473)
Total stockholders (deficit) equity		(94,333)		4,453
Total liabilities and stockholders (deficit) equity	$	169,288	$	283,784

See accompanying notes

CURATIVE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(All amounts in thousands, except per share data)

	Years Ended December 31, 2005	2004	2003
Revenues:			
Products	$ 232,169	$ 198,055	$ 134,596
Services	28,890	26,925	28,898
Total revenues	261,059	224,980	163,494
Costs and operating expenses:			
Cost of product sales	193,206	156,854	89,241
Cost of services	12,985	12,076	13,224
Selling, general and administrative	55,702	50,042	40,995
Goodwill and intangible asset impairment	77,608	133,969	
Total costs and operating expenses	339,501	352,941	143,460
(Loss) income from operations	(78,442)	(127,961)	20,034
Interest expense	(25,491)	(15,833)	(2,300)
Interest income	23	107	20
Other expense		(1,081)	
Other income	712		2,327
(Loss) income from continuing operations before income taxes	(103,198)	(144,768)	20,081
Income tax (benefit) provision	(3,415)	(3,949)	7,909
(Loss) income from continuing operations	(99,783)	(140,819)	12,172
Discontinued operations:			
Income (loss) from discontinued operations	(1,254)	(471)	1,490
Loss on sale of discontinued operations	(933)		
Income tax (benefit) provision	(378)	115	587
(Loss) Income from discontinued operations	(1,809)	(586)	903
Net (loss) income	$ (101,592)	$ (141,405)	$ 13,075
Basic net (loss) income per share:			
(Loss) income from continuing operations	$ (7.67)	$ (10.89)	$ 0.97
Income (loss) from discontinued operations	(0.14)	(0.04)	0.07
Net (loss) income	$ (7.81)	$ (10.93)	$ 1.04
Diluted net (loss) income per share:(1)			
(Loss) income from continuing operations	$ (7.67)	$ (10.89)	$ 0.89
Income (loss) from discontinued operations	(0.14)	(0.04)	0.07
Net (loss) income	$ (7.81)	$ (10.93)	$ 0.96
Denominator for basic net (loss) income per share, weighted average common shares	13,002	12,932	12,536
Denominator for diluted net (loss) income per share, weighted average common shares assuming conversions	13,002	12,932	13,816

(1) See Note 18 of Notes to Consolidated Financial Statements for net (loss) income per share calculation.

See accompanying notes

CURATIVE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (DEFICIT)

(Dollars in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Deferred Compensation	Notes Receivable Stockholders	Total Stockholders Equity (Deficit)
Balance, December 31, 2002	12,142,106	$ 121	$ 106,124	$ 17,043		$ (2,387)	$ 120,901
Exercise of options	485,863	4	4,136				4,140
Exercise of rights under convertible notes	300,389	3	4,828				4,831
Tax benefit from stock option exercises			1,517				1,517
Repayment of notes receivable-stockholders						780	780
Shares repurchased and retired	(97,070)	(1)	(1,523)				(1,524)
Net income for 2003				13,075			13,075
Balance, December 31, 2003	12,831,288	127	115,082	30,118		(1,607)	143,720
Exercise of options and other	47,459	1	303				304
Grant of restricted common stock			2,896		(2,896)		
Amortization of deferred stock compensation					532		532
Exercise of rights under convertible notes	72,715		1,168				1,168
Repayment of notes receivable-stockholders						134	134
Net loss for 2004				(141,405)			(141,405)
Balance, December 31, 2004	12,951,462	128	119,449	(111,287)	(2,364)	(1,473)	4,453
Grant/issuance of restricted stock	91,671	1	844		(844)		1
Amortization of deferred stock compensation					1,332		1,332
Repayment of notes receivable-stockholders						1,473	1,473
Net loss for 2005				(101,592)			(101,592)
Balance, December 31, 2005	13,043,133	$ 129	$ 120,293	$ (212,879)	$ (1,876)	$	$ (94,333)

See accompanying notes

CURATIVE HEALTH SERVICES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	2005	2004	2003
OPERATING ACTIVITIES:			
(Loss) income from continuing operations	$ (99,783)	$ (140,819)	$ 12,172
Adjustments to reconcile net (loss) income to net cash provided by (used in) continuing operating activities:			
Depreciation and amortization	5,883	4,925	2,602
Provision for doubtful accounts	8,409	2,336	2,164
Gain on sale of equity investment			(2,327)
Stock based compensation	1,332	532	
Change in fair value of interest rate swap	(1,081)	1,081	
Deferred income taxes	1,375	595	2,423
Amortization of deferred financing fees	1,986	1,382	
Tax benefit from stock option exercises			1,517
Goodwill and intangible asset impairment	77,608	133,969	
Changes in operating assets and liabilities, net of effects from Specialty Infusion acquisitions:			
Accounts receivable	557	(385)	(17,146)
Inventories	5,246	(3,878)	3,872
Swap interest receivable		(211)	
Prepaids and other	6,274	(5,608)	1,052
Accounts payable and accrued expenses	(3,967)	(2,186)	614
Net cash provided by (used in) continuing operating activities	3,839	(8,267)	6,943
Net cash (used in) provided by discontinued operations	(2,660)	1,221	(24,118)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,179	(7,046)	(17,175)
INVESTING ACTIVITIES:			
Specialty Infusion acquisitions, net of cash acquired	4,400	(154,420)	(867)
Sale of Accordant Health Services, Inc.		2,815	
Purchases of property and equipment	(5,902)	(5,296)	(6,550)
Disposal of property and equipment and other	1,612	1,514	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	110	(155,387)	(7,417)
FINANCING ACTIVITIES:			
Shares repurchased and retired			(1,524)
Net proceeds from issuance of senior subordinated notes		173,401	
Proceeds from exercise of stock options		165	3,989
Proceeds from repayment of notes receivable stockholders	1,473	134	780
Borrowing from credit facilities, net	1,575	12,730	34,001
Repayments of long-term liabilities		(24,000)	(13,368)
Repayment of notes payable	(3,653)	(871)	
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(605)	161,559	23,878
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	684	(874)	(714)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	415	1,289	2,003
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,099	$ 415	$ 1,289

See accompanying notes

CURATIVE HEALTH SERVICES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2005

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Company was organized under the laws of the State of Minnesota in October 1984. In August 2003, the Company effected a holding company reorganization in which each share of the registrant s outstanding common stock was deemed to have been exchanged for one share of common stock in a newly formed corporation (the new holding company). Pursuant to Section 302A.626 (subd. 7) of the Minnesota Business Corporation Act, the articles of incorporation, bylaws and name of the new holding company, and the authorized capital stock of the new holding company (including the designations, rights, powers and preferences of such capital stock and the qualifications, limitations and restrictions thereof) are all consistent with those of the registrant as it existed prior to the reorganization. In addition, the directors and executive officers of the new holding company were the same individuals who were directors and executive officers, respectively, of the registrant prior to the reorganization. The terms Curative and the Company as used in these financial statements and accompanying notes refer, for periods prior to the reorganization, to the corporation that was the registrant prior to the reorganization, and, for periods after the reorganization, to the new holding company.

The Company operates a Specialty Infusion business unit and a Wound Care Management business unit to deliver high-quality care and positive clinical outcomes for patients experiencing serious acute or chronic medical conditions. Through its Specialty Infusion business unit, the Company provides intravenous and injectable biopharmaceutical and compounded pharmaceutical products and comprehensive infusion services to patients with chronic and critical disease states. All patient care is delivered through a national footprint of community-based branches. Each local branch has an experienced multidisciplinary team of pharmacists, nurses, reimbursement specialists and patient service representatives who comprehensively manage all aspects of a patient s infusion and related support needs. The Company purchases biopharmaceutical and other pharmaceutical products from suppliers and contracts with insurance companies and other payors to provide its services, which include coordination of patient care, 24-hour nursing and pharmacy availability, patient education and reimbursement billing and collection services. The products distributed and the injection or infusion therapies offered by Curative are used by patients with chronic or severe conditions such as hemophilia, immune system disorders, chronic or severe infections, nutritionally compromised and other severe conditions requiring nutritional support, cancer, rheumatoid arthritis, hepatitis C and multiple sclerosis. Examples of biopharmaceutical products used by Curative s patients include hemophilia clotting factor, IVIG and Remicade®. Examples of pharmaceutical products used by Curative s patients include compounded pharmaceuticals, such as TPN products, anti-infectives, chemotherapy agents and pain management products. As of December 31, 2005, the Company had approximately 485 payor contracts and provided products or services in approximately 45 states.

Curative s Wound Care Management business unit is a leading provider of wound care services specializing in chronic wound care management. It manages, on behalf of hospital clients, a nationwide network of Wound Care Center® programs that offer a comprehensive range of services across a continuum of care for treatment of chronic wounds. The Company s Wound Management Program℠ consists of diagnostic and therapeutic treatment procedures that are designed to meet each patient s specific wound care needs on a cost-effective basis. The treatment procedures are designed to achieve positive results for wound healing based on significant experience in the field. The Company maintains a proprietary database of patient results that it has collected since 1988 containing over 534,000 patient cases. The treatment procedures, which are based on extensive patient data, have allowed the Company to achieve an overall rate of healing of approximately 89% at December 31, 2005 for patients

completing therapy. As of December 31, 2005, the Wound Care Center® network consisted of 109 outpatient clinics (103 operating and 6 contracted) located on or near campuses of acute care hospitals in approximately 30 states.

PLANNED REORGANIZATION AND CHAPTER 11 BANKRUPTCY PROCEEDINGS

On March 27, 2006, Curative and each of its direct and indirect subsidiaries filed voluntary petitions under chapter 11 of title 11 of the United States Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). The Company filed its chapter 11 cases (the Chapter 11 Cases) to implement and effect its Prepackaged Joint Plan of Reorganization, dated February 6, 2006 (the Plan). Prior to commencement of the Chapter 11 Cases, Curative solicited votes to accept or reject the Plan from the holders of the $185.0 million aggregate principal amount of 10.75% senior notes due 2011 (the Senior Notes) issued by the Company and the holders of known general unsecured claims against the Company as of February 6, 2006. Prior to the commencement of the Chapter 11 Cases, the Company received the requisite votes for the Plan to be confirmable under Section 1129 of the Bankruptcy Code.

The Plan was filed with the Bankruptcy Court on March 27, 2006. The Plan, which is described in more detail below, will, if confirmed and consummated, result in the cancellation and discharge of all claims relating to the Senior Notes. Each holder of Senior Notes (each, a Senior Noteholder) will receive a cash payment of approximately 54.9% of its respective claim related to the Senior Notes, unless a Senior Noteholder was qualified to elect and did elect to receive its pro rata share of certain cash consideration provided in the Plan and the common stock of reorganized Curative (the New Curative Common Stock). Holders of existing shares of Curative common stock (Old Curative Common Stock) and options will not receive any distributions under the Plan and all shares of Old Curative Common Stock and options will be extinguished.

In connection with the reorganization to be effected by the Plan, the Company intends to deregister its existing securities under the Securities Exchange Act of 1934, and become a private company upon its emergence from Chapter 11.

Events Leading to Chapter 11 Cases

Factors Affecting the Company s Liquidity

Since June 2004, Curative has faced various issues that have negatively affected its liquidity and its ability to service its debt obligations. Specifically, and as described in further detail below, Curative has experienced reduced revenue generation as a result of:

- California s modification of its blood-product reimbursement methodology,
- a modification of the federal government s blood-product reimbursement methodology,
- slow maturation of certain new branch locations,

the resignation of certain customer sales and service representatives, and

additional future liquidity risks, including potential indemnification claims.

Significant Decrease in Blood-Product Reimbursement

On April 23, 2004, the Company acquired Critical Care Systems, Inc. (CCS), a leading national provider of specialty infusion pharmaceuticals and related services for a purchase price of $154.2 million, including working capital adjustments of approximately $4.1 million. The acquisition of CCS was financed with a portion of the proceeds obtained from the issuance of the Senior Notes and additional borrowings. See Note 4.

At the time of the CCS acquisition, a significant portion of the Company s business involved the sale of blood-clotting products by the Company to hemophilia patients who are beneficiaries of California s Medicaid (Medi-Cal) program or other state funded programs for hemophilia patients. These blood products were dispensed directly to patients or through the Company s relationships with third party pharmacies.

In May 2004, California announced that, effective June 1, 2004, California modified its reimbursement methodology for blood-clotting products to average selling price (ASP) (as provided by the manufacturer) plus 20%. This change in California s reimbursement methodology amounted to an approximate 30-40% reduction from the acquisition cost plus 1% methodology previously in effect. The implementation of this reduction in reimbursement from Medi-Cal, and changes in regulations governing such reimbursement, significantly impacted the Company s revenues from the sale of blood-clotting products.

In addition to the 30%-40% decrease in revenue for blood-clotting products generated from Medi-Cal reimbursement, in November 2004, the federal government announced that, effective January 1, 2005, it would modify its reimbursement methodology for blood-clotting products in a manner which would negatively affect the Company s revenues. Prior to January 1, 2005, Curative was able to seek reimbursement from Medicare for blood-clotting products at a rate of 95% of the average wholesale price (AWP). After January 1, 2005, Medicare reimbursed for blood-clotting products at a rate of ASP plus 6% plus a $0.14 per unit dispensing fee.

Underperforming Branch Expansion

The Company s overall growth strategy, and its approach to offsetting the decreased revenue resulting from the change in Medi-Cal reimbursement methodology described above, included opening 13 new branches throughout the United States since June 2004. The Company projected that these new branches would quickly enter into the necessary service contracts and other business and patient relationships in the short-term and begin generating positive revenue consistent with historical results. However, for various reasons, including slower than anticipated managed care contract signings, certain of these branches have not matured as quickly as planned and have not generated anticipated revenues.

Resignation of Hemophilia Service Representatives

The success of the Company s Specialty Infusion business unit depends in part upon its ability to retain key employees, referred to as hemophilia services representatives, who service hemophilia patients. The hemophilia service representatives are the chief contacts and maintain the primary relationship with Curative s customers. While the Company has employment agreements with its hemophilia service representatives which, where appropriate, contain covenants not to compete and other restrictive covenants that apply if the hemophilia service representatives cease employment with Curative, the loss of any hemophilia service representatives could result in the loss of a significant number of customers and corresponding revenue from the sale of blood-clotting products to such customers.

On October 21, 2005, six hemophilia service representatives resigned. The Company estimates that the patients serviced by these employees represent approximately $25.0 million of revenue annually. While it is not certain that the Company will lose the full $25.0 million of revenue, it is likely that it will experience a significant decrease in revenue as a result of these resignations. The Company may experience the loss of other hemophilia services representatives in the future which could adversely affect its business and prospects.

In addition to the factors adversely affecting the Company s revenue generation described above, its future liquidity may also be affected by the following additional factor:

The Pharmacy Claims. Two of the Company s subsidiaries, Apex Therapeutic Care, Inc. (Apex) and eBioCare.com, Inc. (eBioCare), might be subject to potential indemnification liabilities to three independent retail pharmacies that previously did business with Curative. The indemnification claims are in connection with an audit conducted by the Department of Health Services of the State of California (the DHS Audit) related to the pharmacies medical billing for clotting factor supplied to the pharmacies by Apex and eBioCare, and the pharmacies medical billing for the anti-inhibitor product FEIBA supplied to the pharmacies by Apex and eBioCare. While liability with respect to these claims is uncertain at this time, Apex and eBioCare believe that some amount of monetary loss is reasonably possible if the pharmacies assert and prevail on indemnification claims. Apex and eBioCare estimate that the range of loss may be anywhere from $0 to $39.3 million. As the amount of potential exposure cannot be estimated at this time, no related loss provision has been accrued in the consolidated financial statements as of December 31, 2005.

Plan Negotiations and Solicitation of Votes on the Prepackaged Plan

As a result of the foregoing factors, in June 2005, the Company began evaluating strategic alternatives and subsequently retained UBS Securities LLC as its financial advisors. In September 2005, certain holders of the Senior Notes formed an Ad Hoc Committee and Curative began discussions with them with respect to a de-leveraging of its balance sheet. On November 1, 2005, the Company was required to make an interest payment in the amount of approximately $9.9 million to the Senior Noteholders. The Company elected not to make this interest payment and to use the 30-day grace period available under the indenture. Upon expiration of the grace period on November 30, 2005, Curative did not make the interest payment and an event of default occurred under the Senior Notes, which also triggered an event of default under its prepetition credit facility (the Existing Credit Facility) with General Electric Capital Corporation (GECC).

In connection with the Existing Credit Facility, on December 1, 2005, the Company entered into a Forbearance Agreement, as amended (Forbearance Agreement) with GECC. The Forbearance Agreement provides that, subject to certain conditions, GECC, together with the other lenders under the Existing Credit Facility, which is governed by a Credit Agreement dated April 23, 2004, as amended (the Credit Agreement), will forbear from exercising remedies on account of the cross-default under the Credit Agreement arising from the Company s failure to pay interest on the Senior Notes. Subject to certain termination events, including additional events of default under the Credit Agreement, the Forbearance Agreement will expire on June 10, 2006. Under the terms of the Forbearance Agreement, Curative may continue to draw-down under the Credit Agreement as if such existing events of default had not occurred. Upon termination of the Forbearance Agreement, all obligations under the Credit Agreement, together with interest, will be immediately due and payable and the lenders may exercise any rights or remedies thereunder (see Debtor in Possession).

On December 2, 2005, the Company reached an agreement with the Ad Hoc Committee on the general terms of a financial restructuring and entered into a Plan Support Agreement. The financial restructuring, as contemplated by the Plan Support Agreement and the Plan, is designed to (a) de-leverage the Company s balance sheet, (b) provide Curative with substantial liquidity to conduct its business operations, (c) ensure that the Company s business operations are unaffected by the Chapter 11 Cases and that it is able to retain its existing management and employees and (d) provide the greatest return to its creditors. Under the Plan Support Agreement, the Senior Noteholders party thereto agreed to forbear from exercising remedies with respect to any defaults and events of defaults arising, or that may arise, under the Senior Notes, and agreed further to take all commercially reasonable actions to oppose and object to, and not to support, any person s taking action to exercise remedies with respect to the Senior Notes. The Plan Support Agreement will terminate on July 31, 2006, or upon the earlier failure to satisfy certain milestones with respect to the Prepackaged Plan.

On February 6, 2006, pursuant to the Plan Support Agreement, the Company commenced solicitation of votes on the Prepackaged Plan. In connection with the solicitation, Curative circulated the Disclosure Statement in support of the Prepackaged Plan (the Disclosure Statement) to the Senior Noteholders and the holders of known general unsecured claims against the Company as of February 6, 2006.

The solicitation period with respect to votes on the Plan ended on March 13, 2006. The Plan was accepted by 93.2% in number and 99.7 % in amount of the beneficial holders of the Senior Noteholders voting on the Plan. Holders of general unsecured claims against Curative and its subsidiaries, excluding Apex and eBioCare, (the Curative Debtors) voted to accept the Plan (62.5% in number and 91.1% in amount). The only classes of creditors entitled to vote on the Plan and who did not vote to accept the Plan were general unsecured claims against Apex and eBioCare.

The Plan was filed with the Bankruptcy Court on March 27, 2006, along with the Disclosure Statement, the Company s chapter 11 petition, the chapter 11 petitions for each of its subsidiaries, and various motions and applications requesting relief from the Bankruptcy Court to facilitate the administration of the Company s Chapter 11 Cases.

On February 21, 2006, Curative s existing common stock was delisted from the NASDAQ National Market System, due to Curative s continuing failure to satisfy the continued listing requirements of that market. Since that date, Curative s existing common stock has traded in the over-the-counter market.

General Structure of the Plan

Under the Plan, the Company has established three groups of classes of claims: (i) claims against the Curative Debtors, (ii) claims against Apex and (iii) claims against eBioCare. The Plan achieves a consensual de-leveraging of the Company s balance sheet and ensures that it will be a private company upon emergence from bankruptcy. The Plan includes, among other things, the following key terms:

Old Curative Common Stock. On the date the Plan becomes effective, all shares of Old Curative Common Stock and options will be cancelled and Curative s obligation to file reports and other information under the Securities Exchange Act of 1934, such as Forms 10-K and 10-Q, will be terminated. The sole equity interests in reorganized Curative will consist of the New Curative Common Stock. Holders of Old Curative Common Stock and options will not receive any distributions pursuant to the Plan.

Senior Notes. Pursuant to the elections made under the Plan, eligible Senior Noteholders representing approximately 88% in aggregate principal amount of Senior Notes, or $162.9, will receive their respective pro rata shares of cash consideration and shares of New Curative Common Stock on the effective date of the Plan. The remaining Senior Noteholders will receive cash in an aggregate amount as provided in the Plan in exchange for their claims and will not receive any shares of New Curative Common Stock.

Rights Offering. Prior to solicitation of votes on the Plan, the Company issued non-certificated subscription rights to certain members of the Ad Hoc Committee entitling them to purchase shares of New Curative Common Stock on the effective date of the Plan. Pursuant to Election and Subscription Agreements, the members of the Ad Hoc Committee have agreed to exercise their rights on the Plan s effective date. The proceeds from the exercise of the rights will be used to fund a substantial majority of the cash distributions under the Plan to those holders of Senior Notes who will not receive New Curative Common Stock.

Treatment of General Unsecured Claims. Each holder of an undisputed general unsecured claim against the Company (other than those against Apex and eBioCare) will receive a promissory note in a face amount equal to approximately 56% of its respective claim. Each holder of an undisputed general unsecured claim against each of Apex and eBioCare will receive a promissory note in a face amount equal to approximately 5.2% of its respective claim. Prior to the commencement of the Chapter 11 Cases, each holder of a general unsecured claim against each of the Curative Debtors, Apex and eBioCare had the option to elect to receive a cash payment in an amount equal to 50% of the face amount of its respective promissory note. No such holder exercised the cash option. In accordance with certain orders entered by the Bankruptcy Court and the Plan, certain general unsecured claims will be unimpaired and paid in full.

Existing Credit Facility. As of April 5, 2006, the Company s obligations under its Existing Credit Facility with GECC have been paid in full in connection with the interim order of the Bankruptcy Court authorizing the debtor-in-possession financing facility described below. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis. If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

Other Secured Claims. Secured claims against the Company (other than the claims relating to the Existing Credit Facility) will be unimpaired.

Debtor-in-Possession Financing. The Bankruptcy Court entered an interim order authorizing the Company to enter into a $45.0 million debtor-in-possession credit facility that is secured by all or substantially all of its assets and a pledge of the equity interests of each of its subsidiaries (the DIP Financing). The proceeds of the DIP Financing were used to pay, in full, all amounts outstanding under the Company s Existing Credit Facility as of April 5, 2006 and also will be used for working capital and other general corporate purposes during the Chapter 11 Cases.

The DIP Financing provides for a secured revolving credit facility of up to $45.0 million, of which the Company can use up to $7.5 million as a letter of credit sub facility and up to $5.0 million as a swingline sub facility (i.e., a short-term loan advance facility). The Company used the facility immediately to pay all of its outstanding borrowings under the previous facility.

The Company will pay all accrued interest on outstanding LIBOR loans on the last day of the applicable LIBOR period, provided in the case of any LIBOR period greater than three months in duration, interest shall be payable at three month intervals and on the last day of such LIBOR period. All accrued interest on outstanding revolving credit LIBOR loan advances which bears interest at an annual rate equal to the LIBOR rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 3% to 3.5%. For outstanding base rate loans, the Company will pay all accrued interest on the first business day of each calendar quarter. All accrued interest on outstanding revolving credit base rate loans bears interest at an annual rate equal to the base rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 1.75% to 2.25% for the revolving credit base rate loans.

In the DIP Financing Credit Agreement, the Company has made certain representations and warranties to GECC and is subject to certain reporting requirements and financial and other covenants. The credit facility restricts the Company s ability to incur or to permit any of its properties or assets to be encumbered by liens. The credit facility also restricts the Company s ability to make certain types of payments relating to its capital stock, including the declaration or payment of dividends. Consolidations, mergers, sales of assets and the creation of additional subsidiaries are also restricted, as is the Company s ability to purchase assets and to make investments. The covenants also restrict transactions with the Company s affiliates and require the Company to maintain certain levels with respect to its total leverage ratio, senior leverage ratio and fixed charge coverage ratio. The DIP facility provided for conditions to close which included covenants related to levels of the Company s fixed charges coverage ratio, senior secured leverage ratio and total leverage ratio. The Company was in compliance with these as well as other requirements as of the close date.

New Management Incentive Plan. Upon emergence from Chapter 11, the Company will adopt a new management incentive plan that is intended to provide incentives after the effective date to certain employees to continue their efforts to foster and promote the long-term growth and performance of Curative s businesses.

Certificate of Incorporation and By-laws of reorganized Curative. Pursuant to the Plan, reorganized Curative will adopt a revised certificate of incorporation and by-laws which will be substantially in the form set forth in the Plan Supplement (as filed on Form 8-K on March 7, 2006, and as the same may be revised in accordance with the Plan). The form of by-laws includes provisions requiring the affirmative vote of 62.5% of the outstanding New Curative Common Stock to effect: (i) any merger or consolidation in which reorganized Curative is a constituent corporation, (ii) a sale of all or substantially all of the assets of reorganized Curative, (iii) any amendment of the certificate of incorporation or bylaws of reorganized Curative, (iv) any issuance of greater than 20% of the New Curative Common Stock then outstanding or (v) any agreement between reorganized Curative or any subsidiary of reorganized Curative and any of its affiliates (subject to certain exceptions, including for contracts in the ordinary course of reorganized Curative s business). The form of by-laws also includes certain supermajority voting requirements for the board of directors of reorganized Curative that will be required for the issuance of senior equity securities or the incurrence of indebtedness above certain levels. The form of certificate of incorporation also provides that stockholders will have preemption rights in respect of future issuances of New Curative Common Stock.

Stockholders Agreement and Registration Rights Agreement of Reorganized Curative. Pursuant to the Plan, all persons receiving New Curative Common Stock will execute a joinder to the Stockholders Agreement, and persons receiving 5% or more of the New Curative Common Stock will execute a joinder to the Registration Rights Agreement. The Stockholders Agreement and the Registration Rights Agreement will be substantially in the form set forth in the Plan Supplement (as filed on Form 8-K on March 7, 2006, and as the same may be revised in accordance with the Plan). The form of Stockholders Agreement prevents a party to the agreement from selling any of its shares to a person if, as a result of such sale, the purchaser would own more than 62.5% of the New Curative Common Stock then outstanding unless the purchaser agrees to purchase all shares of New Curative Common Stock held by any party to the Stockholders Agreement who wishes to sell its shares, at the highest price paid by the purchaser for any shares of Curative common stock acquired during the preceding 18 months. The form of Stockholders Agreement also provides that parties to the agreement shall vote to elect two directors to the board of directors of reorganized Curative who are nominated by any person or group owning 33.3% or more of the New Curative Common Stock and one director who is nominated by any person owing more than 16.7% of the New Curative Common Stock but less than 33.3%. The form of Registration Rights Agreement provides that registration rights holders holding at least a majority of the outstanding shares of New Curative Common Stock will have the right to require reorganized Curative to register an initial public offering that includes (a) shares to be sold by such stockholders after the second anniversary of the effective date of the Plan and (b) registration rights holders beneficially owning at least 25% of the outstanding shares of New Curative Common Stock will have the right to require such an initial public offering on or after the date that is 42 months following the Effective Date of the Plan. The form of Registration Rights Agreement also provides for certain demand and piggy back registration rights following an initial registered public offering until the seventh anniversary of the Plan s effective date.

The Plan is subject to formal approvals by the Bankruptcy Court prior to consummation. There can be no assurance that the Bankruptcy Court will approve and confirm the Plan.

SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Significant intercompany balances and transactions have been eliminated in consolidation.

Stock Based Compensation Plans

The Company grants options for a fixed number of shares to employees and directors with an exercise price equal to the fair value of the shares at the date of grant. The Company accounts for stock option grants under the intrinsic value method of Accounting Principles Board (APB) No. 25, Accounting for Stock Issued to Employees (APB No. 25), and related Interpretations because the Company believes the alternate fair value accounting provided for under Statement of Financial Accounting Standards (SFAS) No. 123, Accounting for Stock-Based Compensation, requires the use of option valuation models that were not developed for use in valuing employee stock options. Under APB No. 25, because the exercise price of the Company s employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recorded. See Note 15.

The following table illustrates the effect on net (loss) income and net (loss) income per share for the years ended December 31 as if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation (in thousands, except per share data):

		2005		2004		2003
Net (loss) income, as reported	$	(101,592)	$	(141,405)	$	13,075
Add: Stock based employee compensation expense included in reported net (loss) income, net of related tax effects		1,220		476		
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(4,067)		(5,056)		(4,665)
Pro forma net (loss) income	$	(104,439)	$	(145,985)	$	8,410
(Loss) income per share:						
Basic as reported	$	(7.81)	$	(10.93)	$	1.04
Basic pro forma		(8.03)		(11.29)		0.67
Diluted as reported(1)	$	(7.81)	$	(10.93)	$	0.96
Diluted pro forma		(8.03)		(11.29)		0.61

(1) See Note 18 for net (loss) income per share calculation.

Recently Issued Accounting Standard

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123 (revised 2004), Share-Based Payment, (SFAS No. 123(R)) which eliminated the alternative of accounting for share-based compensation transactions under the intrinsic value method of APB No. 25. Instead, SFAS No. 123(R) requires companies to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments. The Company adopted SFAS No. 123(R) on January 1, 2006.

Given the Company s filing for Chapter 11 reorganization as described above, the cancellation of the Company s stock as well as existing options and the expected issuance of new options at prices to be determined, the impact of adoption of SFAS No. 123(R) on future net income cannot be predicted at this time. SFAS No. 123(R) also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing activity, rather than as an operating activity as currently presented. This requirement will reduce net operating cash flows and increase net financing cash flows in periods after adoption. While future tax deduction amounts cannot be determined at this time, the amount of tax benefit from stock option exercises recorded in operating cash flows recognized in prior periods included no benefit in 2005 or 2004 and $1.5 million in 2003.

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year classifications. See Note 5.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Net (Loss) Income Per Share

Basic and diluted (loss) income per share are calculated in accordance with SFAS No. 128, Earnings Per Share. See Note 18.

Inventories

Inventories, which consist of intravenous and injectable biopharmaceutical and compounded pharmaceutical products held for sale, are stated at the lower of cost (first in, first out method) or market.

Property and Equipment

Property and equipment, which are recorded at cost, are depreciated under the straight-line method over their estimated useful lives (generally four to seven years). Leasehold improvements are amortized over the life of the lease or the estimated useful life of the related asset, whichever is shorter.

Goodwill and Intangibles

Goodwill represents the excess of purchase price over the fair value of net assets acquired. Intangibles consist of separately identifiable intangibles, such as pharmacy and customer relationships and covenants not to compete. The Company accounts for goodwill and intangible assets in accordance with SFAS No. 142, Goodwill and Other Intangible Assets, which requires goodwill and intangible assets with indefinite lives not to be amortized but rather to be reviewed annually, or more frequently if impairment indicators arise, for impairment. Separable intangible assets that are not deemed to have an indefinite life are amortized over their useful lives. The Company completed an interim goodwill impairment test during the third quarter of 2005 and an annual test during the fourth quarter of 2004 and, based on its results, the Company recorded total non-cash impairment charges from continuing operations of $77.6 million and $134.0 million, respectively. The Company conducted an additional analysis as of December 31, 2005 and, based on those results, no further impairment was identified. See Note 6.

Deferred Financing Fees

The Company capitalizes fees related to its financing activities and amortizes them over the life of the related financing. The Company capitalized $0 and $11.6 million in 2005 and 2004, respectively, related to its senior subordinated notes and $0.2 million and $1.4 million in 2005 and 2004, respectively, in fees related to its revolving credit facility. These fees are being amortized over 94 months and 60 months, respectively. As of December 31, 2005 and 2004, respectively, approximately $9.9 million and $11.7 million remained in unamortized deferred financing fees. In 2005, these fees were recorded in current assets as a result of the classification of all of the Company s debt as current. In 2004, these costs were recorded in other long-term assets.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits with banks, certificates of deposit with maturities of less than three months at the time of purchase and highly liquid money market fund investments.

Concentration of Credit Risk

The Company s revenues are generated from its Specialty Infusion business unit s sales of biopharmaceuticals and compounded pharmaceuticals and from its Wound Care Management business unit s Wound Care Center® programs, which have been established as cooperative ventures with acute care hospitals. Specialty Infusion s receivables consist of amounts due from various payors, including government programs, insurance companies, retail pharmacies and self-pay patient accounts. Credit is extended based upon a pre-authorization of coverage check or contractual arrangement. Payment terms are generally thirty days from date of invoice. Wound Care Management s receivables are from its hospital partners under contractual management services contracts. Credit is extended based on an evaluation of the hospital s financial condition. Payment terms are generally 30 to 90 days from date of invoice. For 2005, 2004 and 2003, the Company s Specialty Infusion business unit derived approximately 6%, 12% and 30%, respectively, of consolidated revenue from one payor. As a percentage of total, the Company s accounts receivable from its largest payor was approximately 9% and 13%, respectively, at December 31, 2005 and 2004.

The Company evaluates the collectibility of accounts receivable based on numerous factors, including past transaction history with payors and their credit worthiness. The Company estimates an allowance for doubtful accounts primarily based on cash collection history. This estimate is periodically adjusted when the Company becomes aware of a specific payor s inability to meet its financial obligations (e.g., bankruptcy, etc.) or as a result of changes in the overall aging of accounts receivable.

Revenues

Specialty Infusion s revenues are recognized, net of any contractual allowances, when the product is shipped to a patient, retail pharmacy or a physician s office or when services are provided. Wound Care Management s revenues are recognized after the management services are rendered and are billed monthly in arrears.

The current Medicare, Medicaid and other third party-payor programs in which the Company participates are based upon extremely complex laws and regulations that are subject to interpretation. Non-compliance with such laws and regulations could result in fines, penalties and/or exclusion from such programs. The Company is not aware of any allegations of non-compliance that could have a material adverse effect on the accompanying consolidated financial statements and believes it is in substantial compliance with all applicable laws and regulations.

Advertising

Advertising and community education costs are expensed when incurred. Specialty Infusion s advertising and community education expenses were approximately $0.9 million, $0.7 million and $0.9 million in 2005, 2004 and 2003, respectively. Wound Care Management s advertising and community education costs were approximately $0.5 million, $0.7 million and $0.8 million in 2005, 2004 and 2003, respectively.

Income Taxes

Income taxes have been provided using the liability method in accordance with SFAS No. 109, Accounting for Income Taxes. See Note 16.

Shipping and Handling

Outbound shipping and handling charges were approximately $4.0 million, $2.9 million and $0.9 million in 2005, 2004 and 2003, respectively, and are included in cost of product sales in the accompanying consolidated statements of operations. The increase in 2005 compared to 2004 and 2003 was due to the acquisition of CCS in April of 2004 as well as increased shipping costs experienced during the year.

Fair Values of Financial Instruments

Cash and cash equivalents. The carrying values of the Company s cash and cash equivalents approximate fair value because of the short maturity of these instruments.

Other Notes Payable. Fair values approximate carrying values as the notes generally bear interest at market rates.

Revolving Loan Facility. Fair values approximate carrying values as the interest rates are variable.

Senior Subordinated Notes. The fair value of the Company s debt is based upon the market price of the debt.

Interest rate swap. The Company terminated its interest rate swap agreement in June 2005. As of December 31, 2004, the fair value of the interest rate swap was based upon a discounted cash flow analysis using then current interest rates.

For non-trading purposes, the Company entered into an interest rate swap agreement to reduce interest expense and modify exposure to interest rate risk by converting a portion of its fixed rate debt to a floating rate liability. Prior to the termination of the swap agreement, the Company accounted for the swap instrument under the provisions of SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended by SFAS No. 138 and SFAS No. 139. Due to hedge ineffectiveness, changes in fair value of the swap were recognized in earnings, and the carrying value of the Company s debt was not marked to fair value. See Note 12.

The carrying amounts and fair values of the Company s financial instruments at December 31 were as follows (in thousands):

	2005		2004	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Other notes payable	$ 1,899	$ 1,899	$ 7,177	$ 7,177
Revolving Loan facility	$ 26,347	$ 26,347	$ 24,310	$ 24,310
Senior Subordinated Notes	$ 185,000	$ 118,400	$ 185,000	$ 164,650
Interest rate swap	$	$	$ 1,081	$ 1,081

Supplemental Cash Flow Information

Supplemental information with respect to the Company s cash flows for the years ended December 31 is as follows (in thousands):

	2005	**2004**	**2003**
Interest paid	$ 12,316	$ 12,356	$ 2,119
Income taxes paid	$ 402	$ 1,076	$ 5,231

Additionally, certain selling shareholders of Infinity Infusion Care, Ltd. exercised their rights under convertible notes and converted approximately $1.2 million of such notes into 72,715 shares of the Company s common stock in 2004 and approximately $4.8 million of such notes into 300,389 shares in 2003.

NOTE 2 GOING CONCERN

The Company had approximately $213.2 million in outstanding debt as of December 31, 2005, including the $185.0 million of Senior Notes and a $26.3 million revolving credit facility with GECC, and incurred significant losses during 2005 and 2004. In August 2005, the Company announced it had formed a special committee and hired a financial advisor to assist it in evaluating the financial alternatives available given its significant debt and continuing losses. In September 2005, the Company commenced discussions with an Ad Hoc committee representing holders of approximately 80% of the aggregate principal amount of the Senior Notes regarding a possible restructuring of the Senior Notes. In connection with these discussions, the Company elected not to pay the interest payment due on the Senior Notes on November 1, 2005 and instead elected to use the 30-day grace period under the Senior Note indenture. In addition, the Company executed a waiver agreement with GECC for failing to meet the financial covenants of total leverage ratio and senior secured leverage ratio related to its revolving credit facility for the quarter ended September 30, 2005. Additionally, this waiver agreement included a temporary waiver until December 1, 2005 of any default under the credit facility related to the Company s not paying the November 1, 2005 coupon on the Senior Notes for 30 days.

On December 2, 2005, the Company reached an agreement with the Ad Hoc Committee on the general terms of a financial restructuring and entered into a Plan Support Agreement. The financial restructuring, as contemplated by the Plan Support Agreement and the Plan, is designed to (a) de-leverage the Company s balance sheet, (b) provide substantial liquidity to conduct business operations, (c) ensure that business operations are unaffected by the Chapter 11 Cases and that the Company is able to retain its existing management and employees and (d) provide the greatest return to its creditors. Under the Plan Support Agreement, certain of the Senior Noteholders agreed to forbear from exercising remedies with respect to any defaults and events of defaults arising, or that may arise, under the Senior Notes, and agreed further to take all commercially reasonable actions to oppose and object to, and not to support, any person s taking action to exercise remedies with respect to the Senior Notes. The Plan Support Agreement will terminate on July 31, 2006, or upon the earlier failure to satisfy certain milestones with respect to the Plan. See Note 1.

On March 27, 2006, Curative and each of its direct and indirect subsidiaries filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. They filed the Chapter 11 Cases to implement and effect the Plan. Prior to commencement of the Chapter 11 Cases, the Company solicited votes to accept or reject the Plan from the holders of the Senior Notes issued by Curative and the holders of known general unsecured claims against the Company as of February 6, 2006. Prior to the commencement of the Chapter 11 Cases, the Company received the requisite votes for the Plan to be confirmable under Section 1129 of the Bankruptcy Code.

The Plan was filed with the Bankruptcy Court on March 27, 2006. The Plan will, if confirmed and consummated, result in the cancellation and discharge of all claims relating to the Senior Notes. Each Senior Noteholder will receive a cash payment of approximately 54.9% of its respective claim related to the Senior Notes, unless a Senior Noteholder was qualified to elect and did elect to receive its pro rata share of certain cash consideration provided in the Plan and the New Curative Common Stock. Holders of existing shares of Old Curative Common Stock and options will not receive any distributions under the Plan and all shares of Old Curative Common Stock and options will be extinguished. See Note 1.

On April 5, 2006, the Bankruptcy Court entered an interim order authorizing the Company to enter into a $45.0 million debtor-in-possession credit facility that is secured by all or substantially all of its assets and a pledge of the equity interests of each of its subsidiaries, or DIP Financing. The proceeds of the DIP Financing were used to pay, in full, all amounts outstanding under the Company s Existing Credit Facility as of April 5, 2006 and also will be used for working capital and other general corporate purposes during the Chapter 11 Cases. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis. If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

The DIP Financing provides for a secured revolving credit facility of up to $45.0 million, of which the Company can use up to $7.5 million as a letter of credit sub facility and up to $5.0 million as a swingline sub facility (i.e., a short-term loan advance facility). The Company used the facility immediately to pay all of its outstanding borrowings under the previous facility.

The Company will pay all accrued interest on outstanding LIBOR loans on the last day of the applicable LIBOR period, provided in the case of any LIBOR period greater than three months in duration, interest shall be payable at three month intervals and on the last day of such LIBOR period. All accrued interest on outstanding revolving credit LIBOR loan advances will bear interest at an annual rate equal to the LIBOR rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 3% to 3.5%. For outstanding base rate loans, the Company will pay all accrued interest on the first business day of each calendar quarter. All accrued interest on outstanding revolving credit base rate loans bears interest at an annual rate equal to the base rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 1.75% to 2.25% for the revolving credit base rate loans.

In the DIP Financing Credit Agreement, the Company has made certain representations and warranties to GECC and is subject to certain reporting requirements and financial and other covenants. The credit facility restricts the Company s ability to incur or to permit any of its properties or assets to be encumbered by liens. The credit facility also restricts the Company s ability to make certain types of payments relating to its capital stock, including the declaration or payment of dividends. Consolidations, mergers, sales of assets and the creation of additional subsidiaries are also restricted, as is the Company s ability to purchase assets and to make investments. The covenants also restrict transactions with the Company s affiliates and require the Company to maintain certain levels with respect to its total leverage ratio, senior leverage ratio and fixed charge coverage ratio. The DIP facility provided for conditions to close which included covenants related to levels of the Company s fixed charges coverage ratio, senior secured leverage ratio and total leverage ratio. The Company was in compliance with these as well as other requirements as of the close date.

The conditions discussed above raise substantial doubt about the Company s ability to continue as a going concern. Therefore, all of the Company s outstanding debt has been classified as current in the accompanying financial statements.

NOTE 3 - INVESTMENT IN ACCORDANT HEALTH SERVICES

In October 2002, the Company sold its interest in Accordant Health Services, Inc. (Accordant) for an initial sale price of approximately $5.5 million. Approximately $1.0 million of the sale price was placed in escrow subject to customary indemnification obligations being satisfied of which approximately $0.5 million was paid to the Company in November 2003 and the remaining $0.5 million was paid in November 2004.

In addition, the sale agreement provided for an earn-out payment if Accordant achieved certain 2003 operating goals. Accordant achieved the 2003 operating goals and, in January 2004, the Company received approximately $2.3 million related to this earn-out and has recorded this as other income in its 2003 financial statements. The Company is not entitled to any other funds related to this transaction.

NOTE 4 - SPECIALTY INFUSION ACQUISITIONS

On February 3, 2003, the Company acquired MedCare, Inc. (MedCare), a specialty pharmacy with locations in Alabama, Mississippi and West Virginia. The purchase price for MedCare was $6.3 million. A final purchase price allocation based on fair market value of acquired assets and liabilities has been completed.

On April 23, 2003, the Company acquired the assets and specialty pharmacy business of All Care Medical, Inc. (All Care), a Louisiana-based Synagis® pharmacy. The purchase price for All Care was $2.1 million. A final purchase price allocation based on fair market value of acquired assets and liabilities has been completed.

On June 10, 2003, the Company acquired certain assets of Prescription City, Inc. (Prescription City), a specialty pharmacy business specializing in the provision of chemotherapy and cancer drugs. The purchase price for Prescription City was $17.5 million. A final purchase price allocation based on fair market value of acquired assets and liabilities has been completed. During 2005, the Company reached a settlement with Prescription City in connection with a complaint filed by the Company in November 2003 seeking rescission, compensatory and punitive damages and other relief relating to a criminal investigation conducted by a U.S. Magistrate Judge, Southern District of New York. Under the terms of the settlement, the Company received $4.5 million in cash and was released from its obligation to pay a $1.0 million promissory note entered into in connection with the asset purchase of Prescription City.

On April 23, 2004, the Company acquired CCS, a leading national provider of specialty infusion pharmaceuticals and related comprehensive clinical services. Total cash consideration was approximately $154.2 million, including working capital adjustments of approximately $4.1 million. The Company financed the acquisition of CCS with a portion of its $185.0 million Senior Notes and additional borrowings under the Company s refinanced credit facility with GECC, as agent and lender. A final purchase price allocation based on fair market value of acquired assets and liabilities has been completed.

The acquisitions described above (collectively the Specialty Infusion acquisitions) were consummated for purposes of expanding the Company s Specialty Infusion business and were accounted for using the purchase method of accounting. The accounts of the Specialty Infusion acquisitions and related goodwill and intangibles are included in the accompanying consolidated balance sheets. The operating results of the Specialty Infusion acquisitions are included in the accompanying consolidated statements of operations from the dates of acquisition.

Unaudited pro forma amounts for the years ended December 31, assuming the Specialty Infusion acquisitions had occurred on January 1, 2003, were as follows (in thousands, except per share data):

		2004(1)		**2003(1)**
Revenues	$	258,530	$	283,178
Net (loss) income	$	(146,292)	$	9,482
Net (loss) income per common share, diluted	$	(11.18)(2)	$	0.69(3)

(1) Excludes the results from discontinued operations. See Note 5.

(2) Basic shares were used since the effects of using stock options and convertible notes would have an anti-dilutive effect on income per share.

(3) Calculated under the as if converted method. See Note 18.

The pro forma amounts shown above give effect to: (i) the Company s issuance of $185.0 million aggregate principal amount of 10.75% senior notes due 2011; (ii) the refinancing of the Company s revolving credit facility and (iii) Specialty Infusion acquisitions as if these transactions occurred on January 1, 2003. The above pro forma amounts include adjustments related to the CCS acquisition, including, but not limited to, the amortization of identifiable intangible assets related to the purchase price allocation, additional compensation expense and retention incentives, and pro forma tax adjustments.

The pro forma operating results shown above are not necessarily indicative of operations in the periods following the Specialty Infusion acquisitions.

NOTE 5 DISCONTINUED OPERATIONS

On December 2, 2005, the Company sold certain assets related to its specialty injectable and oral medications business (the Business), including Synagis® (collectively, the Assets Sold) to ProCare Pharmacy, Inc. and ProCare Pharmacy Direct, Inc. (collectively, ProCare) for a total consideration of $1.75 million.

Under the Asset Purchase Agreement between Curative and ProCare, the Company sold and ProCare purchased or assumed certain personal property, licenses, permits, contracts, leases and patient files related to the Business. In addition, ProCare assumed and the Company is no longer responsible for all liabilities and obligations related to the operation of the Business and the Assets Sold.

Also in connection with the sale, the Company closed its branches in Albany, New York; Lake Charles, Louisiana; Birmingham, Alabama; Columbus, Mississippi; and Hurricane, West Virginia. As a result, the Company recorded approximately $0.7 million for facility terminations, $0.6 million in inventory and bad debt reserves, $0.7 million in goodwill and intangible write offs, $0.3 million for severance and vacation payouts related to the termination of 88 employees, $0.1 million in equipment write off costs and $0.2 million in other related costs, for a total cost of $2.6 million.

The Company recorded a pre-tax loss on the sale of approximately $0.9 million which was recorded in the accompanying statements of operations for the year ended December 31, 2005. The results of the discontinued operation are classified as such in a separate component of (loss) income on the accompanying Consolidated Statements of Operations. As a result, certain other financial statement amounts for 2004 and 2003 have been reclassified.

The results of the discontinued operations for the years ended December 31 were as follows (in thousands):

	2005	2004	2003
Product revenues	$ 46,575	$ 57,388	$ 51,247
Costs and operating expenses:			
Cost of product sales	46,281	53,563	46,208
Selling, general and administrative	488	3,510	3,549
Goodwill impairment	1,075	786	
Total costs and operating expenses	47,844	57,859	49,757
Income (loss) from discontinued operations	(1,269)	(471)	1,490
Interest expense	(2)		
Other income	17		
Income (loss) from discontinued operations before income taxes	(1,254)	(471)	1,490
Loss on sale of discontinued operations	(933)		
Income tax (benefit) provision	(378)	115	587
Net income (loss) from discontinued operations	$ (1,809)	$ (586)	$ 903

Assets and liabilities of discontinued operations consisted of the following at December 31 (in thousands):

	2005	2004
Current assets:		
Cash and cash equivalents	$	$ 761
Accounts receivable, net	1,910	8,222
Inventories	360	3,017
Prepaids and other current assets	8	10
Total current assets	2,278	12,010
Property and equipment, net	185	198
Intangibles subject to amortization, net		157
Intangibles not subject to amortization		169
Goodwill		1,566
Other assets	10	2,013
Total non-current assets	195	4,103
Total assets	$ 2,473	$ 16,113
Current liabilities:		
Accounts payable	$	$ 11,966
Accrued expenses	1,035	358
Debt and other obligation		1,000
Total current liabilities	1,035	13,324
Non-current liabilities	395	
Total liabilities	$ 1,430	$ 13,324

Excluded from the sale was the Company s accounts receivable related to the Business which had a balance of approximately $1.9 million. The Company expects to collect substantially all of those receivables within one year. Thereafter, the Company will have no continuing cash flows or operations related to the discontinued operations.

NOTE 6 - GOODWILL AND OTHER INTANGIBLE ASSETS

Acquired intangible assets subject to amortization consisted of the following at December 31 (in thousands):

	2005		2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Payor contracts	$ 20,507	$ 2,034	$ 20,507	$ 828
Covenants not to compete	1,700	1,684	1,741	1,198
Injectable customers	220	209	220	165
Website	189	176	189	137
Licenses	82	48	82	33
Pharmacy relationships	20	19	20	15
	$ 22,718	$ 4,170	$ 22,759	$ 2,376

Amortization period by intangible asset class is as follows:

Asset Class	Amortization Period
Payor contracts	17 years
Covenants not to compete	2 - 5 years
Injectable customers	5 years
Website	3 - 5 years
Licenses	12 - 20 years
Pharmacy relationships	5 years

The aggregate amortization expense was approximately $1.8 million, $1.2 million and $0.7 million for the years ended December 31, 2005, 2004 and 2003, respectively. The increase in 2005 compared to 2004 and 2003 was primarily the result of the amortization related to intangibles with definite lives purchased in connection with the CCS acquisition in April of 2004. The estimated amortization for future years ending December 31 is as follows (in thousands):

2006	$ 1,292
2007	1,232
2008	1,214
2009	1,208
2010	1,208
Thereafter	12,394
Total	$ 18,548

The changes in the carrying amounts of goodwill for the years ended December 31 were as follows (in thousands):

	2005	2004
Balance as of January 1	$ 119,559	$ 147,895
Goodwill acquired during the year		109,986
Goodwill allocated to discontinued operations		(1,566)
Adjustments to goodwill acquired	(4,136)	
Allocation to loss on sale of discontinued operations	(491)	
Impairment loss	(77,470)	(133,901)
Impairment loss discontinued operations	(1,075)	(786)
Other adjustments		(2,069)
Balance as of December 31	$ 36,387	$ 119,559

The Company s goodwill and other intangible assets, attributed entirely to the Specialty Infusion business unit, were tested for impairment during the third quarter of 2005 and fourth quarter of 2004. Due primarily to changes in the economics of the Specialty Infusion business unit, including the changes in reimbursement methodology that occurred during the past two years, the Company recorded non-cash impairment charges from continuing operations of $77.5 million and $133.9 million in goodwill in 2005 and 2004, respectively, and $138.0 thousand and $68.0 thousand in 2005 and 2004, respectively, in other intangible assets. The Company conducted an additional analysis as of December 31, 2005 and, based on those results, no further impairment was identified. The fair value of the Specialty Infusion business unit was estimated by performing a discounted cash flows analysis for the reporting unit.

All of the Company s goodwill at December 31, 2005 is related to the Specialty Infusion Services segment. Approximately $10.8 million of the Company s December 31, 2005 goodwill is deductible for tax purposes on a straight line basis over 15 years. During 2005, the Company adjusted goodwill acquired by approximately $4.1 million related principally to the $5.5 million settlement of Prescription City lawsuit (see Note 4).

As certain of the Company s acquisitions were accounted for as stock purchases, goodwill amortization related to those acquisitions is not tax deductible.

NOTE 7 - PROPERTY AND EQUIPMENT

A summary of property and equipment and related accumulated depreciation and amortization at December 31 follows (in thousands):

	2005	2004
Property and equipment	$ 27,056	$ 22,726
Leasehold improvements	4,001	5,531
Total	31,057	28,257
Less accumulated depreciation and amortization	19,123	17,351
Property and equipment, net	$ 11,934	$ 10,906

Depreciation and amortization expense on property and equipment amounted to approximately $4.3 million, $3.4 million and $2.0 million for 2005, 2004 and 2003, respectively.

NOTE 8 - ACCRUED EXPENSES

A summary of accrued expenses and other current liabilities at December 31 follows (in thousands):

	2005	2004
Incentive compensation and benefits	$ 4,422	$ 2,718
Professional fees	697	889
Unapplied funds	6,087	6,315
Accrued interest	13,290	3,464
Accrued organization costs		3,027
Financial advisory and related legal fees	1,448	
Early termination fees and PIK interest	1,246	
Other	2,689	4,613
Total accrued expenses	$ 29,879	$ 21,026

NOTE 9 - EMPLOYEE AND FACILITY TERMINATION COSTS

The Company adheres to SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, which establishes fair value as the objective for initial measurement of liabilities related to exit or disposal activities and requires that such liabilities be recognized when incurred.

In the first quarter of 2003, the Company consolidated its pharmacy operations in California which resulted in the termination of a total of 25 employees and the vacating of a leased facility. The Company recorded charges related to this activity of $0.4 million in 2004 and $1.6 million in 2003.

In the fourth quarter of 2004, the Company recorded severance charges for the consolidation of its corporate headquarters and corporate functions of approximately $0.7 million related to the termination of 19 employees and facility termination costs of $0.1 million. During 2005, the Company recorded costs related to its headquarters consolidation of approximately $2.0 million. The consolidation was completed as of September 30, 2005.

The following provides a reconciliation of the related accrued costs associated with the above events related entirely to the Specialty Infusion business unit, which are included in Selling, General and Administrative expenses in the accompanying consolidated financial statements, at and for the years ended December 31 (in thousands):

	At and for the year ended December 31, 2005			
	Beginning Balance	Costs Charged to Expense	Costs Paid or Otherwise Settled	Ending Balance
Employee termination costs	$ 666	$ 1,529	$ 2,150	$ 45
Facility termination costs	660	506	890	276
	$ 1,326	$ 2,035	$ 3,040	$ 321

	At and for the year ended December 31, 2004			
	Beginning Balance	Costs Charged to Expense	Costs Paid or Otherwise Settled	Ending Balance
Employee termination costs	$ 39	$ 666	$ 39	$ 666
Facility termination costs	431	517	288	660
	$ 470	$ 1,183	$ 327	$ 1,326

	At and for the year ended December 31, 2003			
	Beginning Balance	Costs Charged to Expense	Costs Paid or Otherwise Settled	Ending Balance
Employee termination costs	$	$ 871	$ 832	$ 39
Facility termination costs		759	328	431
	$	$ 1,630	$ 1,160	$ 470

The Company expects to pay approximately $0.3 million of the costs accrued as of December 31, 2005 throughout 2006 and 2007.

NOTE 10 - LEASES

The Company entered into several non-cancelable operating leases for the rental of certain office space expiring in various years through 2012. Additionally, through the Specialty Infusion business unit, the Company leases office, branch pharmacy and warehouse space in various states. The principal lease for office space provides for monthly rent of approximately $30,000. As these leases expire, it can be expected that in the normal course of business, they will be renewed or replaced. In addition, certain lease agreements contain renewal options and rent escalation clauses. The principal lease for office space in Nashua, New Hampshire, expires in February of 2012. The following is a schedule of future property and other lease payments, by year and in the aggregate, under non-cancelable operating leases with initial or remaining terms of one year or more at December 31, 2005 (in thousands):

2006	$ 4,201
2007	3,800
2008	3,259
2009	2,380
2010	1,518
Thereafter	1,180
Total	$ 16,338

Rent expense for all operating leases was approximately $3.7 million, $3.9 million and $1.2 million for the years ended December 31, 2005, 2004 and 2003, respectively. The decrease in rent expense for 2005 was due to the relocation of the Company s corporate headquarters to Nashua, New Hampshire. The increase in rent expense for 2004 was due to additional rent for CCS s corporate office and branch pharmacies.

NOTE 11 - DEBT

Debt and other obligation and long-term liabilities consisted of the following at December 31 (in thousands):

		2005		2004
Senior subordinated notes	$	185,000	$	185,000
Revolving loan facility		26,346		24,310
Note payable-DOJ settlement		375		2,000
Convertible note used in purchase of Apex in dispute		1,524		2,177
Convertible note used in purchase of Home Care				3,000
Note payable used in purchase of Prescription City				1,000
Total debt and other obligation		213,245		217,487
Less amounts due within one year		213,245		6,496
Total long-term liabilities	$		$	210,991

In December 2001, the Company entered into a settlement agreement with the Department of Justice (DOJ) related to whistleblower actions brought against the Company. The settlement agreement called for payments to be made to the DOJ totaling $16.5 million, with an initial payment of $9.0 million and the $7.5 million balance paid over four years, payable in 12 quarterly installments of $0.5 million, followed by four quarterly installments of $0.4 million, all bearing interest at a rate of 6% per annum. The final installment under this agreement was paid in February 2006.

On February 28, 2002, in connection with the purchase of Apex, the Company entered into a $5.0 million promissory note that bore interest at the rate of 4.4% per annum and matures on February 28, 2007. This note was subject to Apex meeting certain operating targets. The Company and the former shareholders of Apex amended and restated the promissory note on May 30, 2002 to change the terms relating to the business performance criteria, add a convertible feature and ultimately adjust the principal amount of the promissory note to $3.7 million. The amended and restated promissory note is convertible at a share price of $20.10 into a maximum of 184,080 shares of the Company s common stock. Through June of 2005, the Company made timely quarterly principal payments against this note which commenced in April 2003. On October 26, 2005, the Company commenced litigation against former stockholders of Apex alleging, among other things, that stockholders of Apex made material misrepresentations in connection with their sale of Apex stock to Curative in 2002. Prior to commencement of the action, Curative notified the representative of the former stockholders indicating that it would not be making the installment payment due on September 30, 2005 or any further payments pending resolution of this dispute. The balance of the Apex note was approximately $1.5 million as of December 31, 2005 (see Note 21).

On October 23, 2002, in connection with the purchase of Home Care of New York, Inc. (Home Care), the Company entered into a $3.0 million convertible note which bore interest at a rate of 3% per annum, matured on October 23, 2005 and was convertible at a price per share of $16.00 into an aggregate of 187,500 shares of the Company s common stock. The Company paid the $3.0 million convertible note in cash on October 23, 2005.

On June 9, 2003, the Company completed a new senior secured credit facility with GECC. Under the credit agreement, the Company obtained a secured revolving credit facility of up to $15.0 million, of which it can utilize up to $5.0 million as a letter of credit subfacility and up to $5.0 million as a swingline subfacility (i.e., a short-term loan advance facility), and a $20.0 million secured term loan which was subsequently increased to $25.0 million, for a total facility of $40.0 million. The Company used the funds available under this new credit facility to immediately pay all of its outstanding borrowings, accrued interest and termination fees under its credit facility with Healthcare Business Credit Corporation and to finance its acquisition of certain assets of Prescription City. The Company paid off all balances under this facility on April 23, 2004 in connection with a restructure of the agreement (see below).

The term loan was to mature on July 15, 2007. Interest accrued on the term loan at an annual rate equal to the applicable London Interbank Offered Rate (LIBOR) rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 3.5% to 4.0%. All accrued interest outstanding on base rate term loans bore interest at an annual rate equal to the base rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 2.25% to 2.75% for the term base rate loan. At December 31, 2003, the interest rate was LIBOR plus 4%, or 5.12%. The Company paid off all balances under this facility on April 23, 2004 in connection with a restructure of the agreement (see below).

On June 10, 2003, in connection with the purchase of certain assets of Prescription City, the Company entered into a $1.0 million one-year note which bore interest at a rate of 4% and matured on June 9, 2004. On July 26, 2005, the Company reached a settlement with Prescription City in connection with a complaint filed by the Company in November 2003 seeking rescission, compensatory and punitive damages and other relief relating to a criminal investigation conducted by a U.S. Magistrate Judge, Southern District of New York. Under the terms of the settlement, the Company received $4.5 million in cash and was released from its obligation to pay the $1.0 million promissory note.

On April 23, 2004 and in conjunction with the acquisition of CCS, the Company issued the Senior Notes which bear interest at 10.75%, payable semi-annually. The Senior Notes may not be redeemed prior to May 1, 2008, at which time the Company may redeem, at any time at various redemption prices, any amount of the Senior Notes in whole or in part. The Company may also, at any time prior to May 1, 2007, redeem up to 35% of the Senior Notes with cash proceeds from equity offerings at a redemption price equal to 110.75% of the principal amount of the Senior Notes redeemed. The Senior Notes also contain certain covenants limiting the Company from, among other restrictions, taking on additional indebtedness, paying dividends and selling assets.

Also on April 23, 2004, the Company restructured its previous credit facility with GECC to provide for a secured revolving credit facility of up to $40.0 million, of which the Company can use up to $5.0 million as a letter of credit subfacility and up to $5.0 million as a swingline subfacility (i.e., a short-term loan advance facility). The Company used the facility immediately to pay all of its outstanding borrowings under the previous facility.

The revolving credit facility was to mature on April 23, 2009. The Company will pay all accrued interest on outstanding LIBOR loans on the last day of the applicable LIBOR period, provided in the case of any LIBOR period greater than three months in duration, interest shall be payable at three-month intervals and on the last day of such LIBOR period. All accrued interest on outstanding revolving credit LIBOR loan advances bears interest at an annual rate equal to the LIBOR rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 3% to 3.5%. At December 31, 2005, the applicable margin for revolving credit loan advances was LIBOR plus 3.5%, or approximately 7.9%. For outstanding base rate loans, the Company will pay all accrued interest on the first business day of each calendar quarter. All accrued interest on outstanding revolving credit base rate loans bears interest at an annual rate equal to the base rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 1.75% to 2.25% for the revolving credit base rate loans.

In the credit agreement, the Company made certain representations and warranties to GECC and is subject to certain reporting requirements and financial and other covenants. The credit facility restricts the Company s ability to incur or to permit any of its properties or assets to be encumbered by liens. The credit facility also restricts the Company s ability to make certain types of payments relating to its capital stock, including the declaration or payment of dividends. Consolidations, mergers, sales of assets and the creation of additional subsidiaries are also restricted, as is the Company s ability to purchase assets and to make investments. The Company may purchase other businesses that are preferred health care provider organizations or are otherwise related to its line of business as long as the price for any particular such acquisition does not exceed $25.0 million and the aggregate purchase

price for all such acquisitions during any fiscal year does not exceed $40.0 million. Acquisitions that do not comply with the covenant can be made only with the consent of GECC. The covenants also restrict transactions with the Company s affiliates and require the Company to maintain certain levels with respect to its total leverage ratio, senior leverage ratio and fixed charge coverage ratio.

The Company had approximately $213.2 million in outstanding debt as of December 31, 2005, including the $185.0 million of Senior Notes and a $26.3 million revolving credit facility with GECC, and incurred significant losses over the past several quarters. In August 2005, the Company announced it had formed a special committee and hired a financial advisor to assist it in evaluating the financial alternatives available given its significant debt and continuing losses. In September 2005, the Company commenced discussions with an Ad Hoc committee representing holders of approximately 80% of the aggregate principal amount of the Senior Notes regarding a possible restructuring of the Senior Notes. In connection with these discussions, the Company elected not to pay the interest payment due on the Senior Notes on November 1, 2005 and instead elected to use the 30-day grace period under the Senior Note agreement. In addition, the Company executed a waiver agreement with GECC for failing to meet the financial covenants of total leverage ratio and senior secured leverage ratio related to its revolving credit facility for the quarter ended September 30, 2005. Additionally, this waiver agreement included a temporary waiver until December 1, 2005 of any default under the credit facility related to the Company s not paying the November 1, 2005 coupon on the Senior Notes for 30 days.

In connection with the Existing Credit Facility, on December 1, 2005, the Company entered into a Forbearance Agreement with GECC. The Forbearance Agreement provides that, subject to certain conditions, GECC, together with the other lenders under the Existing Credit Facility, which is governed by the Credit Agreement, will forbear from exercising remedies on account of the cross-default under the Credit Agreement arising from the Company s failure to pay interest on the Senior Notes. Subject to certain termination events, including additional events of default under the Credit Agreement, the Forbearance Agreement will expire on June 10, 2006. Under the terms of the Forbearance Agreement, Curative may continue to draw-down under the Credit Agreement as if such existing events of default had not occurred. Upon termination of the Forbearance Agreement, all obligations under the Credit Agreement, together with interest, will be immediately due and payable and the lenders may exercise any rights or remedies thereunder. The Forbearance Agreement provides that interest on outstanding amounts on the revolver facility will accrue at the default rate under the agreement, but paid at the rate in the agreement as if no event of default had occurred. The difference between interest accrued and interest paid, the PIK spread, becomes due and payable at the end of the forbearance period, provided however that GECC will waive such additional interest due as long as: 1) a terminating event under the facility does not occur, 2) the Company accepts GECC s proposal for a DIP credit facility and 3) GECC provides the Exit Facility (see Note 1). In addition, the Forbearance Agreement waives payment of an early termination fee that became due and payable of $1.2 million, subject to the same conditions as the PIK interest. The Company recorded the $1.2 million termination penalty and PIK interest in the accompanying financial statements. Further, the Company was not in compliance with the financial covenants of total leverage, senior secured leverage and fixed charges coverage ratios under its revolving credit facility at December 31, 2005, and the Company and GECC executed a waiver agreement related to these covenants. As of April 5, 2006, our obligations under our Existing Credit Facility with GECC have been paid in full in connection with the interim order of the Bankruptcy Court authorizing the DIP Financing described below. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis. If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

On December 2, 2005, the Company reached an agreement with the Ad Hoc Committee on the general terms of a financial restructuring and entered into a Plan Support Agreement. The financial restructuring, as contemplated by the Plan Support Agreement and the Plan, is designed to (a) de-leverage the Company s balance sheet, (b) provide substantial liquidity to conduct business operations, (c) ensure that business operations are unaffected by the Chapter 11 Cases and that the Company is able to retain its existing management and employees and (d) provide the greatest return to its creditors. Under the Plan Support Agreement, certain of the Senior Noteholders agreed to forbear from exercising remedies with respect to any defaults and events of defaults arising, or that may arise, under the Senior Notes, and agreed further to take all commercially reasonable actions to oppose and object to, and not to support, any person s taking action to exercise remedies with respect to the Senior Notes. The Plan Support Agreement will terminate on July 31, 2006, or upon the earlier failure to satisfy certain milestones with respect to the Plan. See Note 1.

On March 27, 2006, Curative and each of its direct and indirect subsidiaries filed voluntary petitions under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. They filed the Chapter 11 Cases to implement and effect the Plan. Prior to commencement of the Chapter 11 Cases, the Company solicited votes to accept or reject the Plan from the holders of the Senior Notes issued by Curative and the holders of known general unsecured claims against the Company as of February 6, 2006. Prior to the commencement of the Chapter 11 Cases, the Company received the requisite votes for the Plan to be confirmable under Section 1129 of the Bankruptcy Code.

The Plan was filed with the Bankruptcy Court on March 27, 2006. The Plan will, if confirmed and consummated, result in the cancellation and discharge of all claims relating to the Senior Notes. Each Senior Noteholder will receive a cash payment of approximately 54.9% of its respective claim related to the Senior Notes, unless a Senior Noteholder was qualified to elect and did elect to receive its pro rata share of certain cash consideration provided in the Plan and the New Curative Common Stock. Holders of existing shares of Old Curative Common Stock and options will not receive any distributions under the Plan and all shares of Old Curative Common Stock and options will be extinguished. See Note 1.

The Bankruptcy Court entered an interim order authorizing the Company to enter into a $45.0 million debtor-in-possession credit facility that is secured by all or substantially all of its assets and a pledge of the equity interests of each of its subsidiaries, or DIP Financing. The proceeds of the DIP Financing were used to pay, in full, all amounts outstanding under the Company s Existing Credit Facility as of April 5, 2006 and also will be used for working capital and other general corporate purposes during the Chapter 11 Cases. The DIP Financing remains subject to approval by the Bankruptcy Court on a final basis. If the Bankruptcy Court does not enter a final order approving the DIP Financing, the Existing Credit Facility will be reinstated.

The DIP Financing provides for a secured revolving credit facility of up to $45.0 million, of which the Company can use up to $7.5 million as a letter of credit sub facility and up to $5.0 million as a swingline sub facility (i.e., a short-term loan advance facility). The Company used the facility immediately to pay all of its outstanding borrowings under the previous facility.

The Company will pay all accrued interest on outstanding LIBOR loans on the last day of the applicable LIBOR period, provided in the case of any LIBOR period greater than three months in duration, interest shall be payable at three month intervals and on the last day of such LIBOR period. All accrued interest on outstanding revolving credit LIBOR loan advances will bear interest at an annual rate equal to the LIBOR rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 3% to 3.5%. For outstanding base rate loans, the Company will pay all accrued interest on the first business day of each calendar quarter. All accrued interest on outstanding revolving credit base rate loans bears interest at an annual rate equal to the base rate plus an additional amount based on the Company s senior leverage ratio, which additional amounts may range from 1.75% to 2.25% for the revolving credit base rate loans.

In the DIP Financing Credit Agreement, the Company has made certain representations and warranties to GECC and is subject to certain reporting requirements and financial and other covenants. The credit facility restricts the Company s ability to incur or to permit any of its properties or assets to be encumbered by liens. The credit facility also restricts the Company s ability to make certain types of payments relating to its capital stock, including the declaration or payment of dividends. Consolidations, mergers, sales of assets and the creation of additional subsidiaries are also restricted, as is the Company s ability to purchase assets and to make investments. The covenants also restrict transactions with the Company s affiliates and require the Company to maintain certain levels with respect to its total leverage ratio, senior leverage ratio and fixed charge coverage ratio. The DIP facility provided for conditions to close which included covenants related to levels of the Company s fixed charges coverage ratio, senior secured leverage ratio and total leverage ratio. The Company was in compliance with these as well as other requirements as of the close date.

The conditions discussed above and the Company s default on the Senior Notes raise substantial doubt about the Company s ability to continue as a going concern. Therefore, all of the Company s outstanding debt has been classified as debt in default and included in current liabilities in the

accompanying financial statements.

NOTE 12 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In April 2004 and in conjunction with the Company s issuance of $185.0 million of Senior Notes (see Notes 1 and 11), the Company entered into a $90.0 million notional amount interest rate swap agreement. This agreement was used by the Company to reduce interest expense and modify exposure to interest rate risk by converting its fixed rate debt to a floating rate liability. Under the agreement, the Company received, on the portion of the Senior Notes hedged, 10.75% fixed rate amounts in exchange for floating interest rate (the 6-month LIBOR rate plus a premium) payments over the life of the agreement without an exchange of the underlying principal amount.

The swap was a cash flow hedge. Due to hedge ineffectiveness, measured by comparing the change in the fair value of debt caused only by changes in the LIBOR yield curve to the change in the value of the swap, changes in fair value of the swap were recognized in earnings, and the carrying value of the Company s debt was not marked to fair value. In June 2005, the Company terminated its interest rate swap agreement and paid a related fee of $0.5 million. The changes in fair value of $0.5 million and $1.1 million were recorded in other income as of December 31, 2005 and other expense as of December 31, 2004, respectively, in the accompanying statements of operations.

NOTE 13 - NOTE GUARANTEES

On April 23, 2004, the Company issued its $185.0 million aggregate principal amount of 10.75% Senior Notes (see Notes 1 and 11) under an Indenture (the Indenture), dated April 23, 2004, among the Company, its subsidiaries and Wells Fargo Bank, National Association. The Senior Notes are jointly and severally guaranteed by all of the Company s existing and future restricted subsidiaries (Restricted Subsidiaries), as defined in the Indenture, on a full and unconditional basis, and no separate consideration will be received for the issuance of these guarantees. However, under certain circumstances, the Company may be permitted to designate any of its Restricted Subsidiaries as Unrestricted Subsidiaries.

The Company has no assets or operations independent of its Restricted Subsidiaries. Furthermore, as of April 23, 2004, there were no significant restrictions on the ability of any Restricted Subsidiary to transfer to the Company, without consent of a third party, any of such Restricted Subsidiary s assets, whether in the form of loans, advances or cash dividends.

NOTE 14 - STOCKHOLDERS EQUITY

Director Share Purchase Program

The Company maintains a Director Share Purchase Program (the Program) to encourage ownership of its common stock by its directors. Under the Program, each non-employee director can elect to forego receipt of cash payments for director s annual retainer and meeting fees and, in lieu thereof, receive shares of common stock at market value equal to the cash payment. The Program authorized the issuance of up to 120,000 shares of the Company s common stock at market value. As of December 31, 2005 and 2004, 118,406 shares of common stock were reserved for future issuance under the Program.

Repurchase of Common Stock

The Company did not repurchase any of its common stock during 2005 and 2004.

Notes Converted into Common Stock

During 2005, none of the Company s convertible notes were converted into shares of common stock. In January 2004, certain selling shareholders of Infinity Infusion Care, Ltd. exercised their rights under convertible notes and converted approximately $1.2 million of such notes into 72,715 shares of the Company s common stock.

Restricted Common Stock

A total of 250,000 and 317,604 restricted shares of the Company s common stock were granted by the Board of Directors in 2005 and 2004, respectively, to certain principal officers of the Company at various costs per share. The awards relate to services to be provided over future years and, as a result, the stock awards are subject to certain restrictions as provided in the agreements. These awards also automatically vest upon the respective officer and/or director s retirement or termination of employment by the Company without cause. The restricted stock had a weighted average price of $3.38 and $9.12 at December 31, 2005 and 2004, respectively. The excess of market value over cost of the shares awarded of $0.8 million and $2.9 million at December 31, 2005 and 2004, respectively, were recorded as deferred compensation and reflected as a reduction of stockholders equity in the accompanying consolidated balance sheets. For the years ended December 31, 2005, 2004 and 2003, related amortization expense amounted to approximately $1.3 million, $0.5 million and $0, respectively.

NOTE 15 - STOCK BASED COMPENSATION PLANS

The Company has stock option plans which provide for the granting of non-qualified, incentive options, or restricted stock awards to employees and directors. The plans authorize granting of up to 8,394,595 shares of the Company s common stock at the market value at the date of such grants. All options are exercisable at times as determined by the Board of Directors, not to exceed ten years after the grant date. Upon confirmation of the Company s Plan of Reorganization (see Note 1), all of the Company s outstanding stock options and plans will be cancelled.

Pro forma information regarding net (loss) income and net (loss) income per share is required by SFAS No. 123, Accounting for Stock Based Compensation, and has been determined as if the Company has accounted for its stock options under the fair value method of that Statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions at December 31, 2005, 2004 and 2003, respectively: risk-free interest rate of 3.99%, 2.83% and 2.4%; no dividend yields; volatility factor of the expected market price of the Company s common stock of 73.7%, 69.2% and 70.0%; and a weighted-average expected life of the options of four years.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company s stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management s opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock options.

A summary of the Company s stock option activity and related information for the years ended December 31 is as follows:

	2005			2004			2003		
	Weighted Average			Weighted Average			Weighted Average		
	Options		Exercise Price	Options		Exercise Price	Options		Exercise Price
Outstanding at beginning of year	3,633,229	$	13.27	3,286,449	$	13.89	3,454,963	$	12.51
Granted	580,000		3.16	1,003,750		12.71	873,850		16.35
Exercised				(30,791)		9.58	(457,863)		8.71
Cancelled	(1,700,284)		13.38	(626,179)		15.81	(584,501)		13.47
Outstanding at end of year	2,512,945		10.86	3,633,229		13.27	3,286,449		13.89
Exercisable at end of year	1,554,511		12.11	2,283,425		12.65	1,682,645		11.92
Weighted average fair value of options granted		$	3.18		$	6.68		$	8.74

The following table summarizes information about stock options outstanding at December 31, 2005:

			Options Outstanding				Options Exercisable		
Exercise Prices			Shares	Weighted Average Remaining Contractual Life		Weighted Average Exercise Price	Shares		Weighted Average Exercise Price
$ 1.90	-	$ 2.85	73,000	9.46	$	2.38			
2.86	-	4.28	439,000	9.22		3.27			
4.29	-	6.41	481,143	4.91		5.58	461,140	$	5.57
6.42	-	9.62	60,918	6.74		8.10	46,585		8.23
9.63	-	14.43	987,209	7.56		12.98	648,060		12.97
14.44	-	21.65	340,430	6.33		16.59	327,481		16.59
21.66	-	32.47	131,245	1.75		29.57	71,245		28.47
			2,512,945				1,554,511		

At December 31, 2005, 1,650,343 shares of common stock were reserved for future issuance, excluding shares reserved for options outstanding.

NOTE 16 - INCOME TAXES

The Company had net deferred tax assets of $19.5 million before recording a full valuation allowance to reflect the uncertainty of realization of those assets. Included in net deferred tax assets is a net operating loss as generated in 2005 of approximately $9.2 million which expires in 2025.

Significant components of the Company s deferred income tax assets and liabilities for the years ended December 31 were as follows (in thousands):

	2005	2004
Deferred income tax assets:		
Bad debt reserve	$ 3,513	$ 3,120
Intangible asset amortization	781	727
Capital loss carryforward	9,625	
Net operating loss	9,170	22
Accrued expenses	2,247	1,017
Total deferred income tax assets	25,336	4,886
Valuation allowance	(19,476)	
Net deferred income tax assets	5,860	4,886
Deferred income tax liabilities:		
Goodwill amortization	(3,239)	(2,230)
Tax over book depreciation	(2,621)	(1,217)
Installment sale		(64)
Total deferred income tax liabilities	(5,860)	(3,511)
Total deferred income tax assets	$	$ 1,375

Total net long-term deferred income tax assets of $0 and $909,000 are included in other assets in the accompanying balance sheets for the years ended December 31, 2005 and 2004, respectively.

Significant components of the (benefit) provision for income taxes for the years ended December 31 were as follows (in thousands):

	2005	2004	2003
Current:			
Federal	$ (5,096)	$ (3,256)	$ 4,998
State	(72)	18	1,075
Deferred:			
Federal	1,234	(582)	2,325
State	141	(14)	98
Total income tax (benefit) provision	$ (3,793)	$ (3,834)	$ 8,496

A reconciliation of income tax computed at the U.S. Federal statutory tax rate to income tax (benefit) expense for the years ended December 31 was as follows:

	2005	2004	2003
Federal statutory tax rate	35.0%	35.0%	35.0%
State income taxes net of Federal tax benefit			4.6%
Goodwill impairment	(18.0)%	(31.6)%	
Valuation Allowance	(18.4)%		
Reversing tax reserves	4.2%		
Other	0.8%	(0.8)%	(0.2)%
Effective tax rate	3.6%	2.6%	39.4%

NOTE 17 - SEGMENT INFORMATION

The Company follows the provisions of SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. The Company has two reportable segments: Specialty Infusion and Wound Care Management. In its Specialty Infusion business unit, the Company purchases biopharmaceutical and other pharmaceutical products from suppliers and contracts with insurance companies and other payors to provide its services, which include coordination of patient care, 24-hour nursing and pharmacy availability, patient education and reimbursement billing and collection services. In its Wound Care Management business unit, the Company contracts with hospitals to manage outpatient Wound Care Center® programs. The Company evaluates segment performance based on (loss) income from operations. The accounting policies of the reportable segments are the same as those described in Note 1. Intercompany transactions are eliminated to arrive at consolidated totals.

The following tables present the results of operations and total assets of the reportable segments of the Company at and for the years ended December 31 (in thousands):

	At and for the Year Ended December 31, 2005		
	Specialty Infusion	Wound Care Management	Totals
Revenues	$ 232,169	$ 28,890	$ 261,059
(Loss) income from operations	$ (86,504)	$ 5,725	$ (80,779)
Total assets	$ 157,368	$ 11,920	$ 169,288

	At and for the Year Ended December 31, 2004		
	Specialty Infusion	Wound Care Management	Totals
Revenues	$ 198,055	$ 26,925	$ 224,980
(Loss) income from operations	$ (99,562)	$ 3,937	$ (95,625)
Total assets	$ 265,881	$ 17,903	$ 283,784

	At and for the Year Ended December 31, 2003		
	Specialty Infusion	Wound Care Management	Totals
Revenues	$ 134,596	$ 28,898	$ 163,494
Income from operations	$ 17,456	$ 2,578	$ 20,034
Total assets	$ 216,088	$ 17,850	$ 233,938

The results of operations shown above exclude amounts from discontinued operations (see Note 5).

NOTE 18 NET (LOSS) INCOME PER SHARE

Net (loss) income per common share, basic, is computed by dividing the net (loss) income by the weighted average number of common shares outstanding. Net (loss) income per common share, diluted, is computed by dividing adjusted net (loss) income (see below) by the weighted average number of shares outstanding plus dilutive common share equivalents. The following table sets forth the computation of weighted average shares, basic and diluted, used in determining basic and diluted (loss) income per share for the years ended December 31 (in thousands):

	2005	2004	2003
Denominator:			
Denominator for basic income per share, weighted average shares	13,002	12,932	12,536
Effect of dilutive employee stock options and convertible notes(1)			1,280
Denominator:			
Denominator for diluted (loss) income per share, adjusted weighted average shares assuming conversions	13,002	12,932	13,816

(1) Potentially dilutive employee and director stock options that have been excluded from this amount because they are anti-dilutive amounted to approximately 2,513,000, 3,633,000 and 2,006,000 in 2005, 2004 and 2003, respectively.

Adjusted net (loss) income and net (loss) income per common share, diluted, for the years ended December 31 were computed as follows (in thousands, except per share data):

	2005	2004	2003
Net (loss) income, as reported	$ (101,592)	$ (141,405)	$ 13,075
Add back interest related to convertible notes, net of tax			212
Adjusted net (loss) income	$ (101,592)	$ (141,405)	$ 13,287
Net (loss) income per common share, diluted	$ (7.81)	$ (10.93)(2)	$ 0.96(3)
Weighted average shares, diluted	13,002	12,932	13,816

(2) Basic shares were used to calculate net loss per common share, diluted, for the years ended December 31, 2005 and 2004 since the effects of using stock options and convertible notes would have an anti-dilutive effect on income per share. If not anti-dilutive, weighted average shares, diluted, would have been 13,080,434 and 13,558,662 for the years ended December 31, 2005 and 2004, respectively.

(3) In accordance with SFAS No. 128, Earnings Per Share, net income per common share, diluted, for the year ended December 31, 2003 was calculated under the as if converted method, which requires adding shares related to convertible notes that have no contingencies to the denominator for diluted income per share and adding to net income, the numerator, tax effected interest expense relating to those convertible notes.

NOTE 19 - EMPLOYEE BENEFITS

The Company maintains a qualified Employee Savings Plan (the Plan) for eligible employees under Section 401(k) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reductions and employer contributions at the discretion of the Company. The Company had previously authorized employer contributions of 25% of employees contribution up to 1% of the employees compensation. As of July 1, 2003, the Company amended the Plan to reflect employer contributions of 50% of employees contribution up to 2% of the employees compensation. The Company s contribution match was $0.8 million, $0.6 million and $0.3 million in 2005, 2004 and 2003, respectively.

NOTE 20 - RELATED PARTY TRANSACTIONS

During 2002, the Company advanced approximately $1.9 million to certain officers and directors of the Company. The Company received promissory notes payable with maturity dates ranging from February 19, 2004 to March 1, 2005 for such advances, which bear interest at an annual rate of 2.46% payable on the maturity date. At December 31, 2004, $1.5 million in principal amounts outstanding under these promissory notes are included in notes receivable-stockholders in the accompanying consolidated balance sheets. As of March 1, 2005, all such loans were paid in full.

NOTE 21 - LEGAL PROCEEDINGS

In the normal course of the Company s business, it may be involved in lawsuits, claims, and investigations, including any arising out of services or products provided by or to the Company s operations, personal injury claims and employment disputes, the outcome of which, in the opinion of management, will not have a material adverse effect on the Company s financial position, cash flows or results of operations.

On March 27, 2006, the Petition Date, Curative filed a Prepackaged Joint Plan of Reorganization under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. The Chapter 11 proceedings are further discussed in Note 1. The Chapter 11 proceedings were entered into in response to various issues that have negatively affected the Company s liquidity and ability to service its obligations.

Material pending legal proceedings, other than the Chapter 11 proceedings above and other than ordinary, routine litigation incidental to the business, to which the Company became or were a party during the year ended December 31, 2005, or subsequent thereto but before the filing of this report, are summarized below.

Apex Therapeutic Care Litigation

On October 26, 2005, the Company commenced litigation in the United States District Court for the Central District of California, entitled Curative Health Services, Inc. vs. James H. Williams, et al., against former stockholders of Apex alleging, among other things, that stockholders of Apex made material misrepresentations in connection with their sale of Apex stock to Curative in 2002. As part of the action, in addition to seeking $60.0 million in compensatory damages and available punitive damages, the Company is disputing its obligation to make further payments under an amended and restated promissory note, dated May 30, 2002, made in favor of the former stockholders in connection with the acquisition of Apex. Prior to commencement of the action, Curative sent a letter to the representative of the former stockholders indicating that Curative would not be making the installment payment due on September 30, 2005 or any further payments pending resolution of this dispute. The stockholders representative responded with a notice on October 18, 2005 declaring an event of default under the above-referenced note and an acceleration of payment of the outstanding principal balance under the note in the amount of approximately $1.5 million. This event did not cause a default under, or acceleration of, any other obligations of Curative.

DHS Audit

Two of the Company s subsidiaries, Apex and eBioCare, might be subject to potential indemnification liabilities to three independent retail pharmacies that previously did business with Curative. The indemnification claims are in connection with an audit conducted by the Department of Health Services of the State of California related to the pharmacies medical billing for clotting factor supplied to the pharmacies by Apex and eBioCare, and the pharmacies medical billing for the anti-inhibitor product FEIBA supplied to the pharmacies by Apex and eBioCare. While liability with respect to these claims is uncertain at this time, Apex and eBioCare believe that some amount of monetary loss is reasonably possible if the pharmacies assert and prevail on indemnification claims. Apex and eBioCare estimate that the range of loss may be anywhere from $0 to $39.3 million. As the amount of potential exposure cannot be estimated at this time, no related loss provision has been accrued in the consolidated financial statements as of December 31, 2005.

NOTE 22 QUARTERLY DATA (UNAUDITED)

The following table sets forth the unaudited financial results of the Company for the eight quarters ended December 31, 2005 (in thousands, except per share data):

	Total Revenues(1)	Gross Profit(1)	Net (Loss) Income	Net (Loss) Income Per Common Share, Basic	Net (Loss) Income Per Common Share, Diluted(2) (3)
Quarter Ended					
2005					
December 31	$ 68,715	$ 14,803	$ (12,528)	$ (0.96)	$ (0.96)
September 30	67,135	14,020	(80,926)	(6.22)	(6.22)
June 30	65,879	13,313	(4,774)	(0.37)	(0.37)
March 31	59,330	12,732	(3,364)	(0.26)	(0.26)
2004					
December 31	$ 62,018	$ 12,638	$ (139,340)	$ (10.77)	$ (10.77)
September 30	64,398	15,115	(2,066)	(0.16)	(0.16)
June 30	59,190	15,117	(3,132)	(0.24)	(0.24)
March 31	39,374	13,180	3,133	0.24	0.23

(1) Excludes amounts from discontinued operations. See Note 5 of Notes to Consolidated Financial Statements.

(2) See Note 18 for net (loss) income per share calculation.

(3) Weighted average shares used in the above calculations have been corrected for 2004. Such correction resulted in an increase in Net loss per share of $.01 for the fourth quarter of 2004.

SCHEDULE II

CURATIVE HEALTH SERVICES, INC. AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

YEARS ENDED DECEMBER 31, 2005, 2004 and 2003

COL. A	COL. B	COL. C Additions		COL. D	COL. E
Description	Balance at Beginning of Year	Charged to Costs and Expenses	Other(2)	Deductions(1)	Balance at End of Year
Year ended December 31, 2005 Allowance for doubtful accounts	$ 3,560,000	$ 8,409,000	$	$ 4,553,000	$ 7,416,000
Valuation allowance deferred tax assets	$	$ 1,375,000	$ 18,101,000	$	$ 19,476,000
Year ended December 31, 2004 Allowance for doubtful accounts	$ 3,414,000	$ 2,339,000	$	$ 2,193,000	$ 3,560,000
Year ended December 31, 2003: Allowance for doubtful accounts	$ 2,854,000	$ 2,164,000	$	$ 1,604,000	$ 3,414,000

(1) Accounts written off.

(2) Represents deferred tax assets in 2005 where a full valuation allowance was provided.

INDEX TO EXHIBITS

Exhibit No.	Description
2.1	Plan of Merger, dated as of August 15, 2003, by and among Curative Health Services, Inc., Curative Holding Co., and Curative Health Services Co. (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K, filed August 19, 2003, of Curative Health Services, Inc., the predecessor company)
2.2	Stock Purchase Agreement relating to Critical Care Systems, Inc., by and among Curative Health Services, Inc., Critical Care Systems, Inc. and each of the persons listed therein, dated February 24, 2004 (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K, filed April 30, 2004)
2.3	Letter Agreement supplementing the Stock Purchase Agreement, dated April 23, 2004, by and between Curative Health Services, Inc. and Christopher J. York, as Seller s Representative (incorporated by reference to Exhibit 2.2 to the Company s Current Report on Form 8-K, filed April 30, 2004)
3.1	Amended and Restated Articles of Incorporation of Curative Health Services, Inc. (incorporated by reference to Exhibit 3.1 to the Company s Current Report on Form 8-K, filed August 19, 2003)
3.2	By-Laws of Curative Health Services, Inc. (incorporated by reference to Exhibit 3.2 to the Company s Current Report on Form 8-K, filed August 19, 2003)
4.1	Indenture, dated April 23, 2004, by and among Curative Health Services, Inc., certain of its subsidiaries as Guarantors and Wells Fargo Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company s Current Report on Form 8-K, filed April 30, 2004)
4.2	Registration Rights Agreement, dated April 23, 2004, by and among Curative Health Services, Inc., certain of its subsidiaries as Guarantors and UBS Securities LLC (incorporated by reference to Exhibit 4.2 to the Company s Current Report on Form 8-K, filed April 30, 2004)
4.3	Specimen of 144A Notes (incorporated by reference to Exhibit 4.3 to the Company s Current Report on Form 8-K, filed April 30, 2004)
4.4	Specimen of Regulation S Notes (incorporated by reference to Exhibit 4.4 to the Company s Current Report on Form 8-K, filed April 30, 2004)
4.5	Specimen of Guarantees (incorporated by reference to Exhibit 4.5 to the Company s Current Report on Form 8-K, filed April 30, 2004)
4.6	Specimen of Registered Notes (incorporated by reference to Exhibit 4.6 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)
10.1	Curative Health Services, Inc., Director Share Purchase Program (incorporated by reference to Exhibit 10.28.3 of the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 1996)**
10.2	1991 Stock Option Plan (incorporated by reference to Exhibit 10.27 to the Company s Registration Statement on Form S-1 No. 33-39879)**
10.3	Curative Technologies, Inc. Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.25.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 1996)**
10.4	Employment Agreement, dated as of September 1, 1997 between John C. Prior and the Company (incorporated by reference to Exhibit 10.5 to the Company s Annual Report on Form 10-K for the year ended December 31, 1997)**
10.5	Amendment No. 4 to the 1991 Stock Option Plan (incorporated by reference to Exhibit 10.7 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 1998)**

10.6	Amendment No. 1 to Curative Technologies, Inc. Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.19 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 1998)**
10.7	Amendment to the Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.19.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)**

Exhibit No.	Description
10.8	Form of Restricted Stock Award Agreement, dated August 11, 1999 (incorporated by reference to Exhibit 10.25 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)**
10.9	Non-Employee Director Severance Plan (incorporated by reference to Exhibit 10.26 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2000)**
10.10	Asset Purchase Agreement among Cytomedix, Inc., Cytomedix, N.V., CHS Services, Inc. and Curative Health Services, Inc., dated as of October 12, 2000 (incorporated by reference to Exhibit 10.25 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2000)
10.11	Employment Agreement, dated as of September 18, 2000, between Roy McKinley and the Company (incorporated by reference to Exhibit 10.26 to the Company s Annual Report on Form 10-K for the year ended December 31, 2000)**
10.12	Curative Health Services, Inc. 2000 Stock Incentive Plan (incorporated by reference to Exhibit 10.24 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2001)**
10.13	Stock Purchase Agreement, dated as of March 19, 2001, by and among Curative Health Services, Inc. and certain stockholders of eBioCare.com, Inc. (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K, filed April 13, 2001)
10.14	Form of Stockholder Purchase Agreement, between Curative Health Services, Inc. and all other stockholders of eBioCare.com, Inc. (incorporated by reference to Exhibit 2.2 to the Company s Current Report on Form 8-K, filed April 13, 2001)
10.15	Form of Option/Warrant Repurchase and Surrender Agreement between eBioCare.com, Inc. and the holders of options and warrants to purchase common stock of eBioCare.com, Inc. (incorporated by reference to Exhibit 2.3 to the Company s Current Report on Form 8-K, filed April 13, 2001)
10.16	Curative Health Services, Inc. 2001 Broad-Based Stock Incentive Plan (incorporated by reference to Exhibit 10.37 to the Company s Annual Report on Form 10-K for the year ended December 31, 2001)**
10.17	Curative Health Services, Inc. form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.38 to the Company s Annual Report on Form 10-K for the year ended December 31, 2001)**
10.18	Stock Purchase Agreement, dated as of January 27, 2002, by and among Curative Health Services, Inc. and the stockholders of Apex Therapeutic Care, Inc. (incorporated by reference to Exhibit 2 to the Company s Current Report on Form 8-K, filed March 11, 2002)
10.19	Purchase Agreement, dated as of June 10, 2002, by and among Curative Health Services, Inc., Infinity Infusion, LLC and Infinity Infusion II, LLC, and IIC GP, LLC, Azar I. Delpassand, Dr. Ebrahim Delpassand, Tara Imani, Maryam Panahi and Yassamin Norouzian (incorporated by reference to Exhibit 99.2 to the Company s Current Report on Form 8-K, filed June 11, 2002)
10.20	Amended and Restated Loan and Security Agreement, dated as of May 17, 2002, by and among Curative Health Services, Inc., eBioCare.com, Inc., Hemophilia Access, Inc., Apex Therapeutic Care, Inc. and Healthcare Business Credit Corporation (incorporated by reference to Exhibit 99.3 to the Company s Current Report on Form 8-K, filed June 11, 2002)
10.21	Amendment No. 1 to Purchase Agreement, dated as of June 28, 2002, by and among Curative Health Services, Inc., Infinity Infusion, LLC and Infinity Infusion II, LLC and Bijan Imani, as Sellers Representative on behalf of the Sellers (incorporated by reference to Exhibit 2.2 to the Company s Current Report on Form 8-K, filed July 2, 2002)
10.22	Employment agreement, dated as of March 13, 2002, between Thomas Axmacher and the Company (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2002)**
10.23	Registration Rights and Lock-Up Agreement, dated as of February 28, 2002, by and among Curative Health Services, Inc. and the stockholders of Apex Therapeutic Care, Inc. (incorporated by reference to Exhibit 10.45 to the Company s Annual Report on Form 10-K for the year ended December 31, 2002)

Exhibit No.	Description
10.24	Amendment No. 1 to the Registration Rights and Lock-Up Agreement, dated as of February 27, 2003, by and between Curative Health Services, Inc. and Jon M. Tamiyasu, in his capacity as the Stockholders Representative under the Registration Rights and Lock-Up Agreement, dated as of February 28, 2002, by and among Curative Health Services, Inc. and the shareholders of Apex Therapeutic Care, Inc. (incorporated by reference to Exhibit 10.46 to the Company s Annual Report on Form 10-K for the year ended December 31, 2002)
10.25	Kerlin Agreement, dated February 28, 2002, by and among Curative Health Services, Inc., Kerlin Capital Group, LLC, William K. Doyle and Cheryl S. Doyle as Trustees of the William K. Doyle and Cheryl S. Doyle Family Trust, dated July 15, 1991, and Timothy J. Fahringer (the Kerlin Parties) and the stockholders of Apex Therapeutic Care, Inc. (incorporated by reference to Exhibit 10.47 to the Company s Annual Report on Form 10-K for the year ended December 31, 2002)
10.26	Amendment No. 1 to the Kerlin Agreement, dated as of February 27, 2003, by and among Curative Health Services, Inc., Jon M. Tamiyasu, in his capacity as the Stockholders Representative under the Stock Purchase Agreement, dated as of January 27, 2002, by and among Curative Health Services, Inc. and the shareholders of Apex Therapeutic Care, Inc. and the Kerlin Parties (incorporated by reference to Exhibit 10.48 to the Company s Annual Report on Form 10-K for the year ended December 31, 2002)
10.27	Form of Amendment to Executive Employment Agreements with John C. Prior and Roy McKinley (incorporated by reference to Exhibit 10.49 to the Company s Annual Report on Form 10-K for the year ended December 31, 2002)**
10.28	Amendment No. 1 to Curative Health Services, Inc. 2001 Broad-Based Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003)**
10.29	Amendment No. 2 to Curative Health Services, Inc. 2001 Broad-Based Stock Incentive Plan (incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarter ended March 31, 2003)**
10.30	Credit Agreement, dated as of June 9, 2003, between General Electric Capital Corporation and the Company (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)
10.31	Consent and First Amendment to Credit Agreement, dated as of July 11, 2003, among General Electric Capital Corporation and the Company (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2003)
10.32	Second Amendment to Credit Agreement, dated as of October 10, 2003, among General Electric Capital Corporation and the Company and the related Term Note (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)
10.33	Form of Acknowledgment Relating to Employment Agreement, dated as of June 3, 2003, executed by John C. Prior and Roy McKinley (incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)**
10.34	Form of Acknowledgment of Assignment of Employment Agreement, dated as of June 3, 2003, executed by Thomas Axmacher (incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)**
10.35	Form of Amendment to and Second Acknowledgment Relating to Employment Agreement, dated as of August 19, 2003, executed by John C. Prior and Roy McKinley (incorporated by reference to Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)**
10.36	Form of Amendment to and Second Acknowledgment of Assignment of Employment Agreement, dated as of August 19, 2003, executed by Thomas Axmacher (incorporated by reference to Exhibit 10.6 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)**

Exhibit No.	Description
10.37	Form of Acknowledgment of Limitations on Exercise of Stock Options, dated as of June 3, 2003, executed by Timothy I. Maudlin, Gerard Moufflet, Lawrence P. English, Paul S. Auerbach and Daniel E. Berce (incorporated by reference to Exhibit 10.7 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2003)**
10.38	Third Amendment to Credit Agreement, dated as of December 31, 2003, among General Electric Capital Corporation and the Company (incorporated by reference to Exhibit 10.63 to the Company s Annual Report on Form 10-K for the year ended December 31, 2003)
10.39	Escrow Agreement, dated April 23, 2004, by and among Curative Health Services, Inc., Christopher J. York in his capacity as representative of the Sellers, and The Bank of New York, as escrow agent (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed April 30, 2004)
10.40	Amended and Restated Credit Agreement, dated as of April 23, 2004, by and among Curative Health Services, Inc., certain other borrowers signatory thereto, certain lenders referred to therein, GECC Capital Markets Group, Inc. and General Electric Capital Corporation (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed April 30, 2004)
10.41	Employment Agreement, dated as of April 23, 2004, by and between Curative Health Services, Inc. and Paul F. McConnell (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed May 4, 2004)**
10.42	Noncompetition Agreement, dated as of April 23, 2004, by and between Curative Health Services, Inc. and Paul F. McConnell (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed May 4, 2004)**
10.43	Restricted Stock Unit Award Agreement, dated as of April 23, 2004, by and between Curative Health Services, Inc. and Paul F. McConnell (incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K, filed May 4, 2004)**
10.44	Separation from Employment Agreement, dated April 27, 2004, between William C. Tella and the Company (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)**
10.45	Amendment No. 1 to Curative Health Services, Inc. 2000 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)**
10.46	Amendment No. 3 to Curative Health Services, Inc. Non-Employee Director Stock Option Plan (incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)**
10.47	Swap Transaction Agreement, dated May 3, 2004, between National City Bank and the Company (incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)
10.48	First Amendment to Amended and Restated Credit Agreement and Collateral Documents, made and entered into as of May 3, 2004, among General Electric Capital Corporation and the Company (incorporated by reference to Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)
10.49	Second Amendment to Amended and Restated Credit Agreement, made and entered into as of June 30, 2004, among General Electric Capital Corporation and the Company (incorporated by reference to Exhibit 10.6 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)
10.50	Third Amendment to Amended and Restated Credit Agreement, made and entered into as of October 20, 2004, among General Electric Capital Corporation and the Company (incorporated by reference to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2004)

Exhibit No.	Description
10.51	Transition Agreement, dated as of October 2, 2004, by and between the Company and Joseph L. Feshbach (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed November 16, 2004)**
10.52	Restricted Stock Award Agreement, dated as of November 10, 2004, by and between the Company and Joseph L. Feshbach (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed November 16, 2004)**
10.53	Amendment to Employment Agreement, dated as of November 15, 2004, by and between the Company and Paul F. McConnell (incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K, filed November 16, 2004)**
10.54	Amended and Restated Employment Agreement, effective as of December 31, 2004, by and between the Company and John C. Prior (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed December 20, 2004)**
10.55	Employment agreement, dated as of April 23, 2004, between Andrew C. Walk and the Company (incorporated by reference to Exhibit 10.63 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.56	Employment agreement, dated as of April 23, 2004, between Craig Vollmer and the Company (incorporated by reference to Exhibit 10.64 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.57	Restricted Stock Unit Award Agreement, dated as of December 14, 2004, by and between Curative Health Services, Inc. and Thomas Axmacher (incorporated by reference to Exhibit 10.65 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.58	Form of Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.66 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.59	Form of Incentive Stock Option Agreement 2000 Stock Incentive Plan (incorporated by reference to Exhibit 10.67 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.60	Form of Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.68 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.61	Form on Director Non-Qualified Stock Option Agreement (incorporated by reference to Exhibit 10.69 to the Company s Annual Report on Form 10-K for the year ended December 31, 2004)**
10.62	Separation Agreement, by and between Curative Health Services, Inc. and Nancy F. Lanis, dated as of February 23, 2005 (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed March 1, 2005)**
10.63	Restricted Stock Award Agreement, dated as of February 23, 2005, by and between Curative Health Services, Inc. and Nancy F. Lanis (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed March 1, 2005)**
10.64	Fourth Amendment to Amended and Restated Credit Agreement, by and between the Company, its subsidiaries and General Electric Capital Corporation, a Delaware corporation, effective as of December 31, 2004 (incorporated by reference to Exhibit 10.3 to the Company s Current Report on Form 8-K, filed March 1, 2005)
10.65	Second Amendment to Employment Agreement, dated March 24, 2005, by and between the Company and Paul F. McConnell (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed March 25, 2005)**
10.66	Amendment to Restricted Stock Unit Award Agreement, dated March 24, 2005, by and between the Company and Paul F. McConnell (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed March 25, 2005)**
10.67	

Separation Agreement, dated March 28, 2005, by and between the Company and Anne Bruce (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed April 26, 2005)**

Exhibit No.	Description
10.68	Waiver Agreement entered into among the Company, its subsidiaries and General Electric Capital Corporation, effective as of June 30, 2005 (incorporated by reference Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005)
10.69	Compensation Agreement, dated as of May 27, 2005, between the Company and Thomas Axmacher (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended June 30, 2005)**
10.70	Lease and Agreement, dated June 10, 1991, by and between Executive Tower, Inc. and Critical Care Systems Inc. (incorporated by reference

to Exhibit 10.1 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.71 Amendment to Lease, dated as of June 4, 2001, by and between Brookhaven (Nashua), LLC and Critical Care Systems, Inc. (incorporated by reference to Exhibit 10.2 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.72 Second Amendment to Lease, dated as of June 25, 2001, by and between Brookhaven (Nashua), LLC and Critical Care Systems, Inc. (incorporated by reference to Exhibit 10.3 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.73 Third Amendment

to Lease, dated as of November 7, 2003, by and between Brookhaven (Nashua), LLC and Critical Care Systems, Inc. (incorporated by reference to Exhibit 10.4 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.74 Fourth Amendment to Lease, dated as of July 11, 2005, by and between Brookhaven (Nashua), LLC and Critical Care Systems, Inc. (incorporated by reference to Exhibit 10.5 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.75 Waiver Agreement, dated as of October 14, 2005, entered into among the Company, its subsidiaries and General Electric Capital Corporation (incorporated

by reference to Exhibit 10.6 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.76 Waiver Agreement, dated as of November 7, 2005, entered into among the Company, its subsidiaries and General Electric Capital Corporation (incorporated by reference to Exhibit 10.7 to the Company s Quarterly Report on Form 10-Q for the quarter ended September 30, 2005)

10.77 Plan Support Agreement, dated December 2, 2005, by and among Curative Health Services, Inc., its subsidiaries, and the Supporting Noteholders (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed December 5,

2005)

10.78 Forbearance Agreement, dated December 1, 2005, by and among Curative Health Services, Inc, its subsidiaries, and GE Capital (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed December 5, 2005)

10.79 Amendment to Plan Support Agreement, dated December 14, 2005, by and among Curative Health Services, Inc., its subsidiaries, and the Supporting Noteholders (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed December 16, 2005)

10.80 Amendment to Forbearance Agreement, entered into on December 28, 2005 and

	effective as of December 23, 2005, by and among Curative Health Services, Inc., its subsidiaries, and General Electric Capital Corporation (incorporated by reference to Exhibit 10.1 to the Company s Current Report on Form 8-K, filed January 4, 2006)
10.81	Waiver Agreement, dated as of April 3, 2006, by and among Curative Health Services, Inc., its subsidiaries and General Electric Capital Corporation (incorporated by reference to Exhibit 10.2 to the Company s Current Report on Form 8-K, filed April 10, 2006)
10.82	Asset Purchase Agreement, dated as of December 1, 2005, among Curative Health Services, Inc. and ProCare Pharmacy, Inc. and ProCare

Pharmacy
Direct, Inc.*

Exhibit No.	Description
21	List of Subsidiaries*
23	Consent of Ernst & Young LLP*
24	Power of Attorney (included on signature page)*
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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* Filed herewith

** Required to be filed pursuant to Item 601(b)(10)(ii)(A) or (iii) of Regulation S-K

The Company has excluded from the exhibits filed with this report instruments defining the rights of holders of long-term convertible debt of the Company where the total amount of the securities authorized under such instruments does not exceed 10% of its total assets. The Company hereby agrees to furnish a copy of any of these instruments to the SEC upon request.