

DUPONT E I DE NEMOURS & CO

Form 11-K

June 29, 2006

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**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, DC 20549**

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**FORM 11-K**

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**ANNUAL REPORT**

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

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**DUPONT POWDER COATINGS USA, INC. PROFIT SHARING PLAN**

**(FULL TITLE OF THE PLAN)**

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**E. I. DU PONT DE NEMOURS AND COMPANY**

**1007 MARKET STREET WILMINGTON,**

**DELAWARE 19898**

**(NAME AND ADDRESS OF PRINCIPAL EXECUTIVE OFFICE OF ISSUER)**

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Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Administrative Committee formed under the DuPont Powder Coatings USA, Inc. Profit Sharing Plan has duly caused the Annual Report to be signed by the undersigned hereunto duly authorized.

DuPont Powder Coatings USA, Inc.  
Profit Sharing Plan

Dated: June 28, 2006

By: /s/ William Rising  
William Rising  
Vice President, Finance

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**DuPont Powder Coatings USA, Inc. Profit Sharing Plan**

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

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**Report of Independent Registered Public Accounting Firm**

To the Participants and Administrator of

DuPont Powder Coatings USA, Inc. Profit Sharing Plan

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

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

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

June 28, 2006

**Table of Contents****DuPont Powder Coatings USA, Inc. Profit Sharing Plan****Statements of Net Assets Available for Benefits****December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Assets:</b>		
<b>Investments:</b>		
Money market	\$ 1,163,365	\$ 1,913,013
Company stock fund	429,311	445,913
Mutual funds	7,530,577	4,154,082
Common/collective trust funds	20,437,159	21,421,301
Participant loans	1,879,867	1,717,768
 Total investments	 31,440,279	 29,652,077
<b>Receivables:</b>		
Participants contributions	5,756	5,394
Employer s contributions	687,867	795,861
Dividends and interest	2,662	2,298
Loan interest		1,152
 Total receivables	 696,285	 804,705
 Cash	 1,346	 1,309
 Net assets available for benefits	 \$ 32,137,910	 \$ 30,458,091

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

**Table of Contents****DuPont Powder Coatings USA, Inc. Profit Sharing Plan****Statements of Changes in Net Assets Available for Benefits****December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Additions:</b>		
Investment income:		
Net appreciation in fair value of investments	\$ 1,046,514	\$ 2,347,085
Interest income	88,581	94,117
Dividend income	410,275	140,693
	1,545,370	2,581,895
<b>Contributions:</b>		
Participant	1,248,875	1,097,654
Employer	1,233,376	1,335,609
Total contributions	2,482,251	2,433,263
<b>Total additions</b>	<b>4,027,621</b>	<b>5,015,158</b>
<b>Deductions:</b>		
Benefits paid to participants	2,267,598	2,520,765
Administrative expenses	80,204	62,985
<b>Total deductions</b>	<b>2,347,802</b>	<b>2,583,750</b>
Net increase	1,679,819	2,431,408
<b>Net assets available for benefits:</b>		
Beginning of year	30,458,091	28,026,683
End of year	\$ 32,137,910	\$ 30,458,091

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

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### **DuPont Powder Coatings USA, Inc. Profit Sharing Plan**

#### **Notes to Financial Statements**

##### **1. Description of the Plan**

The following description of the DuPont Powder Coatings USA, Inc. Profit Sharing Plan (the Plan) is provided for general information purposes only. Participants should refer to the plan document for a more complete description of the Plan's provisions.

##### **General**

The Plan is a defined contribution plan covering eligible employees, as defined in the Plan, of DuPont Powder Coatings USA, Inc. (the Employer or the Company). It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

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

##### **Eligibility**

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

For purposes of 401(k) deferral and Compliance contributions, participation begins the first day of the next payroll period after the date an employee completes one hour of service. For purposes of Company Match and Company Profit Sharing contributions, participation begins on the first day of the next payroll period after the date an employee completes a 12 month eligibility period in which the employee is credited with at least 1,000 hours of service during that period. Each participant who was an eligible employee at any time during the period, even if such employee did not work 1,000 hours will receive the Compliance contribution.

##### **Contributions**

Contributions may consist of employee and employer contributions. The Plan may establish and change from time to time, in writing, without the necessity of amending the Plan, the minimum, if applicable, and maximum 401(k) deferral contribution percentages, prospectively or retrospectively (for the current Plan year), for all participants. Employees electing to participate in the Plan may contribute up to 15 percent of their qualifying annual compensation, as defined.

Employer contributions consist of Company Matching contributions, Compliance contributions and Profit Sharing contributions, subject to limitations as defined in the Plan. The Company contributes the greater of the following: (a) 10 percent of the Company's net profit for the Plan year, or (b) a Compliance contribution amount equal to 3 percent of total participants' eligible compensation for all active employees who are participating in the Plan plus the employer Matching contributions equal to 100 percent of each participant's effective contributions subject to a maximum of 3 percent of each participant's eligible compensation.

Upon enrollment in the Plan, a participant may direct employee contributions to the investment options available. Participants may allocate employee contributions among these investment options in multiples of 1 percent. A participant may change his or her deferral contribution election four times a year.

Prior to June 1, 2004, all employer contributions were invested in the Barclay's Global Investors S&P 500 Stock Fund (S&P 500 Stock Fund). On June 1, 2004, the S&P 500 Stock Fund assets were liquidated, and all assets were transferred to the Merrill Lynch Equity Index Trust. All subsequent employer

**Table of Contents****DuPont Powder Coatings USA, Inc. Profit Sharing Plan****Notes to Financial Statements**

contributions are invested in the Merrill Lynch Equity Index Trust. Effective January 1, 2005, employer contributions are no longer required to be invested in this fund and participants are allowed to transfer these assets out of the Merrill Lynch Equity Index Trust and into any other plan investment option.

**Participant Accounts**

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

**Vesting**

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

<b>Years of Service</b>	<b>Vested Percent</b>
1 - 2	20%
2 - 3	40%
3 - 4	60%
4 - 5	80%
5 or more	100%

One full year of service is defined as a twelve-month period of employment. A participant also becomes 100 percent vested upon normal retirement, death and termination of employment due to disability.

**Forfeited Accounts**

Forfeitures of the Company Matching and Profit Sharing contributions may occur if a participant terminates or withdraws his or her contributions prior to the full vesting period. These forfeitures may be used to restore accounts, as defined in the Plan, to pay administrative expenses or may decrease the amount of Profit Sharing contributions. At December 31, 2005 and 2004, forfeited nonvested accounts totaled \$405,475 and \$439,153, respectively. Forfeited accounts were used to reduce administrative expenses of the Plan by \$63,127 and \$0 for the years ended December 31, 2005 and 2004, respectively.

**Participant Loans**

Participants may borrow from their vested fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance. The loans are secured by the balance in the participant's account and bear interest at rates, commensurate with local prevailing rates as determined by the Plan administrator. The loans are executed by promissory notes and have a minimum term of 12 months and a maximum term of 60 months, except for qualified residential loans, which have a maximum term of 120 months. At December 31, 2005, the rates range from 5 percent to 10.5 percent. Principal and interest is paid ratably through payroll deductions.

**Payment of Benefits**

In the case of normal retirement, retirement due to permanent disability or termination of employment, participants may elect to receive the value of their vested balances, in accordance with the provisions of the





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### **DuPont Powder Coatings USA, Inc. Profit Sharing Plan**

#### **Notes to Financial Statements**

Plan, in a lump-sum distribution, partial distribution, or installments payments. In the event that a participant dies before retirement, the beneficiary will receive the value of the participant's vested account balance in a lump-sum distribution, partial distribution, or installments payments.

#### **Withdrawals**

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

#### **Administrative Expenses**

Reasonable expenses of administering the Plan, at the election of the Company, may be paid by the Plan. For the years ended December 31, 2005 and 2004, the Plan paid \$80,204 and \$62,985, respectively, in administrative expenses, including audit and other recordkeeping fees. Brokerage fees, transfer taxes, investment fees and other expenses incident to the purchase and sale of securities and investments shall be included in the cost of such securities or investments or deducted from the sales proceeds.

## **2. Significant Accounting Policies**

### **Basis of Accounting**

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

### **Investment Valuation and Income Recognition**

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

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

### **Payment of Benefits**

Benefits are recorded when paid.

### **Use of Estimates**

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

**Table of Contents****DuPont Powder Coatings USA, Inc. Profit Sharing Plan****Notes to Financial Statements****3. Investments**

Investments that represent 5% or more of the net assets available for benefits as of December 31, 2005 and 2004 were as follows:

	2005	2004
Merrill Lynch Equity Index Trust Tier 6	\$ 18,470,380	\$ 19,439,341
American Amcap Fund	1,865,230	
Merrill Lynch Retirement Preservation Trust		1,558,286
Merrill Lynch Retirement Reserves Fund		1,913,013
MFS Capital Opportunities Fund Class A		1,555,094
Participant Loans	1,879,867	1,717,768

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

	2005	2004
Company stock fund	\$ (63,801)	\$ 32,456
Mutual funds	199,794	348,345
Common/collective trust funds	910,521	1,966,284
Net appreciation	\$ 1,046,514	\$ 2,347,085

**4. Non-Participant-Directed Investments**

Information about the net assets and significant components of the changes in net assets relating to the Merrill Lynch Equity Index Trust (both participant directed and non-participant directed investments) is as follows:

	December 31,	
	2004	
Net assets:		
Merrill Lynch Equity Index Trust	\$	19,439,341
	<b>For Plan Year Ended</b>	
	December 31,	
	2004	
Contributions	\$	1,876,095
Dividends and interest		59,821
Net appreciation		1,898,424
Benefit payments		(1,477,385)

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Net loan activity	(187,286)
Administrative expenses	(13,140)
Transfer to participant-directed investments	(899,975)
Other	10,926
<b>Changes in net assets</b>	<b>\$ 1,267,480</b>

Effective January 1, 2005, all Plan assets are fully participant directed investments.

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**DuPont Powder Coatings USA, Inc. Profit Sharing Plan**

**Notes to Financial Statements**

**5. Tax Status**

The Plan is a qualified plan pursuant to Section 401(a) of the Internal Revenue Code (the "IRC") and the related trust is exempt from federal taxation under Section 501(a) of the Code. A favorable tax determination letter from the Internal Revenue Service dated July 16, 2003 covering the plan and amendments through February 25, 2002 has been received by the Plan. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and operated in accordance with the applicable requirements of the IRC. Accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

**6. Related Party Transactions**

Certain Plan investments are shares of mutual funds and units of common/collective trust funds managed by Merrill Lynch, the Trustee. In addition, the Plan offers the DuPont Company Stock Fund investment option. The plan purchased \$182,064 and \$139,420 of stock during the years ended December 31, 2005 and 2004, respectively. The plan sold \$198,666 and \$28,316 of stock during the years ended December 31, 2005 and 2004, respectively. Transactions in these investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules of ERISA.

**7. Plan Termination**

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

**8. Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**Table of Contents****DuPont Powder Coatings USA, Inc. Profit Sharing Plan****Schedule H, Line 4i Schedule of Assets (Held at End of Year)****December 31, 2005**

(a)	(b)	(c)	(d)
Identity of Issue		Description of Investment	Current Value
*	Merrill Lynch Equity Index Trust Tier 6	Common/Collective Trusts	\$ 18,470,380
*	Merrill Lynch International Index Trust	Common/Collective Trusts	532,392
*	Merrill Lynch Retirement Reserves Fund	Common/Collective Trusts	1,163,365
*	Merrill Lynch Retirement Preservation Trust	Common/Collective Trusts	1,434,387
	<i>Total common/collective trust</i>		21,600,524
	Thornburg International Value Fund	Registered Investment Company	606,282
	The Oakmark Equity & Income Fund	Registered Investment Company	1,489,070
	American Century Small Company Fund	Registered Investment Company	417,612
	American Amcap Fund	Registered Investment Company	1,865,230
	CRM Midcap Value Fund	Registered Investment Company	817,945
	Pimco Total Return Fund	Registered Investment Company	1,407,146
	Lazard International Smallcap Portfolio	Registered Investment Company	103,772
	Van Kampen Comstock Fund	Registered Investment Company	823,520
	<i>Total mutual funds</i>		7,530,577
*	DuPont Company Stock Fund	Company Stock Fund	429,311
*	Participant loans	5% to 10.50%	
		Maturing from January 2006 - January 2011	1,879,867
	<b>Total Assets</b>		<b>\$ 31,440,279</b>

\* Party-in-interest