

DUPONT E I DE NEMOURS & CO

Form 8-K

May 03, 2007

Table of Contents

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
THE SECURITIES EXCHANGE ACT OF 1934
Date of Report (Date of Earliest Event Reported) May 3, 2007
E. I. du Pont de Nemours and Company
(Exact Name of Registrant as Specified in Its Charter)**

Delaware
(State or Other Jurisdiction
Of Incorporation)

1-815
(Commission
File Number)
1007 Market Street

51-0014090
(I.R.S. Employer
Identification No.)

Wilmington, Delaware 19898
(Address of principal executive offices)

Registrant's telephone number, including area code: (302) 774-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

TABLE OF CONTENTS

Item 8.01 Other Events

SIGNATURE

Table of Contents

Item 8.01 Other Events

Note: All dollar amounts are in millions.

Effective January 1, 2007, the company changed the alignment of certain businesses within its Agriculture & Nutrition and Performance Materials segments, and Bio-Based Materials included within Other. These changes were made to better align the businesses with the growth platform that management believes will provide more opportunity for synergy and technology development in future periods. In addition, Segment sales reported by the company will no longer include a pro rata share of equity affiliates' sales. Although total Pretax operating income (PTOI) in 2006 was not affected by these changes, the following segments' PTOI in 2006 were affected: Agriculture & Nutrition increased \$97; Coatings & Color Technologies increased \$22; Electronic & Communication Technologies decreased \$12; and Performance Materials decreased \$68. PTOI in 2006 for the Pharmaceuticals and Safety & Protection segments were not affected and the Pretax operating loss in 2006 for Other increased \$39. These changes in management's views of segment reporting were reflected in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2007, which was filed with the SEC on May 2, 2007. The company is filing this report on Form 8-K to show historically reported segment information for 2006, 2005 and 2004 on a consistent basis with the presentation of segment data that was included in the company's Quarterly Report on Form 10-Q for the period ended March 31, 2007. Additionally, the company's website was updated to show historical quarterly reported segment information on a basis consistent with the 2007 presentation of segment data.

The company has six reportable segments. Five of the segments constitute the company's growth platforms: Agriculture & Nutrition, Coatings & Color Technologies, Electronic & Communication Technologies, Performance Materials and Safety & Protection. The sixth segment, Pharmaceuticals, is limited to income from the company's interest in two drugs, Cozaar[®] and Hyzaar[®]. Beginning in 2005, financial transactions related to the remaining assets of Textiles & Interiors are included in Other.

Major products by segment include: Agriculture & Nutrition (hybrid seed corn and soybean seed, herbicides, fungicides, insecticides, value enhanced grains and soy protein); Coatings & Color Technologies (automotive finishes, industrial coatings and white pigments); Electronic & Communication Technologies (fluorochemicals, fluoropolymers, photopolymers and electronic materials); Performance Materials (engineering polymers, packaging and industrial polymers, films and elastomers); Pharmaceuticals (representing the company's interest in the collaboration relating to Cozaar[®]/Hyzaar[®] antihypertensive drugs, which is reported as Other income); and Safety & Protection (specialty and industrial chemicals, nonwovens, aramids and solid surfaces). The company operates globally in substantially all of its product lines.

In general, the accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies included in the Company's 2006 Annual Report on Form 10-K. Exceptions are noted as follows and are shown in the reconciliations below. Segment Pretax operating income and Segment net assets for 2005 and 2006 include the company's retrospective adoption of FSP AUG AIR-1, relating to planned major maintenance activities, effective January 1, 2005. Additional details regarding this change can be found in Note 1 in the Company's 2006 Annual Report on Form 10-K. Segment sales include transfers. Products are transferred between segments on a basis intended to reflect, as nearly as practicable, the market value of the products. Segment Pretax operating income is defined as operating income before income taxes, minority interests, exchange gains (losses), corporate expenses, interest and the cumulative effect of changes in accounting principles. Segment net assets includes net working capital, net permanent investment and other noncurrent operating assets and liabilities of the segment. Affiliate net assets (pro rata share) excludes borrowing and other long-term liabilities. Depreciation and amortization includes depreciation on research and development facilities and amortization of other intangible assets, excluding write-down of assets which is discussed in Note 5 in the Company's 2006 Annual Report on Form 10-K. Expenditures for long-lived assets exclude Investments in affiliates and include payments for Property, plant and equipment as part of business acquisitions (see Note 24 in the Company's 2006 Annual Report on Form 10-K).

Table of Contents

	Agriculture & Nutrition	Coatings & Color Technologies	Electronic & Communications Technologies	Performance Materials	Pharma- ceuticals	Safety & Protection	Textiles & Interiors	Other	Total
2006									
Segment sales	\$6,008	\$6,290	\$3,573	\$6,179	\$	\$5,496	N/A	\$180	\$27,726
Less transfers		(49)	(109)	(46)		(82)	N/A	(19)	(305)
Net sales	6,008	6,241	3,464	6,133		5,414	N/A	161	27,421
Pretax operating income (loss)	604	817	577	559	819	1,080	N/A	(173)	4,283
Depreciation and amortization	428	220	159	210		187	N/A	5	1,209
Equity in earnings of affiliates	(3)	0	44	9		20	N/A	(5)	65
Segment net assets	5,811	3,959	2,476	4,111	200	3,032	N/A	133	19,722
Affiliate net assets	51	10	301	715	40	91	N/A	41	1,249
Expenditures for long-lived assets	214	370	212	254		320	N/A	8	1,378
2005									
Segment sales	\$6,090	\$6,055	\$3,408	\$6,062	\$	\$5,144	N/A	\$174	\$26,933
Less transfers		(48)	(99)	(55)		(73)	N/A	(19)	(294)
Net sales	6,090	6,007	3,309	6,007		5,071	N/A	155	26,639
Pretax operating income (loss)	875	536	558	515	751	994	N/A	(90)	4,139
Depreciation and amortization	421	207	156	219		181	N/A	3	1,187
Equity in earnings of affiliates	(3)	1	36	21		18	N/A	10	83
Segment net assets	5,691	3,567	2,296	3,940	169	2,689	N/A	204	18,556
Affiliate net assets	41	5	283	756	43	84	N/A	58	1,270
Expenditures for long-lived assets	266	287	185	200		266	N/A	4	1,208

2004

Segment sales	\$5,939	\$5,839	\$3,138	\$5,863	\$	\$4,632	\$2,319	\$163	\$27,893
Less transfers		(50)	(88)	(83)		(90)	(211)	(31)	(553)
Net sales	5,939	5,789	3,050	5,780		4,542	2,108	132	27,340
Pretax operating income (loss)	790	718	202	282	681	844	(533)	(249)	2,735
Depreciation and amortization	412	204	154	253		179		2	1,204
Equity in earnings of affiliates	(5)	3	27	(100)		13	71	(2)	7
Segment net assets	5,925	3,687	2,304	4,066	159	2,645	403	266	19,455
Affiliate net assets	38	17	383	773	36	74	355	10	1,686
Expenditures for long-lived assets	219	213	139	220		215	63	14	1,083

Reconciliation to Consolidated Financial Statements

Pretax operating income to income before income taxes and minority interests	2006	2005	2004
Total segment PTOI	\$4,283	\$4,139	\$2,735
Net exchange (losses) / gains (includes affiliates)	(4)	445	(411)
Corporate expenses and interest	(950)	(1,021)	(882)
Income before income taxes and minority interests	\$3,329	\$3,563	\$1,442

Segment net assets to total assets	2006	2005	2004
Total segment net assets	\$19,722	\$18,556	\$19,455
Corporate assets ¹	5,876	8,144	9,704
Liabilities included in net assets	6,179	6,591	6,473
Total assets	\$31,777	\$33,291	\$35,632

1 Pension assets are included in corporate assets. The balance at December 31, 2006 reflects the adoption of SFAS 158.

Table of Contents

Other items	Segment Totals	Adjustments	Consolidated Totals
2006			
Depreciation and amortization	\$ 1,209	\$ 175	\$ 1,384
Equity in earnings of affiliates	65	(15)	50
Affiliate net assets	1,249	(446)	803
Expenditures for long-lived assets	1,378	154	1,532
2005			
Depreciation and amortization	\$ 1,187	\$ 171	\$ 1,358
Equity in earnings of affiliates	83	25	108
Affiliate net assets	1,270	(426)	844
Expenditures for long-lived assets	1,208	132	1,340
2004			
Depreciation and amortization	\$ 1,204	\$ 143	\$ 1,347
Equity in earnings of affiliates	7	(46)	(39)
Affiliate net assets	1,686	(652)	1,034
Expenditures for long-lived assets	1,083	149	1,232

Additional Segment Details

2006 includes the following pretax benefits (charges):

Agriculture & Nutrition ^{a, c, d, g}	\$ (48)
Coatings & Color Technologies ^{a, b, c, f}	(7)
Electronic & Communication Technologies ^{a, c}	5
Performance Materials ^{a, c, d}	(77)
Safety & Protection ^{a, b, c, e}	(27)
Other ^h	(27)
	\$ (181)

a In the fourth quarter 2006, the company changed its practice relating to cutoff for certain transactions. The impact of these changes in the fourth quarter and full year 2006 is a reduction to net sales of \$107 and

a net pretax charge of \$58.

The pretax charge amount by segment was: Agriculture & Nutrition \$6; Coatings & Color Technologies \$17; Electronic & Communication Technologies \$5; Performance Materials \$17; and Safety & Protection \$13, respectively.

b Includes insurance recoveries relating to the damage suffered from hurricane Katrina in 2005. Pretax amounts by segment were: Coatings & Color Technologies \$123 and Safety & Protection - \$20.

c Includes a benefit of \$61 of insurance recoveries, net of fees, which relate to asbestos litigation expenses incurred by the company in prior periods. Pretax amounts by segment for the insurance recoveries were: Agriculture & Nutrition \$7;

Coatings & Color
Technologies
\$19; Electronic
&
Communication
Technologies
\$10;
Performance
Materials \$12;
and Safety &
Protection -\$13.

d Includes a restructuring charge of \$194 in the following segments:
Agriculture & Nutrition - \$122
and Performance Materials \$72.

e Includes an asset impairment charge of \$47 associated with an underperforming industrial chemicals asset held for sale within the Safety & Protection segment.

f Includes a net restructuring charge of \$132 in the Coatings & Color Technologies segment.

g Includes income of \$73 in the Agriculture & Nutrition segment related to technology transfers, licensing

agreements and
asset sales.

h Includes a charge
of \$27 in Other
to writedown
certain
manufacturing
assets to
estimated fair
value.

2005 includes the following pretax benefits (charges):

Coatings & Color Technologies ^a	\$ (116)
Electronic & Communication Technologies ^b	48
Performance Materials ^{a, c}	21
Safety & Protection ^a	(27)
Other ^d	62
	\$ (12)

a Includes charges
of \$160 for
damaged
facilities,
inventory
write-offs,
clean-up costs
and other costs
related to the
Hurricanes, in
the following
segments:
Coatings &
Color
Technologies
\$116;
Performance
Materials \$17;
and Safety &
Protection \$27.

b Reflects a gain
from the sale of
the company's
equity interest
in DuPont
Photomasks,
Inc.

c

Includes a gain of \$25 resulting from the disposition of certain assets of DuPont Dow Elastomers LLC (DDE) to The Dow Chemical Company; and operating income of \$47 related to certain assets that were disposed of on June 30, 2005. The gain is partly offset by a charge of \$34 related to the shutdown of an U.S. manufacturing facility.

- d* Reflects a net gain from the disposition of four equity affiliates associated with the separation of Textiles & Interiors, partly offset by other separation costs.

Table of Contents

2004 includes the following pretax charges:

Agriculture & Nutrition ^{a, b}	\$ (28)
Coatings & Color Technologies ^{a, b, c}	(96)
Electronic & Communication Technologies ^{a, b, d}	(175)
Performance Materials ^{a, b, e}	(341)
Safety & Protection ^{a, b, f}	(70)
Textiles & Interiors ^{a, g}	(657)
Other ^{a, b, h}	(103)
	\$ (1,470)

a Includes a benefit of \$22 which reflects changes in estimates related to 2004 and prior years restructuring programs in the following segments:

- Agriculture & Nutrition - \$2;
- Coatings & Color Technologies \$4;
- Electronic & Communication Technologies \$2;
- Performance Materials \$1;
- Safety & Protection \$1;
- Textiles & Interiors \$10; and
- Other \$2.

b Includes charges of \$312 to provide severance benefits for approximately 2,700 employees in the following segments:

- Agriculture & Nutrition - \$30;
- Coatings & Color Technologies-\$64;
- Electronic & Communication

Technologies \$42;
Performance
Materials \$51;
Safety &
Protection \$29;
and Other \$96.

- c* Includes a charge of \$36 to provide for an automotive refinish litigation settlement.
- d* Includes charges of \$108 associated with the proposed settlement of the PFOA class action litigation in West Virginia; and \$27 to reflect an other than temporary decline in the value of an investment security.
- e* Includes a charge of \$268 to provide for anticipated losses associated with DDE antitrust litigation matters and a charge of \$23 related to the shutdown of manufacturing assets at a U.S. facility.
- f* Includes a charge of \$42 related to the impairment of certain European manufacturing assets.
- g* Includes a charge of \$667 consisting of an agreed upon reduction in sales price; settlement of

working capital and other changes in estimates associated with the sale of INVISTA to Koch; an increase in the book value of net assets sold and additional separation costs; and a write-down of an equity affiliate to fair market value.

- h* Includes a charge of \$29 to write off abandoned technology and a benefit of \$20 from insurance proceeds related to Benlate® litigation.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

E. I. DU PONT DE NEMOURS AND COMPANY
(Registrant)

/s/ Barry J. Niziolek

Barry J. Niziolek
Vice President and Controller

May 3, 2007

6