

DUPONT E I DE NEMOURS & CO
Form 8-K
May 05, 2004



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

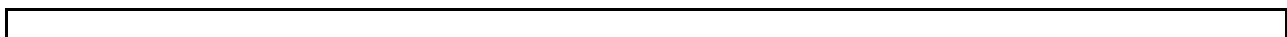
Date of Report (Date of Earliest Event Reported) May 5, 2004 (April 30, 2004)

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

1007 Market Street
Wilmington, Delaware 19898
(Address of principal executive offices)

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



Item 2. Acquisition or Disposition of Assets

On April 30, 2004, E. I. du Pont de Nemours and Company (the "company") completed the sale of substantially all of the assets of the company's Textiles & Interiors segment ("INVISTA") to subsidiaries of Koch Industries Inc. ("Koch") for \$3.828 billion and the assumption of approximately \$272 million of the company's debt. Except for three equity affiliates, this transaction was completed on April 30, 2004. The transfer of three equity affiliates will be delayed until the company receives approval from its equity partners, which is expected in the second half of the year. Upon transfer of these equity affiliates, the company expects to realize a gain of approximately \$77 million. If these equity affiliates were not to be transferred, it could reduce the expected gain and final cash proceeds reflected in the purchase price above by up to \$77 million and \$168 million, respectively. Final proceeds are subject to adjustments to reflect closing balances for working capital and consolidated debt levels. The pro forma financial information included herein assumes the transfer of these equity affiliates will be successfully completed as expected, and is based on terms set forth in the definitive purchase and sales agreement with Koch.

In connection with the sale, the company indemnified Koch against certain liabilities primarily related to taxes, legal matters, environmental matters and other representations and warranties. The estimated fair value of these obligations is \$75 million

Item 7. Financial Statements and Exhibits

(b) Pro Forma Financial Information

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

The accompanying unaudited pro forma condensed consolidated balance sheet as of December 31, 2003 gives effect to this sale as if this transaction had occurred as of that date.

The accompanying unaudited pro forma condensed consolidated income statement for the year ended December 31, 2003 gives effect to the sale as if this transaction had occurred on January 1, 2003. The December 31, 2003 pro forma income statement has not been adjusted to exclude the separation charges and related goodwill impairment charges which were reflected in the historical financial statements as of December 31, 2003.

The unaudited pro forma condensed financial statements presented herein are shown for illustrative purposes only and are not necessarily indicative of the future financial position or future results of operations of the company, or of the financial position or results of operations of the company that would have actually occurred had the transaction been in effect as of the date or for the period presented. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the historical financial statements and related notes of the company.

Financial Statements and Exhibits:

- (1) E. I. du Pont de Nemours and Company Pro Forma Condensed Consolidated Income Statement (unaudited) for the year ended December 31, 2003.
- (2) E. I. du Pont de Nemours and Company Pro Forma Condensed Consolidated Balance Sheet (unaudited) as of December 31, 2003.
- (3) Notes to the unaudited E. I. du Pont de Nemours and

Company Pro Forma Condensed Consolidated Financial
Statements.

Exhibit 1

E. I. DU PONT DE NEMOURS AND COMPANY
PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

(dollars in millions, except per share)

Year ended December 31, 2003

| | E. I. du Pont | | | | |
|--|---------------|------------|--|-------------|-----------|
| | de Nemours | | | Other | |
| | and Company | INVISTA(a) | | Adjustments | Pro Forma |
| Net Sales | \$26,996 | \$5,677 | | \$110(b) | \$21,429 |
| Other income | 734 | 49 | | | 685 |
| | | | | | |
| Total | 27,730 | 5,726 | | | 22,114 |
| | | | | | |
| Cost of goods sold and other operating charges | 19,476 | 4,844 | | 70(b) | 14,702 |
| Selling, general and administrative expenses | 2,995 | 370 | | | 2,625 |
| Depreciation | 1,355 | 333 | | | 1,022 |
| Amortization of goodwill and other intangible assets | 229 | 11 | | | 218 |
| Research and development expense | 1,349 | 141 | | | 1,208 |
| Interest expense | 347 | 1 | | | 346 |
| | (17) | (7) | | | (10) |

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| | | | | | | |
|--|-------------|--|---------|--|-------|-------------|
| Restructuring and asset impairment charges | | | | | | |
| Separation charges - Textiles & Interiors | 1,620 | | - | | | 1,620 |
| Goodwill impairment - Textiles & Interiors | 295 | | - | | | 295 |
| Gain on sale of interest by subsidiary - | | | | | | |
| non-operating | (62) | | - | | | (62) |
| | | | | | | |
| Total | 27,587 | | 5,693 | | | 21,964 |
| | | | | | | |
| Income before income taxes and minority interest | 143 | | 33 | | 40 | 150 |
| | | | | | | |
| Provision for (benefit from) income taxes | (930) | | 45 | | 14(c) | (961) |
| Minority interests in earnings of consolidated | | | | | | |
| subsidiaries | 71 | | 25 | | | 46 |
| | | | | | | |
| Pro forma net income (loss) | \$ 1,002 | | \$ (37) | | 26 | \$ 1,065 |
| | | | | | | |
| Basic pro forma net income per share | \$ 1.00 | | | | | \$ 1.06 |
| | | | | | | |
| Weighted average shares outstanding | 996,717,845 | | | | | 996,717,845 |

| | | | | | | |
|---|--|---------------|--|--|--|---------------|
| | | | | | | |
| Diluted pro forma net income per share | | \$ 0.99 | | | | \$ 1.05 |
| | | | | | | |
| Weighted average shares and share equivalents | | 1,000,010,193 | | | | 1,000,010,193 |

See notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

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Exhibit 2

E. I. DU PONT DE NEMOURS AND COMPANY
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(dollars in millions, except per share)

December 31, 2003

| | E. I. du Pont | | | | | |
|----------------|---------------|------------|--|--|-------------|-----------|
| | de Nemours | | | | Other | |
| | and Company | INVISTA(d) | | | Adjustments | Pro Forma |
| Assets | | | | | | |
| Current Assets | | | | | | |
| Cash and cash | \$ 3,298 | | | | \$3,828(e) | \$ 7,126 |

| | | | | | | | |
|--|--|----------|---------|--|------|--|----------|
| equivalents | | | | | | | |
| Accounts and notes receivable, net | | 4,218 | | | | | 4,218 |
| Inventories | | 4,107 | | | | | 4,107 |
| Prepaid expenses | | 208 | | | | | 208 |
| Income taxes | | 1,141 | | | 4(f) | | 1,145 |
| Assets held for sale | | 5,490 | \$5,390 | | | | 100(g) |
| | | | | | | | |
| Total current assets | | 18,462 | | | | | 16,904 |
| | | | | | | | |
| Property, plant and equipment (net of | | | | | | | |
| accumulated depreciation) | | 9,892 | | | | | 9,892 |
| Goodwill | | 1,939 | | | | | 1,939 |
| Other intangible assets | | 2,986 | | | | | 2,986 |
| Investment in affiliates | | 1,304 | | | | | 1,304 |
| Other assets | | 2,456 | | | | | 2,456 |
| | | | | | | | |
| Total | | \$37,039 | | | | | \$35,481 |
| | | | | | | | |
| Liabilities and Stockholders' Equity | | | | | | | |
| Current Liabilities | | | | | | | |
| Accounts payable | | \$ 2,412 | | | | | \$ 2,412 |
| Short-term borrowings and capital lease | | | | | | | |

| | | | | | | | |
|--|--|---------|---------|--|--------|--|---------|
| obligations | | 5,914 | | | | | 5,914 |
| Income taxes | | 60 | | | | | 60 |
| Other accrued liabilities | | 2,963 | | | | | 2,963 |
| Liabilities held for sale | | 1,694 | \$1,694 | | | | - |
| | | | | | | | |
| Total current liabilities | | 13,043 | | | | | 11,349 |
| | | | | | | | |
| Long-term borrowings and capital lease obligations | | 4,301 | | | | | 4,301 |
| Other liabilities | | 8,909 | | | 75(h) | | 9,052 |
| | | | | | 68(i) | | |
| Deferred income taxes | | 508 | | | | | 508 |
| | | | | | | | |
| Total liabilities | | 26,761 | | | | | 25,210 |
| | | | | | | | |
| Minority interests | | 497 | | | | | 497 |
| | | | | | | | |
| Commitments and Contingent Liabilities | | | | | | | |
| | | | | | | | |
| Stockholders' Equity | | | | | | | |
| Preferred stock, without par value - cumulative | | 237 | | | | | 237 |
| Common stock, \$.30 par value | | 325 | | | | | 325 |
| Additional paid-in capital | | 7,522 | | | | | 7,522 |
| Reinvested earnings | | 10,185 | | | (7)(f) | | 10,178 |
| | | (1,761) | | | | | (1,761) |

| | | | | | | | |
|--|--|----------|--|--|--|--|----------|
| Accumulated other comprehensive loss | | | | | | | |
| Common stock held in treasury, at cost | | (6,727) | | | | | (6,727) |
| | | | | | | | |
| Total stockholders' equity | | 9,781 | | | | | 9,774 |
| | | | | | | | |
| Total | | \$37,039 | | | | | \$35,481 |
| | | | | | | | |

See notes to the Unaudited Pro Forma Condensed Consolidated Financial Statements.

Exhibit 3

Notes to the Unaudited E. I. du Pont de Nemours and Company Pro Forma Condensed Consolidated Financial Statements

- (a) The "INVISTA" column in the Unaudited E. I. du Pont de Nemours and Company Pro Forma Condensed Consolidated Income Statement for the year ended December 31, 2003 represents the elimination of the results of the businesses sold to Koch as if the dispositions had occurred as of January 1, 2003. Provision for income taxes reflects a mix of income and losses between tax jurisdictions with different statutory tax rates.
- (b) To include sales (and related cost of goods sold) made by the company to the businesses sold to Koch that were previously eliminated in the company's consolidated historical results.
- (c) Represents adjustment (b) tax effected at the applicable statutory rates.

- (d) The "INVISTA" column in the Unaudited E. I. du Pont de Nemours and Company Pro Forma Condensed Consolidated Balance Sheet represents the elimination of the assets and liabilities sold as determined as of December 31, 2003. Details of these assets and liabilities can be found in Note 5 to the Consolidated Financial Statements for December 31, 2003, as reported in the company's Annual Report on Form 10-K for 2003.
- (e) To increase cash and cash equivalents by the receipt of proceeds related to the sale of certain assets and liabilities to Koch.
- (f) To reflect the impact on reinvested earnings and related deferred taxes at 35 percent for changes in the cash proceeds and the fair value of indemnifications since December 31, 2003.
- (g) Represents the net book value of certain assets of the Textiles & Interiors segment which the company plans to sell.
- (h) Reflects estimated fair value of certain indemnity obligations made by the company to Koch.
- (i) To reflect the assumption of liabilities by the company effective with the sale of certain Canadian assets to Koch.

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/ D. B. Smith

D. B. Smith
Vice President and Controller

May 5, 2004

