

DUPONT E I DE NEMOURS & CO
Form 11-K
July 02, 2001

=====

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 11-K

ANNUAL REPORT
PURSUANT TO SECTION 15(d) OF THE
SECURITIES AND EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

QUALICON RETIREMENT AND SAVINGS PLAN
(FULL TITLE OF THE PLAN)

E. I. DU PONT DE NEMOURS AND COMPANY
1007 MARKET STREET WILMINGTON,
DELAWARE 19898
(NAME AND ADDRESS OF PRINCIPAL EXECUTIVE OFFICE OF ISSUER)

=====

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Administrative Committee formed under the Qualicon Retirement and Savings Plan has duly caused this Annual Report to be signed by the undersigned hereunto duly authorized.

QUALICON RETIREMENT
AND SAVINGS PLAN

Dated: June 28, 2001

By: /s/ Helen S. Wagner

Helen S. Wagner
Director of Finance and
Chief Financial Member of the
Administrative Committee formed
under the Qualicon Retirement
and Savings Plan

Qualicon
Retirement and Savings Plan
Index to Financial Statements and Supplemental Schedule

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

Financial Statements

Statements of Net Assets Available for Benefits as of December 31, 2000 and 1999	2
Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2000 and 1999	3
Notes to Financial Statements	4 - 10

Supplemental Schedule*

Schedule I: Schedule of Assets (Held at End of Year)	11
--	----

* Other supplemental schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

Report of Independent Accountants

To the Administrator and Participants
of the Qualicon Retirement and Savings 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 the Qualicon Retirement and Savings Plan (the "Plan") at December 31, 2000 and 1999, 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 auditing standards generally accepted in the United States of America, which 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. The 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.

PricewaterhouseCoopers LLP
Philadelphia, PA
June 8, 2001

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

Qualicon
 Retirement and Savings Plan
 Statements of Net Assets Available for Benefits December 31, 2000 and 1999

	2000
Assets:	
Investments:	
Plan interest in DuPont and Related Companies	
Defined Contribution Plan Master Trust	\$ 98,753
Company stock funds	166,269
Mutual Funds	701,842
Common/collective funds	96,551
Participant Loans	61,022

Total investments	1,124,437
Receivables:	
Participants' contributions	23,545
Employer's contributions	7,971
Investment income	184

Total receivables	31,700

Net assets available for benefits	\$ 1,156,137
	=====

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

-2-

Qualicon
 Retirement and Savings Plan
 Statements of Changes in Net Assets Available for Benefits
 For the Years Ended December 31, 2000 and 1999

	2000
Additions:	
Investment income:	
Net (depreciation) appreciation in fair value of investments	\$ (178,486)
Interest and dividend income	57,569

	(120,917)

Contributions:	
Participant	452,093
Employer	103,170

	555,263

Total additions	434,346
Deductions:	
Benefits paid to participants	3,914

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

Net increase	430,432
Net assets available for benefits:	
Beginning of year	725,705
End of year	\$ 1,156,137

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

-3-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

1. Description of the Plan

The following description of the Plan provides only general information. 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 substantially all employees of Qualicon (the "Company"), a wholly-owned subsidiary of E. I. du Pont de Nemours and Company ("DuPont"). The Plan is subject to the Employee Retirement Income Security Act of 1974 ("ERISA") and is supervised, administered, and interpreted by an administrative committee (the "Committee"). The Committee is comprised of the Vice President - Finance and Chief Financial Officer, the Vice President -Operations and Chief Technology Officer and such other individuals as the above-mentioned officers shall appoint, who may be, but need not be, employees of the Company. The designated trustee of the Plan is Merrill Lynch Trust Company of America ("Merrill Lynch").

Contributions

Participants authorize payroll deductions which are contributed to the Plan and credited to their individual accounts. The sum of the participant contributions both pre-tax and post-tax are limited to a maximum of 16% of a participant's earnings, as defined, in multiples of 1% and are credited to the Plan on a monthly basis in accordance with the payroll cycle of the Company. Participants may also contribute amounts representing rollovers from other eligible retirement plans. Contributions are subject to certain limitations.

The Company makes matching contributions on a monthly basis in the amount of 50% of all participant contributions up to 6% of the participant's earnings, as defined. Company contributions are invested in accordance with the participant's investment elections. The Company, at its discretion, may also make an additional discretionary contribution. The Company did not make any discretionary contributions during the years ended December 31, 2000 and 1999.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan earnings. Allocations are based on participant earnings or account balances, as defined. The

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Eligibility and Vesting

Employees are eligible to participate in the Plan on the first day of their first full month of employment with the Company. Employees who join the Company from DuPont are immediately eligible to participate in the Plan. Participants are always 100% vested in their contributions and the employer's matching contribution plus actual earnings thereon.

-4-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

Participant Loans

Participants may borrow from their accounts, a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan transactions are treated as a transfer to/(from) the investment fund from/(to) the Participant Loan Fund. Loan terms shall not exceed 5 years, unless the loan is for the purchase of a primary residence, then it shall not exceed 10 years. The loans are secured by the balance in the participant's account and bear interest at the average rate for secured personal loans then in effect at five banks selected by the Committee on the last working day of the month preceding the date on which the loan application was made. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

A participant may make three withdrawals in a calendar year, withdrawing all or a portion of his or her account balance, except the portion attributable to pre-tax contributions or allocated to the participant's loan account. If a participant is under age 59 1/2, a withdrawal may be made from the participant's pre-tax contributions and earnings account without penalty only if a financial hardship is demonstrated. Company contributions will be suspended for six months if a participant withdraws, while in-service, any matched before-tax or after-tax savings or Company contributions held for less than two years.

If a participant's employment terminates due to the participant's death, total and permanent disability or retirement, the participant or the participant's beneficiary is entitled to receive the balance of all the participant's accounts as determined as of the valuation date coinciding with or immediately following the participant's termination of employment.

Expenses of the Plan

Reasonable expenses of administering the Plan, at the election of the Committee, may be paid by the Plan. For the years ended December 31, 2000 and 1999, the Company paid all administrative expenses of the Plan. 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, as the case may be.

2. Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of

accounting.

-5-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

Investment Valuation and Income Recognition

The investments of the Plan are carried at fair value, except for the Plan's interest in the DuPont and Related Companies Defined Contribution Plan Master Trust ("Master Trust"). The Plan's interest in the Master Trust relating to investment contracts is based upon its beginning value plus actual contributions and allocated investment income less actual distributions (see Note 3). The Master Trust's investment contracts are fully benefit responsive and thus, are stated at contract value. Shares of registered investment companies (mutual funds) are valued at quoted market prices which represent 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. Company stock valued at quoted market prices as of year end. Participant loans are valued at cost which approximates fair value.

Purchases and sales of investments are recorded on the trade-date. Dividend income is recorded on the ex-dividend date. Interest income is accrued when earned.

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 amounts in the financial statements. Actual results could differ from those estimates.

Reclassifications

These financial statements reflect the reclassification of certain prior year investment amounts to conform to the current year presentation.

3. DuPont and Related Companies Defined Contribution Plan Master Trust

On April 1, 1999, the Company and certain affiliates ("employers") entered into a Master Trust Agreement with Merrill Lynch ("Trustee") to establish a master trust to allow participation from affiliated plans to invest in a Stable Value Fund and three different Asset Allocation Funds: the Conservative, Moderate and Aggressive portfolios. Prior to April 1, 1999, the Stable Value Fund and Asset Allocation Funds were separate investment options of the Plan. To participate in the Master Trust, affiliates who sponsor qualified savings plans and who have adopted the Master Trust Agreement are required to make monthly payments to the Trustee of designated portions of employees' savings and other contributions by the affiliate. The Plan's undivided interest in the Master Trust was .0019% and .00076% as of December 31, 2000 and 1999, respectively. Investment income relating to the Master Trust is allocated proportionately by investment fund to the plans within the Master Trust based on the plan's interest to the total fair value of the Master Trust investment funds.

The Stable Value Fund is invested in guaranteed investment contracts,

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

separate account portfolios, synthetic guaranteed investment contracts and money market funds. The crediting interest rates on investment contracts ranged from 5.83% to 8.50% for the year ended December 31, 2000 and from 5.41% to 9.60% for the year ended December 31, 1999. The blended rate of return was 6.72% in 2000 and 7.05% in 1999.

-6-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

The crediting rates for certain investment contracts are reset annually and are based on the market value of the portfolio of assets underlying these contracts. Inputs used to determine the crediting rate include each contract's portfolio market value, current yield-to-maturity, duration (i.e., weighted average life) and market value relative to contract value. All contracts have a guaranteed rate of 0% or higher with respect to determining interest rate resets.

A synthetic guaranteed investment contract provides for a guaranteed return on principal over a specified period of time through the use of underlying assets and a benefit responsive wrapper contract issued by a third party. Included in the contract value of synthetic guaranteed investment contracts is \$(61,031,076) and \$60,029,739 at December 31, 2000 and 1999, respectively, attributable to wrapper contract providers representing the amounts by which the value of contracts is (greater than) or less than the value of the underlying assets.

Assets of the Master Trust include:

	2000	1999
Investment contracts	\$ 5,134,555,882	\$ 5,569,282,564
Common/Collective Trust Funds	25,007,540	-
Money Market Funds	31,437,135	45,408,849
	-----	-----
Total	\$ 5,191,000,557	\$ 5,614,691,413
	=====	=====

Investments of the Master Trust that represent more than 5% of the assets of the Master Trust were as follows:

	December 31,	
	2000	1999
Investment Contracts:		
Bankers Trust	-	\$ 323,423,566
Aetna Life and Annuity	\$ 356,648,682	335,052,829
Peoples Security	301,118,125	282,136,014
CDC Financial	336,220,628	313,990,127
Deutsche Bank (DUP-1)	330,341,799	309,537,018
Deutsche Bank (PIM-DUP-1)	273,816,467	328,679,231
Deutsche Bank (PIM-DUP-2)	347,269,727	
JP Morgan (95-04)	320,535,834	301,786,966
JP Morgan (95-12)	353,745,646	322,976,797
Metropolitan Life	412,600,984	387,590,206
Union Bank of Switzerland	416,151,942	389,800,804
Peoples Security (BDA-0063-TR)	-	334,215,802

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

Principal Life	280,402,889	-
Monumental Life Insurance Co.	356,840,431	-

-7-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

At December 31, 2000, the total assets of the Master Trust of \$5,191,000,557 include participant investments in the Stable Value Fund of \$5,144,944,410 and participant investments of \$46,056,147 held by the Conservative, Moderate and Aggressive Allocation Funds. At December 31, 1999, the total Master Trust value of \$5,614,691,413 included participant investments in the Stable Value Fund of approximately \$5,573,930,424 and participant investments of approximately \$40,760,989 held by the Conservative, Moderate and Aggressive Allocation Funds.

Total investment income of the Master Trust for the years ended December 31, 2000 and 1999 was \$353,329,080 and \$366,044,652, respectively.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No.133, Accounting for Derivative Instruments and Hedging Activities (SFAS No. 133). SFAS No. 133 requires that an entity recognize all derivatives and measure those instruments at fair value.

SFAS No. 133 is effective for fiscal years beginning after June 15, 2000. Pursuant to SFAS No. 137, the Plan is required to adopt SFAS No. 133 effective January 1, 2001. Management of the Plan has not yet been able to determine the impact of SFAS No. 133 on the Plan financial statements as a result of the inconsistency in accounting literature between SFAS No. 133, requiring derivatives to be measured at fair value, and the AICPA Audit and Accounting Guide on Audits of Employee Benefit Plans and Statement of Position 94-4, Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans, requiring benefit responsive investment contracts (including synthetic guaranteed investment contracts) to be measured at contract value. Until this discrepancy is resolved, management is unable to determine the impact that SFAS No. 133 will have on the Plan financial statements. The carrying value of those instruments is \$4,001,503,657 and \$3,994,653,926 at December 31, 2000 and 1999, respectively.

The actual impact on the Plan net assets available for benefits of adopting SFAS No. 133 will be made based on the derivative positions at the date of adoption.

-8-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

4. Investments

Investments that represent more than 5% of the net assets available for

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

benefits as of December 31, 2000 and 1999 were as follows:

	2000	1999
DuPont Company Stock Fund	\$ 155,892	\$ 130,141
Fidelity Magellan Fund	119,265	58,867
Janus Mercury Fund	93,284	44,708
Janus Enterprise Fund	91,133	-
Fidelity Growth & Income Fund Class A	78,224	64,789
AIM Value Fund	59,765	39,507
Merrill Lynch Equity Index TR Tier 6	58,010	38,349
Master Trust	98,753	39,203

During the years ended December 31, 2000 and 1999, the Plan's investments (depreciated) appreciated (including realized gains and losses) in value as follows:

	2000	1999
Company Stock Funds	\$ (26,834)	\$ 15,111
Mutual Funds	(147,267)	54,190
Common /Collective Trust Fund	(6,418)	10,163
Master Trust	2,033	-
	-----	-----
Net Unrealized (Depreciation) Appreciation	\$ (178,486)	\$ 79,464
	=====	=====

5. Conoco, Inc. Class B Common Stock Fund

On September 28, 1998, DuPont announced that the Board of Directors had approved a plan to divest DuPont's 100 percent-owned petroleum business, Conoco, Inc. On August 6, 1999, DuPont completed the planned divestiture through a tax-free split-off. DuPont exchanged its shares of Conoco, Inc. Class B common stock for shares of DuPont common stock. Plan participants had the option to exchange shares of DuPont common stock, which were held in their participant accounts in the DuPont Common Stock Fund. For each share of DuPont common stock exchanged, the participant received an appropriate number of shares of Conoco Class B common stock. Accordingly, the Conoco Class B Stock Fund was created as an investment fund of the Plan. No additional shares of Conoco Class B common stock may be purchased by Plan participants through payroll deductions, fund transfers, or the reinvestment of dividends. Dividends earned on Conoco Class B common stock are distributed pro rata to the investment options in participants' accounts based upon their current investment elections. The balance of the Conoco Stock Fund was \$10,377 and \$19,694 at December 31, 2000 and 1999, respectively.

-9-

Qualicon
Retirement and Savings Plan
Notes to Financial Statements
December 31, 2000 and 1999

6. Tax Status

The Retirement and Savings Plan is a qualified plan pursuant to Section 401(a) of the Internal Revenue Code (the "Code") and the related Trusts are exempt from federal taxation under Section 501(a) of the Code. A favorable tax determination letter from the Internal Revenue Service dated April 4, 2000 has been received by the Plan. This determination letter is applicable for the Plan adopted on May 20, 1998 and all amendments through inception.

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

The Plan administrator and the Plan's ERISA counsel believe that the Plan is currently designed and operated in accordance with the applicable sections of the Code. Accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

7. 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 Master Trust is managed by DuPont Capital Management and the Trustee. Therefore, transactions in these investments qualify as party-in-interest transactions which are exempt from prohibited transaction rules.

8. 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.

-10-

Qualicon
Retirement and Savings Plan
Schedule of Assets (Held at End of Year)
Form 5500, Schedule H, Part IV, Line I
As of December 31, 2000

Exhibit I

Identity of Issue	Description of Investment
Fidelity Low Priced Stock Fund	Registered Investment Company
Franklin Small Cap Growth Fund Class I	Registered Investment Company
Janus Enterprise Fund	Registered Investment Company
Janus Mercury Fund	Registered Investment Company
Templeton Growth Fund	Registered Investment Company
AIM Value Fund	Registered Investment Company
Fidelity Growth & Income Fund Class A	Registered Investment Company
MFS Total Return Fund	Registered Investment Company
* Merrill Lynch Balanced Capital Fund Class A	Registered Investment Company
* Merrill Lynch Basic Value Fund Class A	Registered Investment Company
Mercury HW International Value Fund Class I	Registered Investment Company
Merc Global Holdings Fund Class I	Registered Investment Company
* Merrill Lynch Growth Fund Class A	Registered Investment Company
AIM Equity Constellation Fund	Registered Investment Company
Franklin Balance Sheet Fund	Registered Investment Company
Templeton Foreign Fund	Registered Investment Company
Fidelity Magellan Fund	Registered Investment Company
Fidelity Fund PV 1	Registered Investment Company
Fidelity Equity Income Fund	Registered Investment Company
Franklin Custody Fund Income Growth	Registered Investment Company
MFS Research Fund	Registered Investment Company
Barclays 3-Way	Common/Collective Trusts
* Merrill Lynch Small Capital Index CT Tier 2	Common/Collective Trusts
* Merrill Lynch Equity Index TR Tier 6	Common/Collective Trusts
* Merrill Lynch International Index CT Tier 2	Common/Collective Trusts
* E. I. du Pont de Nemours and Company Conoco Inc. Class B	Company Stock Fund Company Stock Fund

Edgar Filing: DUPONT E I DE NEMOURS & CO - Form 11-K

* Plan interest in the DuPont and Related
Companies Defined Contribution Plan
Master Trust ("Master Trust")
Participant Loans
Investment Total

Master Trust
8.5% to 9.0%

* Party-in-Interest