AMSOUTH BANCORPORATION
Form 4
April 05, 2006

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
HALL GRAYSON

(Last) (First) (Middle)

1900 5TH AVENUE NORTH

(Street)

BIRMINGHAM, AL 35203

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AMSOUTH BANCORPORATION [ASO]

3. Date of Earliest Transaction (Month/Day/Year)
04/03/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
Sr Executive Vice President

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	04/03/2006		A		8,650	A	$ 27.48	99,885	D	
Common Stock								8,652.4473 (1)	I	By 401(k)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amou Underlying Securi (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amo Num Shar
Employee Stock Option (Right to Buy)	$ 27.48	04/03/2006		A		105,300		04/02/2007 (2)	04/02/2016	Common Stock	105

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HALL GRAYSON 1900 5TH AVENUE NORTH BIRMINGHAM, AL 35203			Sr Executive Vice President	

Signatures

By: Michelle Bridges - Attorney in Fact	04/04/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Between December 31, 2005 and March 31, 2006, the reporting person acquired 177.2193 shares of AmSouth Bancorporation's common stock held in the reporting person's account in the AmSouth Stock Fund of the AmSouth Thrift Plan.

(2) The option vests in three equal annual installments beginning on April 2, 2007.

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218

(101
)
13

(55

)
Corporate expenses[1]
(232
)
(162
)
(727
)
(582
)
Interest expense
(93
)
(108
)
(290
)
(340
)
Income from continuing operations before income taxes
$
786

$
228

$
4,028

$
3,367

[1] Included transaction costs associated with the separation of the Performance Chemicals segment of $61 and $112 in the three and nine months ended September 30, 2014, respectively, which were recorded in other operating charges in the company's interim Consolidated Income Statements.

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Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Cautionary Statements About Forward-Looking Statements

This report contains forward-looking statements which may be identified by their use of words like “plans,” “expects,” “will,” “anticipates,” “believes,” “intends,” “projects,” “estimates” or other words of similar meaning. All statements that addre expectations or projections about the future, including statements about the company's strategy for growth, product development, regulatory approval, market position, anticipated benefits of recent acquisitions, timing of anticipated benefits from restructuring actions, outcome of contingencies, such as litigation and environmental matters, expenditures and financial results, are forward-looking statements.

Forward-looking statements are based on certain assumptions and expectations of future events which may not be accurate or realized. Forward-looking statements also involve risks and uncertainties, many of which are beyond the company's control. Some of the important factors that could cause the company's actual results to differ materially from those projected in any such forward-looking statements are:

- Fluctuations in energy and raw material prices;
- Failure to develop and market new products and optimally manage product life cycles;
- Outcome of significant litigation and environmental matters, including those related to divested businesses;
- Failure to appropriately manage process safety and product stewardship issues;
- Effect of changes in tax, environmental and other laws and regulations or political conditions in the United States of America (U.S.) and other countries in which the company operates;
- Conditions in the global economy and global capital markets, including economic factors, such as inflation, deflation and fluctuations in currency exchange rates, interest rates and commodity prices, as well as regulatory requirements;
- Impact of business disruptions, including supply disruptions, and security threats, regardless of cause, including acts of sabotage, cyber-attacks, terrorism or war, weather events and natural disasters;
- Ability to protect and enforce the company's intellectual property rights; and
- Successful integration of acquired businesses and separation of underperforming or non-strategic assets or businesses, including proposed spin-off of the Performance Chemicals segment.

For additional information on these and other risks and factors that could affect our forward-looking statements, see the company's Risk Factors set forth under Part I, Item 1A of the company's 2013 Annual Report.

Recent Developments

Separation of Performance Chemicals

The company expects to complete the separation of its Performance Chemicals segment by mid-2015. As part of the separation, DuPont incurred $61 million and $112 million in transaction costs in the three and nine months ended September 30, 2014, respectively, which were recorded in other operating charges. For full-year 2014, costs associated with the separation are expected to be about $210 million ($0.16 per share). The company expects to incur additional costs related to the separation in 2015. These transaction costs primarily relate to professional fees associated with preparation of regulatory filings and separation activities within finance, legal and information system functions.

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Results of Operations

Overview

The following is a summary of the results of continuing operations for the three months ended September 30, 2014:

- Net Sales were $7.5 billion, down 3 percent versus $7.7 billion in the same period prior year primarily due to portfolio changes.
- Volume grew across most segments with decline limited to Agriculture, where higher crop protection volume was more than offset by lower seed volume.
- Total segment pre-tax operating income (PTOI) of $923 million, was 25 percent above last year, driven by the absence of prior year charges related to Imprelis® herbicide claims and the titanium dioxide antitrust litigation as well as increases in Safety & Protection and Nutrition & Health PTOI.
- Income from continuing operations after income taxes was $434 million, an increase of 65 percent from the same period last year.
- Cost savings from the strategic redesign of the company's operating model contributed $0.02 per share in the third quarter.

The following is a summary of the results of continuing operations for the nine months ended September 30, 2014:

- Net sales were $27.3 billion, 2 percent below prior year, reflecting 1 percent lower prices and the impact of portfolio changes.
- Total segment PTOI of $5.1 billion, was 8 percent above last year, principally due to the gain on the sale of Glass Laminating Solutions/Vinyls (GLS/Vinyls) in the Performance Materials segment and the absence of prior year charges related to Imprelis® herbicide claims, partially offset by restructuring charges.
- Income from continuing operations after income taxes was $3.0 billion, an increase of 10 percent from the same period last year.

Net Sales

Net sales for the third quarter were $7.5 billion versus $7.7 billion in the prior year, reflecting a 3 percent decline primarily from portfolio changes in the Performance Chemicals and Performance Materials segments. Portfolio changes from the Performance Materials segment impacted all regions, while the Performance Chemicals portfolio change impacted primarily the U.S. & Canada. The 1 percent increase in volume was offset by 1 percent lower local selling prices.

Sales in developing markets were $3.1 billion, with increases in volume of 3 percent offset by portfolio transactions and currency impacts. Gains in developing Asia were offset by declines in developing EMEA and Latin America. Increases in developing Asia were led by China, where most businesses realized volume improvements during the quarter. Declines in both developing and developed EMEA reflect weak demand in most markets. In Latin America, volume increases were driven by new product launches in insecticides, partially offset by lower corn seed volumes. The volume increases in Latin America were more than offset by lower local selling prices, primarily in the Agriculture segment, and currency impacts as the U.S. dollar has strengthened against the Brazilian Real. The percentage of total company sales in developing markets increased to 41 percent from 40 percent in the prior year. Developing markets include China, India and countries located in Latin America, Eastern and Central Europe, Middle East, Africa and Southeast Asia.

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The table below shows a regional breakdown of net sales based on location of customers and percentage variances from the prior year:

	Three Months Ended September 30, 2014		Percent Change Due to:			
	Net Sales ($ Billions)	Percent Change vs. 2013	Local Price	Currency Effect	Volume	Portfolio/Other
Worldwide	$7.5	(3)	(1)	—	1	(3)
U.S. & Canada	2.4	(5)	(1)	—	1	(5)
Europe, Middle East & Africa (EMEA)	1.7	(4)	—	1	(3)	(2)
Asia Pacific	2.0	1	—	—	3	(2)
Latin America	1.4	(2)	(1)	(2)	2	(1)

Net sales for the nine months ended September 30, 2014 were $27.3 billion, 2 percent below the same period last year, reflecting 1 percent lower local prices and a 1 percent portfolio impact. The 1 percent portfolio decrease was due primarily to changes in the Performance Chemicals and Performance Materials segments. Local selling prices were 1 percent lower as increased seed prices, primarily in U.S. & Canada, were more than offset by lower prices in Electronics & Communications and Performance Chemicals. Worldwide volume was flat as increases in Asia Pacific across all segments and in EMEA were offset by declines in U.S. & Canada and Latin America. Declines in the U.S. & Canada and Latin America were driven primarily by lower corn seed volumes. Currency impact was negligible, as weakness in most currencies was essentially offset by a stronger Euro. Sales in developing markets were $8.8 billion, flat versus prior year, representing 32 percent of total company sales in 2014 and 2013.

	Nine Months Ended September 30, 2014		Percent Change Due to:			
	Net Sales ($ Billions)	Percent Change vs. 2013	Local Price	Currency Effect	Volume	Portfolio/Other
Worldwide	$27.3	(2)	(1)	—	—	(1)
U.S. & Canada	11.5	(5)	—	—	(3)	(2)
Europe, Middle East & Africa (EMEA)	6.8	3	—	2	1	—
Asia Pacific	5.8	—	(1)	(2)	4	(1)
Latin America	3.2	(5)	—	(2)	(2)	(1)

Other Income, Net

Other income, net, totaled $357 million for the third quarter 2014, an increase of $287 million compared to $70 million in the prior year primarily due to additional pre-tax exchange gains of $319 million, partially offset by the absence of $26 million re-measurement gain on equity investment in the third quarter 2013. The increase in pre-tax exchange gains was driven by gains on foreign currency contracts due to strengthening of the US dollar versus global currencies partially offset by losses on the related foreign currency-denominated monetary assets and liabilities. See Notes 4 and 11 to the interim Consolidated Financial Statements for further discussion of the company's policy of hedging the foreign currency-denominated monetary assets and liabilities.

For the nine months ended September 30, 2014, other income, net was $782 million compared to $321 million last year, an increase of $461 million. The increase was due primarily to $414 million gain on sales of assets within the Performance Materials segment, $391 million of which related to the sale of GLS/Vinyls, additional net pre-tax exchange gains of $68 million, offset by the absence of the $26 million re-measurement gain on equity investment in the third quarter 2013. The exchange gain for the nine months ended September 30, 2014, includes $58 million, $46 million, and $14 million exchange losses, associated with the devaluation of the Venezuelan bolivar, Ukrainian hryvnia, and Argentinian peso, respectively. The exchange loss for the nine months ended September 30, 2013 includes $33 million exchange losses associated with the devaluation of the Venezuela bolivar.

Additional information related to the company's other income, net, is included in Note 4 to the interim Consolidated Financial Statements.

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Cost of Goods Sold (COGS)
COGS totaled $4.9 billion in the third quarter 2014 versus $5.2 billion in the prior year, a 6 percent decrease, principally due to portfolio changes associated with lower margin businesses and a 2 percent decrease in product unit costs. COGS as a percent of net sales was 65 percent for the current quarter versus 67 percent last year primarily driven by the reasons above.

COGS for the nine months ended September 30, 2014 was $16.9 billion, a decrease of 3 percent versus $17.4 billion in the prior year, principally due to portfolio changes associated with lower margin businesses and a 1 percent decrease in product unit costs. COGS as a percent of net sales was 62 percent for year-to-date 2014 and 2013.

Other Operating Charges
Other operating charges totaled $0.8 billion in the third quarter 2014 versus $1.0 billion in the prior year, a 15 percent decrease. For the nine months ended September 30, 2014, other operating charges was $2.5 billion, a decrease of 13 percent versus $2.8 billion in the prior year. The decreases were primarily due to lower pension and OPEB costs, the absence of prior year charges for Imprelis® herbicide claims and titanium dioxide antitrust litigation and cost savings from the 2014 restructuring program. Decreases in other operating charges in the three and nine months ended September 30, 2014 were partially offset with costs associated with the separation of the Performance Chemicals Segment of $61 million and $112 million, respectively. See Note 2 to the interim Consolidated Financial Statements for more information related to this matter.

Selling, General and Administrative Expenses (SG&A)
SG&A totaled $756 million for the third quarter 2014 versus $774 million in the prior year. Year-to-date SG&A totaled $2.6 billion versus $2.7 billion in 2013. The decreases were primarily due to lower pension and OPEB costs and lower sales commissions within the Agriculture segment. SG&A was 10 percent of net sales for the three and nine months ended September 30, 2014 and 2013.

Research and Development Expense (R&D)
R&D totaled $514 million and $540 million for the third quarter 2014 and 2013, respectively. The decrease was primarily due to lower pension and OPEB costs and lower spending for Agriculture programs. R&D was 7 percent of net sales for the third quarter 2014 and 2013.

Year-to-date R&D totaled $1.6 billion in 2014 and 2013, a slight decrease year-over-year reflecting lower pension and OPEB costs. R&D was 6 percent of net sales for the nine months ended September 30, 2014 and 2013.

Interest Expense
Interest expense totaled $93 million in the third quarter 2014, compared to $108 million in 2013. For the nine months ended September 30, 2014, interest expense was $290 million versus $340 million in the prior year. The decrease in both periods was primarily due to lower average borrowings as average interest rates were essentially unchanged.

Employee Separation / Asset Related Charges, Net
In the second quarter 2014, DuPont announced its global, multi-year initiative to redesign its global organization and operating model to improve productivity and agility across all businesses and functions. As the first step in this initiative, DuPont commenced a restructuring plan to realign and rebalance staff function support and to reduce residual costs associated with the separation of its Performance Chemicals segment. As a result, during the nine months ended September 30, 2014 a pre-tax charge of $263 million was recorded in employee separation / asset related charges, net. The charge consisted of $166 million employee separation costs, $3 million of other non-personnel charges and $94 million of asset shut down costs. The actions associated with this charge and all related payments are expected to be substantially complete by December 31, 2015 and to achieve pre-tax costs savings of approximately $80 million and $250 million in 2014 and 2015, respectively, and approximately $300 million per

year in subsequent years. The company anticipates that it will incur future charges, which it cannot reasonably estimate at this time, related to this plan as it implements additional actions. Additional details related to this plan can be found in Note 3 to the interim Consolidated Financial Statements.

Provision for (Benefit from) Income Taxes on Continuing Operations
The company's effective tax rate for the third quarter 2014 was 44.8 percent on pre-tax income from continuing operations as compared to a 15.4 percent benefit on pre-tax income from continuing operations in 2013. The change in effective tax rate principally relates to the tax impact associated with the company’s policy of hedging the foreign currency-denominated monetary assets and liabilities of its operations in addition to the tax impact of prior year charges for Imprelis® herbicide claims and titanium dioxide antitrust litigation in third quarter 2013.

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The company's effective tax rate for the nine months ended September 30, 2014 was 26.7 percent on pre-tax income from continuing operations as compared to 20.4 percent on pre-tax income from continuing operations in 2013. The higher effective tax rate principally relates to the tax impact associated with the company’s policy of hedging the foreign currency-denominated monetary assets and liabilities of its operations, the Venezuelan bolivar devaluation, and geographic mix of earnings, partially offset by a favorable change in accrual for a prior year tax position.

See Note 5 to the interim Consolidated Financial Statements for additional information.

Income from Continuing Operations after Income Taxes
Income from continuing operations after income taxes for third quarter 2014 of $434 million increased 65 percent versus $263 million in the same period last year. Year-to-date 2014 income from continuing operations after income taxes of $3.0 billion increased 10 percent, versus $2.7 billion in the same period last year. The increases are attributable to the reasons noted above.

Recent Accounting Pronouncements
See Note 1 to the interim Consolidated Financial Statements for a description of recent accounting pronouncements.

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Segment Reviews
Summarized below are comments on individual segment sales and PTOI for the three and nine month periods ended September 30, 2014 compared with the same period in 2013. Segment PTOI is defined as income (loss) from continuing operations before income taxes excluding non-operating pension and other postretirement employee benefit costs, exchange gains (losses), corporate expenses and interest. All references to prices are on a U.S. dollar (USD) basis, including the impact of currency. A reconciliation of segment sales to consolidated net sales and segment PTOI to income from continuing operations before income taxes for the three and nine month periods ended September 30, 2014 and 2013 is included in Note 13 to the interim Consolidated Financial Statements.

Viton® fluoroeastomer products ("Viton®") will be included in the Performance Chemicals separation and therefore, effective April 30, 2014, the results are reported within Performance Chemicals. Viton® was previously reported within Performance Materials. Reclassifications of prior year data have been made to conform to current year classifications.

The following table summarizes third quarter and year-to-date 2014 segment sales and related variances versus prior year:

	Three Months Ended September 30, 2014		Percentage Change Due to:		
	Segment Sales ($ Billions)	Percent Change vs. 2013	Price	Volume	Portfolio and Other
Agriculture	$1.6	(4)	(2)	(2)	—
Electronics & Communications	0.6	(2)	(4)	2	—
Industrial Biosciences	0.3	4	1	3	—
Nutrition & Health	0.9	4	—	4	—
Performance Chemicals	1.6	(8)	(3)	—	(5)
Performance Materials	1.6	(3)	2	2	(7)
Safety & Protection	1.0	(1)	—	1	(2)

	Nine Months Ended September 30, 2014		Percentage Change Due to:		
	Segment Sales ($ Billions)	Percent Change vs. 2013	Price	Volume	Portfolio and Other
Agriculture	$9.6	(4)	1	(5)	—
Electronics & Communications	1.8	(5)	(8)	3	—
Industrial Biosciences	0.9	4	1	3	—
Nutrition & Health	2.7	3	—	3	—
Performance Chemicals	4.9	(6)	(4)	2	(4)
Performance Materials	4.7	(1)	1	1	(3)
Safety & Protection	3.0	2	—	2	—

Agriculture - Third quarter 2014 segment sales of $1.6 billion decreased $70 million, or 4 percent, primarily due to a decrease in volume and price. Increased volumes in insecticides and fungicides, mainly in Latin America, were more than offset by lower corn seed and herbicide volumes. Increased insecticide volumes were driven by a successful launch of Dermacor™ seed treatment for soybeans in Brazil and Cyazypyr® insecticide. The decrease in corn seed volumes was driven by declining commodity prices and economics which favor planting soybeans over corn in Latin America as well as timing and level of planted corn area in South Africa and parts of Asia. Decline in price for the segment was driven by lower corn seed prices in Brazil, which includes the impact of lower pricing as the result of the fall armyworm resistance to the Herculex® 1 trait[1].

The third quarter 2014 PTOI seasonal loss of $55 million improved $47 million, or 46 percent, was due primarily to lower seed input costs and operating cost improvements, partially offset by lower sales. Third quarter 2013 PTOI included a $26 million gain resulting from the acquisition of a controlling interest in Pannar which was partially offset by a net charge of $40 million ($65 million charge offset by $25 million of insurance recoveries) related to Imprelis® herbicide claims.

[1] Herculex® is a registered trademark of Dow ArgoSciences LLC

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Year-to-date segment sales of $9.6 billion, decreased $0.3 billion, or 4 percent, on lower corn seed volumes and lower herbicide volumes. Higher grain stocks and lower commodity prices led to reductions in corn planted area in North America and Latin America. The U.S. Department of Agriculture (USDA) will not issue final 2014 acreage for North America until January of 2015. Based upon the USDA's October preliminary acreage projection, the company's North America corn market share likely declined between one and two points in 2014 following strong gains in 2013 and over the past several seasons. In addition, earlier timing of seed shipments caused sales to be realized in the fourth quarter 2013 versus first quarter 2014. This was partially offset by higher volumes in insecticides driven by continued growth in Rynaxypyr® and higher seed prices in North America.

Year-to-date PTOI of $2.2 billion, decreased $64 million, or 3 percent on lower volumes and higher seed inventory write-downs, partially offset by lower seed input costs and operating improvements. Year-to-date 2014 PTOI included charges of $47 million associated with the 2014 restructuring plan, while 2013 included net charges of $155 million ($180 million in charges offset by $25 million of insurance recoveries).

See Notes 3 and 9 to the interim Consolidated Financial Statements for more information related to the 2014 restructuring plan and the Imprelis® matter, respectively.

Electronics & Communications - Third quarter 2014 segment sales of $623 million decreased $15 million, or 2 percent. Volume growth in several product lines was more than offset by competitive pressures impacting the Solamet® paste business. PTOI of $94 million decreased $3 million, or 3 percent as lower sales and a decrease in other income were partially offset by productivity gains.

Year-to-date segment sales of $1.8 billion decreased $0.1 billion, or 5 percent, due largely to reduced selling prices, primarily from the pass-through of metals prices, and competitive pressure, partially offset by increased volumes in consumer electronics and photovoltaic markets. PTOI of $190 million decreased $51 million, or 21 percent, due to charges of $68 million related to the 2014 restructuring plan and the absence of $20 million from OLED licensing income realized during 2013, partially offset by increased volumes and productivity gains. See Note 3 to the interim Consolidated Financial Statements for more information related to the 2014 restructuring plan.

Industrial Biosciences - Third quarter 2014 segment sales of $318 million increased $13 million, or 4 percent, on increased enzyme demand, principally for ethanol production as well as animal nutrition and food. PTOI of $47 million increased $2 million, or 4 percent, driven by increased volumes.

Year-to-date segment sales of $936 million increased $38 million, or 4 percent, on increased enzyme demand for ethanol production and animal nutrition. PTOI of $160 million increased $31 million, or 24 percent, from increased enzyme demand. PTOI included charges of $2 million related to the 2014 restructuring plan. See Note 3 to the interim Consolidated Financial Statements for more information related to the 2014 restructuring plan.

Nutrition & Health - Third quarter 2014 segment sales of $899 million increased $31 million, or 4 percent, from growth in specialty proteins, probiotics and cultures. PTOI of $100 million increased $19 million, or 23 percent, from improved product mix, productivity gains and lower raw material costs.

Year-to-date segment sales of $2.7 billion increased $0.1 billion, or 3 percent, from broad based volume growth in all regions. PTOI of $290 million increased $72 million, or 33 percent, from improved product mix, volume growth and productivity gains. PTOI included charges of $8 million related to the 2014 restructuring plan. See Note 3 to the interim Consolidated Financial Statements for more information related to the 2014 restructuring plan.

Performance Chemicals - Third quarter 2014 segment sales of $1.6 billion decreased $0.1 billion, or 8 percent, due primarily to a portfolio change in industrial chemicals and lower prices principally for titanium dioxide and refrigerants. The portfolio change involved a customer's election to exercise a buy-out option of a supply contract and related aniline facility at the end of 2013. Decreased demand for titanium dioxide was partially offset by increased volumes for Opteon® yf refrigerant. PTOI of $249 million increased $60 million, or 32 percent, largely due to the absence of a $72 million charge related to the titanium dioxide antitrust litigation and productivity improvements, partially offset by lower sales.

Year-to-date segment sales of $4.9 billion decreased $0.3 billion, or 6 percent, on lower prices, primarily for refrigerants, titanium dioxide and fluoroproducts and the above mentioned portfolio changes, partially offset by increased volumes, primarily for titanium dioxide and fluoroproducts. PTOI of $687 million decreased $26 million, or 4 percent, due primarily to lower prices, partially offset by productivity improvements and higher volumes. Year-to-date 2014 PTOI included charges of $19 million relating to the 2014 restructuring plan, while 2013 included charges of $72 million related to the titanium dioxide antitrust litigation. See Note 3 to the interim Consolidated Financial Statements for more information related to the 2014 restructuring plan.

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Performance Materials - Third quarter 2014 segment sales of $1.6 billion decreased $50 million, or 3 percent, due to the impact of the sale of GLS/Vinyls (see Note 2 to the interim Consolidated Financial Statements), partially offset by increased price and volumes for ethylene and increased automotive, construction and industrial demand. PTOI of $370 million increased $3 million or 1 percent. The prior year included a $30 million benefit from a joint venture which was partially offset by a $23 million gain on the sale of a majority owned interest in a joint venture during the third quarter 2014.

Year-to-date segment sales of $4.7 billion decreased $50 million. Decreased ethylene volumes as a result of the second quarter scheduled ethylene outage at the Orange, Texas ethylene unit and the impact of the sale of GLS/Vinyls was mostly offset by increased demand in the automotive markets. PTOI of $1.3 billion increased $0.3 billion, or 35 percent, due primarily to the 2014 $391 million pre-tax gain on the sale of GLS/Vinyls, partially offset by charges of $29 million related to the 2014 restructuring plan.

See Notes 2 and 3 to the interim Consolidated Financial Statements for more information related to the sale of GLS/Vinyls and the 2014 restructuring plan, respectively.

Safety & Protection - Third quarter 2014 segment sales of $977 million decreased $8 million, or 1 percent, due primarily to portfolio changes, partly offset by an increase in volumes. Increased demand for Nomex® thermal resistant and Kevlar® high strength materials was partially offset by lower sales from Clean Technologies offerings. PTOI of $201 million increased $30 million, or 18 percent, primarily due to lower product costs and productivity improvements.

Year-to-date segment sales of $3.0 billion increased $44 million, or 2 percent, due primarily to increased demand for Nomex® thermal resistant and Kevlar® high strength materials and demand for building materials, partially offset by lower sales from Clean Technologies offerings. PTOI of $554 million increased $73 million, or 15 percent, due primarily to increased volumes, lower product cost and productivity improvements. This was partially offset by $31 million of charges relating to the 2014 restructuring plan (see Note 3 to the interim Consolidated Financial Statements).

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Liquidity & Capital Resources
Information related to the company's liquidity and capital resources can be found on page 28 of the company's 2013 Annual Report. Discussion below provides the updates to this information for the nine months ended September 30, 2014.

(Dollars in millions)	September 30, 2014	December 31, 2013
Cash, cash equivalents and marketable securities	$4,548	$9,086
Total debt	13,168	12,462

Total debt as of September 30, 2014 was $13.2 billion, an increase of $0.7 billion from $12.5 billion as of December 31, 2013. The increase was primarily due to a $2.2 billion increase in short term borrowings partially offset by a $1.7 billion decrease due to debt maturities during the nine months ended September 30, 2014.

The company has access to approximately $4.9 billion in unused credit lines with several major financial institutions which provide additional support to meet short-term liquidity needs and general corporate purposes including letters of credit. The amount of unused credit lines increased $0.5 billion from December 31, 2013, primarily due to refinancing of the company's credit facility with an expansion to a five year $4.0 billion credit facility during the second quarter of 2014.

Summary of Cash Flows
Cash used for operating activities was $1.8 billion for the nine months ended September 30, 2014 compared to cash used for operating activities of $2.3 billion during the same period last year. The $0.5 billion change was primarily due to lower year-over-year income tax payments associated with the sale of the Performance Coatings business in 2013.

Other operating charges and credits - net for the nine months ended September 30, 2014 totaled $0.6 billion compared to $0.4 billion during the same period last year. The increase was primarily due to the absence of costs associated with the sale of the Performance Coatings business in 2013. Other operating charges and credits - net primarily consists of expenses related to pension plans and stock-based compensation plans as well as reclassifications of items whose cash effects are investing or financing activities.

Cash used for investing activities was $0.7 billion for the nine months ended September 30, 2014 compared to cash provided by investing activities of $3.6 billion for the same period last year. The $4.3 billion change was primarily due to proceeds received from the sale of the Performance Coatings business in 2013.

Cash used for financing activities was $2.2 billion for the nine months ended September 30, 2014 compared to cash provided by financing activities of $1.5 billion for the same period last year. The $3.7 billion decrease was due primarily to less of an increase in borrowings and higher payments for the repurchase of common stock.

Dividends paid to shareholders during the nine months ended September 30, 2014 totaled $1.3 billion. In October 2014, the Board of Directors declared a fourth quarter common stock dividend of $0.47 per share, the same as what was paid in the third quarter 2014. With the fourth quarter dividend, the company has paid quarterly consecutive dividends since the company’s first dividend in the fourth quarter 1904.

In January 2014, the company's Board of Directors authorized a $5 billion share buyback plan that replaced the 2011 plan. In February and August 2014, the company entered into two separate accelerated share repurchase ("ASR") agreements. The February 2014 ASR agreement was completed in the second quarter of 2014, under which the company purchased and retired 15.1 million shares for $1 billion. Under the terms of the August 2014 ASR agreement, the company paid $700 million to the financial institution and received and retired an initial delivery of 8.6

million shares, which represents 80 percent of the $700 million notional amount of the agreement. The purchase price per share and final number of shares retired will be determined using the volume-weighted price of the company's stock over the term of the ASR agreement. The August 2014 ASR will be completed in the fourth quarter 2014. In addition to the ASR agreements, during the three and nine months ended September 30, 2014, the company repurchased and retired 3.1 million shares and 4.7 million shares in the open market for a total cost of $203 million and $300 million, respectively. As a result, the company has substantially completed the $2 billion 2014 ASR repurchases as of September 30, 2014. The remainder of the $5 billion share buyback will be purchased in future periods as there is no required completion date for purchases under the 2014 plan. See Part II, Item 2 and Note 10 to the interim Consolidated Financial Statements for additional information.

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In December 2012, the company's Board of Directors authorized a $1 billion share buyback plan. In February 2013, the company entered into an accelerated share repurchase (ASR) agreement with a financial institution under which the company used $1 billion of the proceeds from the sale of Performance Coatings for the purchase of shares of common stock. The 2012 $1 billion share buyback plan was completed in the second quarter 2013 through the ASR agreement, under which the company purchased and retired 20.4 million shares. See Note 10 to the interim Consolidated Financial Statements for additional information.

Guarantees and Off-Balance Sheet Arrangements

For detailed information related to Guarantees, Indemnifications, and Obligations for Equity Affiliates and Others, see page 33 of the company's 2013 Annual Report, and Note 9 to the interim Consolidated Financial Statements.

Contractual Obligations

Information related to the company's contractual obligations at December 31, 2013 can be found on page 33 of the company's 2013 Annual Report. The company's long-term debt obligations at September 30, 2014 decreased by $2.0 billion versus prior year-end primarily due to $1.7 billion of debt principal maturities. The company’s raw material purchase obligations at September 30, 2014 increased $0.9 billion versus prior year-end primarily attributable to the commencement of a 20 year supply agreement within the Performance Chemicals segment.

PFOA

See discussion under “PFOA” on page 37 of the company's 2013 Annual Report and Note 9 to the interim Consolidated Financial Statements.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See Note 11, “Financial Instruments”, to the interim Consolidated Financial Statements. See also Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, on page 38 of the company's 2013 Annual Report for information on the company's utilization of financial instruments and an analysis of the sensitivity of these instruments.

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Item 4. CONTROLS AND PROCEDURES

a) Evaluation of Disclosure Controls and Procedures

The company maintains a system of disclosure controls and procedures to give reasonable assurance that information required to be disclosed in the company's reports filed or submitted under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission. These controls and procedures also give reasonable assurance that information required to be disclosed in such reports is accumulated and communicated to management to allow timely decisions regarding required disclosures.

As of September 30, 2014, the company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), together with management, conducted an evaluation of the effectiveness of the company's disclosure controls and procedures pursuant to Rules 13a-15(e) and 15d-15(e) of the Exchange Act. Based on that evaluation, the CEO and CFO concluded that these disclosure controls and procedures are effective.

b) Changes in Internal Control over Financial Reporting

There has been no change in the company's internal control over financial reporting that occurred during the quarter ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS
The company is subject to various litigation matters, including, but not limited to, product liability, patent infringement, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. Information regarding certain of these matters is set forth below and in Note 9 to the interim Consolidated Financial Statements.

Litigation
Imprelis® Herbicide Claims Process
Information related to this matter is included in Note 9 to the interim Consolidated Financial Statements under the heading Imprelis®.

PFOA: Environmental and Litigation Proceedings
For purposes of this report, the term PFOA means collectively perfluorooctanoic acid and its salts, including the ammonium salt and does not distinguish between the two forms. Information related to this matter is included in Note 9 to the interim Consolidated Financial Statements under the heading PFOA.

Environmental Proceedings
Belle Plant, West Virginia
In August 2013, the U.S. government initiated an enforcement action alleging that the facility violated certain regulatory provisions of the Clean Air Act (CAA), Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and Emergency Planning and Community Right to Know Act (EPCRA). The alleged non-compliance relates to chemical releases between 2006 and 2010, including one release which involved the death of a DuPont employee after exposure to phosgene. During the third quarter 2014, DuPont, the U.S. Environmental Protection Agency (EPA) and the Department of Justice (DOJ) agreed to settle this matter. Under the settlement, DuPont will pay a penalty of about $1.28 million and undertake corrective actions.

Chambers Works Plant, Deepwater, New Jersey
In 2010, the government initiated an enforcement action alleging that the facility violated recordkeeping requirements of certain provisions of the CAA and the Federal Clean Air Act Regulations (FCAR) governing Leak Detection and Reporting (LDAR) and that it failed to report emissions of a compound from Chambers Works' waste water treatment facility under EPCRA. The alleged non-compliance was identified by EPA in 2007 and 2009 following separate environmental audits. DuPont is in settlement negotiations with EPA and DOJ.

LaPorte Plant, LaPorte, Texas
EPA conducted a multimedia inspection at the LaPorte facility in January 2008. DuPont, EPA and DOJ began discussions in the fall 2011 relating to the management of certain materials in the facility's waste water treatment system, hazardous waste management, flare and air emissions. These negotiations continue.

Sabine Plant, Orange, Texas
In June 2012, DuPont began discussions with DOJ and EPA related to a multimedia inspection that EPA conducted at the Sabine facility in March 2009. The discussions involve the management of materials in the facility's waste water treatment system, hazardous waste management, flare and air emissions.

Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)
In July 2012, DuPont received a “notice of noncompliance and show cause” letter from EPA Region III for alleged violations of FIFRA related to product labeling and adverse effects reporting for Imprelis®. During the third quarter 2014, DuPont, without admission of liability, settled this matter and agreed to pay a penalty of $1.85 million.

Item 1A. RISK FACTORS

There have been no material changes in the company's risk factors discussed in Part I, Item 1A, Risk Factors, in the company's 2013 Annual Report.

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Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS
Issuer Purchases of Equity
In January 2014, the company's Board of Directors authorized a $5 billion share buyback plan that replaced the 2011 plan. There is no required completion date for purchases under the 2014 plan.

In August 2014, the company entered into an accelerated share repurchase ("ASR") agreement with a financial institution. Under the terms of the ASR agreement, in August 2014, the company paid $700 million to the financial institution and received and retired an initial delivery of 8.6 million shares, which represents 80 percent of the $700 million notional amount of the ASR agreement. This ASR will be completed in the fourth quarter 2014. In the third quarter 2014, the company also repurchased 3.1 million shares in the open market at an average price of $65.13 per share for a total of $203 million. These shares were retired upon receipt. See Part I, Item 2 and Note 10 to the interim Consolidated Financial Statements for additional information.

The following table summarizes information with respect to the company's purchase of its common stock during the three months ended September 30, 2014:

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Value of Shares that May Yet Be Purchased Under the Program[1] (Dollars in millions)
July:				
Open Market Purchases	2,414,300	$65.38	2,414,300	
August:				
Open Market Purchases	707,701	$64.27	707,701	
ASR [2]	8,588,957	See (2) Below	8,588,957	
Total	11,710,958		11,710,958	$3,140

1 Represents approximate value of shares that may yet be purchased under the 2014 plan.

2 Includes the 80% initial share delivery under the August ASR agreement described above. The purchase price per share and final number of shares retired will be determined using the volume-weighted price of the company's stock over the term of the ASR agreement.

Item 4. MINE SAFETY DISCLOSURES

Information regarding mine safety and other regulatory actions at the company's surface mine in Starke, Florida is included in Exhibit 95 to this report.

Item 5. OTHER INFORMATION

Thomas M. Connelly will retire as Executive Vice President of the Company effective December 31, 2014. To ensure his active participation on behalf of the Company in ongoing business matters, the Company has entered into a three-year consulting agreement with Mr. Connelly, effective as of January 1, 2015, pursuant to which he shall be paid a $31,250 monthly retainer. The agreement with Mr. Connelly contains customary provisions, including a restriction on his ability to take on any work that may create a conflict of interest, non-competition and non-solicitation covenants, and protection of confidential information.

Item 6. EXHIBITS

Exhibits: The list of exhibits in the Exhibit Index to this report is incorporated herein by reference.

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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, thereunto duly authorized.

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

Date: October 28, 2014

By: /s/ Nicholas C. Fanandakis

Nicholas C. Fanandakis
Executive Vice President and
Chief Financial Officer
(As Duly Authorized Officer and
Principal Financial and Accounting Officer)

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EXHIBIT INDEX

Exhibit Number	Description
3.1	Company’s Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the company’s Annual Report on Form 10-K (Commission file number 1-815) for the year ended December 31, 2012).
3.2	Company’s Bylaws, as last amended effective August 12, 2013 (incorporated by reference to Exhibit 3.2 to the company’s Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended September 30, 2013).
4	The company agrees to provide the Commission, on request, copies of instruments defining the rights of holders of long-term debt of the company and its subsidiaries.
10.1*	The DuPont Stock Accumulation and Deferred Compensation Plan for Directors, as last amended effective January 1, 2009 (incorporated by reference to Exhibit 10.1 to the company's Annual Report on Form 10-K (Commission file number 1-815) for the period ended December 31, 2013).
10.2*	Company’s Supplemental Retirement Income Plan, as last amended effective June 4, 1996 (incorporated by reference to Exhibit 10.2 to the company’s Annual Report on Form 10-K (Commission file number 1-815) for the year ended December 31, 2011).
10.3*	Company’s Pension Restoration Plan, as restated effective July 17, 2006 (incorporated by reference to Exhibit 10.3 to the company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2011).
10.4*	Company’s Rules for Lump Sum Payments, as last amended effective December 20, 2007 (incorporated by reference to Exhibit 10.4 to the company’s Quarterly Report on Form 10-Q (Commission file number 1-815)for the period ended June 30, 2011).
10.5*	Company’s Stock Performance Plan, as last amended effective January 25, 2007 (incorporated by reference to Exhibit 10.5 to the company’s Annual Report on Form 10-K (Commission file number 1-815) for the year ended December 31, 2011).
10.6*	Company’s Equity and Incentive Plan, as amended October 23, 2014.
10.7*	Form of Award Terms under the company’s Equity and Incentive Plan (incorporated by reference to Exhibit 10.7 to the company’s Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2013).
10.8*	Company’s Retirement Savings Restoration Plan, as last amended effective May 15, 2014. (incorporated by reference to Exhibit 10.8 to the company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2014).
10.9*	Company’s Retirement Income Plan for Directors, as last amended January 2011 (incorporated by reference to Exhibit 10.9 to the company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended March 31, 2012).

10.10*	Company's Senior Executive Severance Plan, adopted on August 12, 2013 (incorporated by reference to Exhibit 10.11 to the company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended September 30, 2013). The company agrees to furnish supplementally a copy of any omitted schedules to the Commission upon request.

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Exhibit Number	Description
10.11*	Supplemental Deferral Terms for Deferred Long Term Incentive Awards and Deferred Variable Compensation Awards (incorporated by reference to Exhibit 10.12 to the company's Annual Report on Form 10-K (Commission file number 1-815) for the period ended December 31, 2013).
10.12*	Form of 2014 Award Terms under the Company's Equity and Incentive Plan. (incorporated by reference to Exhibit 10.13 to the company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended March 31, 2014).
10.13*	Company’s Management Deferred Compensation Plan, as last amended effective April 15, 2014. (incorporated by reference to Exhibit 10.13 to the company's Quarterly Report on Form 10-Q (Commission file number 1-815) for the period ended June 30, 2014).
10.14*	Consulting Agreement dated October 22, 2014, by and between E.I. du Pont Nemours and Company and Thomas M. Connelly.
12	Computation of Ratio of Earnings to Fixed Charges.
18.1	Preferability Letter of Independent Registered Public Accounting Firm
31.1	Rule 13a-14(a)/15d-14(a) Certification of the company’s Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of the company’s Principal Financial Officer.
32.1	Section 1350 Certification of the company’s Principal Executive Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
32.2	Section 1350 Certification of the company’s Principal Financial Officer. The information contained in this Exhibit shall not be deemed filed with the Securities and Exchange Commission nor incorporated by reference in any registration statement filed by the registrant under the Securities Act of 1933, as amended.
95	Mine Safety Disclosures.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

*Management contract or compensatory plan or arrangement.

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