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CHEMFIRST INC  
Form DEFA14A  
July 24, 2002

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

ChemFirst Inc.

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:  
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(2) Aggregate number of securities to which transaction applies:  
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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth amount on which the filing fee is calculated and state how it was determined):  
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(4) Proposed maximum aggregate value of transaction:  
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[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

LOGO CHEMFIRST INC.

Interoffice Memorandum

Date: July 23, 2002  
To: ChemFirst Employees  
From: J. Kelley Williams  
RE: Transaction With Dupont

Our board of directors voted unanimously today upon management's recommendation to approve a transaction of ChemFirst with Dupont at a price of \$29.20 per share cash. We expect it to close before yearend. We think this is a fair deal for our shareholders, employees, and other constituents. Here's why.

Shareholders judge a deal by price, currency, timing, and alternatives. Employees by impact on their jobs - security, pay, opportunity, working conditions, etc. Customers by effect on quality, reliability, price, innovation, and other attributes of products and services. Communities where we have a presence by changes in headquarters, headcount, payroll, civic and charitable support.

Shareholders. The price of 29.20 is 28% above yesterday's close and 99% of our all time high. This in the worst market in years. The DJ is 34% off its high, the NASDAQ is off 75%, and the S&P 500 47%. Our peers are well off their highs too. Some over 60%. This is a fair price that reflects current conditions and discounts future growth and risk. And the currency is cash. As a liquidity event for shareholders the timing could not be better.

This transaction originated as an unsolicited inquiry last fall. We did not pick the timing. However, we knew from experience that there are only a few potential acquirers for our entire company because of our diverse businesses. We have had other inquiries and discussions with other companies which were primarily interested in electronic chemicals. Since we thought an attractive sale or merger of the entire company would be good

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for shareholders, we decided to explore this possibility.

We recognized that the semiconductor industry was in recession. But we expected it to recover. We also expected our businesses to improve. And they have. We had a good Q1 and a better Q2. But the industry recovery has been slow and spotty. It's impossible to predict now when the upturn will come. So we concluded it would not be prudent to turn this offer down and hope for a possible future transaction that might have a better present value. I think our shareholders will be pleased with this bird in the hand.

Employees. We expect most subsidiary employees will keep their jobs since you will be to be needed to run the businesses. There will likely be significant cuts at headquarters. Maybe some cuts elsewhere too due to administrative duplication and overlap. But this transaction is not driven by cost cutting. We are a lean company. There just aren't that many costs to cut. It is driven by growth. Our businesses are complementary to and extensions of DuPont's businesses. We think DuPont intends to grow these businesses. So there should be career and growth opportunities with DuPont which has much greater resources to sustain and drive growth.

DuPont is known as a good company to work for. It is the industry leader in occupational health and safety and environmental responsibility. I appreciate your loyalty, integrity, creativity, and good work. I go back over thirty years with some of you. You deserve a good company. You are getting one of the best. If you do lose your job as a result of the transaction, you will receive severance payments which will be explained to you. Most of you are shareholders and will also benefit as shareholders from the transaction.

Customers. DuPont is well known to our customers and enjoys a premier reputation for quality, reliability, innovation, safety, environmental awareness, and competitiveness. Customers may have natural concerns about the transaction transition and operational integration and expect it to go smoothly with no disruptions. DuPont is very experienced in such matters. And they have conducted extensive and exhaustive due diligence of our operations. They know what we have and what needs to be done for a smooth transition. I expect it to be routine.

Communities. DuPont is a good corporate citizen as we have tried to be. I expect DuPont will continue to be involved in and supportive of the communities where we have a presence as we have been. There should be little change at most locations. However, it will be different at corporate headquarters in Jackson. DuPont may maintain a presence here. But it will not be an independent NYSE company headquarters.

ChemFirst and before that First Mississippi has been a major supporter of community activities and charities. It was one of the first companies in Mississippi to form and fund a foundation to support education and community projects. Its employees have been involved in service and leadership roles in business, civic, and political affairs. It was the first company chartered in Mississippi to be listed on the New York Stock Exchange and to be included in the S&P 500. It had the highest return to shareholders of all listed U.S. companies in the decade of the 70's. And it has generated a compound annual return to investors of about 12.4% since it was founded 45 years ago by Owen Cooper and LeRoy Percy to help promote business and industry in Mississippi. This return which does not include dividends compares to 8.1% for the S&P 500 and 7.4% for the Dow over the same period. (\$1000 invested in our company at founding would be worth \$187,420 today.) Not bad in any league.

I would like to think the company will be missed. But to everything there is a season - a time to keep and a time to cast away. I am grateful for my

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35 years with the company and am proud of my association with you and of what all of us who have worked at First Mississippi and ChemFirst have accomplished.

JKW/cl

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In connection with the transaction discussed in this memorandum, ChemFirst Inc. intends to file a proxy statement with the Securities and Exchange Commission. Security holders are urged to read the proxy statement when it becomes available because it will contain important information. Security holders may obtain a free copy of the proxy statement when it becomes available, as well as other materials filed with the Securities and Exchange Commission concerning ChemFirst, at the Securities and Exchange Commission's web site at <http://www.sec.gov>. Security holders of ChemFirst Inc. may also obtain for free the proxy statement filed by ChemFirst Inc. with the Securities and Exchange Commission in connection with the transaction by directing a request to ChemFirst Inc., Attention: Investor Relations Department, P.O. Box 1249, Jackson, MS 39215-1249, (601) 949-0213.

ChemFirst Inc. and its directors and executive officers may be deemed to be participants in the solicitation of proxies from ChemFirst shareholders with respect to the transaction. Information regarding these directors and executive officers and their ownership of ChemFirst common stock is contained in ChemFirst Inc.'s proxy statement on Schedule 14A, filed with the Securities and Exchange Commission on March 25, 2002, in connection with the 2002 annual meeting ChemFirst shareholders. Investors may obtain additional information regarding the interests of such participants by reading the proxy statement regarding the transaction when it becomes available.