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CHEMFIRST INC  
Form DEF 14A  
March 25, 2002

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

SCHEDULE 14A

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

Filed by the Registrant  [X]

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))

[X] Definitive Proxy Statement

[ ] Definitive Additional Materials

[ ] Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-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):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i) (4) 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 the amount on which

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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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(5) Total fee paid:

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Fee paid previously with preliminary materials.

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:

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

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(3) Filing Party:

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(4) Date Filed:

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Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

CHEMFIRST INC.

Jackson, Mississippi

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

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May 21, 2002

To the Stockholders:

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Notice is hereby given that the Annual Meeting of the Stockholders of ChemFirst Inc. will be held at the Hilton Jackson, 1001 East County Line Road, Jackson, Mississippi, on Tuesday, May 21, 2002, at 1:30 p.m. (CDT), for the following purposes:

1. To elect three (3) directors to serve for the terms specified in this proxy statement and until their successors are elected and qualified; and
2. To act upon a proposal to amend the ChemFirst Inc. 1998 Long-Term Incentive Plan; and
3. To transact such other business as may be properly brought before the meeting.

Stockholders of record on March 13, 2002, are entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

You are urged to consider the enclosed materials and to sign and return your proxy promptly in the enclosed, postage prepaid envelope, even if you plan to attend the meeting. Any stockholder giving a proxy has a right to revoke it at any time before it is voted.

\*PLEASE DATE AND SIGN YOUR NAME EXACTLY AS IT APPEARS ON THE PROXY.

By order of the Board of Directors.

/s/ JAMES L. McARTHUR  
JAMES L. McARTHUR, Secretary  
ChemFirst Inc.  
P. O. Box 1249  
Jackson, Mississippi 39215-1249

March 31, 2002

\* NOTICE: Stockholders receiving more than one proxy because of shares registered in different names or addresses must complete and return each proxy in order to vote all shares to which such stockholder is entitled.

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CHEMFIRST INC.

PROXY STATEMENT

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SOLICITATION

The enclosed proxy is being SOLICITED BY THE BOARD OF DIRECTORS of ChemFirst Inc., P. O. Box 1249, Jackson, Mississippi 39215-1249, a Mississippi corporation ("ChemFirst" or the "Company"), for use at the 2002 Annual Meeting of the Stockholders of ChemFirst (the "Annual Meeting") to be held at the Hilton Jackson, 1001 East County Line Road, Jackson, Mississippi at 1:30 p.m. (CDT), on Tuesday, May 21, 2002, and at any adjournments thereof. Stockholders may revoke their proxies by written notice to ChemFirst at any time prior to the exercise thereof, by the execution of a later proxy with respect to the same shares, or by voting their shares in person. The solicitation will be primarily by mail but may also include telephone or oral communications by

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officers or employees of the Company. Officers and employees will receive no additional compensation in connection with the solicitation of proxies. Georgeson Shareholder, 111 Commerce Road, Carlstadt, New Jersey 07072-2586, has been retained for advice and consultation and to solicit proxies for the Annual Meeting at an approximate fee of \$6,000 plus expenses. All costs of soliciting proxies will be borne by ChemFirst. The approximate mailing date of the proxy statements and proxies to stockholders is March 31, 2002.

All proxies will be voted as specified. IN THE ABSENCE OF SPECIFIC INSTRUCTIONS, PROXIES WILL BE VOTED: (1) FOR THE ELECTION OF THREE (3) DIRECTORS OF CHEMFIRST TO SERVE FOR THE TERMS SPECIFIED IN THIS PROXY STATEMENT AND UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED; (2) FOR THE APPROVAL OF THE AMENDMENT TO THE CHEMFIRST INC. 1998 LONG-TERM INCENTIVE PLAN; AND (3) ON ALL OTHER MATTERS BY THE PERSONS NAMED IN THE PROXIES IN ACCORDANCE WITH THEIR JUDGMENT.

### VOTING SECURITIES

Record Date. Stockholders of record at the close of business on March 13, 2002, are entitled to notice of and to vote at the Annual Meeting.

Shares Outstanding. As of March 13, 2002, a total of 14,071,824 shares of Common Stock were outstanding. Each share is entitled to one vote per share on each matter submitted to a vote at the Annual Meeting.

Shareholder Matters. Rule 14a-8 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") requires that a stockholder proposal intended to be included in the Company's proxy statement for the 2003 Annual Meeting must be received at the Company's executive offices no later than December 1, 2002. The proposal may be omitted if the submitting stockholder does not meet certain requirements.

Stockholder proposals for new business or suggestions for nominees submitted outside of Rule 14a-8 must be received at the Company's executive offices no earlier than January 11, 2003 and no later than February 20, 2003. Stockholder suggestions for nominees must include appropriate detailed biographical information. Further, if a stockholder proposal is submitted outside of Rule 14a-8, the Company can confer discretionary voting on that proposal if the proposal is received by the Company after February 15, 2003.

### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following persons or entities beneficially own (as specified in Rule 13d-3 of the Exchange Act) more than 5% of the Common Stock of the Company as of the dates indicated. The Company made this determination based upon review of Schedules 13D and 13G filings by or on behalf of such stockholders with the Securities and Exchange Commission (the "SEC"). See also "Security Ownership of Management" for information as to J. Kelley Williams, Chairman and Chief Executive Officer of the Company, who is also a greater than 5% holder of Common Stock of the Company. Except as may otherwise be indicated, each of the stockholders below has sole voting and investment power with respect to all shares of Common Stock beneficially owned.

Title of class -----	Name and address of beneficial owner -----	Amount and nature of beneficial ownership -----	Percent of class -----
Common Stock	Franklin Mutual Advisers, LLC	1,117,500 (1)	7.5%

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51 John F. Kennedy Parkway  
Short Hills, NJ 07078

Common Stock	Franklin Resources, Inc. ("Franklin") Charles B. Johnson Rupert H. Johnson, Jr. Franklin Advisers, Inc. One Franklin Parkway San Mateo, CA 94403-1906	564,700 (2)	4.0%
Common Stock	Deutsche Bank AG ("DBAG") Taunusanlage 12, D-60325 Frankfurt am Main Federal Republic of Germany	846,100 (3)	6.0%
Common Stock	Private Capital Management, L.P. ("PCM") Bruce S. Sherman Gregg J. Powers 8889 Pelican Bay Blvd. Naples, FL 34108	1,249,100 (4)	8.9%

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- (1) According to a Schedule 13G filed by Franklin Mutual Advisers LLC with the SEC on January 23, 2001.
- (2) According to a Schedule 13G filed by Franklin, Charles B. Johnson and Rupert H. Johnson, Jr. with the SEC on February 13, 2002, voting and investment power with respect to these shares are shared by Franklin, direct and indirect investment advisory subsidiaries of Franklin, as well as with Charles B. Johnson and Rupert H. Johnson, Jr., the principal stockholders of Franklin.
- (3) According to a Schedule 13G filed by DBAG with the SEC on February 1, 2002.
- (4) According to a Schedule 13G filed with the SEC on February 19, 2002, PCM, Bruce S. Sherman and Gregg J. Powers share voting and investment power with respect to 1,249,100 shares beneficially owned by PCM. Mr. Sherman and Mr. Powers, the Chief Executive Officer and President, respectively, of PCM, disclaim beneficial ownership for the shares held by PCM's clients.

2

### BOARD OF DIRECTORS

The Board of Directors (the "Board") represents the interests of all stockholders and is responsible for setting policy and objectives for the Company in accord with its charter, bylaws, Mississippi laws and other applicable governmental regulations. The Board is currently composed of eleven non-employee directors and one employee, the Chief Executive Officer. The Board is divided into three groups, typically elected for three-year terms. The Board held four meetings during 2001. All directors of the Company attended all of the Company's Board meetings which were held during 2001. All directors other than Mr. Speed attended at least 75% of all meetings of committees on which they serve which were held during 2001.

The COMMITTEE ON DIRECTOR AFFAIRS is composed of four non-employee directors and is responsible for recommendations for nominating new Board members, recommending appointments of members to Board committees, assessing Chief Executive Officer and Board performance, and recommending Board compensation for action by the Board. The Chairman of this committee also chairs executive sessions of the outside members of the Board. The Committee on Director Affairs considers suggestions for director nominations from all

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sources. Stockholder suggestions for nominees for the 2003 Annual Meeting, together with appropriate detailed biographical information, should be submitted to the Corporate Secretary no earlier than January 11, 2003, and no later than February 20, 2003. The Committee on Director Affairs met three times during 2001. Members of this committee are Richard P. Anderson, John F. Osborne, Leland R. Speed and R. Gerald Turner (Chairman).

The AUDIT COMMITTEE is composed of four non-employee directors with broad latitude for inquiry into all operations of the Company. Its primary responsibilities include making a recommendation to the Board on the selection of independent auditors; reviewing audit reports prepared by independent auditors, internal auditors, insurance auditors and other consultants engaged by the Company to examine specific areas of corporate operations; and reviewing compliance with various governmental regulations and corporate policies and procedures. The Audit Committee met five times during 2001. Members of this committee are Paul A. Becker, Robert P. Guyton (Chairman), Paul W. Murrill and Dan F. Smith. The Audit Committee's report is presented below. Its written charter, adopted May 2000, was included in the Company's proxy statement for the 2001 Annual Meeting as Appendix A. The information contained in the Audit Committee report shall not be deemed to be "soliciting material" or to be "filed" with the SEC nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.

### The Audit Committee Report.

The Audit Committee of the ChemFirst Inc. Board of Directors (the Committee) assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and financial reporting practices of the Company in accordance with its written charter. The Committee is composed of four directors, each of whom are independent as defined by the New York Stock Exchange listing standards. During fiscal 2001, the Committee met five times, and the Committee chair, as representative of the Committee, discussed the interim financial information contained in each quarterly earnings announcement with the controller and independent auditors prior to public release.

Management is responsible for the Company's internal controls and financial reporting process. The independent auditors are responsible for performing an independent audit of the Company's consolidated financial statements in accordance with auditing standards generally accepted in the United States of America and to issue a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes.

In discharging its oversight responsibility as to the audit process, the Audit Committee obtained from the independent auditors a formal written statement describing all relationships between the auditors and the Company that might bear on the auditors' independence consistent with Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees," discussed with the auditors any

3

relationships that may impact their objectivity and independence and satisfied itself as to the auditors' independence.

The Committee discussed and reviewed with the independent auditors all communications required by generally accepted auditing standards, including those described in Statement on Auditing Standards No. 61, as amended,

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"Communication with Audit Committees" and, with and without management present, discussed and reviewed the results of the independent auditors' examination of the financial statements.

The Committee reviewed the audited financial statements of the Company as of and for the fiscal year ended December 31, 2001, with management and the independent auditors. Based on the above-mentioned review and discussions with management and the independent auditors, the Committee recommended to the Board of Directors that the Company's audited financial statements be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2001, for filing with the Securities and Exchange Commission.

March 11, 2002

Robert P. Guyton, Chair  
Paul A. Becker  
Paul W. Murrill  
Dan F. Smith

The COMPENSATION AND HUMAN RESOURCES COMMITTEE is composed of four non-employee directors and is charged with the responsibility of recommending to the Board a program of overall compensation for the Company and its subsidiaries, including executive officers and other key employees. These responsibilities include administration of the Company's 1995 Long-Term Incentive Plan and 1998 Long-Term Incentive Plan (collectively, the "Long-Term Incentive Plans") and other benefit plans. The Compensation and Human Resources Committee (the "Compensation Committee") met three times during 2001. Members of this committee are Richard P. Anderson (Chairman), Michael J. Ferris, James E. Fligg and William A. Percy, II. The report of this Committee is presented below. The information contained in such report shall not be deemed to be "soliciting material" or to be "filed" with the SEC nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.

The Compensation and Human Resources Committee Report on Executive Compensation.

Philosophy. The Company's compensation philosophy is designed to maximize stockholder value and serve the best interest of stockholders and employees. The philosophy incorporates the following principles:

- (a) Compensation should attract and retain qualified employees and stimulate their useful and profitable efforts on behalf of the Company;
- (b) Compensation should be internally equitable and externally competitive; and
- (c) Compensation should be defined broadly and comprehensively.

Committee Members. The Compensation Committee is a committee of the Board composed of not less than three directors who are not officers or regular employees of the Company or of any subsidiary of the Company. The Compensation Committee selects and is advised by independent outside consultants as considered appropriate.

Charter. The Compensation Committee operates under a charter approved by the Board, which formally defines responsibilities, authorities and procedures. The charter provides for members to be elected annually by the Board. The chairman is elected annually by the Compensation Committee. The primary responsibility of the Compensation Committee is to assure development, implementation and maintenance of competitive compensation and

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benefits to attract, motivate and retain qualified officers, management and employees.

4

Overall compensation and benefits are targeted at the median or mid-market of peer companies. Compensation includes base pay and annual and long-term performance incentives. Incentives are tied to the Company's financial results versus peer companies and/or to specific performance objectives linked to stockholder value. Peer companies are public companies with products and markets and other characteristics comparable to the Company and/or its subsidiaries.

Duties. The Compensation Committee's duties include the following:

- (a) To recommend to the Board compensation policies for the Company and its subsidiaries;
- (b) To recommend to the Board the base salary and annual incentive awards for Executive Officers;
- (c) To review and report to the Board base salaries and annual incentive awards for other highly compensated officers and employees; and
- (d) To designate participants and grant awards under the Long-Term Incentive Plan.

Components of Executive Compensation.

(a) Base Salary. The Compensation Committee annually reviews and compares base salaries and salary ranges for similar positions in other companies in relevant markets defined by company size, industry and location. Executive, technical and other highly compensated positions are valued in the national market using data developed by nationally recognized compensation consulting firms. The published compensation data used by the Compensation Committee to establish base salary ranges is not necessarily comprised of the same peer group of companies included in the Performance Graph. Salary ranges and actual salaries are adjusted annually, taking into consideration position value, market pricing, operating results, individual performance and other relevant factors.

The Compensation Committee recommended and the Board approved merit increases to the four named Executive Officers, other than the Chief Executive Officer, which averaged 3.9% in 2001.

(b) Annual Incentive Awards. Annual incentive awards, in the form of cash payments, are designed to achieve specific short-term results and to further long-term objectives. Financial and other objectives for the Company, its subsidiaries and program participants are set at the beginning of each fiscal year. This process involves the Board, the Compensation Committee, the Chief Executive Officer and program participants. The Compensation Committee annually reviews and recommends to the Board participation and award opportunity. Award opportunity is based on guidelines developed by nationally recognized compensation consultants. At fiscal year end, incentives are awarded following review of Company and subsidiary results and performance versus objectives, and peer results and personal performance of participants versus objectives. As a general rule, no awards are made unless the Company is profitable.

In February 2002, the Compensation Committee recommended and the Board

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approved annual incentive awards in the total amount of \$266,700 for the four named Executive Officers other than the Chief Executive Officer based on a review of Company and subsidiary results and performance for 2001.

(c) Long-Term Incentive Awards. Participation in the Long-Term Incentive Plan is limited to officers and key managers based on responsibility, authority, potential impact on the Company and competitive practice for similar positions in peer companies. The Compensation Committee annually reviews and approves participation and potential award ranges. Award ranges are based on guidelines developed by nationally recognized compensation consultants. At fiscal year end, the Compensation Committee reviews Company condition and performance versus long-term goals and recommends awards under the Long-Term Incentive Plan. Awards may be in the form of stock options, debenture options, restricted stock, stock appreciation rights, performance shares or units, supplemental cash or other such forms as appropriate.

The Company also has three Performance Unit Plans outside of the Long-Term Incentive Plans for certain of its non-public subsidiaries in which subsidiary executive officers participate, and in which awards

5

are payable in cash only based on the subsidiary's profits and price earning multiples of a group of publicly held peer companies. No grants are currently awarded under these plans, but some units remain unexercised.

The Compensation Committee granted 123,212 nonqualified stock options to the four named Executive Officers excluding the Chief Executive Officer in 2001.

(d) Chief Executive Officer Compensation. At fiscal year end, the Committee on Director Affairs (which is composed of independent directors) evaluates the Chief Executive Officer's performance versus objectives established at the beginning of the year. The Compensation Committee considers this evaluation and compensation at peer companies in its review and makes a recommendation to the Board regarding Chief Executive Officer compensation. This performance evaluation includes an assessment of total return to stockholders versus peers, return on equity, operating earnings compared to budget and prior year, financial performance versus peers, restructuring and dispositions, balance sheet improvements and market capitalization. Mr. Williams received no base salary increase during 2001. In February 2002, the Compensation Committee recommended and the Board approved an annual incentive award of \$202,200 for Mr. Williams based on 2001 results. During 2001, Mr. Williams recommended and the Committee approved allocating his grant of 76,650 nonqualified stock options priced at fair market value on date of grant to select key managers within the Company.

February 19, 2002

Richard P. Anderson, Chair  
Michael J. Ferris  
James E. Fligg  
William A. Percy, II

### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Chief Executive Officer serves as a member ex-officio of the Compensation Committee, but may not serve as Chairman or vote or participate in or be present for Committee decisions regarding his own compensation. He does not make recommendations about or participate in decisions regarding any

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aspect of his compensation. During the last completed fiscal year, the members of the Compensation Committee were Richard P. Anderson, Michael J. Ferris, James E. Fligg and William A. Percy, II.

See also the information regarding Mr. Ferris described below under "RELATED TRANSACTIONS".

### RELATED TRANSACTIONS

During 2001, First Chemical Corporation, a subsidiary of the Company, purchased a total of \$790,429 in products from Pioneer Chlor Alkali Company, Inc., a subsidiary of Pioneer Companies, Inc. Michael J. Ferris, a director of the Company, is President, Chief Executive Officer and a director of Pioneer.

During 2001, First Chemical Corporation purchased in the normal course of business a total of \$1,372,047 in products from Lyondell Chemical Company and/or its affiliate Equistar Chemicals, L.P. Dan F. Smith, a director of the Company, is President, Chief Executive Officer and a director of Lyondell, and Chief Executive Officer of Equistar.

6

### PROPOSAL I: ELECTION OF DIRECTORS

Section 3(a) of the Company's bylaws specifies in part that the directors of the Company shall be divided into three groups which shall be as nearly equal as may be possible, and that directors typically serve three-year terms. Section 3(c) of the Company's bylaws and Section 3.4 of the Company's Corporate Governance Guidelines provide that each director who was, on August 22, 1995, a director of First Mississippi Corporation and who had completed less than nine consecutive years of service on the board of First Mississippi on that date will offer a written resignation upon the completion of nine consecutive years of service on either the board of First Mississippi or the Company if under age 65 at that time. In addition, all such directors who were under age 65 on August 22, 1995 will offer a written resignation upon reaching age 65. All other directors will offer resignations upon completion of nine consecutive years of service on either the Board of First Mississippi or the Company prior to age 65 and again upon reaching age 65. In each case, the Committee on Director Affairs (or any successor committee) will make a recommendation with respect to such director for his continued service to the Board. Pursuant to the bylaws, directors will retire at age 70, unless asked by the Board to serve longer. In accordance with these bylaw provisions, Richard P. Anderson, who would have retired upon reaching age 70 on April 10, 1999, was asked by the Board to serve the remainder of his elected term. At the May 2000 and May 2001 Annual Meetings, Mr. Anderson was elected to one-year terms to expire the following year. He has been asked by the Board to stand for re-election and has been nominated for a three-year term to expire in 2005. The Committee on Director Affairs and the Board will review Mr. Anderson's continuing service on an annual basis. Leland R. Speed, who would retire in accordance with bylaw provisions upon reaching age 70 on September 13, 2002, has been asked by the Board to serve the remainder of his elected term. His continued service will be reviewed annually by the Committee on Director Affairs and the Board. James E. Fligg and Paul W. Murrill have chosen to retire from the Board upon expiration of their terms on May 21, 2002. Upon their retirement, the bylaws will be amended to reduce the number of directors to 10.

Set forth below is certain information for each nominee who has consented to be named for election as a director and for each continuing director who is not a nominee, including age as of the date of the Annual Meeting. See the note following the directors' information regarding the 1996 distribution of

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ChemFirst shares for the definition of "Distribution Date."

### NOMINEES FOR ELECTION AS DIRECTORS TO SERVE A THREE-YEAR TERM TO EXPIRE IN 2005

RICHARD P. ANDERSON

Term Expires: 2002

Mr. Anderson, 73, a director of the Company since November 1996, is Chairman of the Board of The Andersons, Inc., an agribusiness company in Maumee, Ohio. He was Chairman and Chief Executive Officer from September 1996 through 1998. He was a director of First Mississippi from 1987 until the Distribution Date. As stated under "Election of Directors", the Board has asked Mr. Anderson to stand for election for an additional term of three years.

ROBERT P. GUYTON

Term Expires: 2002

Mr. Guyton, 65, a director of the Company since November 1996, has been self-employed as a financial consultant since October 1996. He was Vice President and Financial Consultant for Raymond James & Associates, Inc., an asset management and investment banking company in Atlanta, Georgia, from August 1993 to July 1996. He was Chairman and Chief Executive Officer of Bank South Corporation from 1990 to 1991, and was President and Chief Executive Officer of Bank South from 1980 to 1990. He is a director of Piccadilly Cafeterias, Inc.,

7

a restaurant chain. He was a director of First Mississippi from 1969 until the Distribution Date.

J. KELLEY WILLIAMS

Term Expires: 2002

Mr. Williams, 68, has been Chairman of the Board and Chief Executive Officer of the Company since November 1996. He was Chairman and Chief Executive Officer of First Mississippi from August 1995 through the Distribution Date, and was Chairman, Chief Executive Officer and President from 1988 until August 1995. Mr. Williams was a director of First American Corporation from May 1998 through September 1999, and was a director of Placer Dome Corporation until May 2001. He is Chairman of the Board of EKC Technology, Inc. and First Chemical Corporation, and a director of ChemFirst Electronic Materials L.P., subsidiaries of the Company.

### CONTINUING DIRECTORS

PAUL A. BECKER

Term Expires: 2004

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Mr. Becker, 63, a director of the Company since November 1996, is a private investor and general partner of Summit Investors, Vero Beach, Florida. He was Managing Director of Mitchell Hutchins Asset Management, Inc., an investment management company in New York City, and wholly owned by Paine Webber Group, Inc., from 1978 to February 1999. Mr. Becker was a director of First Mississippi from 1985 until the Distribution Date.

MICHAEL J. FERRIS

Term Expires: 2003

Mr. Ferris, 57, a director of the Company since November 1996, has been President, Chief Executive Officer, and a director of Pioneer Companies, Inc. of Houston, Texas since January 1997. Pioneer manufactures chlorine, caustic soda, muriatic acid and related products. He was formerly the Executive Vice President, Chemicals Group, of Vulcan Materials Company, a chemical manufacturer located in Birmingham, Alabama.

JOHN F. OSBORNE

Term Expires: 2003

Mr. Osborne, 58, a director of the Company since May 2000, is an engineer and President of Competitive Customer Support, Twin Bridges, Montana, which provides advisory services to companies that make or use semiconductors. From 1988 to November 1997, he was a corporate senior manager of Lam Research, Fremont, California, a manufacturer of microchip fabricating equipment. He was a director of CFM Technologies, Exton, Pennsylvania, a publicly-held manufacturer of capital equipment for semiconductor processing, from 1998 to December 2000. He has been a director of EKC Technology, Inc., a subsidiary of the Company, since May 2000.

WILLIAM A. PERCY, II

Term Expires: 2003

Mr. Percy, 62, a director of the Company since November 1996, is President and Chief Executive Officer of Greenville Compress Co.,

8

Greenville, Mississippi, a commercial real estate company. He has been the Chairman of the Board of Staple Cotton Cooperative Association in Greenwood, Mississippi, since 1992. Through December 2001, he was a partner of Trail Lake Enterprises, a cotton and soybean farming operation in Arcola, Mississippi. He is a director of Mississippi Chemical Corporation and Entergy Corporation. He was a director of First Mississippi from 1988 until the Distribution Date. He is Chairman of the ChemFirst Foundation, Inc. Board of Trustees.

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DAN F. SMITH

Term Expires: 2004

Mr. Smith, 56, a director of the Company since November 1996, has been President and Chief Executive Officer of Lyondell Chemical Company of Houston, Texas, since December 1996. From August 1994 until December 1996, he was President and Chief Operating Officer of Lyondell. He has been a director of Lyondell since November 1988. Lyondell manufactures and sells petrochemicals and refinery products. He has been Chief Executive Officer of Equistar Chemicals, L.P., Houston, Texas, since its formation in December 1997. Equistar is a joint venture of Lyondell, Occidental Petroleum Corporation and Millennium Chemicals Inc. and manufactures polymers and polymer feedstocks. He has been a director of Cooper Industries, Inc. since August 1998. He is a director of First Chemical Corporation, a subsidiary of the Company.

LELAND R. SPEED

Term Expires: 2004

Mr. Speed, 69, a director of the Company since November 1996, is Chairman of the Board of Parkway Properties, Inc., and Chairman and Trustee of EastGroup Properties, Inc., real estate investment companies, both of Jackson, Mississippi. From April 1993 through September 1997, he was also Chief Executive Officer of Parkway Properties and EastGroup Properties. He is Chairman and director of Delta Industries, Inc., a construction materials manufacturer, and a director of Farm Fish, Inc. and Mississippi Valley Gas Company, all of Jackson, Mississippi. From 1995 to July 2000, he was a director of KLLM Transport Services, Inc., of Jackson, Mississippi. He was a director of First Mississippi from 1965 until the Distribution Date. He is a director of EKC Technology, Inc., a subsidiary of the Company, and a member of the ChemFirst Foundation, Inc. Board of Trustees.

R. GERALD TURNER

Term Expires: 2003

Dr. Turner, 56, a director of the Company since November 1996, has been President of Southern Methodist University in Dallas, Texas since June 1995. He has been a director of JC Penney Co., Inc. since 1995; a director of California Federal Preferred Capital Corporation since January 2001; and a trustee of American AAdvantage Funds since August 2001. He was a director of AMFM, Inc. (formerly Capstar Broadcasting), indirect owner and operator of radio stations, from 1997 to mid-2000. He was a director of SkyTel Communications, Inc., a provider of nationwide paging and voice messaging services, from 1996 to 1999. He was a director of First Mississippi from 1987 until the Distribution Date. He is a member of the ChemFirst Foundation, Inc. Board of Trustees.

Definition of "Distribution Date": On December 23, 1996 (the "Distribution Date"), First Mississippi Corporation contributed all of its assets and subsidiaries, other than those relating to its fertilizer business, to the Company, which at that time was a wholly owned subsidiary of First Mississippi. First Mississippi then spun off the Company in a tax-free distribution of the Company's common stock to First Mississippi stockholders (the "ChemFirst Distribution") on the Distribution Date. The ChemFirst Distribution occurred immediately prior to and in connection with the merger of First Mississippi with a wholly owned subsidiary of Mississippi Chemical Corporation on December 24, 1996, pursuant to an Agreement and Plan of Merger and Reorganization dated as of August 27, 1996.

THE BOARD RECOMMENDS A VOTE FOR ALL OF THE DIRECTOR NOMINEES.

Voting Procedures on Election of Directors. Stockholders have the right to vote "For" or "Withhold Authority" to vote for some or all of the nominees for directors. Pursuant to the Company's bylaws and Mississippi law, the presence, in person or by proxy, of a majority of the outstanding shares of Common Stock entitled to vote shall constitute a quorum to convene the Annual Meeting. Therefore, any proxy authorized to be voted at the Annual Meeting on any matter, whether or not marked to "Withhold Authority" or to effect a broker non-vote, will be counted in establishing a quorum. The election of directors will require the affirmative vote of a plurality of the shares voted at the Annual Meeting in person or by proxy. Votes withheld and broker non-votes will not be included in vote totals for director nominees and will have no effect on the outcome of the vote. In the absence of specific instructions, proxies will be voted FOR the nominees. Stockholders do not have cumulative voting.

#### DIRECTOR COMPENSATION

Directors who are not employees are compensated for their services with a retainer of \$16,000 per year. In addition, non-employee directors receive fees for attendance at duly called Board and committee meetings. The fees paid are \$1,000 per day for attendance at duly called Board and committee meetings or a fee of \$500 for half-day committee meetings, except for committee chairmen, who receive a fee of \$1,250 per day for meetings and \$625 for half-day meetings. These fees are recommended by the Committee on Director Affairs to align Board compensation with peer companies. Travel expenses to and from meetings are reimbursed to all directors. No fees are paid for informal meetings. Directors who attend meetings by telephone conference call are paid at the half-day rate. Directors performing special services at the request of the Chief Executive Officer are paid a per diem of \$1,000 per day, except for committee chairmen, who are paid a per diem of \$1,250 per day.

Under the Company's Long-Term Incentive Plans, each non-employee director is entitled to receive awards which may be in the form of stock options, restricted stock, stock appreciation rights, performance shares or units, supplemental cash or other such forms as appropriate. The Compensation Committee annually reviews and the Board annually approves potential award ranges for the directors based on, among other criteria, condition and performance of the Company versus long-term goals. In March 2001, each non-employee director received an option pursuant to the 1998 Long-Term Incentive Plan to purchase 1,500 shares of Common Stock at an exercise price of \$25.55 per share and which vested in full on September 6, 2001.

In addition, under the Long-Term Incentive Plans, directors are permitted to make an irrevocable election to receive share units ("Share Units") in exchange for deferring all or some portion of their annual retainer at a per Share Unit exchange price that is equal to 85% of the fair market value of

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Company Common Stock determined as of the first day of the year during which all or a portion of the deferred retainer was to be paid. Dividends earned pursuant to the Share Units are reinvested in the form of additional Share Units. Share Units may be paid in cash or Common Stock at the election of the Compensation Committee and are subject to vesting and rollover provisions set forth in the Long-Term Incentive Plans.

In fiscal 1986, First Mississippi established a Deferred Income Plan for Directors, Officers and Key Employees ("Plan A") pursuant to which deferral opportunities in any given year, up to a maximum of three

10

years, were offered at the discretion of the Board. In connection with the ChemFirst Distribution, the Company assumed the obligations of First Mississippi under Plan A. Effective January 1, 1994, Plan A was amended to change the interest rate prospectively to 120% of the applicable annual federal long-term rate as specified in the Internal Revenue Code. At the same time, the Board closed Plan A for any new participants or deferral opportunities, subject to the existing rights and obligations thereunder. Plan A was further amended effective September 15, 1997, to allow participating directors to invest existing account balances in Share Units in lieu of the interest-bearing investment alternative set forth in the original plan. Share Units purchased under Plan A were acquired at a price equal to the fair market value of a share of Company Common Stock on the date of valuation and were subject to other terms and conditions similar to those which are applicable to Share Units purchased under Plan B, as discussed below. In February 1998, the Board further amended Plan A to remove the Share Unit investment alternative and replace it with a new crediting option which allows participating directors to invest existing account balances at an annual crediting rate which is based on total stockholder return on the Company's Common Stock.

In fiscal 1989, First Mississippi established a successor Deferred Compensation Plan for Outside Directors ("Plan B") to insure continuation of deferral opportunities for directors. Plan B was amended effective January 1, 1994, to change the interest rate prospectively to 120% of the applicable annual federal long-term rate as specified in the Internal Revenue Code. Plan B was further amended effective July 1, 1997, to allow participating directors to invest existing account balances and future compensation deferrals in Share Units in lieu of the interest-bearing investment alternative of the original plan. Except for certain conversions of existing balances within two years of termination of Board service that are converted at fair market value of the Company's Common Stock, Share Units purchased in Plan B are acquired at a price equal to 85% of the fair market value of a share of Company Common Stock on the date of valuation. Except for the initial election to convert existing account balances, which had a valuation date of July 1, 1997, the valuation date for all elections to purchase or convert to Share Units under Plan B is the first trading date in the calendar year immediately following the year of election. In distributing a participating director's account balance at termination of Board service, each Share Unit in such account is valued at the fair market value of a share of the Company's Common Stock on the date of valuation.

The deferrals under both Plan A and Plan B are held by the Company until retirement, resignation or other termination of service as a director. Director J. Kelley Williams participates as an employee in Plan A but does not participate in Plan B. Directors Anderson, Becker, Ferris, Fligg, Smith, Speed and Turner currently participate in Plan B. During 2001, directors purchased Share Units under Plan B in the following amounts: Mr. Anderson, 1,672; Mr. Ferris, 1,350; Mr. Fligg, 1,240; Mr. Smith, 1,348; Mr. Speed, 282; and Dr. Turner, 916.

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The Company furnishes directors with \$100,000 accidental death and dismemberment and \$250,000 of business travel accident protection. The Company also has a Retirement Plan for its non-employee directors under which all directors who have served at least one three-year term will, under certain conditions, receive an annual retirement benefit equal to their annual retainer at retirement for each year of service, not to exceed fifteen years. The amount of the retainer to be received after retirement shall be fixed at the time of retirement. The plan also provides for a lump sum payment to a director under certain conditions in the event of a change of control and to his beneficiary upon his death.

11

### SECURITY OWNERSHIP OF MANAGEMENT

As of March 13, 2002, Common Stock of the Company is beneficially owned by the Company's directors, the Company's executive officers named in the Summary Compensation Table, and all of the Company's directors and executive officers as a group, as follows:

Director/Officer -----	Common Stock Beneficially Owned(1) -----	Percent of Class -----
Richard P. Anderson		
Common Stock	9,450 (2)	
NQSOs	11,250	
	-----	
Total	20,700	*
Paul A. Becker		
Common Stock	10,000	
NQSOs	11,250	
	-----	
Total	21,250	*
Michael J. Ferris		
Common Stock	500 (3)	
NQSOs	9,375	
	-----	
Total	9,875	*
James E. Fligg(4)		
Common Stock	3,610	
NQSOs	9,375	
	-----	
Total	12,985	*
Robert P. Guyton		
Common Stock	23,000	
NQSOs	11,250	
	-----	
Total	34,250	*
Paul W. Murrill		
Common Stock	11,952 (5)	
NQSOs	11,250	
Convertible Subordinated Debentures	2,013	

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Total	----- 25,215	*
John F. Osborne		
Common Stock	6,000	
NQSOS	3,000	
Total	----- 9,000	*
William A. Percy, II		
Common Stock	12,351	
NQSOS	11,250	
Convertible Subordinated Debentures	2,013	
Total	----- 25,614	*
Dan F. Smith		
Common Stock	1,000 (6)	
NQSOS	9,375	
Total	----- 10,375	*

12

Director/Officer -----	Common Stock Beneficially Owned(1)	Percent of Class -----
Leland R. Speed		
Common Stock	20,772	
NQSOS	11,250	
Convertible Subordinated Debentures	2,013	
Total	----- 34,035	*
R. Gerald Turner		
Common Stock	7,900 (7)	
NQSOS	11,250	
Total	----- 19,150	*
J. Kelley Williams		
Common Stock	1,188,237 (8)	
NQSOS	452,900	
Total	----- 1,641,137	11.3%
R. Michael Summerford		
Common Stock	71,796	
NQSOS	294,503	
Total	----- 366,299	2.5%
George M. Simmons		
Common Stock	6,320	
NQSOS	124,256	
	-----	

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Total	130,576	0.9%
P. Jerry Coder		
Common Stock	1,142	
NQSOs	102,975	
	-----	
Total	104,117	0.7%
J. Steve Chustz		
Common Stock	2,382 (9)	
NQSOs	143,383	
	-----	
Total	145,765	1.0%
All directors and executive officers as a group (22 persons)		
Common Stock	1,399,538 (10)	
NQSOs	1,500,911	
Convertible Subordinated Debentures	6,039	
	-----	
Total	2,906,488	18.7%

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\* Represents less than 1% of class.

- (1) Beneficial ownership is calculated under Rule 13d-3(d)(1)(i) of the Exchange Act. Certain numbers represent shares of Common Stock of the Company underlying the Convertible Subordinated Debentures and Nonqualified Stock Options ("NQSOs") beneficially owned by the directors and executive officers. The Debentures are immediately convertible into the specified number of shares of Convertible Preferred Stock of the same series and then immediately convertible into the specified number of shares of Common Stock of the Company. NQSOs are exercisable no earlier than six months from date of grant for shares of Common Stock of the Company.
- (2) Shared voting and investment power of 3,700 shares with Mrs. Anderson.
- (3) Shared voting and investment power with Mrs. Ferris.
- (4) Mr. Fligg will retire from the Board upon expiration of his term on May 21, 2002.
- (5) Includes 775 shares owned by Mrs. Murrill, as to which Dr. Murrill has no voting and investment power and disclaims beneficial ownership. Dr. Murrill will retire from the Board upon expiration of his term on May 21, 2002.

13

- (6) Shared voting and investment power with Mrs. Smith.
- (7) Shared voting and investment power of 7,800 shares with Mrs. Turner.
- (8) Excludes 61,750 shares held in the Jean P. Williams Revocable Trust, as to which Mr. Williams has no voting and investment power and disclaims beneficial ownership.
- (9) Shared voting and investment power of 100 shares with Mrs. Chustz.
- (10) Includes 446 shares for which an executive officer not named in the table above has shared voting and investment power. Except as otherwise indicated in these notes, each person indicated in the table above has sole voting and investment power with respect to all shares of Common Stock beneficially owned.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires

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executive officers and directors of the Company and persons who own more than 10% of a registered class of the Company's equity securities to file reports of ownership and changes in their ownership with the SEC and the New York Stock Exchange. The Company's General Counsel monitors compliance and acts as the Compliance Officer for such filings of its directors and executive officers listed below, and prepares and files reports for such persons based on information supplied by them. Based solely on its review of such information and certain written representations of its executive officers and directors with respect to the filing of annual reports of changes in beneficial ownership, the Company believes that each filing required to be made under Section 16(a) during fiscal 2001 was filed in a timely manner. Any such filings during previous fiscal years that were not made in a timely manner were reported in the Company's proxy statement for the respective fiscal year.

### EXECUTIVE OFFICERS

The following sets forth certain information with respect to the Company's executive officers, including age as of the date of the Annual Meeting, positions held with the Company, and business experience for the previous five years. Except as otherwise noted, all executive officers of the Company were elected to their current terms effective May 22, 2001, to serve at the pleasure of the Board for a term of one year and thereafter until their successors are elected and qualified.

Daniel P. Anderson. Mr. Anderson, 49, is Vice President, Health, Safety and Environmental Affairs of the Company and has been since 1996. Prior to that, he was Vice President, Health, Safety and Environmental Affairs of First Mississippi.

Max P. Bowman. Mr. Bowman, 41, is Vice President and Chief Financial Officer of the Company, and has been since May 2001. He was Vice President, Finance and Treasurer of the Company from November 1998 until May 2001. He was Treasurer and Corporate Risk Manager of the Company from 1996 to November 1998. Prior to that, he was Internal Audit/Corporate Risk Manager of First Mississippi.

Troy B. Browning. Mr. Browning, 49, is Controller of the Company and has been since 1996. Prior to that, he was Controller of First Mississippi.

J. Steve Chustz. Mr. Chustz, 53, is General Counsel of the Company and has been since 1996. Prior to that, he was General Counsel of First Mississippi.

P. Jerry Coder. Mr. Coder, 59, is President of EKC Technology, Inc., a subsidiary of the Company, and has been since December 1992.

William B. Kemp. Mr. Kemp, 53, is Vice President, Human Resources of the Company, and has been since June 1997. Prior to joining the Company, he was Vice President, Human Resources of Rust Environmental and Infrastructure, an engineering consulting firm.

14

James L. McArthur. Mr. McArthur, 58, is Secretary and Manager, Investor Relations of the Company and has been since 1996. Prior to that, he was Secretary and Manager, Investor Relations of First Mississippi.

George M. Simmons. Mr. Simmons, 59, is President of First Chemical Corporation, a subsidiary of the Company, and has been since July 1995.

R. Michael Summerford. Mr. Summerford, 53, is President and Chief Operating

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Officer of the Company, and has been since September 1998. He was Vice President and Chief Financial Officer of the Company from 1996 until September 1998. Prior to that, he was Vice President and Chief Financial Officer of First Mississippi.

William W. Wilkison. Mr. Wilkison, 58, is President of ChemFirst Electronic Materials L.P. (formerly TriQuest, L.P.), a limited partnership subsidiary of the Company, a position he has held since October 2001. From January 1998 through September 2001, he was Vice President, Sales and Marketing of ChemFirst Electronic Materials L.P. From July 1997 through December 1997, he was Manager of New Business Development of Clariant Corp. Until July 1997, he was Manager of New Business Development of Hoechst Celanese.

J. Kelley Williams. Mr. Williams, 68, is Chairman of the Board and Chief Executive Officer of the Company, and has been since 1996. He was Chairman and Chief Executive Officer of First Mississippi from August 1995 until 1996, and served as Chairman, Chief Executive Officer and President of First Mississippi from 1988 until August 1995.

15

### SUMMARY COMPENSATION TABLE

The following table shows compensation for fiscal years 1999, 2000 and 2001 for the Chief Executive Officer and the other four most highly compensated executive officers of the Company.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation Awards	
		Salary (\$)	Bonus (\$)	Other Annual Compensation (1) (\$)	Securities Underlying Options(2) (#)	All Other Compensation (3) (\$)
J. Kelley Williams Chairman and Chief Executive Officer	2001	512,629	202,200	-0-	-0-	66,117
	2000	512,629	369,300	621,049	83,300	65,260
	1999	501,923	299,600	560,993	100,000	64,236
R. Michael Summerford President and Chief Operating Officer	2001	360,135	110,300	-0-	47,950	29,459
	2000	349,650	201,500	-0-	52,050	24,882
	1999	301,154	163,500	-0-	100,000	23,636
George M. Simmons President, First Chemical Corporation	2001	198,800	103,000	-0-	28,506	51,429
	2000	193,000	91,220	-0-	20,900	40,421
	1999	188,121	108,000	435,305	30,750	43,092
P. Jerry Coder President, EKC Technology, Inc.	2001	205,000	25,800	31,460	19,550	19,876
	2000	190,000	110,725	-0-	19,150	23,940
	1999	176,000	74,700	-0-	29,025	22,271
J. Steve Chustz General Counsel	2001	185,338	34,000	-0-	27,206	7,875
	2000	179,942	61,300	-0-	19,500	9,678
	1999	175,365	49,900	-0-	28,650	10,414

(1) Other Annual Compensation includes payouts under Performance Option

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arrangements and direct cash payments related to long-term incentive tax reimbursements. Aggregate perquisites and other personal benefits were less than either \$50,000 or 10% of the total annual salary and bonus reported for the named officers and are excluded from the table.

Tax reimbursement payments are made to eligible employees equal to 37% of the Company's federal income tax deduction resulting from the exercise of Convertible Subordinated Debenture Options, NQSOs, Incentive Stock Options and Performance Options. Tax reimbursement payments are not applicable for options granted after August 21, 1995. There were no tax reimbursement payments to the named officers in 2001. The tax reimbursement payment in 2000 to Mr. Williams was \$621,049. Tax reimbursement payments in 1999 to Mr. Williams and Mr. Simmons were \$560,993 and \$57,102, respectively. Performance Option payouts in 2001 were \$31,460 to Mr. Coder. Performance Option payouts in 1999 were \$378,203 to Mr. Simmons.

- (2) NQSOs were granted to officers and certain key employees of the Company in 2001, 2000 and 1999. The share amounts for a particular fiscal year under this column reflect only the shares underlying options which were granted during the respective fiscal year.
- (3) All Other Compensation is comprised of the following:

Above-market interest under the Deferred Income Plan A. The above-market portion of interest earned under Plan A in 2001 was \$9,497 and \$17,866 for Mr. Summerford and Mr. Simmons, respectively. See "Director Compensation" for a description of Plan A.

Company's contributions to the ChemFirst Inc. 401(k) and Employee Stock Ownership Plan and Trust ("401(k)/ESOP"). Company contributions in 2001 to the 401(k) portion of this plan were \$6,800, \$6,800, \$6,159, \$6,800 and \$5,368 for Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz, respectively. Company contributions in 2001 to the ESOP portion of this plan were \$850, \$850, \$770, \$850 and \$850 for Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz, respectively.

Company's contributions to the ChemFirst Inc. Benefits Restoration Plan ("BRP"). The Company's BRP permits the Company to make contributions to the 401(k) portion and the ESOP portion of the 401(k)/ESOP in amounts permitted by that plan, but that would otherwise be in excess of those permitted by certain Internal Revenue Code limitations. 401(k)-related accruals under the BRP in 2001 were \$12,505, \$7,605, \$593, \$1,400 and \$0 for Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz, respectively. ESOP-related accruals under the BRP in 2001 were \$1,254, \$931, \$0, \$74 and \$77 for Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz, respectively.

Cash subsidies related to the executive life insurance program. Cash subsidies in 2001 were \$19,450, \$3,075, \$2,918, \$3,099, and \$1,581 for Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz, respectively.

Dollar value difference between the purchase price and fair market value of Share Units purchased under the BRP and the Long-Term Incentive Plans. The BRP and Long-Term Incentive Plans permit officers to defer certain salary and bonus amounts in the form of Share Units. The price paid by the officers for each Share Unit pursuant to these plans in 2001 was \$18.62 for salary deferrals (85% of the fair market value of the Company's Common Stock on January 2, 2001) and \$21.31 for bonus deferrals (85% of the fair

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market value of the Company's Common Stock on February 19, 2002). The dollar value of amounts earned on deferred compensation during 2001 is calculated by comparing the difference between the applicable Share Unit purchase price and the fair market value of the Company's Common Stock on the date the deferred compensation is earned by the officer. Because these amounts are calculated at the time the compensation is earned, the actual value of such compensation received by the officers will vary in accordance with fluctuations in the per share price of the Company's Common Stock. For 2001, the aggregate preferential amount for the named executive officers was \$25,258, \$701, \$23,123, \$7,172, and \$0 for Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz, respectively.

### OPTION GRANTS IN 2001

The following table shows NQSOs granted on March 6, 2001 to the executive officers named in the Summary Compensation Table under the 1998 Long-Term Incentive Plan. No other awards were granted to these individuals pursuant to the Long-Term Incentive Plans.

Name	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Appreciation for Ten-Year Option Term (\$)(1)	
	Number of Securities Underlying Options Granted	% of Total Options Granted to all Employees in Fiscal Year	Exercise Price (\$/share)	Expiration Date	5%	10%
J. Kelley Williams	-0-	n/a	n/a	n/a	n/a	n/a
R. Michael Summerford	47,950	13.8%	25.55	03/07/11	770,473	1,952,530
George M. Simmons	28,506	8.2%	25.55	03/07/11	458,042	1,160,767
P. Jerry Coder	19,550	5.6%	25.55	03/07/11	314,134	796,078
J. Steve Chustz	27,206	6.1%	25.55	03/07/11	340,743	863,511

(1) The dollar amounts under these columns represent the potential realizable value of each grant assuming that the market value of the Company's Common Stock appreciates from the date of grant to the expiration of the option at annualized rates of 5% and 10%. These assumed rates of appreciation have been specified by the SEC for illustrative purposes only and are not intended to forecast future financial performance or possible future appreciation in the price of Company Common Stock. Optionees will only realize value from this grant if the price of Company Common Stock appreciates, which would benefit all stockholders commensurately.

### AGGREGATED 2001 OPTION EXERCISES AND YEAR END VALUES

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Securities Underlying Unexercised Options at 12/31/01 Exercisable (#)	Unexercisable (#)	Aggregate Value In-the-Money at 12/31/01 (\$)
J. Kelley Williams	-0-	-0-	452,900	-0-	1,731,571

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R. Michael Summerford	-0-	-0-	294,503	15,000	1,068,660
George M. Simmons	-0-	-0-	124,256	-0-	313,889
P. Jerry Coder	-0-	-0-	102,975	-0-	282,303
J. Steve Chustz	-0-	-0-	143,383	-0-	695,113

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- (1) No options were exercised during 2001 by the executive officers named in the above table.
- (2) Value was computed as the difference between the individual option price and the per share closing price of Company Common Stock on December 31, 2001, as reported by the New York Stock Exchange. Only options with fair market values in excess of the exercise price are reflected in this column.

17

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information as of December 31, 2001 about the Company's Common Stock that may be issued upon the exercise of options, warrants and rights under all of the Company's existing equity compensation plans, including the 1988 Long-Term Incentive Plan, the 1995 Long-Term Incentive Plan, the 1998 Long-Term Incentive Plan and the 1997 Employee Stock Purchase Plan:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders(1):			
1988 Long-Term Incentive Plan	116,131 (2)	\$13.95	-0-
1995 Long-Term Incentive Plan	672,679 (3)	\$21.74	211,105 (5)
1998 Long-Term Incentive Plan	1,456,002 (4)	\$21.74	186,598 (6)
1997 Employee Stock Purchase Plan	-0-	n/a	79,160
Equity compensation plans not approved by security holders:	-0- (7)	n/a	n/a
Total	2,244,812	\$21.34	476,863

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- (1) The 1995 Long-Term Incentive Plan and the 1998 Long-Term Incentive Plan include awards consisting of Share Units which are payable in cash or Common Stock at the option of the Company. None of the units have been exchanged for stock, and the Company has no current intention to pay in stock. The 1988 Long-Term Incentive Plan and the 1995 Long-Term Incentive Plan were approved by the stockholders of First Mississippi and were assumed by the Company in the ChemFirst Distribution.

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- (2) Includes debenture options to purchase (through the conversion of debentures and shares of preferred stock underlying such debenture options) 6,039 shares of Common Stock, and options to purchase 110,092 shares of Common Stock assumed in the ChemFirst Distribution.
- (3) Includes options to purchase 370,178 shares of Common Stock, and options to purchase 302,501 shares assumed in the ChemFirst Distribution.
- (4) Includes options to purchase 1,456,002 shares of Common Stock.
- (5) The Company will not make any further awards under the 1995 Long-Term Incentive Plan.
- (6) Excludes 35,000 restricted shares previously issued.
- (7) The Company's Benefits Restoration Plan and 1989 Deferred Compensation Plan for Outside Directors include awards consisting solely of Share Units which are payable in cash or Common Stock at the option of the Company. None of the units have been exchanged for stock, and the Company has no current intention to pay in stock.

18

### PERFORMANCE GRAPH

The following line graph compares the cumulative total stockholder return on the Company's Common Stock during the five-year period ended December 31, 2001 to that of (i) the Standard and Poor's 500 Stock Index and (ii) the S&P Supercomposite Chemicals (Specialty) Index (the "SCCHMS"). The graph assumes a \$100 investment on December 31, 1996 and the reinvestment of all dividends.

The information contained in this section shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference into such filing.

[CHART APPEARS HERE]

	Dec-96	Dec-97	Dec-98	Dec-99	Dec-00	Dec-01
CEM	100.000	124.118	88.386	99.532	102.268	112.977
S&P 500	100.000	133.355	171.462	207.528	188.638	166.237
SCCHMS (1)	100.000	122.062	102.969	106.528	100.569	106.097

(1) The SCCHMS Index commenced in July 1996.

19

### RETIREMENT AND OTHER COMPENSATION

In 1970, First Mississippi stockholders authorized a noncontributory retirement plan for the employees of First Mississippi. In connection with the ChemFirst Distribution, the Company assumed the obligations of First Mississippi under this retirement plan. Employees become 100% vested after five years of employment. The retirement plan provides for normal retirement at age 65 with actuarially adjusted provisions for early and postponed retirement dates. Retirement benefits are based on years of service and

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average compensation (wages and salary) of the five highest consecutive years during employment. The benefits listed in the table below are not subject to any reduction for social security or other offset amounts.

The following table shows the estimated annual retirement benefit payable to participating employees including executive officers on earnings and years of service classifications as indicated.

Average Annual Compensation (\$ (5 Highest Consecutive Years))	Estimated Annual Benefits for Years of Credited Service (\$)				
	15 Years	20 Years	25 Years	30 Years	35 Years
100,000	26,568	35,424	44,280	53,136	61,992
150,000	40,068	53,424	66,780	80,136	93,492
200,000	53,568	71,424	89,280	107,136	124,992
300,000	80,568	107,424	134,280	161,136	187,992
400,000	107,568	143,424	179,280	215,136	250,992
450,000	121,068	161,424	201,780	242,136	282,492
500,000	134,568	179,424	224,280	269,136	313,992

The table includes amounts that exceed limitations allowed under Section 415 of the Internal Revenue Code. The Company's BRP provides that if an individual's retirement benefits calculated under the retirement plan exceed the maximum allowed under the Code, the Company may supplement such employee's benefits under certain conditions to the extent such benefit is in excess of the limitation.

Years of service for the executive officers listed in the Summary Compensation Table are: Mr. Williams, 34.7 years; Mr. Summerford, 23.4 years; Mr. Simmons, 17.0 years; Mr. Coder, 9.6 years; and Mr. Chustz, 24.7 years.

### Termination Agreements

During fiscal 1996, the Board of Directors of First Mississippi approved Termination Agreements for the officers of First Mississippi, including Mr. Williams, Mr. Summerford, Mr. Simmons, Mr. Coder and Mr. Chustz. Pursuant to the Agreement and Plan of Distribution between First Mississippi and the Company dated as of December 18, 1996, the Company assumed the obligations of First Mississippi under the Termination Agreements. The Termination Agreements are contingent upon a Change of Control, as defined in the Agreements, and originally provide for two three-year terms which are automatically extended unless the Company determines not to renew or there is a Change of Control of the Company during any three-year term. Each officer, other than the Chief Executive Officer, would be paid upon termination of employment for reasons other than cause, death or disability or upon resignation for good reason, subsequent to a Change of Control during the term of the Termination Agreement, three times the sum of the five-year average of his annual base salary and bonus. The Company's Chief Executive Officer is entitled to the same termination benefit as described above for all other officers, except that the Chief Executive Officer may resign for any reason, as opposed to "good reason", within 36 months of a Change of Control and still be entitled to the termination benefit. Upon termination, the individual would have the option, unless he notifies the Company otherwise, to receive a cash payment equal to the cash value of all his NQSOs, Debenture Options and Convertible Debentures, whether then exercisable or not. Following termination, the Company may pay amounts due to individuals for stock disposition of grants

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issued in 1994 and earlier under the Company's tax sharing plan. No individual would receive payments in the event of death, disability or termination for cause. In addition, the Chief Executive Officer's Termination

20

Agreement provides for an additional payment to be made by the Company to him if any of the severance payments provided for by the Termination Agreement or any other payments made pursuant to a Change of Control of the Company (the "Total Payments") become subject to an additional tax (the "Excise Tax") imposed by Section 4999 of the Code, such that the net of all of the payments received by him after the imposition of the Excise Tax on the Total Payments and any federal income tax on the additional payment shall be equal to the Total Payments. In February 2002, the Board amended each Termination Agreement to extend the term for two additional years, with automatic renewal for one-year terms thereafter, unless the Board gives notice no later than June 30 of any year that it will not extend the term of that agreement.

### PROPOSAL II: APPROVAL OF THE AMENDMENT TO THE 1998 LONG-TERM INCENTIVE PLAN

An amendment to the Company's 1998 Long-Term Incentive Plan was adopted by the Board on February 19, 2002, subject to approval by the Company's stockholders at the Annual Meeting. The purpose of the Plan Amendment is to increase the number of shares of the Company's Common Stock authorized to be awarded under the Plan by 600,000, so that 2,300,000 total shares would be authorized pursuant to the Plan, as amended (the "Plan Amendment"). The 1998 Long-Term Incentive Plan was previously amended by stockholder approval in May 2000 to add 750,000 shares to the 950,000 shares originally authorized under the Plan. (Hereafter, the Company's 1998 Long-Term Incentive Plan, as amended by the Plan Amendment, shall be referred to as the "Plan".) The purpose of the Plan is to further the growth in earnings and market appreciation of the Company by providing long-term incentives to directors and employees of the Company and its subsidiaries, partnerships and joint ventures. The Company exhausted all the shares originally authorized under the Plan by stock options granted on February 19, 2002, and also approved certain conditional grants of stock options to be effective and priced on May 21, 2002 subject to stockholder approval of the Plan Amendment. (See "Grants Under the Plan" below.) The Plan Amendment will allow the Company to make the awards in 2002 and in the future, which will further the Company's ability to attract, retain and motivate officers, directors and key employees of high caliber and good potential and promote the alignment of the participant's interests with that of the Company's stockholders. The Plan provides for the granting from time to time of incentive compensation in the form of stock options, stock appreciation rights, performance shares and performance units, restricted stock, supplemental payments and conversion awards ("Awards").

Set forth below is a brief description of the material features of the Plan, which description does not purport to be complete and is qualified in all respects by the terms of the Plan, a copy of which is attached as Appendix A. Capitalized terms not otherwise defined in this Proxy Statement have the meanings ascribed to them in the Plan.

#### Administration

The Plan is administered by the Board or a committee of at least two (2) members appointed by the Board, as the Board shall determine in its sole discretion from time to time. The Board has determined that the Committee shall administer the Plan, but it retains the discretion to administer any aspect of the Plan. Each member of the Committee must be a member of the Board and a "non-employee" director within the meaning of Rule 16b-3 ("Rule 16b-3")

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as promulgated under the Exchange Act. The Board has full and final authority to interpret the provisions of the Plan and to grant Awards pursuant to the Plan, provided, however, that the Company's Chief Executive Officer (or some other officer designated by the Board) has the authority to grant Awards to newly hired employees who are not subject to Section 16 of the Exchange Act at the time such Award is granted, subject to approval by the Board.

### Eligibility for Participation

All Employees, Directors and Advisors of the Company or any subsidiary are eligible to participate in the Plan. The Board has the sole discretion to determine and designate those Employees, Directors and Advisors

21

that are to receive Awards. Since designation of participants is subject to the discretion of the Board, the approximate number of eligible participants in the Plan is impossible to estimate at this time.

### Shares Subject to the Plan

Presently, up to a maximum of 1,700,000 shares of Common Stock may be issued under the Plan. If the proposal to amend the Plan to add 600,000 shares authorized pursuant to the Plan is approved by the Company's stockholders, then a maximum of 2,300,000 shares of the Company's \$1.00 par value common stock (the "Common Stock") may be issued pursuant to the Plan, provided, however, that no more than 50,000 shares may be granted in the form of restricted stock Awards. Shares issued pursuant to the Plan shall be either shares of authorized but unissued Common Stock or shares of Common Stock held as treasury shares. Any shares cancelled or forfeited, or any unissued shares subject to an Award that terminates, expires or lapses for any reason pursuant to the terms of the Plan, shall again be available for grant under the Plan. The maximum number of shares with respect to which any Employee may be awarded stock options, restricted stock or stock appreciation rights in any calendar year is limited to an aggregate amount of 100,000 shares.

### Awards

Participants. The Board may grant any of the Awards described below to Employees, Directors or Advisors. These Awards are not transferable, except by will or the laws of descent or distribution, provided that the Board may, in its sole discretion, when and if permitted by Rule 16b-3, establish guidelines providing for the irrevocable transfer, without payment of consideration, of any Stock Option, other than Incentive Stock Options, by the Participant to a member of the Participant's immediate family or to a trust, partnership or other pass-through entity whose beneficiaries are members of the Participant's immediate family.

Stock Options. Options granted pursuant to the Plan may be either in the form of incentive stock options (which are options that meet the requirements of Section 422 of the Internal Revenue Code (the "Code")) or in the form of nonqualified stock options. A stock option gives the holder the right to purchase, during the term of the option, a number of shares of Common Stock at a price determined on the date the option is granted. The option exercise price and the time or times at which the option may be exercised are determined by the Board at the time of grant, except that the option price may not be less than one hundred percent of the fair market value of the Common Stock on the date of grant. The market price of a share of the Company's Common Stock as of February 19, 2002, as reported by the New York Stock Exchange, was \$25.06. The option price may be paid in cash, or in the form of Common Stock owned by the option holder at least six months prior to exercise,

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based on the fair market value of such Common Stock on the date of exercise, or a combination of cash and Common Stock. In addition, an option holder may exercise an option by providing assurance from a broker registered under the Exchange Act of delivery of the proceeds of an imminent sale of the stock to be issued pursuant to the exercise. Stock options may be exercised at such time or times as may be specified at the time of grant, but in no event more than ten years after the date of grant.

Stock Appreciation Rights ("SARs"). SARs may be granted in connection with all or any part of a previously or contemporaneously granted stock option or unrelated to any option. SARs entitle the holder, upon exercise of the SAR, to receive an amount equal to the difference between the fair market value of shares of Common Stock with respect to which the SAR is being exercised and the price specified by the Board. Payment may be made in cash, in shares of Common Stock, or a combination of the two, as the Board determines. A SAR may be exercised at such times as may be specified by the Board provided that no SAR shall be exercisable earlier than six months after grant and no later than ten years after grant.

Performance Shares and Performance Units. Performance Shares or Units give the holder the right to receive shares of Common Stock or a cash payment specified by the Board at the end of a specified performance period if specified performance goals are met. Performance goals are related to the performance of the Company or one or more subsidiaries or a combination thereof. When circumstances occur that cause predetermined

22

performance objectives to become an inappropriate measure of performance, the Board, in its discretion, may adjust the performance goals, except for an Award intended to qualify under Section 162(m) of the Code.

Restricted Stock. Restricted stock Awards are grants of shares of Common Stock to an Employee for no consideration, but are subject to such conditions, terms and restrictions for such period or periods as shall be determined by the Board or as expressly stated in the Plan. During the restricted period, the participants shall be entitled to vote the shares but shall not assign, transfer, pledge or otherwise encumber such shares. The Board has the power to accelerate the termination of the applicable restricted period with respect to part or all of any restricted stock Award.

Supplemental Payments. The Board has the discretion to determine that any Award may provide for a supplemental payment to a participant after the exercise, lapse of restrictions or payment for such Award. The Board shall set the terms and conditions of such supplemental payments; provided however, that the amount of the payment may not exceed, in the case of a stock option, the excess of fair market value on the date of exercise over the option exercise price multiplied by the number of shares for which such option is exercised, and in the case of a SAR, performance unit, performance share or restricted stock Award, the value of the shares and other consideration issued in payment of such Award.

### Conversion Awards

Employees designated by the Board may make an irrevocable election to receive Share Units in exchange for some portion of their cash compensation (base salary or annual incentives). The maximum amount of cash compensation which may be exchanged for Share Units is the lesser of 30% or \$30,000 of a year's base salary and the lesser of 50% or \$50,000 of an annual incentive award. The Share Unit may be acquired at a per share exchange price of 85% of the fair market value of the Company's Common Stock determined as of the first

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business day in January in the year of election if base salary is deferred or the day the annual incentive award is approved by the Board if an annual incentive is deferred (the "Exchange Date"). All Share Units are subject to certain conditions, terms and restrictions set by the Board and vest three years from the Exchange Date or, in the event of a Rollover Election (as defined below), two years from the effective date of the most recent Rollover Election. An Employee has the option to elect (a "Rollover Election") to defer the vesting of any share unit for an additional period of two years by making an irrevocable Rollover Election at least six months prior to the vesting date of such Share Unit. There is no limit to the number of Rollover Elections an Employee may make with respect to a particular Share Unit. An Employee is also entitled to receive additional Share Units equal in value to the amount of cash dividends such Employee would have received had the Employee owned one share of the Company's Common Stock for each Share Unit owned by the Employee on each record dividend date.

At such time as a Share Unit vests, such Share Unit will be returned to the Company and in exchange thereof the Employee is entitled to receive an amount equal to the average of the highest and lowest price for the Company's Common Stock on the date of exchange. Such payment in exchange for a Share Unit will be made in the form of cash or Company Common Stock as the Board shall determine in its sole discretion. In the event an Employee owns unvested Share Units at the time such Employee's employment with the Company is terminated, each unvested Share Unit will be forfeited and in substitution thereof the Employee is entitled to receive a cash payment, the amount of which is determined by the circumstances under which the Employee's employment with the Company is terminated.

### Adjustments

In the event of any change in the capitalization of the Company by reason of a dividend, stock split or combination or any similar change or a merger, consolidation, recapitalization, reclassification of shares or similar reorganization, the Plan provides that the Board may make certain adjustments, if any, to (a) the number of shares of stock which may be issued under the Plan, (b) the number of shares issuable and the exercise price per share pursuant to an outstanding Award theretofore granted under this Plan and, (c) the number and kind of shares which may underlie an Award granted.

23

### Duration of Plan; Amendment or Termination

The Plan shall remain in effect until all Awards have been satisfied, but no Award shall be granted more than ten years after the date of approval of the Plan by the stockholders. The Board may at any time suspend, terminate, modify or amend the Plan, but any amendment that requires shareholder approval in order for the Plan to continue to comply with Rule 16b-3, Section 162(m) of the Code or any other applicable law, rule or regulation shall not be effective unless approved by the requisite shareholder vote. In addition, no such action by the Board may adversely affect any previously granted Award without the consent of the Award recipient.

### Change in Control

In the event of a "change in control" (as defined in the Plan), all outstanding stock options, SARs and other awards shall automatically become fully vested and exercisable in full.

### Federal Income Tax Consequences

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The following is a brief and general discussion of the principal federal income tax rules applicable to Plan Awards:

**Stock Options.** There is no tax incurred by the participant (or expense deduction for the Company) upon the grant. At the time of exercise of a nonqualified stock option, the difference between the exercise price and the fair market value of Common Stock on the date of exercise will constitute ordinary income to the participant. The Company will be allowed a deduction equal to the amount of ordinary income realized by the participant. In the case of incentive stock options, although no income is realized upon exercise and the Company is not entitled to a deduction, the excess of the fair market value on the date of exercise over the exercise price is treated by the participant as an adjustment for alternative minimum tax purposes. If the participant does not dispose of the shares acquired on the exercise of an incentive stock option within one year after their receipt or within two years after the grant of the stock option, gain or loss realized on the subsequent disposition of the shares will be treated as long-term capital gain or loss. Under current law, long-term capital gains are taxed at a maximum tax rate of 20%. In the event of a disposition of shares within one year after exercise or within two years after the grant of the stock option, the participant may realize ordinary income, and the Company will be entitled to a deduction, equal to the amount of such income, at the time such income is realized by the participant.

**SARs.** The participant will not realize any income at the time of grant of a SAR. Upon the exercise of a SAR, any cash received and the fair market value on the exercise date of any shares of Common Stock received will constitute ordinary income to the participant. The Company will be entitled to a deduction in the amount of such income at the time of exercise.

**Restricted Stock.** A participant normally will not realize taxable income upon an award of restricted stock, and the Company will not be entitled to a deduction, until the termination of the restrictions, except with respect to the dividends, or dividend equivalents, received by the participant. Upon termination of restrictions, the participant will realize ordinary income in an amount equal to the fair market value of the Common Stock at that time and the Company will be entitled to a deduction in the same amount. However, a participant may elect to realize ordinary income in the year the restricted stock is awarded in an amount equal to the fair market value of the Common Stock at the time of the Award, determined without regard to the restrictions. In this event, the Company will be entitled to a deduction in such year in the same amount, and any gain or loss realized by the participant upon subsequent disposition of the stock will be capital gain or loss. If, after making this election, any restricted stock is forfeited, the participant cannot then claim an ordinary deduction, but may claim a capital loss. If the market value of the stock at vesting is lower than the amount on which the participant was taxed, the participant may claim a capital loss on the sale of the stock at the lower value.

**Performance Shares and Performance Units.** A participant normally will not realize taxable income upon the award of performance units or performance shares. Subsequently, when conditions and requirements

established with respect to grants made in shares of Common Stock have been satisfied so that the shares are no longer subject to a substantial risk of forfeiture, then an amount equal to the fair market value of any shares of Common Stock received will constitute ordinary income to the participant in the year in which such event occurs, and the Company will be entitled to a deduction in the same amount. Recipients of Performance Awards made in shares

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of Common Stock may make an election to realize ordinary income in the year of receipt in the same manner as described above for recipients of restricted stock Awards. A Participant normally will not realize taxable income on Performance Units, which represent a contingent unfunded promise to pay cash or property in the future, until all conditions or requirements applicable to such Performance Units have been satisfied and the promised amount has become immediately payable. At the time, the cash amount or fair market value of property payable will constitute ordinary income and the Company will be entitled to a deduction in the same amount.

Conversion Awards. A Participant normally will not realize taxable income upon the award of Share Units, and the Company will not be entitled to a deduction until the conditions and requirements placed on the award have lapsed. The Company will also not be entitled to a deduction for any additional Share Units awarded to the participant on account of dividends paid on the Company's Common Stock until the conditions and requirements placed on such additional Share Units have lapsed. Subsequently, when all conditions and requirements established with respect to the share unit have lapsed, any cash or Common Stock received in exchange thereof will constitute ordinary income to the participant in the year in which paid in the case of cash payments and when no longer subject to a substantial risk of forfeiture in the case of payments in the form of Common Stock, and the Company will be entitled to a deduction in the same amount.

Withholding. The Company shall have the right to reduce the number of shares of Common Stock deliverable pursuant to the Plan by an amount which would have a fair market value equal to the amount of all federal, state, or local taxes required to be withheld, or to deduct the amount of such taxes from any cash payment to be made to the participant, pursuant to the Plan or otherwise.

### Grants Under the Plan

Because a Participant's eligibility for Awards under the Plan and the amount of any such Awards are determined by the Board, the nature and amounts of future benefits under the Plan are not currently determinable, except for the Awards of 186,598 NQSOs described below. All Awards thereunder will be made at the discretion of the Board, in accordance with policies and guidelines in effect from time to time.

On February 19, 2002, the Board granted a total of 186,598 NQSOs under the Plan. These options will vest and become exercisable on August 19, 2002, and will expire on February 19, 2012. Each option has a per share exercise price of \$25.06, which was the fair market value of the Company's Common Stock on the date of grant. After these grants were made, there were no shares remaining under the Plan for future Awards. Also on February 19, 2002, the Board approved the grant of 138,402 additional NQSOs, which grants are subject to stockholder approval of the Plan Amendment at the Annual Meeting. If the Company's stockholders approve the Plan Amendment, these options would be effective May 21, 2002 and would have a per share exercise price equal to the fair market value of the Company's Common Stock on that date. These options would vest and become exercisable on November 21, 2002 and would expire on May 21, 2012. If the Company's stockholders do not approve the Plan Amendment, the options to be granted effective May 21, 2002 will be void and treated as if the Board never approved such Awards.

The following table sets forth for the following persons the number of shares relating to the options which the Board approved effective May 21, 2002 subject to stockholder approval of the Plan Amendment: the executive officers

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included in the Summary Compensation Table on page 16, all current executive officers as a group, all non-executive officer directors as a group, and all other employees as a group. The executive officers included in the Summary Compensation Table are the only persons receiving 5% or more of the total options approved. Mr. Anderson, Mr. Guyton and Mr. Williams, the nominees for election as a director, received options to purchase 639 shares, 639 shares and 31,790 shares, respectively.

	Dollar Value (\$)	Number of Shares (1)
Executive Officers Listed in Summary Compensation Table:		
J. Kelley Williams, Chairman & Chief Executive Officer	(2)	31,790
R. Michael Summerford, President & Chief Operating Officer	(2)	19,887
George M. Simmons, President of First Chemical Corporation	(2)	7,985
P. Jerry Coder, President of EKC Technology, Inc.	(2)	8,347
J. Steve Chustz, General Counsel	(2)	7,431
All Executive Officers as a Group (11 persons)	(2)	93,986
All Non-Executive Officer Directors as a Group (11 persons)	(2)	7,029
All Non-Executive Officer Employees as a Group (33 persons)	(2)	35,687

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- (1) The shares reflected in this column represent shares underlying the options approved by the Board on February 19, 2002 and which will be effective on May 21, 2002 if the Plan Amendment is approved by the stockholders at the Annual Meeting.
- (2) Since the per share exercise price will be equal to the fair market value of a share of Company Common Stock on May 21, 2002, such price is not currently known and thus the dollar value cannot be determined.

THE BOARD RECOMMENDS A VOTE FOR THE AMENDMENT  
TO THE 1998 LONG-TERM INCENTIVE PLAN.

Voting Procedures for Approval of the Plan Amendment. Stockholders have the right to vote "For", "Against" or "Abstain" when voting on the adoption of the Plan Amendment. Pursuant to the Company's bylaws and Mississippi law, the presence, in person or by proxy, of a majority of the outstanding shares of Common Stock entitled to vote shall constitute a quorum to convene the Annual Meeting. Therefore, any proxy authorized to be voted at the Annual Meeting on any matter, whether or not marked to "Abstain" or to effect a broker non-vote, will be counted in establishing a quorum. Approval of the Plan Amendment will require the affirmative vote of the holders of a majority of the shares

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represented at the Annual Meeting and entitled to vote for approval of the Plan Amendment, in person or by proxy. Consequently, abstentions will have the effect of a vote against the Plan Amendment, but broker non-votes will not affect the outcome of the vote. In the absence of specific instructions, proxies will be voted FOR the approval of the Plan Amendment.

### AUDITORS

Upon recommendation by the Audit Committee, the accounting firm of KPMG LLP ("KPMG") was approved by the Board to serve as independent auditor of the Company for 2002.

KPMG has served as independent auditor of the Company for the past six years, and served as First Mississippi's independent auditor for 33 years prior to the ChemFirst Distribution. The Company has been advised that neither KPMG nor any of its associates has a material interest in the Company or any affiliate thereof. Representatives of KPMG are expected to be present at the Annual Meeting and will be afforded an opportunity to make a statement, if they desire, and will be available to respond to appropriate questions from stockholders.

26

### PRINCIPAL ACCOUNTING FIRM FEES

The Company incurred the following fees for services performed by KPMG in fiscal 2001:

**Audit Fees.** Fees billed for the fiscal year 2001 audit and the review of the financial statements filed with the quarterly Form 10-Qs for the fiscal year ended December 31, 2001 were \$185,500.

**Financial Information Systems Design and Implementation Fees.** KPMG did not render any services related to financial information systems design and implementation for the fiscal year ended December 31, 2001.

**Other Fees.** Fees billed for audit-related services rendered by KPMG for the fiscal year ended December 31, 2001 were \$90,602. Fees billed for all other non-audit services rendered by KPMG for the fiscal year ended December 31, 2001 were \$4,178.

### FORM 10-K

Stockholders may obtain without charge a copy of the Company's Form 10-K for the fiscal year ended December 31, 2001 filed with the SEC by calling or writing the Company's Investor Relations Department, 700 North Street, Jackson, Mississippi 39202, telephone (601) 948-7550, or by emailing to IR@chemfirst.com.

### OTHER MATTERS

The management of the Company knows of no other matter which may come before the Annual Meeting. However, if any matter other than those referred to herein should properly come before the meeting, the proxies will be voted with respect thereto in accordance with the judgment of the proxy holder.

Please sign the enclosed proxy and return it promptly in the return envelope.

/s/ JAMES L. McARTHUR  
JAMES L. McARTHUR

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Secretary

27

APPENDIX A

(Marked to show amendment to Section 5)

ChemFirst Inc.  
1998 Long-Term Incentive Plan  
(as amended May 21, 2002)

## 1. Purpose

The purpose of this Plan is to further the growth in earnings and market appreciation of ChemFirst Inc. by providing long-term incentives to directors, officers, advisors and employees of the Company and its subsidiaries, partnerships and joint ventures. The Company intends that the Plan will help attract, retain and motivate officers, directors, advisors and key employees of high caliber and good potential and promote the alignment of the participants' interests with that of the Company's shareholders.

## 2. Definitions

For purposes of this Plan, the following terms shall have the meanings set forth below:

"Advisor" means a non-employee consultant to the Board of Directors of the Company or a Subsidiary.

"Annual Incentive" means an amount payable pursuant to any short term incentive compensation plan or sales incentive plan of the Company.

"Award" means an award granted under this Plan.

"Base Salary" means the regular salary paid to an employee. Base Salary shall not include bonuses or other forms of compensation which are not considered regular earnings by the Company.

"Board" means the Board of Directors of the Company.

"Change in Control" shall have the meaning set forth in Paragraph 18.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Committee" means the committee appointed by the Board to administer the Plan as a whole or certain aspects of the Plan. The Committee shall consist of two or more members of the Board who are "nonemployee directors" within the meaning of Rule 16b-3.

"Company" means ChemFirst Inc.

"Conversion Award" means an Award issued in place of cash compensation, pursuant to Paragraph 7 of the Plan.

"Director" means a member of the Board of Directors of the Company or a Subsidiary.

"Employee" means any officer or other employee of the Company or a Subsidiary.

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"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

"Exchange Date" means the date upon which the replacement of cash compensation with a Conversion Award is to take effect. For purposes of:

(a) Base salary, that date shall be the first business day of January in the calendar year for which an election has been made to replace cash compensation with a Conversion Award.

(b) Annual incentives, that date shall be the date on which the incentive award is approved by the Board of Directors.

A-1

"Fair Market Value" means, as of any date, the average of the highest and lowest prices at which the Stock is traded on such date on the principal market on which the Stock is traded, or if the Stock is not traded on such date, on the immediately preceding date on which the Stock is traded.

"Incentive Stock Option" means an option meeting the requirements of Section 422 of the Code.

"Nonqualified Stock Option" means an option that is not an Incentive Stock Option.

"Participant" means an Employee, Director or Advisor who has been selected by the Committee to receive an Award under the Plan.

"Performance Period" means the period of time designated by the Committee in which an Award may be earned.

"Performance Shares" means shares of Stock that may be earned under the Plan, subject to the satisfaction of certain performance criteria over a Performance Period.

"Performance Units" means a dollar denominated unit that may be earned under the Plan, subject to the satisfaction of performance criteria over a Performance Period.

"Plan" means this ChemFirst Inc. 1998 Long-Term Incentive Plan, as amended from time to time.

"Restricted Stock" means shares of stock that may be earned under the Plan, subject to continued employment or other vesting criteria.

"Rollover Election" means election to defer vesting of share units for an additional Restricted Period beyond the existing Vesting Date of Record. The effective date of a Rollover Election shall be the day on which the applicable share unit would have vested absent such election.

"Rule 16b-3" means Rule 16b-3 promulgated by the Securities and Exchange Commission pursuant to the Exchange Act, as amended from time to time.

"Share Unit" is the right to receive an amount of cash or Stock equal to the value of a share of Stock at a future date in exchange for a vested Share Unit.

"Stock" means the common stock of the Company.

"Stock Option" means an option granted pursuant to the Plan, whether an

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Incentive Stock Option or a Nonqualified Stock Option.

"Subsidiary" means any corporation, partnership, joint venture or other entity in which the Company has at least a fifty percent beneficial ownership interest.

"Vesting Date of Record" means the date on which a Share Unit fully vests.

### 3. Administration

The Plan shall be administered by the Board and/or the Committee, as the Board shall determine in its sole discretion from time to time. In exercising its discretion with respect to the administration of the Plan, the Board shall have the option of administering only certain aspects of the Plan, such as the determination and approval of Awards to be granted under the Plan, and delegating the administration of the remaining aspects of the Plan to the Committee. The Board and/or the Committee, as the case may be, shall have full and final authority in its discretion to conclusively interpret the provisions of the Plan and to decide all questions of fact arising in its application; to determine the Participants to whom Awards shall be made under the Plan; to determine the type of Award to be made and the amount, size and terms of each such Award; to determine the time when Awards

A-2

will be granted to Participants; and to make all other determinations necessary or advisable for the administration of this Plan. Notwithstanding the above, the Company's Chief Executive Officer or some other officer designated by the Board or the Committee, as the case may be, shall have the authority to grant Awards to newly hired employees who are not subject to Section 16 of the Exchange Act at the time such Award is granted, subject to such limitations as may be established by the Board or the Committee, as the case may be. All provisions elsewhere in this Plan dealing with administration of and decisions under this Plan which refer to the Committee shall be deemed to refer to the Board whenever the Board is administering, pursuant to this Section 3, the aspect of the Plan to which said provision relates.

### 4. Participation

The Committee, in its discretion, may grant Awards to any Participant, subject to the provisions of the Plan. No Participant shall be entitled as a matter of right to receive an Award, nor shall the grant of an Award entitle a Participant to receive any future Award.

### 5. Shares Subject to the Plan

(a) A maximum of 2,300,000 shares of Stock (including 950,000 shares originally authorized by the Plan, 750,000 shares added by Amendment No. 1 to the Plan, and 600,000 shares added by Amendment No. 2 to the Plan), may be issued in satisfaction of any type of Award pursuant to the Plan provided, however, that no more than 50,000 shares may be granted in the form of Restricted Stock Awards. The total number of shares authorized and the number of shares which may be granted in the form of Restricted Stock Awards are subject to adjustment pursuant to Paragraph 15. Shares issued pursuant to the Plan shall be either authorized but unissued shares of Stock or shares of Stock held as treasury stock.

(b) To the extent that any Award is canceled or forfeited, or terminates, expires, or lapses for any reason, any unissued shares of Stock subject to such Award shall again be available for grant under the Plan.

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(c) Any Awards granted in substitution for awards or rights issued by a company that is acquired by the Company or a Subsidiary shall not reduce the number of Shares available for grant under the Plan.

(d) Subject to adjustment pursuant to Paragraph 15, the maximum number of shares of Stock with respect to which any Employee may be awarded Stock Options, Restricted Stock or Stock Appreciation Rights in any calendar year under Paragraph 6 shall total no more than 100,000 shares.

### 6. Awards to Participants

As the Committee may determine, the following types of Awards may be granted under the Plan to Participants, either alone, in combination or an alternative basis:

(a) **Stock Options:** Stock Options shall be Incentive Stock Options or Nonqualified Stock Options, as determined by the Committee. Stock Options shall be granted with an exercise price which shall not be less than one hundred percent of Fair Market Value on the date of grant, or, if in substitution for a stock option previously granted an employee of an entity acquired by the Company or by a Subsidiary, with an exercise price that reflects the relative values of Company Stock and stock of the acquired entity and the employee's exercise price under such previously granted option.

Incentive Stock Options shall comply with the provisions of Section 422 of the Code and to the extent the aggregate fair market value (determined as of the time the Incentive Stock Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by any individual during any calendar year under all plans of the Company and its Subsidiaries exceeds \$100,000, such options shall be treated as Nonqualified Stock Options.

A-3

A Stock Option may be exercised at such times as may be specified by the Committee at the time of grant, provided that no Stock Option granted under this Paragraph 6 shall be exercisable later than ten years after grant, or, in the case of Participants subject to Section 16 of the Exchange Act, earlier than six months after grant and provided further that the Committee may at any time before complete termination of a stock option, accelerate the time or times at which such option may be exercised, in whole or in part.

(b) **Stock Appreciation Rights:** Stock Appreciation Rights shall entitle a Participant to receive upon exercise, for each stock appreciation right exercised, (i) the excess of the Fair Market Value of a share of Stock at the time of exercise, over a price specified by the Committee, multiplied by (ii) the number of Stock Appreciation Rights exercised. The price specified by the Committee shall not be less than one hundred percent of Fair Market Value at the time the Stock Appreciation Right was granted, or, if connected with a previously issued stock option, the Fair Market Value at the time such previously issued stock option was granted, or, if in substitution for a stock appreciation right previously granted an employee of an entity acquired by the Company or by a Subsidiary, a price that reflects the relative values of Company Stock and stock of the acquired entity and the employee's price under such previously granted stock appreciation right. A Stock Appreciation Right may be granted in tandem with all or any portion of a previously or contemporaneously granted stock option (including, in addition to Stock Options granted under the Plan, options granted under other plans of the Company), or not in connection with a stock option.

Payment pursuant to a Stock Appreciation Right may be made in the form of

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Stock, cash or a combination thereof, as the Committee may determine. A Stock Appreciation Right may be exercised at such times as may be specified by the Committee, either at the time of grant or thereafter, provided that no Stock Appreciation Right shall be exercisable earlier than six months after grant (except that earlier exercise may be permitted in the case of a Stock Appreciation Right substituted for a stock appreciation right previously issued by an acquired entity) nor later than ten years after grant.

(c) Performance Shares and Performance Units: An Award of Performance Shares or Performance Units shall entitle a Participant to receive Stock or a cash payment specified by the Committee, depending upon the attainment of performance criteria over a Performance Period. The Performance Period and performance criteria shall be specified by the Committee and may relate to the performance of the Company or one or more Subsidiaries or a combination thereof. Other than an Award intended to qualify under Section 162(m) of the Code, the Committee may adjust previously established performance criteria and other terms and conditions of an Award, at any time prior to the determination of the payment amount, to reflect major unforeseen events such as changes in laws, regulations or accounting policies or procedures, mergers, acquisitions or divestitures or extraordinary, unusual or non-recurring items or events, in each case in order to prevent dilution or enlargement of rights.

Payment pursuant to an Award of Performance Shares or Performance Units shall be made following the Committee's determination of the extent to which the performance criteria were satisfied, and shall be made in the form of Stock, cash or a combination thereof, as the Committee may determine. Payment shall be made as promptly as practicable following the end of the Performance Period unless deferred subject to such terms and conditions as may be prescribed by the Committee. The Committee may authorize payments in Stock (in the form of any Award available under the Plan) under any previously existing performance unit or performance share plans of the Company or any Subsidiary.

(d) Restricted Stock: Awards of Restricted Stock shall be issued in the name of a Participant as soon as practicable following the date of grant by the Committee. Such Awards shall be subject to such conditions, terms and restrictions (including performance-based or employment-based vesting, forfeiture conditions and transfer restrictions) and shall be for such period or periods as shall be determined by the Committee or as expressly stated in the Plan. The Committee shall have the power to permit an acceleration of the expiration of the applicable restriction period with respect to all or part of the shares awarded to a Participant pursuant to a Restricted Stock Award.

A-4

During the restricted period, a Participant holding shares of Restricted Stock shall have all the rights of a shareholder, including the right to vote and receive dividends, but shall not sell, assign, transfer, exchange, pledge, hypothecate or otherwise encumber such shares. Shares of Restricted Stock shall bear such legends as the Company may specify, until such time as the restrictions on the shares shall lapse, as determined by the Committee.

(e) Supplemental Payments: Subject to the Committee's discretion, any Award under this Paragraph 6 may provide for a supplemental payment by the Company or a Subsidiary to a Participant after the exercise, payment or lapse of restrictions under the Award. Such supplemental payments shall be subject to such terms and conditions as shall be provided by the Committee at the time of grant, provided that in no event shall the amount of each payment exceed:

(i) In the case of a Stock Option, the excess of Fair Market Value on the date of exercise over the Stock Option exercise price, multiplied by the number of shares for which such Stock Option is exercised, or

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(ii) In the case of a Stock Appreciation Right, Performance Unit, Performance Share or Restricted Stock Award, the value of the shares and other consideration issued in payment of such Award.

(f) Performance-Based Payments: Any Awards, grants, or other payments described or referenced in this Plan and designed to provide incentives to participants for whom the Committee determines that compensation deductible by the Company would be subject to limitation under Section 162(m) of the Code may be made in a form intended to constitute "performance-based compensation" deductible under Section 162(m) (4) (C). The payment of any amounts in such form (other than amounts payable under Stock Options or Stock Appreciation Rights, granted in either case with an exercise price or SAR price equal to at least Fair Market Value at grant, or associated Supplemental Payments under subparagraph 6(e) included in such grant) shall be contingent on attainment of objective performance goals pre-established by the Committee and based, subject to such further definition and adjustments as the Committee may specify in establishing such goals, on one or more of the following business criteria: earnings per share, total shareholder return, net income, cash flow, performance against budget targets, return on equity, or return on capital.

When establishing such performance goals, the Committee shall contemporaneously prescribe the Performance Period during which such goals are to be attained and the maximum amount payable (subject to Committee discretion to decrease but not to increase such amount) on their attainment. The maximum amount that the Committee may prescribe as payable to any "covered employee" within the meaning of Section 162(m) (excluding amounts payable under Stock Options, Stock Appreciation Rights or associated Supplemental Payments) shall not exceed (i) \$500,000 in the case of a Performance Period of one year or less and (ii) \$400,000 multiplied by the number of years in the Performance Period in the case of a Performance Period of more than one year. In determining whether an amount payable is within the maximum amounts described in the preceding sentence, the amount payable shall be valued at the date following completion of the Performance Period during which such amount would be initially payable absent any elective deferral to a future date.

Any Awards, grants or other payments of performance-based compensation pursuant to this subparagraph 6(f), and any grants of Stock Options or Stock Appreciation Rights or associated Supplemental Payments intended to be exempt from the limitations of Section 162(m) of the Code, shall be made by a Committee consisting solely of two or more "outside directors" within the meaning of Section 162(m).

### 7. Conversion Awards--Employees

(a) Employees designated by the Committee may elect, subject to the following provisions and such terms and conditions as shall be determined by the Committee, to receive Share Units in exchange for cash compensation otherwise payable to such individuals by the Company:

(i) Share Units may be acquired by an Employee at a per share exchange price of eighty-five percent of the Fair Market Value of a share of stock determined as of the Exchange Date.

A-5

(ii) Share Units issued to Employees shall be subject to those conditions, terms and restrictions as the Committee may require and shall vest three (3) years from Exchange Date or in the event of a Rollover Election by Employee, two (2) years from effective date of last Rollover Election. For purposes of this Agreement, this three (3) year vesting

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period, plus any extensions thereof pursuant to a Rollover Election, shall be hereinafter referred to as the "Employee Restricted Period", the initial three (3) year vesting period shall be hereinafter referred to as the "Initial Employee Restricted Period" and any two (2) year extension of the Employee Restricted Period pursuant to a Rollover Election shall be hereinafter referred to as a "Rollover Employee Restricted Period". Employee shall have the option to defer the vesting of any Share Unit issued hereunder for an additional period of two (2) years by making an irrevocable Rollover Election at least six (6) months prior to the date on which such Share Unit vests under the terms of Section 7. There is no limit to the number of Rollover Elections Employee may make with respect to a particular Share Unit.

(iii) With respect to annual incentives, it is expressly understood that Employees have no right to any annual incentive award if terminated for any reason prior to the end of the Performance Period. Further, Employees who are employed at the end of the Performance Period will not be entitled to any award unless the Board determines in its sole and absolute discretion to grant such award.

(iv) In addition, no cash or other property will be set aside in a trust or other account to secure the Company's performance under this Plan. Assets to be paid to Employees under this Plan will be subject to the claims of the Company's general creditors.

(v) Employees cannot transfer, pledge, or assign any of the benefits under this Plan.

(vi) No interest will accrue or be paid with respect to any amounts deferred under the Plan.

(b) At a time specified by the Committee which is prior to the Exchange Date for base salary and at least six (6) months prior to the end of the applicable fiscal year for annual incentives, Employee may make an irrevocable election to defer up to the lesser of 30% or \$30,000 of a year's base salary and/or up to the lesser of 50% or \$50,000 of an annual incentive award (for purposes of this Agreement, the "Deferral Amount") and exchange it for Share Units in accordance with the following provisions and such other terms, conditions and limitations as shall be determined by the Committee from time to time:

An Employee's base salary or annual incentive award may be exchanged for Share Units in the following manner:

(1) If an Employee elects to receive Share Units, he or she shall receive that number of units equal in value to the Deferral Amount, as determined pursuant to Subparagraph (a) (i) above. The Deferral Amount shall be deducted from the Employee's base salary in equal installments beginning the month of the Exchange Date, or, in the case of annual incentive, the full Deferral Amount shall be deducted from the applicable annual incentive award at the time of payment.

(2) Except as otherwise determined by the Committee, if the Employee's employment with the Company or a Subsidiary is terminated by the Company or Subsidiary for cause during the Employee Restricted Period or the Employee voluntarily terminates his employment during the Initial Employee Restricted Period with respect to a Share Unit, such non-vested Share Unit shall be forfeited and returned to the Company and in substitution thereof the Employee shall receive a cash payment equal to, (x) the lower of the Fair Market Value of the Share Unit (for purposes of this Agreement, Fair Market Value of a Share Unit shall be the average of the highest and lowest company stock price on the day of valuation or, if the Company's stock is

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not traded on such date, on the immediately preceding trading date) on the date of termination or the Deferral Amount, multiplied by (y) the percentage of the Deferral Amount collected by the Company prior to the date of termination.

In the event Employee voluntarily terminates his or her employment with the Company or a Subsidiary during a Rollover Employee Restricted Period with respect to a Share Unit, such non-vested Share Unit shall be forfeited and returned to the Company and in substitution thereof, the Employee shall receive a cash payment equal to (i) the Fair Market Value of the Share Unit on the effective date of the most recent

A-6

Rollover Election if the Fair Market Value of such Share Unit on the date of termination is higher than the Fair Market Value of such Share Unit on the effective date of the most recent Rollover Election or (ii) the lower of the Fair Market Value of the Share Unit on the date of termination or the Deferral Amount if the Fair Market Value of such Share Unit on the date of termination is lower than the Fair Market Value of such Share Unit on the effective date of the most recent Rollover Election.

In the event Employee's employment with the Company is terminated by the Company without cause or Employee's employment is terminated due to Employee's Death, Disability, or Normal Retirement (which for purposes of this Section 7 shall be defined as retirement at age 65 or older) or termination is for any reason not specified elsewhere in this Subparagraph (b) (2) during an Employee Restricted Period with respect to a Share Unit, each such non-vested Share Unit shall be forfeited and returned to the Company and in substitution thereof Employee shall receive a cash payment equal to (x) the higher of the Fair Market Value of the Share Unit on the date of termination or the Deferral Amount, multiplied by (y) the percentage of the Deferral Amount collected by the Company prior to the date of termination.

(c) During any Employee Restricted Period, Employee shall be entitled to receive additional Share Units equal in value (based on the Fair Market Value of a Share Unit on the record dividend date) to the amount of cash dividends said Employee would have received had he or she owned one (1) share of the Company's Common Stock for each Share Unit owned by such Employee on each record dividend date during such Employee Restricted Period.

(d) Once a Share Unit becomes vested, each Share Unit shall be returned to the Company in exchange for payment in the form of cash or stock, as determined by the Committee, in an amount equal to the Fair Market Value of the Share Unit on the Vesting Date of Record. Payment shall be made within ninety (90) days of vesting.

### 8. Stock Option Exercise

(a) The exercise price for Stock Options issued under the Plan shall be paid in full when the Stock Option is exercised. The exercise price may be paid (i) in cash, (ii) in whole shares of Stock owned by the option holder at least six months prior to exercise, valued at Fair Market Value on the date of exercise, or (iii) by a combination of such methods of payment. In addition, a Stock Option holder may exercise the Stock Option by providing assurance from a broker registered under the Exchange Act of the delivery of the proceeds of an imminent sale of the Stock to be issued pursuant to the exercise of the Stock Option, such sale to be made at the direction of the Stock Option holder. In the case of Participants, the foregoing shall be subject to such terms, conditions and limitations as the Committee may specify from time to

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time.

(b) The holder of a Stock Option shall have none of the rights of a shareholder until exercise of the Option and the issuance of shares of Stock pursuant to it.

### 9. General Restrictions

The Committee may, in its sole discretion, elect to defer the exercise, vesting or payment of an Award (or any part thereof) granted under the Plan, if necessary to avoid the loss of a deduction by the Company under Section 162(m) of the Code.

### 10. Rights of a Participant

A Participant receiving any Award under the Plan, unless otherwise provided by the Plan or decided by the Committee, shall have no rights as a shareholder unless and until certificates for shares of stock are issued to him.

A-7

### 11. Termination of Employment or Service

(a) Except as provided in Paragraph 7, the effect of termination of a Participant's employment with the Company upon any outstanding Awards shall be determined by the Committee in its sole discretion as specified in the documentation evidencing a particular award.

(b) Nothing in the Plan or in any agreement entered into pursuant to the Plan shall confer upon any Participant the right to continue in the employment or service of the Company or its Subsidiaries as a Participant, or affect any right which the Company or such Subsidiaries may have to terminate the employment or service of such Participant. For purposes of this Plan and notwithstanding anything to the contrary contained elsewhere in this Plan, no termination of a Participant's employment, Board service, or consulting service with the Company within the meaning of this Plan shall be deemed to have occurred by virtue of the Company entering into any agreement with respect to, the public announcement of, the approval by the Company's shareholders or directors of, or the consummation of, any transaction or series of integrated transactions, if, prior to the occurrence of such transaction or series of integrated transactions, a majority of the Continuing Directors (as defined in Section 18 hereof) then in office determine that such transaction or series of integrated transactions should not be treated as a termination of a Participant's employment or Board service or consulting service with the Company within the meaning of this Plan.

### 12. Withholding

The Company shall have the right to withhold from any payments made under this Plan, or to collect as a condition of payment, any taxes required by law to be withheld. At any time when a Participant is required to pay to the Company an amount required to be withheld under applicable income tax laws in connection with a distribution of shares of Stock pursuant to this Plan, the Participant may satisfy this obligation in whole or in part by electing to have the Company withhold from such distribution shares of Stock having a value equal to the amount required to be withheld. The value of the shares of Stock to be withheld shall be based on the Fair Market Value of the Stock on the date that the amount of tax to be withheld shall be determined. The rules governing such withholding elections, including the date or dates by which such an election must be made, shall be determined by the Committee as necessary and in compliance with Rule 16b-3.

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### 13. Restrictions on Transfer

Except as otherwise provided in this Paragraph 13, no Stock Option or other Award under the Plan shall be assignable or transferable by the Participant other than by will or by the laws of descent and distribution and all Stock Options shall be exercisable during the Participant's lifetime only by the Participant. The Committee may, in its sole discretion, when and if permitted by Rule 16b-3, establish guidelines providing for the irrevocable transfer, without payment of consideration, of any Stock Option, other than Incentive Stock Options, by the Participant to a member of the Participant's immediate family or to a trust, partnership or other pass-through entity, whose beneficiaries are members of the Participant's immediate family. For purposes of this Paragraph 14, the term "immediate family" shall include the Participant's spouse, children and grandchildren.

### 14. Non-Uniform Determinations

The Committee's determinations under the Plan (including without limitation determinations of the Participants to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the agreements evidencing same, and the establishment of values and performance targets) need not be uniform and may be made by the Committee selectively among Participants who receive, or are eligible to receive, Awards under the Plan, whether or not such Participants are similarly situated.

### 15. Adjustments in Stock and Related Adjustments

In the event of a reclassification, recapitalization, merger, consolidation, reorganization, issuance of warrants or other rights, stock dividend, stock split or reverse stock split, cash dividend, property dividend, including,

A-8

without limitation, a distribution of the stock of a Subsidiary, combination or exchange of shares, repurchase of shares, or any other change in the capital structure of the Company in order to prevent dilution or enlargement of rights, the Committee shall determine the appropriate adjustments, if any, to (a) the number of shares of stock which may be issued under the Plan, (b) the number of shares issuable and the exercise price per share pursuant to an outstanding Award theretofore granted under this Plan and, (c) the number and kind of shares which may underlie an Award granted pursuant to Paragraph 5(d).

### 16. Amendment or Termination

The Committee at any time and from time to time may suspend, terminate, modify or amend the Plan; provided, however, that an amendment which requires stockholder approval in order for the Plan to continue to comply with Rule 16b-3, Section 162(m), or Section 422 of the Code or any other law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of stockholders. No suspension, termination, modification or amendment of the Plan may adversely affect any Award previously granted without the written consent of the Participant.

### 17. Duration of the Plan

The Plan shall remain in effect until all Awards under the Plan have been satisfied by the issuance of Stock or the payment of cash, but no Award shall be granted more than ten years after the date the Plan is approved by the shareholders of the Company, which shall be the Plan's effective date.

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### 18. Change in Control

For purposes of the Plan, a "Change of Control" shall have occurred if:

(a) Any corporation, person or other entity (other than the Company) makes a tender or exchange offer for shares of Stock and shares are purchased pursuant thereto ("Offer");

(b) More than fifty percent of the Company Stock is acquired by any person or group;

(c) During the period of two consecutive years, individuals who at the beginning of such period were members of the Board cease for any reason to constitute at least a majority thereof (unless the election, or the nomination for election by the Company's shareholders, of each new Director was approved by a vote of at least two-thirds of the Directors then still in office who were Directors at the beginning of the period); or

(d) The shareholders of the Company approve a definitive agreement to merge the Company with another corporation where the Company is not the surviving corporation or survives only as a subsidiary of another corporation, to consolidate the Company with another corporation, or sell or otherwise dispose of substantially all of the Company's assets.

In the event of the occurrence of a Change of Control, then from and after the date of the first purchase of Stock pursuant to the Offer, or the date on which public announcement of the acquisition of such percentage of stock shall have been made, or the date on which such change in the composition of the Board shall have occurred, or the date of any such shareholder approval, all Stock Options and Stock Appreciation Rights and other Awards granted pursuant to the Plan which remain outstanding shall automatically become exercisable in full, whether or not otherwise exercisable, and all other Awards under the Plan shall be vested as determined by the Committee. Notwithstanding the foregoing, no "Change of Control" shall be deemed to have occurred by virtue of any of the events set forth above if, prior to the occurrence of such event, a majority of the Continuing Directors then in office determine that such event should not be treated as a "Change of Control" for purposes of this Plan. "Continuing Director" shall mean any member of the Board of Directors of the Company who is a member of the Board of Directors as of the date of this Agreement and any person who subsequently becomes a member of the Board of Directors, if such person's nomination for election or election to the Board of Directors is recommended or approved by a majority of the Continuing Directors.

A-9

### 19. Intent; Separability

All Incentive Stock Options granted hereunder are intended to comply with Section 422 of the Code and, to the extent applicable, Section 424 of the Code, and all provisions of this Plan and all Incentive Stock Options granted hereunder shall be construed in such manner as to effectuate that intent. This Plan and all Stock Options, stock appreciation rights, and other awards and rights granted hereunder are intended to satisfy the conditions of Rule 16b-3, as amended, and all provisions of this Plan and all Stock Options, Stock Appreciation Rights, and other awards and rights granted hereunder shall be construed in such manner as to effectuate that intent. If any of the terms or provisions of this Plan conflict with the requirements of Rule 16b-3 (as it may be amended from time to time) or Sections 422 and 424 of the Code (as they

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may be amended from time to time), then such terms or provisions shall be deemed inoperative to the extent that they so conflict with such requirements.

20. Governing Law

To the extent that Federal laws do not otherwise control, this Plan shall be construed in accordance with and governed by the law of the state of Mississippi.

A-10

[LOGO] ChemFirst Inc.(R) 2002 ANNUAL MEETING

You are cordially invited to attend the annual meeting of stockholders of ChemFirst Inc. The meeting will be held Tuesday, May 21, 2002, 1:30 p.m. (CDT) at the Hilton Jackson, 1001 East County Line Rd., Jackson, Mississippi.

Please mark the boxes on the proxy card to indicate how your shares should be voted. Sign and return your proxy as soon as possible in the enclosed postpaid envelope. To vote in accordance with the Board of Directors' recommendations, just sign and date the proxy card where indicated - no boxes need be checked.

Votes are tabulated by American Stock Transfer & Trust Co. Any comments noted on the proxy card or an attachment will be forwarded to the Corporate Secretary by American Stock Transfer. Please indicate if you have any comments by marking the appropriate box.

James L. McArthur  
Secretary

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CHEMFIRST INC.

This Proxy is Solicited on Behalf of the Board of Directors  
for the Annual Meeting on May 21, 2002

The undersigned hereby appoints Michael J. Ferris, John F. Osborne, William A. Percy and R. Gerald Turner and each of them with the power of substitution and revocation, as attorneys and proxies to appear and vote all shares of Common Stock held by the undersigned, at the Annual Meeting of ChemFirst Inc. to be held on May 21, 2002 and at any and all adjournments thereof, and the undersigned hereby instructs said proxies to vote as indicated on all matters referred to on the reverse side and described in the proxy statement for the meeting, and in accordance with their judgement on all other matters that may properly come before the meeting.

All proxies will vote as specified on the reverse side. IN THE ABSENCE OF SPECIFIC INSTRUCTIONS, PROXIES WILL VOTE (1) FOR the election of the director nominees; (2) FOR the Amendment to the 1998 Long-Term Incentive Plan; and (3) on all other matters that may properly come before the meeting in accordance with their judgement. To vote FOR the Board of Directors' recommendations, just sign and date the reverse side - no boxes need be checked.

(To Be Signed on Reverse Side)  
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Please date, sign and mail your  
proxy card back as soon as possible.

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Annual Meeting of Stockholders  
CHEMFIRST INC.

May 21, 2002

. Please Detach and Mail in the Envelope Provided .

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A [X] Please mark your  
votes as in this  
example.

FOR all nominees  
(except as marked to  
the contrary below)

WITHHOLD AUTHORITY  
to vote for all nominees  
listed below

1. Election of [ ] [ ]  
Directors

Nominees:

Three year term to expire 2005

Richard P. Anderson

Robert P. Guyton

J. Kelley Williams

(Instructions: To withhold authority to vote for any individual nominee(s),  
print their name(s) in the space provided below.)

-----  
2. Amendment to the 1998 Long-Term Incentive Plan FOR[ ] AGAINST[ ] ABSTAIN[ ]

3. In their discretion upon such other matters as may properly come before the  
meeting. (Cross out this no. 3 if vote is withheld.)

Mark box at right if an address change [ ]  
or comment has been made

PLEASE SIGN, DATE AND RETURN THIS PROXY CARD USING THE ENCLOSED ENVELOPE.

Signature(s)

Date:

-----  
Note: Please sign name(s) exactly as appearing hereon. When signing as attorney,  
executor, administrator, or other fiduciary, please give your full title  
as such. Joint owners should each sign personally.  
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