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HERCULES INC  
Form DFAN14A  
July 21, 2003

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JULY 21, 2003

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

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
(AMENDMENT NO.)

Filed by the Registrant    
Filed by a Party other than the Registrant    
Check the appropriate box:   
 Preliminary Proxy Statement   
 Confidential, For Use of the Commission Only (as permitted by   
Rule 14a-6(e)(2))   
 Definitive Proxy Statement   
 Definitive Additional Materials   
 Soliciting Material Pursuant to Rule 14a-12

HERCULES INCORPORATED  
(Name of Registrant as Specified in Its Charter)

THE HERCULES SHAREHOLDERS' COMMITTEE FOR NEW MANAGEMENT  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):   
 No fee required.   
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.   
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or the Form or Schedule and the date of its filing.   
(1) Amount Previously Paid:   
(2) Form, Schedule or Registration Statement No.:   
(3) Filing Party:   
(4) Date Filed:

THE HERCULES SHAREHOLDERS' COMMITTEE FOR NEW MANAGEMENT  
17 State Street, New York, NY 10004

July 21, 2003

Fellow Hercules Shareholder:

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With the proxy contest coming to a close, Joyce has REFUSED TO RESPOND to the Committee's well documented allegations concerning the Company's lagging performance under his leadership, his poor business judgment as evidenced by the sale of the BetzDearborn business at the worst possible time, the \$570 million pension fiasco, his ever escalating compensation which is unrelated to Company and shareholder performance, the \$9 per share LBO offer, his support for Hercules' anti-shareholder, corporate governance practices and last, but not least, the fact that Hercules' stock price during Joyce's 26-month tenure has underperformed its specialty chemical peers by almost 30%. Joyce has also REFUSED TWO SEPARATE INVITATIONS TO DEBATE a representative of the Committee, including one to be held in Wilmington before Hercules employees who are shareholders of the Company. APPARENTLY, JOYCE BELIEVES THAT HE'S ACCOUNTABLE TO NO ONE - NOT EVEN YOU.

Joyce prefers instead to resort to attacks on the Committee, relying on the "red-herring" claim that its attempt to have its nominees elected to a majority of the Board seats without paying shareholders a "control premium" is for some reason inappropriate.

CONSIDER THE FOLLOWING FACTS AND DECIDE FOR YOURSELF HOW DISINGENUOUS JOYCE'S CONTENTION REALLY IS.

Joyce took control of Hercules without shareholder approval when a failed Hercules Board, with a long history of poor business judgment, elected him CEO in May 2001. Joyce promptly consolidated his control by appointing, again without shareholder approval, five hand-picked directors. In order to retain control, Joyce has supported every management entrenchment device, including the staggered Board system, poison pill, and, until only two weeks ago, a highly unusual if not unique election Bylaw. Not only has Joyce never paid a "control premium" to Hercules shareholders nor invested \$1 of his own money in Hercules shares, but he initiated, encouraged, and with an LBO firm proposed to participate in, an outrageously low \$9 per share offer for the Company only several months ago.

In contrast to Joyce's acquisition of control, if the Committee's nominees are elected to a majority of the Board seats in this proxy contest, this change of control will have come as a result of two separate proxy contests reflecting the will of the Company's shareholders. Moreover, the control and tenure of the Committee's nominees will be limited BY THEIR OWN COMMITMENT to eliminate not only the poison pill but the staggered

Board -- so that if Hercules shareholders are for any reason unhappy with the performance of our directors, they will have the option to replace the Board at any one annual election.

\* \* \* \* \*

IN THE FINAL ANALYSIS, THE CRITICAL QUESTION FOR HERCULES SHAREHOLDERS IS WHO WILL BETTER SERVE THE SHORT, INTERMEDIATE, AND LONG TERM INTERESTS OF HERCULES SHAREHOLDERS.

When it comes to their short and intermediate term interests, the choice is between the Committee and its nominees:

- o Whose efforts in connection with this proxy context have contributed in no small measure we believe to the increase of Hercules' stock price from \$8.12 per share on February 11, 2003, the day prior to ISP's indication of its intention to wage a

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proxy contest, to the Company's current stock price of \$11 per share. Parenthetically, this is the only period in Joyce's tenure at Hercules in which the Company's stock price has outperformed that of its peers.

- o Who have obtained the commitment of ISP, should the Committee prevail in this proxy contest, to NOT ONLY RETAIN ITS CURRENT HOLDING OF 9.9 MILLION HERCULES SHARES BUT PURCHASE AN ADDITIONAL 10 MILLION SHARES -- 5 MILLION SHARES IN A TENDER OFFER AT A PRICE OF \$12 PER SHARE AND 5 MILLION SHARES IN AN OPEN MARKET PURCHASE PROGRAM OVER THE FOLLOWING TWELVE MONTHS. In addition, the Committee has pledged to eliminate the poison pill, which will have the effect of permitting the Company's largest shareholder to increase its stake in accordance with its long-standing request for permission to do so.

OR

Joyce, who after two years of attempting to sell the Company the best he could do was initiate a \$9 per share offer, and whose failed leadership has resulted in the Company's stock price underperforming that of its peers by almost 30%.

ASK YOURSELF: WHOSE ELECTION WILL BE BETTER FOR THE SHORT AND INTERMEDIATE TERM PRICE PERFORMANCE OF HERCULES SHARES?

We believe that the choice is equally clear when it comes to the long-term interests of Hercules shareholders:

The Committee, whose members will have an investment in the Company of more than \$250 million, include two individuals who are proven managers of SUCCESSFUL SPECIALTY CHEMICALS COMPANIES, and who will elect a top flight, "roll up your sleeves"

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CEO whose primary objective will be to enhance shareholder values for all Hercules shareholders as a result of a new and revitalized vision for the Company's remaining businesses.

OR

Joyce, whose disastrous record at Union Carbide, his caretaker CEO role at Hercules whose singular focus on cost-cutting has now largely run its course, and whose lack of vision with regard to Betz Dearborn and inability to see the potential for this business as evidenced by what GE has been able to achieve within just 14 months of the acquisition, does not auger well for Joyce's ability to realize the full potential of Hercules' remaining businesses.

ASK YOURSELF: WHOSE ELECTION WILL BE BETTER FOR THE REALIZATION OF LONG-TERM VALUES FOR HERCULES SHAREHOLDERS?

\* \* \* \* \*

WE ASK YOU TO JOIN IN OUR EFFORT TO MAXIMIZE FOR ALL HERCULES SHAREHOLDERS THE FULL POTENTIAL OF OUR INVESTMENTS IN THE COMPANY. IF YOU AGREE WITH US, PLEASE SIGN, DATE, AND RETURN THE COMMITTEE'S NOMINEES' WHITE PROXY CARD - TODAY!

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Please do not underestimate the importance of your vote in this election regardless of the number of shares you own. Even if you have already returned a GOLD proxy card to management, you have every right to change your mind and vote for the Committee's nominees by using the enclosed WHITE proxy card. REMEMBER, ONLY THE LATEST DATED PROXY COUNTS.

Sincerely,

THE HERCULES SHAREHOLDERS' COMMITTEE FOR NEW MANAGEMENT

|                              |                          |                                |                         |
|------------------------------|--------------------------|--------------------------------|-------------------------|
| /s/Samuel J. Heyman<br>----- | /s/Harry Fields<br>----- | /s/Anthony T. Kronman<br>----- | /s/Sunil Kumar<br>----- |
| Samuel J. Heyman             | Harry Fields             | Anthony T. Kronman             | Sunil Kumar             |

|                             |                          |                               |                              |
|-----------------------------|--------------------------|-------------------------------|------------------------------|
| /s/Gloria Schaffer<br>----- | /s/Vincent Tese<br>----- | /s/Raymond S. Troubh<br>----- | /s/Gerald Tsai, Jr.<br>----- |
| Gloria Schaffer             | Vincent Tese             | Raymond S. Troubh             | Gerald Tsai, Jr.             |

(SEE BACK PAGE FOR IMPORTANT VOTING INSTRUCTIONS)

IMPORTANT

PLEASE RETURN YOUR WHITE PROXY CARD AND DO NOT RETURN ANY OF THE COMPANY'S GOLD PROXY CARDS, EVEN AS A PROTEST VOTE AGAINST HERCULES. ANY GOLD PROXY CARD YOU SIGN FOR ANY REASON COULD INVALIDATE PREVIOUS WHITE PROXY CARDS SENT BY YOU TO SUPPORT THE COMMITTEE.

IF YOU HAVE ALREADY RETURNED A GOLD PROXY CARD, YOU HAVE EVERY RIGHT TO CHANGE YOUR MIND AND VOTE FOR THE COMMITTEE'S NOMINEES BY USING A WHITE PROXY CARD. REMEMBER, ONLY THE LATEST DATED, SIGNED PROXY COUNTS.

WITH THE ANNUAL MEETING ONLY DAYS AWAY, WE ENCOURAGE YOU TO FORWARD YOUR PROXY, BY FACSIMILE, PRIOR TO 3 P.M. ON THURSDAY, JULY 24TH. THIS WILL ALLOW SUFFICIENT TIME FOR YOUR VOTE TO BE PROCESSED. WHILE VOTING WILL CONTINUE UNTIL THE POLLS CLOSE ON JULY 25TH, WE CANNOT GUARANTEE THAT LAST MINUTE VOTES WILL BE PROCESSED IN TIME FOR THE ANNUAL MEETING.

Your vote is important. If you have questions or need assistance in voting your shares, please call:

GEORGESON [LOGO OMITTED] SHAREHOLDER

17 State Street, 10th Floor  
 New York, NY 10004  
 (866) 288-2190 (Toll Free)  
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Banks and Brokerage Firms please call:  
(212) 440-9800

TO ENSURE YOUR VOTE IS COUNTED, PLEASE FAX YOUR WHITE  
PROXY CARD (TOLL FREE) TO (877) 260-0406