

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective.

RIGHTS OFFERING PROCEDURES

1. Introduction

Each Holder¹ of a General Unsecured Claim, whose General Unsecured Claim has been allowed for voting purposes, or a Noteholder Claim (an “**Eligible Holder**”) has the right, but not the obligation, to purchase New Common Stock (the “**Rights Offering**”) pursuant to the rights offering subscription exercise form (the “**Rights Exercise Form**”), which will be sent to each Eligible Holder contemporaneously with the Disclosure Statement. The Rights Exercise Form will indicate the price per share of New Common Stock (the “**Rights Exercise Price**”) payable in connection with such an exercise. Any reference to an Eligible Holder’s Rights Exercise Price shall mean the Rights Exercise Price multiplied by the number of shares of New Common Stock such Eligible Holder elected and duly purchased in accordance with and subject to these Rights Offering Procedures. For purposes of these Rights Offering Procedures, an Eligible Claim Transfer Shareholder who purchases one or more Allowed General Unsecured Claims in accordance with the Claim Transfer Procedures and validly exercises Rights with respect thereto shall be deemed to be an Eligible Holder.

Each Eligible Holder shall have the right to purchase up to its New Common Stock Pro Rata Share (as defined below) of the New Common Stock that is subject to the Rights Offering, not including the Backstop Reserve (the “**Initial Rights**”). “**New Common Stock Pro Rata Share**” means the ratio (expressed as a percentage) of such holder’s Rights Participation Claim Amount (as defined below) to the aggregate amount of all Rights Participation Claim Amounts available to Eligible Holders as of the Record Date. In addition, the Rights Exercise Form will provide that Eligible Holders that have exercised their full pro rata share of Initial Rights may indicate the amount of additional Rights (the “**Additional Rights**”) that they would like to exercise in the event that the Rights Offering is under-subscribed (an “**Under-Subscription**”) as of the deadline for returning Rights Exercise forms (the “**Rights Offering Deadline**”). No Eligible Holder will be granted or allowed to exercise any fractional Rights.

In the event of an Under-Subscription, Eligible Holders that elected to exercise Additional Rights will be entitled to purchase a number of additional shares of New Common Stock in an amount equal to the number of Additional Rights elected on each Eligible Holder’s Rights Exercise Form; provided, however, that in the event that Eligible Holders, in the aggregate, attempt to exercise more Additional Rights than are available for all Eligible Holders electing to exercise Additional Rights, Eligible Holders will only be able to exercise their pro rata share of Additional Rights (as determined by the Rights Participation Claim Amounts of all such Eligible Holders). The Initial Rights and Additional Rights are collectively referred to herein as the “**Rights**.”

The Rights Offering will be backstopped by the Backstop Group in exchange for a \$6.25 million fee and the right to subscribe for, and acquire, up to 15% of the New Common Stock being issued pursuant to the Rights Offering (the “**Direct Purchase Option**”).

¹ All capitalized terms used, but not defined herein, shall have the meanings ascribed to them in the Amended Plan.

Each Right can be exercised for one share of New Common Stock. An aggregate of 15,936,703 shares of New Common Stock will be available upon the exercise of Initial Rights; provided, however, that the number of shares available for the exercise of Additional Rights may be increased by up to 2,812,359 shares if the Backstop Parties do not exercise the Direct Purchase Option.

“Claim Transfer Shareholder Claim” means the General Unsecured Claims that an Eligible Claim Transfer Shareholder acquired by exercising its rights pursuant to the Claim Transfer Procedures.

“Disclosure Statement” means that certain Disclosure Statement, approved by the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”) on October 19, 2007.

“Subscription Agent” means Financial Balloting Group LLC, in its capacity as such.

“Rights Participation Claim Amount” means, (a) in the case of a Noteholder Claim, the principal amount adjusted for unaccrued interest of such Noteholder Claim as of the Record Date; and (b) in the case of any General Unsecured Claim other than a Noteholder Claim, the amount of such Claim listed on the Rights Exercise Form, which shall reflect the amount of such General Unsecured Claim that is allowed for voting purposes, or such other amount as may be adjudicated in an order of the Bankruptcy Court at least five (5) calendar days prior to the Voting Deadline.

Notwithstanding anything contained in the Plan to the contrary, under no circumstances shall any Holder of a General Unsecured Claim that is not entitled to vote on the Plan pursuant to the Disclosure Statement Order have any Rights Participation Claim Amount with respect to such General Unsecured Claim.

Before exercising any Rights, Eligible Holders should read the Disclosure Statement, including the section entitled, “Risks Related to Solutia's Business and Industry” and the valuation of the Reorganized Debtors contained therein.

A written prospectus for the offering may be obtained from Financial Balloting Group, LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017 or at www.fbgdocuments.com/soi.

2. Commencement/Expiration of the Rights Offering

The Rights Offering shall commence on the day upon which the Rights Exercise Forms are mailed to Eligible Holders (the **“Commencement Date”**). The Rights Offering shall expire on the Rights Offering Deadline. Each Eligible Holder intending to participate in the Rights Offering must affirmatively make a non-binding election to exercise its Rights on or prior to the Rights Offering Deadline in accordance with the provisions of Section 3 below.

As promptly as practicable following the Voting Deadline, Solutia shall deliver, or cause to be delivered, to each Eligible Holder that has sought to exercise Rights or their bank, broker, agent or other nominee a written statement specifying the Rights, including the Additional Rights, each Eligible Holder may purchase.

3. Exercise of Rights

Exercise of Initial Rights

Each Eligible Holder may designate on its Rights Exercise Form whether it wishes to exercise its Initial Rights and such designation shall be non-binding.

Each Eligible Holder is entitled to participate in the Rights Offering solely to the extent of its Rights Participation Claim Amount, together with any Additional Rights to the extent available in the event of an Under-Subscription, provide, however, that an Eligible Holder may only elect to subscribe for Additional Rights if they elect to fully subscribe to their Initial Rights.

Each Eligible Holder may exercise all or any portion of such holder's Rights pursuant to the procedures outlined below, as appropriate.

Exercise of Additional Rights

Any Eligible Holder that exercises all of its Initial Rights may indicate on its Rights Exercise Form how many additional shares of New Common Stock such Eligible Holder wishes to purchase through the exercise of Additional Rights.

Exercise by Holders of General Unsecured Claims

To exercise the Rights, each Eligible Holder (excluding Eligible Holders that hold Noteholder Claims or Claim Transfer Shareholder Claims) must deliver a duly completed Rights Exercise Form so that such form is actually received by the Subscription Agent on or before the Rights Offering Deadline. If, on or prior to the Rights Offering Deadline, the Subscription Agent for any reason does not receive from an Eligible Holder or its intermediary a duly completed Rights Exercise Form, such Eligible Holder shall be deemed to have relinquished and waived its Rights.

To facilitate the exercise of the Rights, on the Commencement Date, Solutia will mail or cause to be mailed a Rights Exercise Form to each Eligible Holder or its intermediary as of the Record Date, together with instructions for the proper completion, due execution and timely delivery of the Rights Exercise Form to the Subscription Agent.

Exercise by Holders of Noteholder Claims

For an Eligible Holder of a Noteholder Claim to exercise its Rights, such holder must provide its instruction to its bank, broker, or other nominee or to its agent. The bank, broker, or other nominee or agent, in turn, must then convey the instruction to the Subscription Agent on or before the Rights Offering Deadline. For purposes of this Rights Offering, Wilmington Trust Company, in its capacity as Indenture Trustee, shall not constitute a Nominee and shall have no responsibility with respect to sending any Rights Offering information or collecting any Rights Offering Forms.

To facilitate the exercise of the Rights for Holders of Noteholder Claims, on the Commencement Date, Solutia will deliver Rights Exercise Forms to the record holders of such Claims, including, without limitation, brokers, banks, dealers, or other agents or nominees (the "**Subscription Nominees**"). Each Subscription Nominee will be entitled to receive sufficient copies of the Rights Exercise Form and Disclosure Statement for distribution to the beneficial owners of the Noteholder Claims for whom such Subscription Nominee holds such Noteholder Claims. The Subscription Nominees may use the Rights

Exercise Form provided or such other form as they may customarily use for the purpose of obtaining instructions with respect to a rights offering.

Exercise by Holders of Claim Transfer Shareholder Claims

To facilitate the exercise of the Rights for Holders of Claim Transfer Shareholder Claims, Solutia will include the Claim Transfer Procedures and Equity Claim Purchase Election Form in the Solicitation Packages provided to Eligible Claim Transfer Shareholders eligible to vote as of the Voting Record Date.

Payment for Rights

As soon as practicable after the Registration Statement filed with the SEC on Form S-1 is declared “effective” by the SEC, Solutia shall deliver to each Eligible Holder that has indicated an interest to exercise its Initial Rights (and Additional Rights, if applicable) a notice setting forth the number of shares of New Common Stock such Eligible Holder is entitled to purchase, such Holder’s Total Exercise Price and instructions for payment of such Holder’s Exercise Price.

If, on or prior to the payment deadline set forth in such instructions, which deadline shall be approximately ten calendar days after the notices described above are distributed, the Subscription Agent for any reason does not receive on behalf of the Eligible Holder immediately available funds by wire transfer or bank cashier’s check in an amount equal to the Total Exercise Price for such Eligible Holder’s Rights, such Eligible Holder shall be deemed to have relinquished and waived its Rights.

Subsequent determination of Rights Participation Claim Amount

If, after the Record Date but at least five (5) calendar days prior to the Voting Deadline, a Holder of a General Unsecured Claim becomes entitled to Initial Rights, or a different amount of Initial Rights than initially granted, as a result of a Bankruptcy Court order estimating, allowing, disallowing or reclassifying such Claim, such Eligible Holder shall be permitted to participate in the Rights Offering with respect to such new Rights Participation Claim Amount.

Disputes, Waivers, and Extensions

Any and all disputes concerning the timeliness, viability, form and eligibility of any exercise of Rights shall be addressed in good faith by Solutia in consultation with the Creditors’ Committee, and the Equity Committee with respect to Rights exercised by Eligible Claim Transfer Shareholders, and subject to a final determination by the Bankruptcy Court, the determinations of which shall be final and binding. Solutia, in consultation with the Creditors’ Committee and subject to Bankruptcy Court approval, may seek to waive any defect or irregularity, or permit a defect or irregularity to be corrected, within such times as they may determine in good faith to be appropriate, or reject the purported exercise of any Rights. Subscription instructions shall be deemed not to have been properly completed until all irregularities have been waived or cured within such time as Solutia determines in their discretion reasonably exercised in good faith. Solutia reserves the right, but are under no obligation, to give notice to any Eligible Holder regarding any defect or irregularity in connection with any purported exercise of Rights by such Eligible Holder and Solutia may, but are under no obligation, to permit such defect or irregularity to be cured within such time

as they may determine in good faith, in consultation with the Creditors' Committee, the Equity Committee with regard to Rights exercised by Eligible Claim Transfer Shareholders, and subject to Bankruptcy Court approval, to be appropriate; provided, however, that none of Solutia, the Subscription Agent, the Creditors' Committee, or the Equity Committee shall incur any liability for failure to give such notification.

Solutia, with the approval of the Bankruptcy Court and Creditors' Committee, and following advance written notice to the Noteholders' Committee, may extend the duration of the Rights Offering or adopt additional detailed procedures to more efficiently administer the distribution and exercise of the Rights.

Funds

The payments made in accordance with the Rights Offering (the "**Rights Offering Funds**") shall be deposited when made and held by the Subscription Agent in escrow pending the Effective Date in an account or accounts (a) which shall be separate and apart from the Subscription Agent's general operating funds and any other funds subject to any lien or any cash collateral arrangements and (b) which segregated account or accounts will be maintained for the purpose of holding the money for administration of the Rights Offering and the Equity Purchase Offering until the Effective Date. The Subscription Agent shall not use the Rights Offering Funds for any purpose other than to release the funds as directed by Solutia on the Effective Date and shall not encumber or permit the Rights Offering Funds to be encumbered by any lien or similar encumbrance.

Waiver

Each Holder that participates in the Rights Offering shall be deemed by virtue of such participation, to have waived and released, to the fullest extent permitted under applicable law, all rights, claims or causes of action against Solutia, Reorganized Solutia and each of their respective subsidiaries and affiliates, the Creditors' Committee and the Subscription Agent arising out of or related to the receipt, delivery, disbursements, calculations, transmission or segregation of cash, Rights and shares of New Common Stock in connection with the Rights Offering.

4. Transfer Restriction; Revocation

Pursuant to the Plan, and subject to the Claim Transfer Procedures, the Rights are not transferable independently of the underlying General Unsecured Claims or Noteholder Claims from which such Rights arise. Except with regard to Rights acquired pursuant to the Claims Transfer Procedures, Rights may only be exercised by or through the Eligible Holder entitled to exercise such Rights on the Record Date. Any such independent transfer or attempted transfer of the Rights, aside from a transfer pursuant to the Claim Transfer Procedures, will be null and void and Solutia will not treat any purported transferee as the holder of any Rights. Once the Eligible Holder of a General Unsecured Claim, Noteholder Claim, or Claim Transfer Shareholder Claim has properly exercised its Rights and paid its Total Exercise Price, such exercise will not be permitted to be revoked by such Eligible Holder.

5. Subsequent Adjustments

If, as of the Rights Offering Deadline, as a result of allowances of General Unsecured Claims or Noteholder Claims or other actions following the Record Date, more than all of the New Common Stock subject to the Rights Offering has been subscribed for (other than as a result of the exercise of Additional Rights in the event of an Under-Subscription), each properly exercising holder of a General Unsecured Claim, Noteholder Claim, or Claim Transfer Shareholder Claim shall have the Rights which it may exercise reduced on a pro rata basis. The difference between the price actually paid by such exercising holder and the Rights Exercise Price that such holder is required to pay after giving effect to the reduction, if any, shall be refunded, without interest, as soon as reasonably practicable after the Effective Date. Any adjustment to Rights shall first be made to the Additional Rights, if any.

6. Inquiries And Transmittal Of Documents; Subscription Agent

The exercise instructions contained in the Rights Exercise Form should be carefully read and strictly followed.

Questions relating to the Rights Offering should be directed to the Subscription Agent at the following phone number:

**Financial Balloting Group LLC
(800)-809-3247**

The risk of non-delivery of all documents and payments is on the Eligible Holders electing to exercise their Rights, not Solutia or the Subscription Agent.

7. Rights Offering Conditioned Upon Confirmation of The Plan; Reservation of Rights

All exercises of Rights are subject to and conditioned upon the confirmation of the Plan and the occurrence of the Effective Date of the Plan. Notwithstanding anything contained herein, the Disclosure Statement or the Plan to the contrary, Solutia and Reorganized Solutia and each of their respective subsidiaries and affiliates reserve the right, in consultation with the Creditors' Committee and the Equity Committee, to modify these Rights Offering Procedures in order to comply with applicable law.

