

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re	: Chapter 11
	: :
<b>SOLUTIA INC., et al.,</b>	: Case No. 03-17949 (PCB)
	: :
Debtors.	: (Jointly Administered)
	: :
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**THIS ORDER APPLIES TO:**

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| <input checked="" type="checkbox"/> All Debtors            | <input type="checkbox"/> Axio Research Corporation          |
| <input type="checkbox"/> Solutia Inc.                      | <input type="checkbox"/> Solutia Investments, LLC           |
| <input type="checkbox"/> Solutia Business Enterprises Inc. | <input type="checkbox"/> Beamer Road Management Company     |
| <input type="checkbox"/> Solutia Systems, Inc.             | <input type="checkbox"/> Monchem, Inc.                      |
| <input type="checkbox"/> Solutia Overseas, Inc.            | <input type="checkbox"/> Solutia Inter-America, Inc.        |
| <input type="checkbox"/> CPFilms Inc.                      | <input type="checkbox"/> Solutia International Holding, LLC |
| <input type="checkbox"/> Solutia Management Company, Inc.  | <input type="checkbox"/> Solutia Taiwan, Inc.               |
| <input type="checkbox"/> Monchem International, Inc.       | <input type="checkbox"/> Solutia Greater China, Inc.        |

**ORDER (I) APPROVING THE DISCLOSURE STATEMENT;  
(II) ESTABLISHING A RECORD DATE FOR VOTING ON THE  
PLAN OF REORGANIZATION; (III) APPROVING SOLICITATION  
PROCEDURES; (IV) APPROVING RIGHTS OFFERING  
PROCEDURES; (V) APPROVING THE FORMS OF BALLOTS  
AND MANNER OF NOTICE; AND (VI) ESTABLISHING NOTICE AND  
OBJECTION PROCEDURES FOR THE CONFIRMATION OF THE PLAN**

Hearings having been held on July 10, 2007, July 17, 2007, July 26, 2007, August 1, 2007 and October 19, 2007 (collectively, the "Hearings") before the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") to consider the motion dated May 25, 2007 (as supplemented on the record at the Hearings from time to time, the "Motion") of Solutia Inc. and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), for entry of an order (I) Approving the

Disclosure Statement, (II) Establishing a Record Date for Voting on the Plan of Reorganization, (III) Approving Solicitation Packages and Procedures for the Distribution Thereof, (IV) Approving the Procedures for the Rights Offerings, (V) Approving the Forms of Ballots, (VI) Establishing Procedures for Voting on the Plan, and (VII) Establishing Notice and Objection Procedures for the Confirmation of the Plan, all as more fully set forth in the Motion; and the Bankruptcy Court having jurisdiction to consider the Motion; and the relief requested therein being a core proceeding pursuant to 28 U.S.C. §§ 157 and 1334; and venue being proper before this Bankruptcy Court pursuant to 28 U.S.C. §§ 1408 and 1409; and the Debtors having filed with this Bankruptcy Court Solutia's Fifth Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code (the "Disclosure Statement") dated October 19, 2007 and Solutia's Fifth Amended Joint Plan of Reorganization Under Title 11 of the United States Code (the "Bankruptcy Code"), dated October 19, 2007 (the "Amended Plan"); and the Affidavit of Service sworn to on May 30, 2007 (the "Affidavits") having been filed with the Bankruptcy Court; and the Bankruptcy Court having reviewed the Disclosure Statement, the Motion, the papers in support thereof, and the responses thereto, if any; and each of the objections to the Disclosure Statement or the Motion having been either (a) withdrawn or rendered moot by proposed modifications to the Disclosure Statement or (b) overruled; and upon the Disclosure Statement, the Motion, the papers in support thereof and the responses thereto, if any, and the Affidavits, and the record of the Hearings; and the Bankruptcy Court having found and determined that the legal and factual bases set forth in the Motion and at the Hearings establish just cause for the relief granted herein; and that the relief requested in the Motion is in the best interests of the Debtors, their estates, and creditors; and upon all of the proceedings had before the Bankruptcy Court; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND THAT:

A. Notice of the Motion and the Hearings, provided in the manner described in the Motion, was sufficient and appropriate under the circumstances, complied with the requirements of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “Local Bankruptcy Rules”), and no other and further notice need be provided.

B. The Solicitation Procedures,<sup>1</sup> a copy of which is annexed hereto as Exhibit A, are incorporated herein by reference and form an integral and indivisible part of this Order, provide a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

C. Ballots will be provided to holders of claims in Class 3 (Senior Secured Note Claims)<sup>2</sup>, Class 5 (CPFilms Claims), Class 11 (Monsanto Claim), Class 12 (Noteholder Claims), Class 13 (General Unsecured Claims), Class 14 (Retiree Claim), Class 15 (Pharmacia Claims), Class 19 (Security Claims) and holders of Equity Interests entitled to Vote in Class 20 (Equity Interests) (“Voting Equity Interests”) because these claims and interests are classified as being impaired by, and entitled to vote under, the Amended Plan.

D. The Ballots, including the Master Ballots, attached to this Order as Exhibits B-1 through Exhibit B-11, (i) are consistent with Official Form No. 14, (ii) adequately address the particular needs of these chapter 11 cases, (iii) are appropriate for each Class of

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Solicitation Procedures attached hereto as Exhibit A or the Amended Plan.

<sup>2</sup> The Ballots provided to holders of claims in Class 3 will be provisional Ballots and will only be counted in the event that Senior Secured Note Claims are determined to be impaired under the Amended Plan.

Claims or Equity Interests entitled to vote to accept or reject the Amended Plan, and (iv) comply with Bankruptcy Rule 3017(d).

E. Ballots need not be provided to holders of claims in Class 1 (Priority Non-Tax Claims), Class 2 (Secured Claims), Class 4 (Convenience Claims), Class 6 (NRD Claims), Class 7 (Insured Claims), Class 8 (Tort Claims), Class 9 (Legacy Site Claims), Class 10 (Equity Interests in all Debtors other than Solutia), Class 16 (Non-Debtor Intercompany Claims), and Class 17 (Debtor Intercompany Claims) because these classes are classified as being either unimpaired by the Amended Plan or are conclusively presumed to accept the Amended Plan in accordance with section 1126(f) of the Bankruptcy Code, or are otherwise deemed to have accepted the Amended Plan.

F. Ballots need not be provided to holders of claims in Class 18 (Axio Claims) because this class will not receive a distribution under the Amended Plan and is deemed to have rejected the Amended Plan in accordance with section 1126(g) of the Bankruptcy Code.

G. Ballots need not be provided to holders of interests classified in Class 20 (Equity Interests in Solutia Inc.) who do not hold sufficient interests to be entitled to receive at least one Warrant or to purchase one share of New Common Stock pursuant to the Equity Purchase Option because such holders (the “Non-Voting Solutia Equity Holders”) will not receive a distribution under the Amended Plan.

H. The period during which the Debtors may solicit votes to accept or reject the Amended Plan, as established by this Order, provides sufficient time for (i) creditors to make informed decisions to accept or reject the Amended Plan and submit timely Ballots to the Debtors’ voting agent, Financial Balloting Group LLC (the “Voting Agent”), and (ii) Nominees<sup>3</sup>

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<sup>3</sup> For purposes of soliciting votes on the Amended Plan, or in connection with the Rights Offering, The Wilmington Trust Company and the Bank of New York shall not constitute “Nominees” and are not responsible

for Beneficial Owners of the public bonds or Solutia Stock as identified in the Amended Plan (the 2027/2037 Notes, the Senior Secured Notes, and the Voting Equity Interests) to distribute the Ballots to Beneficial Owners, for such Beneficial Owners to complete and timely submit such Ballots to the Nominees (or if such Ballots have been “prevalidated” by the Nominees, to the Voting Agent) and for the Nominees to complete and timely submit Master Ballots to the Voting Agent.

I. The contents of the Solicitation Packages, including the Confirmation Hearing Notice annexed to this Order as Exhibit C, comply with Bankruptcy Rules 2002 and 3017 and constitute sufficient notice to all interested parties in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Local Bankruptcy Rules.

J. Notice to individual Retirees is due and sufficient even though individual Retirees will not receive Solicitation Materials, but instead (a) will receive the Retiree Notice (attached to this Order as Exhibit D) regarding the terms of the Retiree Settlement Agreement and the treatment of their Claims under the Amended Plan and upcoming hearings in these chapter 11 cases at which the Debtors and the Retirees’ Committee will seek approval of the Retiree Settlement pursuant to section 1114(e)(1)(B) of the Bankruptcy Code and Bankruptcy Rule 9019, and (b) the Retirees’ Committee, as the authorized representative for the Retirees, will receive Solicitation Materials and is authorized and empowered to vote the Retiree Claim on behalf of all Retirees.

K. Notice to Holders of Tort Claims is due and sufficient even though such Holders will not receive Solicitation Materials, but instead will receive the Tort Notice regarding

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(Continued...)

for sending any solicitation packages to or collecting and voting a Master Ballot for any Beneficial Owner of the 2027/2037 Notes or the Senior Secured Notes.

the treatment of their Claims pursuant to the Amended Plan. A copy of the Tort Notice is attached to this Order as Exhibit E.

L. The Rights Offering Procedures set forth in Exhibit F to this Order will allow the Debtors to efficiently transmit to Eligible Holders the materials necessary to participate in the Rights Offering and afford such Eligible Holders a fair and reasonable opportunity to subscribe for the Rights.

M. The Equity Purchase Procedures set forth in Exhibit J to this order will allow the Debtors to efficiently transmit to Eligible Stockholders the materials necessary to participate in the Equity Purchase Offering and afford such Eligible Stockholders a fair and reasonable opportunity to subscribe for the Equity Purchase Rights, as defined in the Equity Purchase Procedures.

N. The Claim Transfer Procedures set forth in Exhibit K to this order provide Eligible Claim Transfer Holders the opportunity to exchange their Allowed General Unsecured Claims for Cash and provide Eligible Claim Transfer Shareholders a fair and reasonable opportunity to acquire such Allowed General Unsecured Claims.

O. The Debtors and Industrial Waste Area Generator Group II (“IWAG”) have agreed that the entry of this Order shall be without prejudice to IWAG’s rights to raise any and all issues at the Confirmation Hearing of the Debtors’ proposed Amended Plan. Therefore, nothing in the Disclosure Statement or in this Order shall prejudice IWAG’s rights in any way to raise any and all issues through an objection to the confirmation of the Debtors’ proposed Amended Plan.

ACCORDINGLY, IT IS HEREBY ORDERED THAT:

1. The Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code and hereby is approved.
2. The Solicitation Procedures annexed hereto as Exhibit A are hereby approved.
3. The Retiree Notice substantially in the form attached hereto as Exhibit D is hereby approved.
4. The Tort Notice substantially in the form attached hereto as Exhibit E is hereby approved.
5. Where appropriate herein, findings of fact shall be deemed conclusions of law and conclusions of law shall be deemed findings of fact.
6. The Ballots and Master Ballots, substantially in the forms attached hereto as Exhibits B-1 through Exhibit B-11, are approved. The appropriate Ballots and Master Ballots shall be distributed to holders of Claims or Equity Interests in the following Classes entitled to vote to accept or reject the Amended Plan:

<u>Class 3 Ballots and Master Ballots</u>	Senior Secured Note Claims
<u>Class 5 Ballots</u>	CPFilms Claims
<u>Class 11 Ballot</u>	Monsanto Claim
<u>Class 12 Ballots and Master Ballots</u>	Noteholder Claims
<u>Class 13 Ballots</u>	General Unsecured Claims
<u>Class 14 Ballot</u>	Retiree Claim

Class 15 Ballots

Pharmacia  
Claims

Class 19 Ballots

Security  
Claims

Class 20 Ballots and Master Ballots

Voting Equity  
Interests<sup>4</sup>

7. The Ballots and Master Ballots for holders of claims in Class 3 (Senior Secured Note Claims) will not be counted and shall be disregarded for all purposes in the event that the Senior Secured Note Claims are determined to be unimpaired under the Amended Plan.

8. The Confirmation Hearing Notice, substantially in the form attached to this Order as Exhibit C, is approved. The Debtors shall serve and publish copies of the Confirmation Hearing Notice in accordance with the Solicitation Procedures attached hereto as Exhibit A. Such service and publication constitute reasonable and sufficient notice of the time, date and location of the Confirmation Hearing pursuant to Bankruptcy Rule 2002.

9. No later than seven (7) Business Days after the Record Date (the "Solicitation Date"), the Debtors shall mail or cause to be mailed the Solicitation Packages.

10. The Debtors are authorized to distribute the Solicitation Packages without the Plan Supplement and are directed to file the Plan Supplement with the Bankruptcy Court and serve the Plan Supplement on (i) U.S. Trustee; (ii) counsel for the Creditors' Committee; (iii) counsel for the agent for the Debtors' postpetition secured lenders; (iv) counsel for the Ad Hoc Notes Committee; (v) counsel for the Retirees' Committee; (vi) counsel for the Equity Committee; (vii) counsel for the Ad Hoc Trade Committee; (viii) counsel for Monsanto; (ix) counsel for Pharmacia; and (x) counsel for the Prepetition Indenture Trustee, no later than ten

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<sup>4</sup> Only Holders of at least 11 shares of Solutia Stock as of the Record Date shall be entitled to vote to accept or reject the Amended Plan (See Article III.B of the Amended Plan).

(10) calendar days prior to the Confirmation Hearing. After it is filed, the Plan Supplement will be available for review at [www.solutia.com/reorganization](http://www.solutia.com/reorganization) or [www.fbgdocuments.com/soi](http://www.fbgdocuments.com/soi).

11. With respect to Holders of Claims and Equity Interests not entitled to vote to accept or reject the Amended Plan pursuant to sections 1126(f) or 1126(g) of the Bankruptcy Code, the Debtors shall mail the appropriate Notice of Non-Voting Status, Retiree Notice or Tort Notice, substantially in the form of Exhibit D, E, G, H, or I, annexed to this Order, as applicable; provided, however, that the Notices of Non-Voting Status, the Retiree Notice and the Tort Notice shall provide that a copy of the Amended Plan and Disclosure Statement may be viewed at [www.solutia.com/reorganization](http://www.solutia.com/reorganization) or [www.fbgdocuments.com/soi](http://www.fbgdocuments.com/soi), or obtained free of charge by contacting the Voting Agent at (646) 282-1800.

12. With respect to entities at addresses from which Disclosure Statement Hearing Notices were returned as undeliverable by the United States Postal Service, the Debtors are excused from distributing Solicitation Packages to those entities unless the Debtors are able, using reasonable efforts, to obtain an accurate address for such entities before the Solicitation Date, and failure to distribute Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing, the Voting Deadline, or violation of Bankruptcy Rule 3017(d).

13. Pursuant to Bankruptcy Rule 3018(a), the record date for purposes of determining which Holders of Claims and Equity Interests are entitled to receive Solicitation Packages and, where applicable, vote on the Amended Plan shall be October 22, 2007, (the "Record Date"). The Debtors shall specify the Record Date in the Confirmation Hearing Notice. Only Holders of Claims and Equity Interests as of the Record Date shall be entitled to vote to

accept or reject the Amended Plan, and where applicable, make any election set forth on the Ballot or participate in the Rights Offering.

14. To be counted as votes to accept or reject the Amended Plan, all Ballots and Master Ballots cast on behalf of Beneficial Holders must be properly executed, completed and delivered to the Voting Agent either by (a) first-class mail, in the return envelope provided with each Ballot, (b) overnight courier, or (c) personal delivery so that, in each case, they are actually received by the Voting Agent at Financial Balloting Group, LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017, Attn: Solutia Inc. by no later than **5:00 p.m., Eastern Time, on November 26, 2007** (the “Voting Deadline”), which date shall be included in the Disclosure Statement, each Ballot, and any notice of the Confirmation Hearing contained in the Solicitation Packages or otherwise distributed or published by the Debtors. The Debtors, subject to the Court’s approval, shall have the ability to extend in writing the Voting Deadline.

15. The Confirmation Hearing will be held at **11:00 a.m., Eastern Time, on November 29, 2007**; provided, however, that the Confirmation Hearing may be adjourned from time to time by the Court or the Debtors without further notice to parties other than an announcement in Court at the Confirmation Hearing or any adjourned Confirmation Hearing; provided, further, however, that notice of any such adjournments will be set forth on (a) the Court’s website at [www.nysb.uscourts.gov](http://www.nysb.uscourts.gov) for registered users of the Public Access to Court Electronic Records (PACER) System, (b) the Voting Agent’s website at [www.fbgdocuments.com/soj](http://www.fbgdocuments.com/soj), and (c) the Debtors’ website at [www.solutia.com/reorganization](http://www.solutia.com/reorganization).

16. Objections, if any, to confirmation of the Amended Plan or proposed modifications to the Amended Plan, if any, must (a) be in writing, (b) state the name and address of the objecting party and the amount and nature of the claim or interest of such party, (c) state

with particularity the basis and nature of any objection to the confirmation of the Amended Plan, and (d) be filed, together with proof of service, with the Court and served so that they are received by (i) the Clerk of the Court, (ii) counsel for the Debtors, (iii) the U.S. Trustee, (iv) counsel to the Creditors' Committee, (v) counsel for the agents for the Debtors' postpetition secured lenders, (vi) counsel to the Ad Hoc Notes Committee, (vii) counsel to the Retirees' Committee, (viii) counsel to the Equity Committee, (ix) counsel to the Ad Hoc Trade Committee, and (x) counsel to the Prepetition Indenture Trustee, at the addresses set forth in the Confirmation Hearing Notice, no later than **November 21, 2007 at 5:00 p.m., Eastern Time** (the "Confirmation Objection Deadline").

17. In the event that multiple objections to confirmation of the Amended Plan are filed, the Debtors and any other party in interest are authorized to file a single, omnibus reply to such objections.

18. The certification of Ballots shall be filed no later than November 28, 2007 at 2:00 p.m., Eastern Time.

19. The Debtors are authorized to make non-substantive changes, with the consent of Monsanto, the Creditors' Committee and, with respect to provisions directly affecting holders of Equity Interests, the Equity Committee, which consent shall not be unreasonably withheld, to the Disclosure Statement, Amended Plan, Ballots, Master Ballots, Confirmation Hearing Notice, Rights Exercise Form, the Retiree Notice, the Tort Notice, and related documents by filing an errata sheet approved by the Court. These non-substantive changes shall include, changes to correct typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Amended Plan, and any other materials in the Solicitation Package prior to their distribution.

20. The Rights Offering Procedures, Rights Exercise Form and Master Rights Exercise Form set forth in Exhibit F to this Order and instructions are hereby approved.

21. The Equity Purchase Procedures, the Equity Purchase Forms and the Master Equity Purchase Form set forth in Exhibit J to this Order and instructions are hereby approved.

22. The Claim Transfer Option Notice, the Claim Transfer Procedures and the Equity Claim Purchase and Right Exercise Form set forth in Exhibit K to this order and instruction are hereby approved.

23. The Retiree Committee is authorized to vote the \$35 million Retiree Claim on behalf of all Retirees.

24. The Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of, and the relief granted in, this Order without seeking further order of the Court.

25. All time periods set forth herein shall be calculated in accordance with Bankruptcy Rule 9006(a).

26. The Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

27. This Order shall be effective and enforceable upon its entry.

Dated: New York, New York  
October 19, 2007

/s/ Prudence Carter Beatty  
UNITED STATES BANKRUPTCY JUDGE