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

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

- |  |   |
|--|---|
| <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.        |

**NOTICE OF (A) NOTIFICATION PROCEDURES APPLICABLE TO SUBSTANTIAL  
HOLDERS OF EQUITY SECURITIES AND (B) NOTIFICATION AND  
HEARING PROCEDURES FOR TRADING CLAIMS AND EQUITY SECURITIES**

**TO ALL PERSONS OR ENTITIES WITH  
EQUITY INTERESTS IN THE DEBTORS:**

PLEASE TAKE NOTICE that on December 17, 2003 (the “Commencement Date”), Solutia Inc. (“Solutia”) and certain of its direct and indirect subsidiaries, as debtors and

debtors in possession (collectively, the “Debtors”), each commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”).

PLEASE TAKE FURTHER NOTICE that on December 7, 2005, the Debtors filed the Debtors’ Motion for an Order Pursuant to Sections 105(a), 362(a)(3) and 541 of the Bankruptcy Code (A) Limiting Certain Transfers of Equity Interests in Solutia Inc. and (B) Approving Related Notice Procedures (Docket No. 2722) (the “Motion”).

PLEASE TAKE FURTHER NOTICE that on December 7, 2005, the United States Bankruptcy Court for the Southern District of New York entered the Order to Show Cause Scheduling a Hearing to Consider Debtors’ Motion for an Order Pursuant to Sections 105(a), 362(a)(3) and 541 of the Bankruptcy Code (A) Limiting Certain Transfers of Equity Interests in Solutia Inc. and (B) Approving Related Notice Procedures (Docket No. 2720) (the “Order to Show Cause”), setting a hearing on the Motion for February 1, 2006 at 2:30 p.m. and approving the procedures set forth in the Motion (the “Notice Procedures”) to preserve the Debtors’ net operating losses until such time as a final order could be entered on the Motion.

PLEASE TAKE FURTHER NOTICE that at a hearing held on February 1, 2006, the United States Bankruptcy Court for the Southern District of New York approved the terms of a the final Order Pursuant to Sections 105(a), 362(a)(3) and 541 of the Bankruptcy Code (A) Limiting Certain Transfers of Equity Interests in Solutia Inc. and (B) Approving Related Notice Procedures (Docket No. 2863) (the “Final Order”) attached hereto as Exhibit 1.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order to Show Cause and the Final Order, the Notice Procedures shall apply to the holding, acquiring, disposing and any other transfer of the “Equity Interests” (as defined in section 101 of the Bankruptcy Code) in and of Solutia (the “Equity Securities”) and related options.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Order to Show Cause and the Final Order, any sale, acquisition or other transfer of the Equity Securities in violation of the Notice Procedures shall be null and void ab initio and shall confer no rights on the transferee.

PLEASE TAKE FURTHER NOTICE that any person or entity may obtain a copy of the Order to Show Cause, the Final Order, the Motion, including the Notice Procedures and the forms of each of the required notices described therein by:

- (i) Requesting a copy by contacting the Debtors’ claim agent (the “Claims Agent”) at The Trumbull Group, P.O. Box 721, Windsor, Connecticut 06095, Phone: (866) 378-1484, or
- (ii) Retrieving the Order to Show Cause, the Motion and forms on the Claims Agent’s website at [www.trumbullgroup.com](http://www.trumbullgroup.com).

**ANY PROHIBITED ACQUISITION, DISPOSITION OR OTHER TRANSFER OF THE EQUITY SECURITIES IN VIOLATION OF THE ORDER TO SHOW CAUSE AND THE FINAL ORDER WILL BE NULL AND VOID AND IN CONTEMPT OF THE ORDER TO SHOW CAUSE AND THE FINAL ORDER AND APPROPRIATE SANCTIONS MAY APPLY.**

PLEASE TAKE FURTHER NOTICE that the requirements set forth in the Order to Show Cause, the Final Order and the Notice Procedures are in addition to the requirements of applicable securities, corporate and other laws and do not excuse compliance therewith.

Dated: February 24, 2006  
New York, New York

Respectfully submitted,

/s/ Jonathan S. Henes

Richard M. Cieri (RC 6062)

Robbin L. Itkin (RI 1019)

Jonathan S. Henes (JH 1979)

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**Exhibit 1**



creditors; it appearing that notice of the Motion was sufficient and no other or further notice need be provided; and after due deliberation and cause appearing therefor;

**IT IS HEREBY ORDERED THAT:**

1. ~~The Motion is granted~~ (SMB 2/21/06)
2. All sales or other transfers of Equity Securities or Options, in violation of the Notice and Hearing Procedures, by Substantial Equityholders or that result in an entity becoming a Substantial Equityholder are prohibited and shall be void ab initio.
3. The following Notice and Hearing Procedures are hereby approved:

**A. Notice Procedures for Transfers of Equity Securities**

- (1) Notice of Substantial Equityholder Status. Any person or entity (as defined for purposes of section 382 of the Internal Revenue Code of 1986, as amended and the Treasury Regulations thereunder that currently Beneficially Owns (as defined below) at least 4,700,681 shares (representing approximately 4.5% of all issued and outstanding shares) of the of the Equity Securities (a “Substantial Equityholder”) shall file with the Court and serve upon the Debtors’ counsel a notice of such status in the form attached as Exhibit B(1) to the Motion on or before the date that is thirty days after the entry of this Order.
  - (a) Beneficial Ownership. For purposes of this Order, beneficial ownership (“Beneficial Ownership”) of an “Equity Interest” (as defined in section 101 of the Bankruptcy Code) in and of Solutia (the “Equity Interests”) or an Option (as defined below) with respect to either (each of the foregoing, an “Interest”), consistent with section 382 of the IRC (including attribution rules), includes, without limitation:
    - (i) title ownership;
    - (ii) direct and indirect ownership (for example, a holding company would be considered to “beneficially own” all Interests owned or acquired by its subsidiaries);
    - (iii) ownership by family members;
    - (iv) ownership by persons acting in concert to make a coordinated acquisition of an Interest; and
    - (v) ownership of an Interest that a holder has a right to acquire through the ownership of an option, a contingent purchase right, a warrant, convertible debt or equity, a put, an Interest

subject to risk of forfeiture or a contract to acquire an Interest, regardless of whether such Interest or right to acquire is contingent or otherwise not currently exercisable (each such right or interest to acquire, an “Option”).

- (2) Acquisition of Equity Securities. Prior to effecting any acquisition of a Beneficial Ownership in the Equity Securities (including the acquisition of Option to acquire the Equity Securities) that would result in an increase in the amount of the Equity Securities Beneficially Owned by a Substantial Equityholder or would result in a person or entity (as defined for purposes of section 382 of the IRC) becoming a Substantial Equityholder (a “Proposed Equity Acquisition Transaction”), such person, entity or Substantial Equityholder (a “Proposed Equity Transferee”) shall file with the Court and serve on the Debtors’ counsel a Notice of Intent to Purchase, Acquire or Otherwise Accumulate an Equity Interest (an “Equity Acquisition Notice”), in the form attached as Exhibit B(2) to the Motion, specifically and in detail describing the intended transaction acquiring the Equity Securities.
- (3) Disposition of Equity Securities. Prior to effecting any disposition of a Beneficial Ownership in the Equity Securities (including the disposition of an Option to acquire the Equity Securities) that would result in a decrease in the amount of the Equity Securities Beneficially Owned by a Substantial Equityholder or that would result in a person or entity (as defined for purposes of section 382 of the IRC) ceasing to be a Substantial Equityholder (a “Proposed Equity Disposition Transaction”), such person, entity or Substantial Equityholder (a “Proposed Equity Transferor”) shall file with the Court and serve on the Debtors’ counsel a Notice of Intent to Sell, Trade or Otherwise Transfer an Equity Interest (an “Equity Disposition Notice”), in the form attached as Exhibit B(3) to the Motion, specifically and in detail describing the intended transaction disposing of the Equity Securities.
- (4) Objection Procedures. No later than the date that is thirty calendar days after the Debtors’ actual receipt of an Equity Acquisition Notice or an Equity Disposition Notice, as the case may be (the “Objection Deadline”), the Debtors may file with the Court and serve on a Proposed Equity Transferor or a Proposed Equity Transferee, as the case may be, an objection to any proposed transfer of the Equity Securities described in an Equity Acquisition Notice or an Equity Disposition Notice, as the case may be, on the grounds that such transfer would adversely affect the Debtors’ ability to utilize their NOLs (an “Objection”).
  - (a) If the Debtors timely file an Objection by the Objection Deadline, the Proposed Equity Acquisition Transaction or Proposed Equity Disposition Transaction, as the case may be, shall not be effective unless approved by an order of this Court, after notice and a hearing and such order is not subject to appeal, stay, modification or reconsideration.
  - (b) If the Debtors do not timely file an Objection by the Objection Deadline, the Proposed Equity Acquisition Transaction or Proposed Equity Disposition Transaction, as the case may be, may proceed only as specifically described

in an Equity Acquisition Notice or Equity Disposition Notice, as the case may be.

- (c) Any further transactions beyond the scope of the Equity Acquisition Notice or Equity Disposition Notice, as the case may be, must separately follow the notice procedure as set forth herein.

## **B. Other Notice Procedures**

- (1) Service of Procedures Notice. Following the filing of the Motion, the Debtors shall deliver a copy of the Notice of (A) Notification Procedures Applicable to Substantial Holders of Equity Securities and (B) Notification and Hearing Procedures for Trading in Equity Securities (the “Notice of Notification Procedures”) (a copy of which is attached as Exhibit C to the Motion) to the entities listed below. The Notice of Notification Procedures shall inform all recipients thereof how to obtain copies of these Notice Procedures and the relevant notices described herein.

- (a) the United States Trustee for the Southern District of New York,
- (b) counsel to the Creditors’ Committee,
- (c) counsel to the Retirees’ Committee,
- (d) counsel to the Equity Committee,
- (e) counsel to the agents for the Debtors’ post-petition secured bank lenders,
- (f) the indenture trustee for each of the public debt securities issued or guaranteed by the Debtors,
- (g) the labor organizations that are party to collective bargaining agreements with the Debtors,
- (h) counsel to any ad hoc committees for the public debt securities issued or guaranteed by the Debtors,
- (i) Pharmacia Corporation,
- (j) Monsanto Company,
- (k) the Securities and Exchange Commission,
- (l) the Internal Revenue Service,
- (m) those parties who have formally appeared and requested service in these cases pursuant to Bankruptcy Rule 2002;
- (n) the transfer agents for Solutia’s Equity Securities; and

- (o) any shareholder holding 4.5% or more of Solutia's issued and outstanding Equity Securities.
- (2) Upon receipt of the Notice of Notification Procedures, any transfer agent(s) for any Equity Securities shall, at least once every three months during the pendency of these chapter 11 cases, deliver the Notice of Notification Procedures to all holders of the Equity Securities registered with such transfer agent(s).
  - (a) Any such registered holder shall, in turn, deliver a copy of the Notice of Notification Procedures to any holder for whose account such registered holder holds such Equity Securities and so on down the chain of ownership.
  - (b) Any person or entity in their individual capacity (a "Prospective Seller") and any broker or agent acting on behalf of a Prospective Seller, who contemplates selling Beneficial Ownership in 4,700,681 shares, or more, of Equity Securities to another person or entity (a "Prospective Purchaser") must provide a copy of the Notice of Notification Procedures to each Prospective Purchaser or any broker or agent acting on behalf of a Prospective Purchaser.
- (3) The Debtors shall publish the Notice of Notification Procedures in the domestic editions of the *Wall Street Journal* and the *New York Times*.
- 4. The requirements set forth in these Notice and Hearing Procedures are in addition to the requirements of applicable securities, corporate and other laws and do not excuse compliance therewith.
- 5. The Court shall retain jurisdiction with respect to any matters, claims, rights or disputes arising from or related to the implementation of this Order.
- 6. Notwithstanding the provisions of Bankruptcy Rule 6004(g), this Order shall take effect immediately upon its entry.

Dated: February 21, 2006  
New York, New York

/s/ Stuart M. Bernstein  
UNITED STATES BANKRUPTCY JUDGE