

EXHIBIT A
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EXHIBIT B

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EXHIBIT C

SOLUTIA INC.
PROJECTED CONSOLIDATED INCOME STATEMENT
(DOLLARS IN MILLIONS)

	Actual 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012
NET SALES	\$ 2,795	\$ 3,561	\$ 3,878	\$ 4,123	\$ 4,210	\$ 4,280	\$ 4,430
Cost of Goods Sold	<u>2,435</u>	<u>3,049</u>	<u>3,206</u>	<u>3,373</u>	<u>3,383</u>	<u>3,424</u>	<u>3,524</u>
GROSS PROFIT	360	512	672	750	827	856	906
Marketing, Administrative and Technological Expense	272	302	340	355	369	377	390
Amortization Expense	<u>1</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>
OPERATING INCOME (LOSS)	87	208	329	392	455	477	513
Equity Earnings from Affiliates	38	13	--	--	--	--	--
Interest Expense, net	(100)	(137)	(171)	(153)	(140)	(122)	(113)
Other Income, net	16	56	3	1	1	2	4
Loss on Debt Modification	(8)	(7)	--	--	--	--	--
Reorganization Items, net	<u>(71)</u>	<u>426</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
INCOME (LOSS) BEFORE INCOME TAXES	(38)	559	161	240	316	357	404
Income Tax Expense	<u>18</u>	<u>22</u>	<u>48</u>	<u>91</u>	<u>103</u>	<u>113</u>	<u>127</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	(56)	537	113	149	213	244	277
Discontinued Operations, net of tax	<u>58</u>	<u>29</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
NET INCOME	<u>\$ 2</u>	<u>\$ 566</u>	<u>\$ 113</u>	<u>\$ 149</u>	<u>\$ 213</u>	<u>\$ 244</u>	<u>\$ 277</u>

SOLUTIONIA INC.
PROJECTED CONSOLIDATED BALANCE SHEET
(DOLLARS IN MILLIONS)

	Actual 2006	Projected 2007	Projected 2008	Projected 2009	Projected 2010	Projected 2011	Projected 2012
ASSETS							
CURRENT ASSETS:							
Cash and Cash Equivalents	\$ 150	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
Trade Receivables	271	435	448	479	501	513	513
Inventories	263	345	350	375	394	395	399
Prepaid Expenses and Other Assets	138	178	161	161	161	161	161
Assets of Discontinued Operations	42	4	--	--	--	--	--
TOTAL CURRENT ASSETS	863	992	989	1,045	1,086	1,099	1,103
PROPERTY, PLANT AND EQUIPMENT, net	784	1,058	1,087	1,137	1,156	1,173	1,182
INVESTMENTS IN AFFILIATES	193	1	2	2	2	2	2
OTHER ASSETS	219	2,488	2,435	2,363	2,335	2,333	2,293
TOTAL ASSETS	\$ 2,059	\$ 4,539	\$ 4,513	\$ 4,547	\$ 4,579	\$ 4,607	\$ 4,580
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)							
CURRENT LIABILITIES:							
Accounts Payable	\$ 218	\$ 307	\$ 316	\$ 330	\$ 332	\$ 340	\$ 349
Accrued Liabilities	233	235	250	298	372	461	547
Short-Term Debt	650	63	--	--	--	--	--
Liabilities of Discontinued Operations	15	4	--	--	--	--	--
TOTAL CURRENT LIABILITIES	1,116	609	566	628	704	801	896
LONG-TERM DEBT	210	1,620	1,582	1,485	1,318	1,090	791
OTHER LIABILITIES	289	1,110	1,042	951	849	758	652
LIABILITIES SUBJECT TO COMPROMISE	1,849	--	--	--	--	--	--
TOTAL LIABILITIES	3,464	3,339	3,190	3,064	2,871	2,649	2,339
SHAREHOLDERS' DEFICIT:							
Common Stock	1	1	1	1	1	1	1
Additional Contributed Capital	56	1,199	1,209	1,220	1,232	1,238	1,244
Treasury Stock, at Cost	(251)	--	--	--	--	--	--
Net Deficiency of Assets at Spin-off	(113)	--	--	--	--	--	--
Accumulated Other Comprehensive Loss	(67)	--	--	--	--	--	--
Retained Earnings (Deficit)	(1,031)	--	113	262	475	719	996
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(1,405)	1,200	1,323	1,483	1,708	1,958	2,241
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 2,059	\$ 4,539	\$ 4,513	\$ 4,547	\$ 4,579	\$ 4,607	\$ 4,580

SOLUTIA INC.
PROJECTED CONSOLIDATED FRESH START BALANCE SHEET
(DOLLARS IN MILLIONS)

	Projected December 31, 2007 Balance Sheet	Debt Discharge & Reclassifications	Exit Financing Facility Transactions	Fresh Start Adjustments	Reorganized December 31, 2007 Balance Sheet
ASSETS					
CURRENT ASSETS:					
Cash and Cash Equivalents	\$ 125	\$ (355)	\$ 260	\$ -	\$ 30
Trade Receivables	435	-	-	-	435
Inventories	345	-	-	-	345
Prepaid Expenses and Other Assets	<u>182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182</u>
TOTAL CURRENT ASSETS	1,087	(355)	260	-	992
PROPERTY, PLANT AND EQUIPMENT, net	1,058	-	-	-	1,058
INVESTMENTS IN AFFILIATES	1	-	-	-	1
OTHER ASSETS	<u>298</u>	<u>8</u>	<u>277</u>	<u>1,905</u>	<u>2,488</u>
TOTAL ASSETS	\$ 2,444	\$ (347)	\$ 537	\$ 1,905	\$ 4,539
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)					
CURRENT LIABILITIES:					
Accounts Payable	\$ 307	\$ -	\$ -	\$ -	\$ 307
Accrued Liabilities	194	75	(30)	-	239
Short-Term Debt	<u>1,086</u>	<u>-</u>	<u>(1,023)</u>	<u>-</u>	<u>63</u>
TOTAL CURRENT LIABILITIES	1,587	75	(1,053)	-	609
LONG-TERM DEBT	217	20	1,383	-	1,620
OTHER LIABILITIES	284	749	(52)	129	1,110
LIABILITIES SUBJECT TO COMPROMISE	<u>1,681</u>	<u>(1,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	3,769	(837)	278	129	3,339
SHAREHOLDERS' DEFICIT:					
Common Stock	1	-	-	-	1
Additional Contributed Capital	56	-	259	884	1,199
Treasury Stock, at Cost	(251)	-	-	251	-
Net Deficiency of Assets at Spin-off	(113)	-	-	113	-
Accumulated Other Comprehensive Loss	(63)	-	-	63	-
Retained Earnings (Deficit)	<u>(955)</u>	<u>490</u>	<u>-</u>	<u>465</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	(1,325)	490	259	1,776	1,200
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	\$ 2,444	\$ (347)	\$ 537	\$ 1,905	\$ 4,539

NOTES TO FINANCIAL PROJECTIONS

These Notes should be read in conjunction with the Plan, Disclosure Statement and Plan Supplement in their entirety.¹ Attached is a Projected Consolidated Income Statement, Projected Consolidated Balance Sheet and Projected Consolidated Cash Flow Statement, each of which includes the following: (a) Solutia's consolidated historical financial statement information for the year 2006; (b) consolidated projected financial statements (the "Projections") for Reorganized Solutia's six year period from 2007 through 2012 (the "Projection Period").² Also attached is a Projected Consolidated Fresh Start Balance Sheet reflecting the assumed effect of Confirmation and consummation of the transactions contemplated by the Plan on the presumed Effective Date.

THE PROJECTIONS HAVE BEEN PREPARED BY SOLUTIA'S MANAGEMENT WITH THE ASSISTANCE OF ROTHSCHILD, SOLUTIA'S FINANCIAL ADVISORS. SUCH PROJECTIONS WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND THE RULES AND REGULATIONS OF THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. SOLUTIA'S INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING PROJECTIONS AND, ACCORDINGLY, DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE COMPANY DOES NOT PUBLISH PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS.

MOREOVER, THE PROJECTIONS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS, AND UNCERTAINTIES, MANY OF WHICH ARE AND WILL BE BEYOND THE CONTROL OF REORGANIZED SOLUTIA, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, ACHIEVING OPERATING EFFICIENCIES, CURRENCY EXCHANGE RATE FLUCTUATIONS, EXISTING AND FUTURE GOVERNMENTAL REGULATIONS AND ACTIONS OF GOVERNMENT BODIES, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS, AND SOLUTIA AND REORGANIZED SOLUTIA UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND ASSUMPTIONS WHICH, THOUGH CONSIDERED REASONABLE BY SOLUTIA, MAY NOT BE REALIZED AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE AND WILL BE BEYOND REORGANIZED SOLUTIA'S CONTROL. SOLUTIA CAUTIONS THAT NO REPRESENTATIONS CAN BE MADE OR ARE MADE AS TO THE ACCURACY OF THE PROJECTIONS OR TO REORGANIZED SOLUTIA'S ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL BE INCORRECT. MOREOVER, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR, ALTERNATIVELY, MAY HAVE BEEN UNANTICIPATED, AND THUS THE OCCURRENCE OF THESE EVENTS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. SOLUTIA AND REORGANIZED SOLUTIA DO NOT INTEND

¹ Capitalized terms that are not otherwise defined herein shall have the meaning ascribed to them in the Plan or Disclosure Statement, as applicable.

² The Projections assume an Effective Date of December 31, 2007, and for the year 2007, include seven months of actual results and five months of projected results for Solutia (August through December).

AND UNDERTAKE NO OBLIGATION TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE THIS DISCLOSURE STATEMENT IS INITIALLY FILED OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS OR INTERESTS MUST MAKE THEIR OWN DETERMINATIONS AS TO THE REASONABLENESS OF SUCH ASSUMPTIONS AND THE RELIABILITY OF THE PROJECTIONS.

The Projections have been prepared with the assumption that the Effective Date is December 31, 2007, and are based on, and assume the successful implementation of, Reorganized Solutia's business plan. Although the Company presently intends to cause the Effective Date to occur as soon as practicable following confirmation of the Plan, there can be no assurance as to when the Effective Date will actually occur given the conditions required for the Effective Date to occur pursuant to the terms of the Plan. In accordance with fresh start accounting requirements and as of the Effective Date, the Company has eliminated its Liabilities Subject to Compromise account, reflected the anticipated Reorganized Solutia capital structure, and increased its assets to reflect the expected enterprise valuation assigned to Reorganized Solutia. The expected enterprise valuation will be in excess of the existing carrying values, and accordingly, an adjustment is necessary to reflect within the Reorganized Consolidated Balance Sheet the expected enterprise value and resulting necessary asset values. Within these Projections, the Company has assigned the increased asset value to the Goodwill account, within the Other Assets caption on the Consolidated Balance Sheet, as the information to appropriately allocate the asset step-up is not available at the time of this filing. The Company anticipates that this step-up will impact the Inventory, Fixed Assets and Other Assets accounts on the Consolidated Balance Sheet. Further, this allocation of step up will impact the Depreciation account within Cost of Good Sold and the Amortization Expense accounts on the Consolidated Income Statement, and could impact metrics such as Gross Profit, Operating Income, Income Before Income Taxes and Net Income throughout the Projection Period.

The Projections are based on, among other things: (a) current and projected market conditions in each of Reorganized Solutia's respective markets; (b) the ability to maintain sufficient working capital to fund operations; (c) final approval of the Exit Financing Facility; and (d) confirmation of the Plan.

The Projections include consolidated results for Reorganized Solutia's domestic and international operations (Debtor and Non-Debtor entities).

Projected Consolidated Income Statement Assumptions

Net Sales

Integrated Nylon Revenue: Solutia delivered total Nylon revenue of \$1,731 million in 2006, and anticipates a 13% increase in revenue in 2007 driven by increased Nylon Polymer and Plastics sales resulting from strong global demand and the reconfiguration of manufacturing assets previously utilized for carpet production. Volume increases by Vydyne Plastics are expected to continue throughout the projection period, but net sales are forecasted to remain generally flat from 2009 through 2012 because of corresponding volume declines in carpet fibers. The aforementioned increase in Vydyne Plastics volumes is driven by industry growth and enabled by the internal reconfiguration of assets. Over the Projection Period, it is assumed that a portion of the revenue generated by Integrated Nylon is formula based pricing, the key determinants of which are raw material and energy costs. Raw material and energy costs increased significantly in 2006 and 2007 but are forecasted to remain flat throughout the 2008 through 2012 projection period. Management actively monitors these key costs and, when appropriate, adjusts pricing accordingly.

SAFLEX® Revenue: Solutia delivered total SAFLEX revenue of \$663 million in 2006, and anticipates 10% revenue growth in 2007. Over the Projection Period, Solutia expects revenues to increase at rates above U.S. GDP due to increasing volumes and pricing initiatives during the early years of the Projection Period. Strong growth from 2006 to 2007 is due to continued strengthening of demand for interlayer products as overall growth rates in this industry continue to be above 5%. In the outer years of the Projection Period, revenue increases are due to higher volumes, which results in revenue of over \$950 million by the end of the Projection Period. The volume growth

assumption is based on recent growth rates in the industry. In specific, during the last four years ending in 2006, the compound average growth rate for the polyvinyl butyral ("PVB") industry was approximately 6%. Solutia believes this growth rate will continue throughout the Projection Period, and has premised volume growth in-line with the assumed industry growth rate. SAFLEX[®] volume growth is supported by the strategic investments previously announced by Solutia, including the building of a new manufacturing facility in China and expansion of an existing manufacturing facility in Belgium.

Flexsys Revenue: On May 1, 2007, Solutia completed the acquisition of Akzo Nobel N.V.'s 50% stake in Flexsys, the rubber chemicals joint venture between Akzo Nobel and Solutia. As a result, Solutia began consolidating the financial results of this entity beginning May 2007. In 2006 Flexsys delivered \$606 million in annual revenue; and expects to deliver revenues of approximately \$650 million in 2007. Within the projections, revenues for the final eight months of 2007 are included, which is \$446 million. A price increase announced in the second half of 2007 is causing the increase in revenues in comparison to 2006. However, over the Projection Period, Solutia expects gradual price erosion in some of its product offerings due to anticipated supply expansion by competitors within the rubber chemical industries. Overall, volumes are expected to continue to increase at rates consistent with the long term industry growth rates, which are in the range of 1% - 3%. Revenues from this business unit are projected to peak in 2008 at \$655 million but decline modestly to \$623 million by 2012.

CPFilms Revenue: Solutia delivered total CPFilms revenue of \$214 million in 2006, and anticipates an approximate 6% increase in revenue in 2007. Over the Projection Period, Solutia expects revenues to increase at a rate of approximately 13% per annum due to increasing volumes, pricing and the execution of certain strategic initiatives. The volume increases in all years of the Projections are a result of the continuing increase in the demand for these products, in particular within international markets. The CPFilms volume growth assumption is partially based on growth rates experienced within the window film industry, which have averaged 4% per year in each of the last seven years. The remaining volume growth will be driven by new applications, market and brand development, and global growth opportunities are driving above market growth rates. Solutia expects this business to generate revenue of approximately \$415 million by 2012.

Other Product Line Revenue: The other businesses of Solutia (primarily SKYDROL[®] brand aviation hydraulic fluids and THERMINOL[®] heat transfer fluids) delivered total revenue of \$187 million in 2006 and anticipates an approximate 7% increase in revenue in 2007. Solutia projects the collective revenue for these businesses to be approximately \$330 million by 2012 due to assumed industry growth in the established businesses, as well as through introduction of new specialty chemical product offerings.

Cost of Goods Sold (COGS)

Raw Material and Energy Costs: Solutia's operations are considerably impacted by raw material and energy costs, as they comprise between 52% and 76% of COGS. The vast majority of raw materials utilized, including propylene, benzene, cyclohexane, and polyvinyl alcohol, are derived from oil. In addition, most operations, in particular the Nylon manufacturing chain, utilize significant quantities of natural gas as their primary energy source. These raw material and energy costs significantly increased in 2006 and 2007 due to a strengthening of global demand for oil and oil derivatives. For the Projection Period, the Company has premised the price of crude oil to remain at current levels. Although additional supply of oil is expected to enter the market in the coming years, Solutia expects a continued increase in global demand which will prevent any softening in pricing. As is mentioned above, propylene and natural gas are two key drivers of raw material costs for Solutia. Management estimates that a 1 cent/lb change in propylene impacts the Company's cost profile by \$11 million and a 1MMBTU change in natural gas impacts the Company's cost profile by \$20 million. While the Company has experienced significant cost increases in propylene, natural gas and other key raw materials in recent years, the Company has been successful at passing these increases to its customers.

Other Cost of Goods Sold: Other Cost of Goods Sold includes conversion and fixed costs associated with manufacturing facilities; the most significant of which are payroll and related benefit expenses, repairs and maintenance, and depreciation. Solutia has assumed other cost of goods sold to be relatively flat over the Projection Period, as the inflationary impacts, assumed at 2%-3%, are offset by ongoing operating efficiency and cost reduction initiatives. These initiatives, and their resulting lower costs, are offset by capacity expansions premised within the SAFLEX[®] and CPFilms businesses.

The Projections include depreciation on a straight-line basis over the estimated remaining useful life of the fixed assets. The estimated remaining useful lives utilized vary from less than one year to over twenty-five years depending on the specific fixed asset. No amortization expense is recognized in the Projections with respect to intangible assets with an indefinite life. The depreciation and amortization expenses included within the Projected Consolidated Income Statement are based upon the historical cost basis of the assets. As indicated previously, the fair value adjustment for property, plant and equipment, and the resulting impact on depreciation expense due to fresh start accounting, have not been incorporated into these Projections.

Included within Other Cost of Goods Sold for 2009 is \$11 million of net one-time related charges for restructuring actions involving the closure of certain manufacturing locations.

Marketing, Administrative and Technological Expenses

Over the Projection Period, Marketing, Administrative and Technological expenses increase at a rate which approximates the projected revenue growth rate. The increase is primarily in the selling and marketing functions, and is in-line with the strategic focus on product mix improvement and further market penetration in certain world areas within the Nylon, SAFLEX® and CPFilms businesses. Specifically, this increase is due to the continued investment in the branding programs for products such as SAFLEX® and LLUMAR®. In addition, the Company continues to invest in building the appropriate commercial and logistic infrastructure in certain international regions to facilitate expansion. Activities relating to research and development and intellectual property are premised to grow in-line with revenue throughout the Projection Period. Finally, the increase from 2007 to 2008 is due to a one-time \$10 million gain recorded in the 2007 results due to sales of land at certain manufacturing facilities and the incorporation of Flexsys for a full year in 2008 versus eight months of 2007.

Interest Expense

The Projections assume a significant increase in interest expense through 2010 of the Projection Period due to an increased debt level assumed as of the Effective Date (as further described in the Projected Consolidated Balance Sheet Assumptions) in addition to higher costs resulting from a tightening credit market. Interest expense declines in the later years of the Projection Period due to the lower debt levels as a result of cash generated from the operations being significantly in excess of assumed investing activities. The 2007 expense includes an approximate one-time, \$6 million write-off of fees associated with the retirement of existing credit facilities as of the Effective Date.

Other Income, net

The increase in the 2007 Projection is comprised of two non-recurring events. The first event relates to a \$22 million gain for litigation settlement and the second event is a \$21 million gain related to a termination of a purchase contract by one of Solutia's customers.

Reorganization Items, net

Reorganization related expenses included in the Projections represent expenses incurred by Solutia prior to the Effective Date, as well as the resulting gain realized due to the application of fresh start accounting (as further described within the Projected Consolidated Balance Sheet Assumptions below).

Income Tax Expense

Solutia assumes a U.S federal statutory tax rate of 35% throughout the Projection Period. At December 31, 2007, the Company anticipates approximately \$1.4 billion of federal net operating loss carry-forwards ("NOLs"). The projections assume, despite limitations, the NOLs will offset all current U.S. taxable income during the Projection Period. The projections further assume substantially all earnings in Belgium during the projection period will be offset by interest expense on external and/or intra-group debt. The Belgium interest deductions are, in part, contingent upon restructuring the ownership of group companies in the US, Belgium and Holland. The restructuring itself is not expected to result in material tax payments and would not impact operations, but has yet to be implemented.

Loss on Debt Modification

In 2006 and 2007, Solutia recorded a charge of approximately \$8 million and \$7 million, respectively, to record the write-off of debt issuance costs and to record the DIP credit facility as modified at fair value.

