

THE SOLUTIA RETIREE SETTLEMENT: QUESTIONS AND ANSWERS

Retirees Age 65 and Over

1. *When will my retirement benefits change?*

Your medical and life insurance benefits will change soon after the confirmation of Solutia's plan of reorganization (the "Bankruptcy Plan") and after \$175 million is placed in trust to ensure future benefits will be provided to retirees, their dependents and surviving spouses (collectively "Retirees") whose benefits currently are paid by Solutia. The life insurance change will occur January 1, 2008, at the earliest. The medical benefits will change at the end of the 2008 Open Enrollment, which might be April 1, 2008.

2. *How will my medical benefits change?*

Under the pre-bankruptcy retiree benefits plan that settled the class action litigation in 2001, retirees were required to pay a percentage of Solutia's cost in providing medical benefits. The percentage varied by group. Retirees were put into eight groups according to date of retirement, with the oldest retirees paying the least. More recent retirees in Groups IIB and V were scheduled under the pre-bankruptcy plan to have their benefits terminated at age 65. This occurred during the bankruptcy case and will continue to occur as members of those groups reach age 65. Retirees in those groups whose benefits have already been terminated will not have their benefits reinstated after the Bankruptcy Plan is confirmed.

The Official Committee of Retirees, which was appointed pursuant to the Bankruptcy Code in the case, agreed to a settlement ("Retiree Settlement") that would require Solutia to pay a specific amount, without possibility of reduction, (the "Defined Dollar Limit") each year toward Retiree benefits. The Defined Dollar Limit is greater for those who have been retired the longest.

Retirees covered by the Settlement Agreement will pay for the remaining cost of their benefits, which is calculated by deducting the Defined Dollar Limit from the cost of providing the benefits and is called the "Defined Dollar Limit Amount".

The total amount that Solutia will pay in medical and prescription drug benefits for each Medicare-eligible Retiree (the "Maximum Aggregate Lifetime Benefit") remains at \$65,000. When a Retiree reaches this limit, all medical and prescription drug benefits will terminate. This Maximum Aggregate Lifetime Benefit will include all expenses incurred before and after the Bankruptcy Plan is confirmed.

3. *How much will I have to pay for my benefits?*

(a) Look below to paragraph 16 to determine the Group in which you belong. If you are in Groups IIB, V, or VI, when you are age 65 or older, you will receive no further plan medical benefits, but you will be entitled to life insurance benefits if you retired before December 31, 2001.

(b) Find your Group on the chart below to determine your Defined Dollar Limit. Although the benefits plan requires Retirees to pay the greater of 20% of the annual plan cost per Group or the Defined Dollar Limit Amount, the latter will in all likelihood be used in the calculation.

(c) When Solutia calculates the total cost of benefits next year, they will subtract the Defined Dollar Limit from the total estimated costs. The result is the yearly amount you will have to pay for your Solutia retiree medical benefits. Dividing by 12 will determine the monthly contribution.

There will be "sticker shock" when the Defined Dollar Limit Amount is calculated, because the Retiree's contribution will suddenly be based on medical premium costs for 2008, instead of for 2004 (the year at which the Bankruptcy Court ordered that benefits be frozen until Solutia's exit from bankruptcy).

4. *Will I be able to leave the Solutia retiree benefit plan and enroll in a Medicare supplement plan? What will happen if I leave the Solutia plan?*

Yes, you may enroll in another plan. But once you leave the Solutia plan, you cannot re-enroll. If you are entitled to life insurance benefits, they will be unaffected by your decision to drop the medical benefits.

5. *What are the advantages of the Solutia benefit plan?*

We believe the Solutia plan will be competitive with other Medicare supplement plans, but in any event will provide benefits to those Retirees who may be otherwise uninsurable due to pre-existing medical conditions. The plan will also offer prescription drug benefits that should provide cost savings compared with Medicare Part D plans.

Solutia will continue to subsidize your benefits. If Solutia should file another bankruptcy or go out of business, money held in trust (the "Retiree Trust"), will provide benefits to you even if Solutia is no longer in existence. The initial \$175 million deposit into the Retiree Trust will be supplemented by the proceeds of 1.22 million shares of new Solutia stock that will be put into the Trust on account of the \$35 million claim held collectively by the Retirees (the "Retiree Claim").

The trustee of the Retiree Trust will reimburse Solutia for 100% of the cost of providing benefits for the first year of the plan and 90% for each succeeding year. Based upon actuarial projections, the Trust is estimated to hold funds to secure Retiree benefits until at least the year 2020. The Trust removes much of the risk of relying on the success of the Bankruptcy Plan for future retiree benefits.

The Retiree Settlement requires retirees to pay an individual deductible equal to 50% of the Medicare Part A Deductible and then the 2008 retiree medical plan will pay 80% of otherwise Medicare-covered expenses thereafter. The participant will pay 20% up to \$50 maximum per 30-day supply of each prescription or refill at the local pharmacy, and 20% of the total cost per mail order prescription or refill. Solutia may make future limited changes to these benefit levels only as permitted by the Retiree Settlement.

6. *Will my cost be much higher than what I paid during Solutia's bankruptcy?*

Undoubtedly, yes. During the four years that Solutia has been in bankruptcy proceedings, a Bankruptcy Court order froze your benefits and contribution rates at January 2004 levels without yearly price adjustments that would have been passed onto you under the pre-bankruptcy retiree benefit plans. Because the post-bankruptcy Solutia benefit plan will be adjusted upward to 2008 prices after a four-year freeze; the prices will reflect four years of medical cost increases as well as an increase caused by benefit plan changes. There will be "sticker shock" because the premium will suddenly be based on medical costs for 2008 instead of for 2004.

7. *Will I be notified when I am getting close to my \$65,000 maximum lifetime aggregate benefit?*

Yes. The Retiree Settlement requires Solutia to notify each Retiree when 60% and 85% of the maximum benefit is reached.

Retirees Under Age 65

8. *What are my benefits if I am retired and I am under the age of 65?*

You will continue to receive benefits equal to the benefits provided under the active plan offered to current employees until you turn 65. You will pay a premium equal to the greater of 20% of the total cost or the excess of the total cost over the Defined Dollar Limit on the chart below.

9. *If I am disabled and under age 65, will I be affected by the Retiree Settlement?*

No. Solutia will continue to regard you as an active employee entitled to active employee benefits until you turn 65 under its current disability policies and procedures.

All Retirees

10. *Is having money in the Retiree Trust important?*

Yes. The Trust ensures that money will be available in the future to provide benefits for Retirees regardless of the success or failure of Solutia's Bankruptcy Plan. Compared to having shares in reorganized Solutia issued to the Trust, the cash deposits minimize any future risk that Solutia for any reason might be unable to pay or sponsor the retiree benefits plan.

If Solutia should file a second bankruptcy, the Trust would preserve a fund from which to provide continued retiree benefits.

11. *Is the Retiree Settlement fair?*

Yes, when compared with what other similarly situated creditors will receive in the bankruptcy case. General unsecured creditors will receive only shares in reorganized Solutia when the Bankruptcy Plan becomes effective. The expected cash recoveries to some unsecured creditors depends on their investment of more of their money in Solutia.

If the value of the frozen benefit levels paid in the four-year bankruptcy case is included, and a reasonable premium for receiving cash rather than future stock values is added to the return on the pre-bankruptcy Retiree claim, the Retirees actually receive a superior distribution on their retiree benefit claims compared with similarly situated creditors, according to financial advisors and actuaries employed by the Retirees Committee.

12. *Will benefits to Groups IIB and V be reinstated?*

No. Consistent with the pre-bankruptcy benefits plan, they will not be reinstated.

13. *Will I still have life insurance?*

Those who retired before December 31, 2001, will continue to have life insurance coverage if they were provided such coverage by Solutia at the time they retired. The policy limits will be no more than \$10,000 for those who retired from January 1, 1986 through December 31, 2001; and up to \$12,500 for those who retired prior to January 1, 1986.

14. *Why will the old Monsanto Company's successors get a release of claims from Retirees?*

As a condition of the Retiree Settlement, Retirees will give up any right to sue the former Monsanto Company and its successor, Pharmacia, for claims related to the transfer of retiree benefits obligations to Solutia in its corporate spin-off from Monsanto in 1997. As you may know, litigation regarding the transfer was settled in 2001 in the *Forsberg v. Solutia* class-action case. The *Forsberg* settlement provided for recourse against Pharmacia only if (A) Solutia stopped paying for retiree benefits entirely; and (B) Solutia was declared to be insolvent. If that occurred, claims against Pharmacia would be limited to the two claims brought in a consolidated lawsuit, *Baird v. Solutia*, and damages would be limited to unpaid benefits whose levels were set out in 2002 retiree benefit plans.

In consideration for the release, the new Monsanto Company on behalf of Pharmacia, will take on significant environmental tort liabilities for Solutia, renew favorable supply contracts with Solutia, and provide other economic assistance to help increase the chances of Solutia's continuing survival and long term viability. This is critical to enable Solutia to continue paying its share of retiree benefit costs and make its pension contributions.

The payment of money into the Retiree Trust will mean that Solutia is unlikely to stop providing benefits to the settling Retirees under the *Forsberg* settlement during their lifetimes, which minimizes or eliminates the need to have the limited ability to sue Monsanto or Pharmacia for Solutia's failure to pay benefits.

15. *Will someone monitor Solutia's compliance with the Retiree Settlement?*

Yes. A three-person Retiree Liaison Committee will be established to advise the trustee of the Retiree Trust and monitor compliance with the Retiree Settlement.

16. *Of what Retiree Group am I a member?*

Group IA means the group composed of (a) Former Pharmacia Participant members of a class certified in the Forsberg Settlement who were covered by a collective bargaining agreement between Pharmacia Corporation and a union and who retired under a Prior Plan that became effective prior to January 1, 1981; and (b) Surviving Spouses and covered Dependents of such class members.

Group IB means the group composed of (a) Former Pharmacia Participant members of a class certified in the Forsberg Settlement who were covered by a collective bargaining agreement between Pharmacia Corporation and a union and who retired under a Prior Plan that became effective on January 1, 1981; and (b) Surviving Spouses and covered Dependents of such class members.

Group IIA means the group composed of (a) Former Pharmacia Participant members of a class certified in the Forsberg Settlement who were covered by a collective bargaining agreement between Pharmacia Corporation and a union and who retired under a Prior Plan that became effective on or after January 1, 1986 and before December 1, 1994, and (b) Surviving Spouses and covered Dependents of such class members.

Group IIB means the group composed of members of a class certified in the Forsberg Settlement of (a) Former Pharmacia Participants who were covered by a collective bargaining agreement between Pharmacia Corporation and a union and who retired under a Prior Plan that became effective on or after December 1, 1994; (b) persons hired prior to February 1, 2002 who retired from the Company prior to January 1, 2003 and who at the time of their retirement were covered by a collective bargaining agreement between the Company and a union; (c) persons who were transferred to Flexsys America LP (“Flexsys”) at the time of the formation of Flexsys (April 30, 1995) and who were covered under a collective bargaining agreement between Pharmacia Corporation and a union and who had attained age 50 at the time of transfer from Pharmacia Corporation to Flexsys and who had attained age 50 and five years of Service prior to separating from service with Flexsys and who separated from service with Flexsys prior to enrolling for coverage under the Plan (years of service are not required for retiree life insurance coverage only); (d) persons who were transferred to Astaris LLC at the time of the formation of Astaris LLC (April 1, 2000) and who were members of a collective bargaining unit recognized by the Company and who had attained age 45 at the time of transfer from the Company to Astaris LLC and who attained age 55 and ten years of Service while employed with Astaris LLC; and (e) Surviving Spouses and covered Dependents of class members described in (a),(b), (c) or (d).

Group IIIA means the group composed of (a) Former Pharmacia Participant members of a class certified in the Forsberg Settlement who were not covered by a collective bargaining agreement between Pharmacia Corporation and a union and who retired under a Prior Plan that became effective prior to January 1, 1981, and (b) Surviving Spouses and covered Dependents of such class members.

Group IIIB means the group composed of (a) Former Pharmacia Participant members of a class certified in the Forsberg Settlement who were not covered by a collective bargaining agreement between Pharmacia Corporation and a union and who retired under a Prior Plan that became effective on January 1, 1981; and (b) Surviving Spouses and covered Dependents of such class members.

Group IV means the group composed of (a) Former Pharmacia Participant members of a class certified in the Forsberg Settlement who were not covered by a collective bargaining agreement and who (i) retired under a Prior Plan that became effective on or after January 1, 1986 and before December 1, 1990 or (ii) retired prior to June 25, 1992 under a Prior Plan that became effective January 1, 1991; and (b) Surviving Spouses and covered Dependents of such class members.

Group V means the group composed of (a) members of a class certified in the Forsberg Settlement who were not covered by a collective bargaining agreement and who retired on or after June 25, 1992 under a Prior Plan that became effective on or after December 1, 1990; (b) members of a class certified in the Forsberg Settlement who were not covered by a collective bargaining agreement and who retired on or after June 25, 1992 under a Prior Plan that became effective on or after December 1, 1990 and who were transferred to Flexsys at the time of the formation of Flexsys (April 30, 1995) and who had attained age 50 at the time of transfer from Pharmacia Corporation to Flexsys and who had attained age 50 and five years of Service prior to separating from service with Flexsys and who separated from service with Flexsys LLC prior to enrolling for coverage under the Plan (years of service are not required for retiree life insurance coverage only); and (c) members of a class certified in the Forsberg Settlement who were not covered by a collective bargaining agreement and who retired on or after June 25, 1992 under a Prior Plan that became effective on or after December 1, 1990 and who were transferred to Astaris LLC at the time of the formation of Astaris LLC (April 1, 2000) and who were at least 45 years of age at the time of transfer and who had attained age 55 and ten years of service while employed with Astaris LLC; and (d) Surviving Spouses and covered Dependents of such persons described in (a), (b) and (c).

Group VI means the group composed of persons who were not covered by a collective bargaining agreement and (a) who retired from the Company on or after January 1, 2002; (b) who were transferred to Flexsys at the time of the formation of Flexsys (April 30, 1995) and who had attained age 50 at the time of transfer from Pharmacia Corporation to Flexsys and who had attained age 50 and five years of service prior to separating from service with Flexsys and who separated from service with Flexsys prior to enrolling for coverage under the Plan; (c) who were transferred to Astaris LLC at the time of the formation of Astaris LLC (April 1, 2000) and who were at least 45 years of age at the time of transfer and who had attained age 55 and ten years of service while employed with Astaris LLC; and (d) Surviving Spouses and covered Dependents of such Retired Employees described in (a), (b) and (c).

17. *What will Solutia pay toward my benefits as a Defined Dollar Limit?*

The Defined Dollar Limit applicable to a Covered Group with respect to a Retired Employee or Surviving Spouse or Dependent Spouse (for Groups IIB, V and VI) who is not Medicare Eligible shall be determined by the following table:

COVERED GROUP	GROUPS IA, IB, IIA, IIB, IIIA, IIIB, IV, V, and VI
Retiree Only	\$6,600
Dependent Spouse or Surviving Spouse Only	\$5,100
Retiree & Spouse (under 65)	\$11,700
Retiree & Spouse (over 65)	\$7,950
Retiree and Child(ren)	\$9,000
Retiree, Spouse (under 65) & Child(ren)	\$14,100
Retiree, Spouse (over 65) & Children	\$10,350

The Defined Dollar Limit applicable to a Covered Group with respect to a Retired Employee or Surviving Spouse who is Medicare Eligible shall be determined by the following table:

COVERED GROUP	GROUPS IA and IIIA	GROUPS IB and IIIB	GROUPS IIA, IIB, IV, V, and VI
Retiree Only	\$2,000	\$1,800	\$1,650
Surviving Spouse Only	\$1,650	\$1,475	\$1,350
Retiree & Spouse (under 65)	\$7,100	\$6,900	\$6,750
Retiree & Spouse (over 65)	\$3,650	\$3,275	\$3,000
Retiree & Child(ren)	\$4,400	\$4,200	\$4,050
Retiree, Spouse (under 65) & Child(ren)	\$9,500	\$9,300	\$9,150
Retiree, Spouse (over 65) & Children	\$6,050	\$5,675	\$5,400