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Solutia Inc.
MEDIA ADVISORY

CASE BACKGROUND

- Case was filed in November 1993 in St. Clair County Circuit Court (Pell City).
- Class was certified in May 1996; class is composed of ~4300 property owners along Choccolocco Creek and Logan Martin Lake.
- Plaintiffs claim that the fish consumption advisory issued by the Alabama Department of Public Health in 1993 and updated in 1996 has caused a diminution in the value of their properties; they also asked the court to order remedial actions in the Creek and Lake.

AGREEMENT

- We have an agreement with plaintiffs' counsel to settle the Dyer case. The agreement provides for the following:
 - Payment of \$22.7M in cash to be distributed to class members and for payment of fees and expenses of plaintiffs' attorneys
 - A guarantee that we will spend at least \$21M in investigation and remediation projects directed toward Snow Creek, Choccolocco Creek and Logan Martin Lake, of which we have already spent ~\$3.1M
 - A trustee will be appointed to receive invoices for investigation and remediation costs and to receive money from Solutia to pay those costs; Solutia will make an annual report to the trustee on remediation activities
 - At the end of 6 years any of the \$21M not spent will be paid into a court-supervised account; payments will be made from that account to complete remediation activities; if any money is left after remediation is completed, it will be spent on court-approved projects for enhancement of water quality on Choccolocco Creek and Logan Martin Lake

DSW 141345

PROCEDURE FOR APPROVAL

- All settlements of class actions must be approved by the court after a formal hearing
- Notice of the hearing and a copy of the final settlement agreement will be sent to all class members
- At the hearing any class member(s) who object to the settlement will have an opportunity to present his/her objections to the court.
- The court must then enter its decision, either finding the settlement reasonable and fair to the class or rejecting the settlement
- Appeals are possible
- Plaintiffs' attorneys' fees and expenses must also be approved by the court as fair and reasonable; this is an issue which will be taken up by the court, plaintiffs' attorneys and members of the plaintiff class, and is not one in which we will take part

REASONS FOR SETTLING

- The settlement underscores forcefully our commitment to take responsible actions to address the issues posed by the presence of PCBs in the creeks and lake. We have worked under the supervision of ADEM to take appropriate actions, and we will continue to do so.
- This is the settlement of vigorously contested litigation, without any admission by Solutia that it is or would be liable to plaintiffs, or that Monsanto or Solutia are guilty of any wrongdoing.
- We agreed to settle, so we can focus our attention on our remediation efforts, as well as to remove the expense and distraction that always results from vigorously contested litigation.
- Monsanto and Solutia have been responsible members of the Anniston community since 1935. Our commitment to the community has been demonstrated in many ways over the years, from our support for education, our participation in Habitat for Humanity and, on an individual basis, the outstanding record of donations to United Way by our employees.

PCBs BACKGROUND

- PCBs were first produced by Swann Chemical Company at the Anniston plant in 1929; Swann was acquired by Monsanto in 1935.
- The primary use of PCBs was as a fire-resistant dielectric fluid in transformers and capacitors.
- GE patented the use of PCBs as a dielectric fluid, and Monsanto produced PCBs for that use in accordance with specifications set by GE and other electrical equipment manufacturers.
- PCBs were a safety fluid in transformers and capacitors; the alternative fluid, mineral oil, is highly flammable. PCBs saved lives and property, and the use of PCB transformers was required by many building codes.
- In the late 1960s PCBs were found in the environment. Monsanto was at the forefront of the effort, developing methods to analyze PCBs in complex environmental mixtures.
- In 1971-'72 Monsanto withdrew PCBs from all uses except sales to electrical equipment manufacturers who gave us assurances that they would take precautions to prevent PCB fluids from escaping into the environment.
- In 1976 the electrical equipment manufacturers announced they had developed alternative fluids.
- In 1977 Monsanto withdrew PCBs from the market when the alternative fluids became available in commercial quantities. Manufacture of PCBs was prohibited by regulations promulgated by EPA pursuant to TSCA in 1979.