

POLYONE CORP  
Form DEF 14A  
March 21, 2011

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**SCHEDULE 14A**  
**(Rule 14a-101)**  
**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**POLYONE CORPORATION**

(Name of Registrant as Specified In Its Certificate)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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**POLYONE CORPORATION**

**Notice of 2011  
Annual Meeting of Shareholders  
and Proxy Statement**

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March 21, 2011

Dear Fellow Shareholder:

You are cordially invited to attend the PolyOne Corporation Annual Meeting of Shareholders, which will be held at 9:00 a.m. on Wednesday, May 11, 2011, at the LACENTRE Conference and Banquet Facility, Champagne C Ballroom, 25777 Detroit Road, Westlake, Ohio.

A Notice of the Annual Meeting and the Proxy Statement follow. Please review this material for information concerning the business to be conducted at the Annual Meeting and the nominees for election as Directors.

You will also find enclosed a proxy and/or voting instruction card and an envelope in which to return the card. Whether or not you plan to attend the Annual Meeting, please complete, sign, date and return your enclosed proxy and/or voting instruction card, or vote over the telephone or the Internet as soon as possible so that your shares can be voted at the meeting in accordance with your instructions. **Your vote is very important.** You may, of course, withdraw your proxy and change your vote prior to or at the Annual Meeting, by following the steps described in the Proxy Statement.

I appreciate the strong support of our shareholders over the years and look forward to seeing you at the meeting.

Sincerely,

**Stephen D. Newlin**  
*Chairman, President and Chief Executive Officer*  
*PolyOne Corporation*

Please refer to the accompanying materials for voting instructions.

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**POLYONE CORPORATION**

**NOTICE OF ANNUAL MEETING  
OF SHAREHOLDERS**

The Annual Meeting of Shareholders of PolyOne Corporation will be held at the LACENTRE Conference and Banquet Facility, Champagne C Ballroom, 25777 Detroit Road, Westlake, Ohio at 9:00 a.m. on Wednesday, May 11, 2011. The purposes of the meeting are:

1. To elect as Directors the nine nominees named in the proxy statement and recommended by the Board of Directors;
2. To consider an advisory vote on named executive officer compensation;
3. To consider an advisory vote on the frequency of future advisory votes on named executive officer compensation;
4. To ratify the appointment of Ernst & Young LLP as PolyOne Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2011; and
5. To consider and transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 14, 2011 are entitled to notice of and to vote at the meeting.

For the Board of Directors

Lisa K. Kunkle  
*Vice President, General Counsel  
and Secretary*

March 21, 2011

**Important Notice Regarding the Availability of Proxy Materials  
for the Annual Meeting of Shareholders to be held on May 11, 2011:**

**The proxy statement, proxy card and annual report to shareholders for the fiscal year ended December 31, 2010 are available at our internet website, [www.polyone.com](http://www.polyone.com), on the Investors Relations page.**

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**POLYONE CORPORATION**  
**PolyOne Center**  
**33587 Walker Road**  
**Avon Lake, Ohio 44012**

**PROXY STATEMENT**  
**Dated March 21, 2011**

Our Board of Directors respectfully requests your proxy for use at the Annual Meeting of Shareholders to be held at the LACENTRE Conference and Banquet Facility, Champagne C Ballroom, 25777 Detroit Road, Westlake, Ohio at 9:00 a.m. on Wednesday, May 11, 2011, and at any adjournments of that meeting. This proxy statement is to inform you about the matters to be acted upon at the meeting.

If you attend the meeting, you may vote your shares by ballot. If you do not attend, your shares may still be voted at the meeting if you sign and return the enclosed proxy card. Common shares represented by a properly signed card will be voted in accordance with the choices marked on the card. If no choices are marked, the shares will be voted to elect the nominees listed on pages 3 through 7 of this proxy statement, to approve, by non-binding vote, our named executive officer compensation for the fiscal year ending December 31, 2010, to recommend, by non-binding vote, that future advisory votes on named executive officer compensation occur every year and to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. You may revoke your proxy before it is voted by giving notice to us in writing or orally at the meeting. Persons entitled to direct the vote of shares held by the following plans will receive a separate voting instruction card: The PolyOne Retirement Savings Plan and PolyOne Canada Inc. Retirement Savings Program. If you receive a separate voting instruction card for one of these plans, you must sign and return the card as indicated on the card in order to instruct the trustee on how to vote the shares held under the plan. You may revoke your voting instruction card before the trustee votes the shares held by it by giving notice in writing to the trustee.

Shareholders may also submit their proxies by telephone or over the Internet. The telephone and Internet voting procedures are designed to authenticate votes cast by use of a personal identification number. These procedures allow shareholders to appoint a proxy to vote their shares and to confirm that their instructions have been properly recorded. Instructions for voting by telephone and over the Internet are printed on the proxy cards.

We are mailing this proxy statement and the enclosed proxy card and, if applicable, the voting instruction card, to shareholders on or about March 28, 2011. Our headquarters are located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012 and our telephone number is (440) 930-1000.



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**PROPOSAL 1 ELECTION OF DIRECTORS**

Our Board of Directors currently consists of nine Directors. Each Director serves for a one-year term and until a successor is duly elected and qualified, subject to the Director's earlier death, retirement or resignation. Our Corporate Governance Guidelines provide that all non-employee Directors will retire from the Board not later than the first Annual Meeting of Shareholders following the Director's 70th birthday.

A shareholder who wishes to suggest a Director candidate for consideration by the Nominating and Governance Committee must provide written notice to our Secretary in accordance with the procedures specified in Regulation 12 of our Regulations. Generally, the Secretary must receive the notice not less than 60 nor more than 90 days prior to the first anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting. The notice must set forth, as to each nominee, the name, age, principal occupations and employment during the past five years, name and principal business of any corporation or other organization in which such occupations and employment were carried on, and a brief description of any arrangement or understanding between such person and any others pursuant to which such person was selected as a nominee. The notice must include the nominee's signed consent to serve as a Director if elected. The notice must set forth the name and address of, and the number of our common shares owned by, the shareholder giving the notice and the beneficial owner on whose behalf the nomination is made and any other shareholders believed to be supporting such nominee.

Following are the nominees for election as Directors for terms expiring in 2012, a description of the business experience of each nominee and the names of other publicly-held companies for which he or she currently serves as a director or has served as a director during the past five years. In addition to the information presented below regarding each nominee's specific experience, qualifications, attributes and skills that led our Board to the conclusion that the nominee should serve as a Director, the Board also believes that all of our Director nominees are individuals of substantial accomplishment with demonstrated leadership capabilities. Each of our Directors also has the following personal characteristics, which are required attributes for all Board nominees: high ethical standards, integrity, judgment, and an ability to devote sufficient time to the affairs of our Company. Each of the nominees is a current member of the Board. The reference below each Director's name to the term of service as a Director includes the period during which the Director served as a Director of The Geon Company ( Geon ) or M.A. Hanna Company ( M.A. Hanna ), each one of our predecessors. The information is current as of March 14, 2011.

**Our Board of Directors recommends a vote FOR the election to the Board of each of the following nominees:**

**J. Douglas Campbell**  
Director since 1993  
Age 69

Retired Chairman and Chief Executive Officer of ArrMaz Custom Chemicals, Inc., a specialty mining and asphalt additives and reagents producer. Mr. Campbell served in this capacity from December 2003 until the company was sold in July 2006. Mr. Campbell served as President and Chief Executive Officer and was a Director of Arcadian Corporation, a nitrogen chemicals and fertilizer manufacturer, from December 1992 until the company was sold in 1997. We believe that Mr. Campbell is particularly qualified to serve as a member of our Board because of his in-depth knowledge of our industry and his experience in holding leadership roles at other manufacturing companies. Mr. Campbell has served as chief executive officer and has held other officer positions in the oil,



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chemical and plastics industries. We believe that the knowledge and skills that he gained in these roles provides him with an ideal background for serving as a director of PolyOne.

**Dr. Carol A. Cartwright**

Director since 1994

Age 69

President of Bowling Green State University, a public higher education institution, since January 2009 and Interim President from July 2008 to January 2009. Dr. Cartwright served as President of Kent State University, a public higher education institution, from 1991 until her retirement in June 2006. Dr. Cartwright currently serves on the Boards of Directors of KeyCorp and FirstEnergy. From 2002 to 2008, Dr. Cartwright served on the Board of Directors of The Davey Tree Expert Company. We believe that Dr. Cartwright has gained many of the skills and attributes necessary to serve as an effective member of our Board in her 18 years of experience serving as a chief executive officer of large, complex, non-profit organizations. In her leadership role at these organizations, she has had responsibility for direct oversight for strategic planning, program development, financial management, capital construction, human resources, labor negotiations and investments. This specific experience, as well as her proven ability to lead, makes Dr. Cartwright an invaluable member of our Board.

**Richard H. Fearon**

Director since 2004

Age 55

Vice Chairman and Chief Financial and Planning Officer of Eaton Corporation, a global manufacturing company, since February 2009. Mr. Fearon served as Executive Vice President, Chief Financial and Planning Officer from April 2002 until February 2009. Mr. Fearon served as a Partner of Willow Place Partners LLC, a corporate advisory firm, from 2001 to 2002 and was the Senior Vice President Corporate Development for Transamerica Corporation, a financial services organization, from 1995 to 2000. We believe that Mr. Fearon's financial expertise, experience and knowledge of international operations, knowledge of diversified companies and corporate development expertise provide him with the qualifications and skills to serve as a valued member of our Board. Mr. Fearon's advice with respect to financial issues affecting our company is specifically valued and utilized, especially in his role as Chair of our Audit Committee. As a sitting executive and leader at a multi-national corporation, Mr. Fearon is particularly equipped to advise our Board on current issues facing our company.

**Gordon D. Harnett**

Director since 1997

Age 68

Lead Director of our Board of Directors since July 18, 2007. Retired Chairman, President and Chief Executive Officer of Materion Corp. (formerly known as Brush Engineered Materials Inc.), an international supplier and producer of high performance engineered materials. Mr. Harnett served in this capacity from 1991 until his retirement in May 2006. Mr. Harnett serves on the Boards of Directors of The Lubrizol Corporation, EnPro Industries, Inc. and Acuity Brands, Inc. We believe that Mr. Harnett's extensive experience in the specialty chemicals industry provides him with

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unique skills in serving as a PolyOne Director. Mr. Harnett's past experience includes leadership roles at a number of specialty chemical companies, including serving as a senior vice president of Goodrich Specialty Chemicals and president of Tremco, in addition to his role as chief executive officer at Brush Engineered Materials. Mr. Harnett is also uniquely qualified to assist our Board on international issues, as he previously resided in Canada and Japan while actively involved in the international operations of his former employers. Mr. Harnett, Chair of our Compensation Committee, is especially knowledgeable in the area of executive compensation, due to his experiences serving on the compensation committees of other public companies.

**Richard A. Lorraine**

Director since 2008

Age 65

Retired Senior Vice President and Chief Financial Officer of Eastman Chemical Company, a specialty chemicals company. Mr. Lorraine served in this capacity from 2003 to 2008. Mr. Lorraine also served as Executive Vice President and Chief Financial Officer of Occidental Chemical Company, a chemical manufacturing company, from 1995 to 2003. Mr. Lorraine serves on the Board of Directors of Carus Corporation. We believe that Mr. Lorraine is a valuable recent addition to our Board. Mr. Lorraine provides our Board with the broad business perspective that he gained in extensive leadership roles in varying industries. He is particularly equipped to advise our Board and Audit Committee on financial issues affecting our company due to his prior roles as chief financial officer. In addition, he has a significant international background and in-depth commercial experience. All of these attributes provide Mr. Lorraine with valuable skills that he shares with our Board.

**Edward J. Mooney**

Director since 2006

Age 69

Retired Chairman and Chief Executive Officer of Nalco Chemical Company, a specialty chemicals company. Mr. Mooney served in this capacity from 1994 to 2000. Mr. Mooney also served as Délégué Général - North America, of Suez Lyonnaise des Eaux from 2000 to 2001, following its acquisition of Nalco. Mr. Mooney serves on the Boards of Directors of FMC Corporation, FMC Technologies, Inc., Northern Trust Corporation, Cabot Microelectronics Corporation and Commonwealth Edison Company (a wholly-owned subsidiary of Exelon Corporation). We believe that Mr. Mooney's expansive knowledge of the chemical industry make him uniquely qualified to serve on our Board. In particular, in his prior role as chief executive officer of a specialty chemicals company, Mr. Mooney gained relevant knowledge and valuable insight that he can share with our company. In addition, Mr. Mooney's current service on boards of directors of other private and public companies provides him with unique, up-to-date perspectives that he has learned serving in those capacities.

**Table of Contents****Stephen D. Newlin**

Director since 2006

Age 58

Chairman, President and Chief Executive Officer of PolyOne since February 2006. Mr. Newlin served as President Industrial Sector of Ecolab, Inc., a global leader in cleaning and sanitizing specialty chemicals, products and services from 2003 to 2006. Mr. Newlin served as President and a director of Nalco Chemical Company, a manufacturer of specialty chemicals, services and systems, from 1998 to 2001 and was Chief Operating Officer and Vice Chairman from 2000 to 2001. Mr. Newlin serves on the Boards of Directors of Black Hills Corporation and The Valspar Corporation. We believe that, as our chief executive officer, Mr. Newlin is particularly qualified to serve on our Board. He has significant experience in the specialty chemical industry, serving as a top executive officer in this industry for over 30 years. In addition, in his role as our CEO, he has proven that he is an effective leader. He is also able to contribute his knowledge and experience with respect to international issues as a result of his global work responsibilities and living abroad. Mr. Newlin's depth of Board experience, having served on five public company boards, has allowed him to understand his role of Chairman versus CEO and has provided him with the skills necessary to serve as an effective leader of our Board.

**William H. Powell**

Director since 2008

Age 65

Retired Chairman and Chief Executive Officer of National Starch and Chemical Company, a specialty chemicals company. Mr. Powell served in this capacity from 1999 until his retirement in 2006. Mr. Powell serves on the Boards of Directors of Arch Chemicals, Inc. and Granite Construction Incorporated. We believe that Mr. Powell's previous employment as a chief executive officer has provided him with the leadership skills that are important in serving as a Director of our company. His prior employment in the specialty chemicals industry is particularly relevant. This experience gives him the knowledge and insights to provide valuable advice and strategic direction in addressing the issues facing our company. Mr. Powell also serves as a Director of two other public companies, which provides him with experiences he can utilize when serving as a member of our Board.

**Farah M. Walters**

Director since 1998

Age 66

President and Chief Executive Officer of QualHealth, LLC, a healthcare consulting firm. From 1992 until her retirement in June 2002, Ms. Walters was the President and Chief Executive Officer of University Hospitals Health System and University Hospitals of Cleveland. Ms. Walters currently serves on the Board of Directors of Celanese Corporation. From 1993 to 2006, Ms. Walters served on the Board of Directors of Kerr-McGee Corp. From 2003 to 2006, Ms. Walters served on the Board of Directors of Alparma Inc. Ms. Walters' extensive business experience provides her with the attributes and skills that uniquely qualify her to serve as a member of our Board of Directors. She has over ten years of experience as a chief executive officer of a \$2 billion company and a proven track record of success in a leadership role. Further, she has served on the

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Boards of Directors of other public companies, including those in the chemical industry. Ms. Walters' business experience has provided her with the necessary background to allow her to provide practical and relevant advice on the issues facing our company.

**CORPORATE GOVERNANCE AND BOARD MATTERS**

**Director Independence**

Our Corporate Governance Guidelines require that a substantial majority of the members of our Board of Directors be independent under the listing standards of the New York Stock Exchange ( NYSE ). To be considered independent, the Board of Directors must make an affirmative determination that the Director has no material relationship with us other than as a Director, either directly or indirectly (such as an officer, partner or shareholder of another entity that has a relationship with us or any of our subsidiaries), and that the Director is free from any business, family or other relationship that would reasonably be expected to interfere with the exercise of independent judgment as a Director. In each case, the Board of Directors considers all relevant facts and circumstances in making an independence determination.

The Board of Directors determined that J. Douglas Campbell, Carol A. Cartwright, Gale Duff-Bloom (who retired during 2010), Richard H. Fearon, Gordon D. Harnett, Richard A. Lorraine, Edward J. Mooney, William H. Powell and Farah M. Walters are independent under the NYSE independent director listing standards. In making this determination, the Board reviewed significant transactions, arrangements or relationships that a Director might have with our customers or suppliers. In making this determination with respect to Mr. Fearon, the Board determined that the sales of products by the Company to Eaton Corporation, of which Mr. Fearon serves as an executive officer, did not create a material relationship or impair the independence of Mr. Fearon because Mr. Fearon receives no material direct or indirect benefit from such transactions, which were undertaken in the ordinary course of business. For 2010, the amount paid to the Company from sales to Eaton Corporation was less than 0.2% of the Company's consolidated revenues.

**Lead Director**

Our independent directors meet regularly in executive sessions. Our Corporate Governance Guidelines provide that the independent directors are to select a Lead Director to preside at executive sessions. The Lead Director acts as the key liaison between the independent directors and the Chief Executive Officer and is responsible for coordinating the activities of the other independent directors and for performing various other duties as may from time to time be determined by the independent directors. Mr. Harnett has served as our Lead Director since July 2007.

**Board Leadership Structure**

Mr. Newlin is the Chairman of our Board of Directors and our Chief Executive Officer. The Board of Directors believes that this leadership structure is appropriate for our company given the experience and active involvement of our independent directors, our corporate governance practices, and our Lead Director's role. Having a Lead Director role helps to ensure greater communication between management and the independent directors, increases the independent directors' understanding of management decisions and Company operations, and provides an additional layer of independent oversight of the Company. The Board of Directors believes that this approach serves

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to strike an effective balance between management and independent director participation in the board process. Combining the Chairman and Chief Executive Officer position gives the Company a clear leader and improves efficiencies in the decision-making process.

**Board Attendance**

The Board met seven times during 2010, the calendar year being our fiscal year. Each member of our Board attended at least 75% of the meetings held by our Board and the meetings held by the Committees of the Board on which such member served in 2010. Each Director is expected to attend the Annual Meeting of Shareholders. In 2010, nine of our Directors serving at that time attended the Annual Meeting of Shareholders.

**Committees of the Board of Directors**

As of the date of this proxy statement, our Board has nine directors and the following five committees: the Audit Committee, the Compensation Committee, the Nominating and Governance Committee, the Environmental, Health and Safety Committee, and the Financial Policy Committee.

The following table sets forth the membership of the standing committees of our Board of Directors, as of the date of this proxy statement, and the number of times each committee met in 2010. The current function of each committee is described below.

<b>Director</b>	<b>Audit Committee</b>	<b>Compensation Committee</b>	<b>Environmental, Health and Safety Committee</b>	<b>Financial Policy Committee</b>	<b>Nominating and Governance Committee</b>
Mr. Campbell		X	X	X*	
Dr. Cartwright	X				X*
Mr. Fearon	X*				X
Mr. Harnett	X	X*			
Mr. Lorraine	X				X
Mr. Mooney		X	X*	X	
Mr. Newlin			X	X	
Mr. Powell		X	X	X	
Ms. Walters		X		X	X
<i>Number of Meetings in 2010</i>	7	6	2	3	2

X Member

\* Chairperson

The Audit Committee meets with appropriate financial and legal personnel and independent auditors to review our corporate accounting, internal controls, financial reporting and compliance with legal and regulatory requirements. The Committee exercises oversight of our independent auditors, internal auditors and financial management. The Audit Committee appoints the independent auditors to serve as auditors in examining our corporate accounts. Our common shares are listed on the NYSE and are governed by its listing standards. All members of the Audit Committee meet the financial literacy and independence requirements as set forth in the NYSE listing standards. The Board of Directors has determined that Mr. Fearon meets the requirements of an audit committee financial expert as defined by the Securities and Exchange Commission.

The Compensation Committee reviews and approves the compensation, benefits and perquisites afforded our executive officers and other highly-compensated personnel. The Committee has similar



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responsibilities with respect to non-employee Directors, except that the Committee's actions and determinations are subject to the approval of the Board of Directors. The Committee also has oversight responsibilities for all of our broad-based compensation and benefit programs and provides policy guidance and oversight on selected human resource policies and practices. To help it perform its responsibilities, the Committee makes use of PolyOne resources, including members of senior management in our human resources, legal and finance departments. In addition, the Committee directly engages the resources of Towers Watson (the Consultant) as an independent outside compensation consultant to assist the Committee in assessing the competitiveness and overall appropriateness of our executive compensation programs. In 2010, the Committee, assisted by the Consultant, analyzed competitive market compensation data relating to salary, annual incentives and long-term incentives. In analyzing competitive market data, the Committee reviewed data from a peer group of similarly-sized U.S. chemical companies and reviewed data from the Consultant's Compensation Data Bank and other published surveys. The Consultant then assisted the Committee in benchmarking base salaries and annual and long-term incentive targets to approximate the market median. The Consultant assisted our human resources department in preparing tally sheets to provide the Committee with information regarding our executive officers' total annual compensation, termination benefits and wealth accumulation. More detailed information about the compensation awarded to our executive officers in 2010 is provided in the Compensation Discussion and Analysis section of this proxy statement. The Consultant maintains regular contact with the Committee and interacts with management to gather the data needed to prepare reports for Committee review.

The Committee periodically reviews the relationship with our compensation consultant, Towers Watson, including the level and quality of services provided, as well as, fees for those services. In addition, expenses for other consulting services provided to the Company by Towers Watson, that are not related to executive compensation, are monitored to ensure that executive compensation consultant independence is maintained. The Consultant did not provide us with services in excess of \$120,000 that were in addition to the services provided in connection with its advice and recommendations on the amount or form of executive and director compensation.

The Compensation Committee reviews succession planning for the Chief Executive Officer and other executive officers and oversees the process by which the Board annually evaluates the performance of the Chief Executive Officer. All members of the Compensation Committee have been determined to be independent as defined by the NYSE listing standards.

The Nominating and Governance Committee recommends to the Board of Directors candidates for nomination as Director and advises the Board with respect to governance issues and directorship practices. All members of the Nominating and Governance Committee have been determined to be independent as defined by the NYSE listing standards.

The Nominating and Governance Committee will consider shareholder suggestions for nominees for election to our Board of Directors as described on page 3. The Committee uses a variety of methods for identifying and evaluating nominees for Directors, including third-party search firms, recommendations from current Board members and recommendations from shareholders. Nominees for election to the Board of Directors are selected on the basis of the following criteria:

Business or professional experience;

Knowledge and skill in certain specialty areas such as accounting and finance, international markets, physical sciences and technology or the polymer or chemical industry;

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Personal characteristics such as ethical standards, integrity, judgment, leadership and the ability to devote sufficient time to our affairs;

Substantial accomplishments with demonstrated leadership capabilities;

Freedom from outside interests that conflict with our best interests;

The diversity of backgrounds and experience each member will bring to the Board of Directors; and

Our needs from time to time.

While the Committee or the Board does not have a formal policy with respect to the consideration of diversity in identifying director nominees, they do consider diversity when evaluating potential Board nominees. We consider diversity to include race, gender and national origin, as well as differences in viewpoint, background, experience and skills. The Committee believes that having a diverse Board leads to more innovation, outside-the-box-thinking and better governance. In 2010, approximately 25% of our Board members were female and diversity is a key characteristic that we will consider, and instruct any third party search firm we use to consider, in searches for future Board members.

The Committee also considers such other relevant factors as it deems appropriate, including the current composition of the Board, the balance of management and independent directors, the need for Audit Committee expertise and the evaluations of other prospective nominees. The Committee has established these criteria that any Director nominee, whether suggested by a shareholder or otherwise, should satisfy. A nominee for election to the Board who is suggested by a shareholder will be evaluated by the Committee in the same manner as any other nominee for election to the Board. Finally, if the Committee determines that a candidate should be nominated for election to the Board, the Committee will present its findings and recommendation to the full Board for approval.

In 2010 and in past years, the Committee used a third-party search firm, Russell Reynolds Associates, Inc., to identify possible candidates who meet the minimum and desired qualifications, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the Board, the Committee and each candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the Committee.

The Environmental, Health and Safety Committee exercises oversight with respect to our environmental, health, safety, security and product stewardship policies and practices and our compliance with related laws and regulations.

The Financial Policy Committee exercises oversight with respect to our capital structure, borrowing and repayment of funds, financial policies, management of foreign exchange risk and other matters of financial risk management, banking relationships and other financial matters.

The Board of Directors has adopted a written charter for each of the standing committees of the Board of Directors. These charters are posted and available on our website at [www.polyone.com](http://www.polyone.com) under Corporate Governance on our investor relations page. The Board and each Committee conduct an annual self-evaluation.

**Board's Oversight of Risk**

Our Board of Directors oversees a company-wide approach to risk management that is designed to support the achievement of our strategic objectives and improve long-term organizational performance, which we believe will

ultimately enhance shareholder value. The Board of Directors

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believes that risk management is not only understanding the risks we face and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for us as an organization.

Our Board of Directors administers its risk oversight function directly and through its Audit Committee, Financial Policy Committee and Environmental, Health and Safety Committee. The Audit Committee discusses with management our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. The Audit Committee also receives an annual risk assessment report from our internal auditors. The Financial Policy Committee assists the Board of Directors in fulfilling its oversight and monitoring responsibilities to our shareholders relating to our capital structure, our borrowing and repayment of funds, financial policies, management of foreign exchange risk and other matters of financial risk management, including the utilization of financial derivative products, insurance coverage strategies, banking relationships and other financial matters. The Environmental, Health and Safety Committee periodically reviews with management the significant risks or exposures faced by the Company relating to safety, health, environmental, security and product stewardship standards and practices.

Our Board of Directors sets the appropriate tone at the top when it comes to risk tolerance and management by fostering a culture of risk-adjusted decision-making throughout the company. Our Board ensures that the risk management processes designed and implemented by our management team are adapted to the Board's corporate strategy and are functioning as directed. The Board of Directors also participates in an ongoing effort to assess and analyze the most likely areas of future risk for the company by asking our management team to discuss the most likely sources of material future risks and how we are addressing any significant potential vulnerability.

The Board of Directors believes that its leadership structure, as discussed on pages 7 through 8, supports the risk oversight function of the Board of Directors.

## **Code of Ethics, Code of Conduct and Corporate Governance Guidelines**

In accordance with applicable NYSE listing standards and Securities and Exchange Commission regulations, the Board of Directors has adopted a Code of Ethics, Code of Conduct and Corporate Governance Guidelines. These are also posted and available on our website at [www.polyone.com](http://www.polyone.com) under Corporate Governance on our investor relations page.

In October 2007, the Board amended our Corporate Governance Guidelines to adopt a policy relating to majority voting. Pursuant to the policy, any nominee for election as a Director of the Board who receives a greater number of votes withheld from his or her election than votes for his or her election in an election of Directors that is not a contested election is expected to tender his or her resignation as a Director to the Board promptly following the certification of the election results. Neither abstentions nor broker non-votes will be deemed to be votes for or withheld from a Director's election for purposes of the policy, regardless of the rules treating broker non-votes as withheld in uncontested elections of directors. The Nominating and Governance Committee (without the participation of the affected Director) will consider each resignation tendered under the policy and recommend to the Board whether to accept or reject it. The Board will then take appropriate action on each tendered resignation, taking into account the Nominating and Governance Committee's recommendation. The Nominating and Governance Committee in making its recommendation, and the Board in making its decision, may consider any factors or other information that it considers appropriate, including the reasons (if any) given by shareholders as to why they withheld their votes, the qualifications of the tendering Director and his or her

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contributions to the Board and to PolyOne, and the results of the most recent evaluation of the tendering Director's performance by the other members of the Board. The Board will promptly disclose its decision whether to accept or reject the Director's tendered resignation and, if applicable, the reasons for rejecting the tendered resignation.

### **Communication with Board of Directors**

Shareholders and other interested parties interested in communicating directly with the Board of Directors as a group, the non-management or independent Directors as a group, or with any individual Director may do so by writing to the Secretary, PolyOne Corporation, 33587 Walker Road, Avon Lake, Ohio 44012. The mailing envelope and letter must contain a clear notation indicating that the enclosed letter is either a Shareholder-Board of Directors Communication or an Interested Party-Board of Directors Communication, as appropriate.

The Secretary will review all such correspondence and regularly forward to the Board of Directors a log and summary of all such correspondence and copies of all correspondence that, in the opinion of the Secretary, deals with the functions of the Board or committees of the Board or that she otherwise determines requires their attention. Directors may at any time review a log of all correspondence we receive that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are immediately brought to the attention of our internal audit department and handled in accordance with procedures established by the Audit Committee for such matters.

### **Director Compensation**

In 2010, we paid our non-employee Directors an annual retainer of \$135,000, quarterly in arrears, consisting of a cash retainer of \$60,000 and an award of \$75,000 in value of fully vested common shares. We grant the shares payable to the Directors quarterly and determine the number of shares to be granted by dividing the dollar value by the arithmetic average of the high and low stock price on the last trading day of each quarter. We pay individual meeting fees only as follows: fees of \$2,000 for each unscheduled Board and committee meeting attended and fees of \$1,000 for participation in each unscheduled significant telephonic Board and committee meeting. In addition, in the first two quarters of 2010, the Chairpersons of each committee received a fixed annual cash retainer (payable on a quarterly basis) as follows: \$5,000 for the Environmental, Health and Safety, Nominating and Governance and Financial Policy Committees and \$10,000 for the Audit and Compensation Committees. Effective as of the third quarter of 2010, the annual cash retainer for the Chairpersons of the following committees was amended to be as follows: \$7,500 for the Environmental, Health and Safety, Nominating and Governance and Financial Policy Committees and \$15,000 for the Audit Committee. In addition, we instituted an annual retainer of \$10,000 for our Lead Director, effective as of the third quarter of 2010. We reimburse Directors for their expenses associated with each meeting attended.

Directors who are not our employees may defer payment of all or a portion of their compensation as a Director under our Deferred Compensation Plan for Non-Employee Directors. A Director may defer the compensation as cash or elect to have it converted into our common shares.

In 2010, we awarded shares to Directors under our Deferred Compensation Plan for Non-Employee Directors and our 2008 and 2010 Equity and Performance Incentive Plans. Deferred compensation, whether in the form of cash or common shares, is held in trust for the participating Directors. Interest is earned on the cash amounts and dividends, if any, on the common shares deferred accrue for the benefit of the participating Directors.

**Table of Contents****2010 DIRECTOR COMPENSATION**

<b>Name</b>	<b>Fees Earned or Paid in Cash<sup>(1)</sup> (\$)</b>	<b>Stock Awards<sup>(2)</sup> (\$)</b>	<b>Option Awards<sup>(3)</sup> (\$)</b>	<b>Total (\$)</b>
J.D. Campbell	66,250	75,000		141,250
C.A. Cartwright	66,250	75,000		141,250
G. Duff-Bloom <sup>(4)</sup>	21,840	27,300		49,140
R.H. Fearon	72,500	75,000		147,500
G.D. Harnett	75,000	75,000		150,000
R.A. Lorraine	60,000	75,000		135,000
E.J. Mooney	66,250	75,000		141,250
W.H. Powell	60,000	75,000		135,000
F.M. Walters	60,000	75,000		135,000

- (1) Non-employee Directors may defer payment of all or a portion of their cash compensation as a Director (annual cash retainer of \$60,000, meeting fees, and chair fees).
- (2) Our Director stock compensation consisted of an annual award of \$75,000 in value of fully vested common shares, which the Directors could elect to defer. We granted the shares quarterly and determined the number of shares to be granted by dividing the dollar value by the arithmetic average of the high and low stock price on the last trading day of each quarter. We used the following quarterly fair market values in calculating the number of shares: March 31, 2010 \$10.425; June 30, 2010 \$8.625; September 30, 2010 \$12.095; and December 31, 2010 \$12.595.
- (3) In 2010, we did not grant any stock options to our non-employee Directors. The number of outstanding stock options held by each non-employee Director at the end of the fiscal year is set forth in the following table. All of these options are fully exercisable. In addition, the number of fully-vested deferred shares held in an account for each Director at the end of the fiscal year is set forth in the following table. Stock option exercises by our Directors are set forth in the table below.

<b>Name</b>	<b>Option Awards Number of Securities Underlying Unexercised Options (#)</b>	<b>Stock Awards Number of Deferred Shares* (#)</b>
-------------	--	--

J.D. Campbell	24,000	117,174
C.A. Cartwright	24,000	29,552
G. Duff-Bloom	6,000	0
R.H. Fearon	15,000	0
G.D. Harnett	24,000	80,998
R.A. Lorraine	0	33,061
E.J. Mooney	0	81,524
W.H. Powell	0	38,430
F.M. Walters	24,000	26,770

\* A distribution of 81,442 shares was made to Mr. Campbell and 55,939 shares was made to Mr. Harnett from the Deferred Compensation Plan for Non-Employee Directors on August 4, 2010. A distribution of 26,251 shares was made to Ms. Walters from the Deferred Compensation Plan for Non-Employee Directors on February 10, 2010.

**Table of Contents****2010 Option Exercises**

<b>Name</b>	<b>Option Awards</b>	
	<b>Number of Shares Acquired on Exercise (#)</b>	<b>Value Realized on Exercise (\$)</b>
J.D. Campbell	15,000	18,075
C.A. Cartwright	15,000	9,225
G. Duff-Bloom	33,000	82,847
R.H. Fearon	0	0
G.D. Harnett	15,000	32,025
R.A. Lorraine	0	0
E.J. Mooney	0	0
W.H. Powell	0	0
F.M. Walters	15,000	18,825

(4) Ms. Duff-Bloom retired after the 2010 Annual Meeting of Shareholders on May 12, 2010.



**Table of Contents****BENEFICIAL OWNERSHIP OF COMMON SHARES**

The following table shows the number of our common shares beneficially owned on March 14, 2011 (including shares the individuals have a right to acquire within 60 days of that date) by each of our Directors and nominees, each of the executive officers named in the Summary Compensation Table on page 35 (the "Named Executive Officers") and by all Directors and executive officers as a group.

<b>Name</b>	<b>Number of Shares Owned<sup>(1)</sup></b>	<b>Right to Acquire Shares</b>	<b>Total Beneficial Ownership</b>
J. Douglas Campbell	215,672 <sup>(2)</sup>	24,000 <sup>(3)</sup>	239,672
Carol A. Cartwright	136,066 <sup>(2)</sup>	24,000 <sup>(3)</sup>	160,066
Richard H. Fearon	61,259	15,000 <sup>(3)</sup>	76,259
Gordon D. Harnett	141,125 <sup>(2)</sup>	24,000 <sup>(3)</sup>	165,125
Richard A. Lorraine	33,061 <sup>(2)</sup>		33,061
Edward J. Mooney	141,524 <sup>(2)</sup>		141,524
William H. Powell	118,430 <sup>(2)</sup>		118,430
Farah M. Walters	147,937 <sup>(2)</sup>	18,000 <sup>(3)</sup>	165,937
Stephen D. Newlin	290,125	494,358 <sup>(4)</sup>	784,483
Robert M. Patterson	100,000	70,511 <sup>(4)</sup>	170,511
Kenneth M. Smith	114,549	92,537 <sup>(3)(4)</sup>	207,086
Thomas J. Kedrowski	108,638	70,988 <sup>(4)</sup>	179,626
Bernard Baert	35,644	19,490 <sup>(3)(4)</sup>	55,134
18 Directors and executive officers as a group	2,030,891	1,271,604	3,302,495

(1) Except as otherwise stated in the following notes, beneficial ownership of the shares held by each individual consists of sole voting power and sole investment power, or of voting power and investment power that is shared with the spouse or other family member of the individual. It includes an approximate number of shares credited to the Named Executive Officers' accounts in our Retirement Savings Plan, a tax-qualified defined contribution plan. The number of common shares allocated to these individuals is provided by the savings plan administrator in a statement for the period ending December 31, 2010, based on the market value of the applicable plan units held by the individual. Additional common shares may have been allocated to the accounts of participants in the

savings plan since the date of the last statements received from the plan administrator. No Director, nominee or executive officer beneficially owned, on March 14, 2011, more than 1% of our outstanding common shares. As of that date, the Directors and executive officers as a group beneficially owned approximately 3.5% of the outstanding common shares.

- (2) With respect to the Directors, beneficial ownership includes shares held under the Deferred Compensation Plan for Non-Employee Directors as follows: J.D. Campbell, 117,174 shares; C.A. Cartwright, 29,552 shares; R.H. Fearon, 0 shares; G.D. Harnett, 80,998 shares; R.A. Lorraine, 33,061 shares; E.J. Mooney, 81,524 shares; W.H. Powell, 38,430 shares; and F.M. Walters, 7,009 shares.
- (3) Includes shares the individuals have a right to acquire upon the exercise of options on or before May 13, 2011.

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- (4) Includes the number of shares that would be acquired if the individuals' outstanding and exercisable stock-settled stock appreciation rights were exercised at \$12.97, the closing price of PolyOne's common shares on March 14, 2011.

The following table shows information relating to all persons who, as of March 14, 2011, were known by us to beneficially own more than five percent of our outstanding common shares based on information provided in Schedule 13Gs and 13Ds filed with the Securities and Exchange Commission:

<b>Name and Address</b>	<b>Number of Shares</b>	<b>% of Shares</b>
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	7,096,753 <sup>(1)</sup>	7.59%
Dimensional Fund Advisors LP 1299 Ocean Avenue Santa Monica, California 90401	5,693,917 <sup>(2)</sup>	6.09%
Barrow, Hanley, Mewhinney & Strauss, LLC 2200 Ross Avenue, 31st Floor Dallas, Texas 75201-2761	5,874,475 <sup>(3)</sup>	6.28%
The Vanguard Group, Inc. 100 Vanguard Boulevard Malvern, Pennsylvania 19355	5,034,766 <sup>(4)</sup>	5.38%

- (1) As of December 31, 2010, based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission. BlackRock, Inc. has sole voting power and sole dispositive power with respect to all of these shares.
- (2) As of December 31, 2010, based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission. Dimensional Fund Advisors LP, as an investment advisor, has sole voting power with respect to 5,625,587 of these shares and has sole dispositive power with respect to all of these shares.
- (3) As of December 31, 2010, based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission. Barrow, Hanley, Mewhinney & Strauss, Inc. has sole voting power with respect to 2,419,455 of these shares and has sole dispositive power with respect to all of these shares.
- (4) As of December 31, 2010, based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission. The Vanguard Group, Inc., as an investment advisor, has sole voting power with respect to 128,077 of these shares and sole dispositive power with respect to 4,906,689 of these shares.

**Share Ownership Guidelines**

In December 2009, we revised our share ownership guidelines for our non-employee Directors, executive officers and other elected corporate officers to better align their financial interests with those of our shareholders by requiring them to own a minimum level of our shares. These individuals are expected to make continuing progress towards compliance with the guidelines and to comply fully within five years of becoming subject to the guidelines. These policies, as they relate to our Named Executive Officers, are discussed in the Compensation Discussion and Analysis section of this proxy statement. In order to reflect the Board's commitment to share ownership and

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better align the interests of our Board members with our shareholders, the required share ownership level for directors is 50,000 shares. For purposes of our guidelines, the following types of share ownership and equity awards are included as shares owned: shares directly held, shares and phantom shares held in our retirement plans and deferral plans, unvested restricted stock and restricted stock units, and earned performance shares. All Directors are required to retain 100% of all shares obtained through us, after the date of adoption of the guidelines (December 16, 2009), as compensation for services provided to us, such percentage to be calculated after any reduction in the number of shares to be delivered as a result of any taxes and exercise costs relating to the shares. This requirement to retain 100% of all shares obtained from us ceases once the Director has met the applicable ownership guideline.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires that our executive officers and Directors, and persons who own more than 10% of a registered class of our equity securities, file reports of ownership and changes in ownership with the Securities and Exchange Commission. Executive officers, Directors and greater than 10% shareholders are required by Securities and Exchange Commission rules to furnish us with copies of all forms they file. Based solely on our review of the copies of such forms received by us and written representation from certain reporting persons, we believe that, during 2010 and until the date of this proxy statement, all Section 16(a) filing requirements applicable to our executive officers, Directors and 10% shareholders were satisfied.

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**EXECUTIVE COMPENSATION**

**Compensation Discussion and Analysis**

**Introduction**

In this section of the proxy statement, we discuss in detail our executive compensation program for 2010 for our Named Executive Officers. This discussion and analysis includes a description of the principles underlying our executive compensation policies and our most important executive compensation decisions for 2010, and provides analysis of these policies and decisions. The following disclosure also gives context for the data we present in the compensation tables below and the narratives that accompany the compensation tables.

The following five individuals are our Named Executive Officers for 2010, as that term is defined by the Securities and Exchange Commission:

Mr. Stephen D. Newlin, our Chairman, President and Chief Executive Officer;

Mr. Robert M. Patterson, our Executive Vice President and Chief Financial Officer;

Mr. Kenneth M. Smith, our Senior Vice President, Chief Information and Human Resources Officer;

Mr. Thomas J. Kedrowski, our Senior Vice President, Supply Chain and Operations; and

Mr. Bernard Baert, our Senior Vice President, President of Europe and International.

**Executive Summary**

**Fiscal 2010 Performance**

In late 2009 and early 2010, we were confronted with uncertainty regarding the extent of a global economic recovery. The housing and automotive markets remained at historically low levels, raw material costs were rising, and income from our Sunbelt joint venture was substantially below its prior year results. Despite these conditions, in early 2010 our Board of Directors approved an annual operating plan designed to position us for stability and continued growth. The plan assumed that we would achieve a 40% improvement in operating results through focused execution of our well-defined strategy, which consists of: specialization, globalization, commercial excellence and operational excellence.

While depressed demand and marketplace uncertainty provided significant headwinds in 2010, we focused on generating new business, creating efficiencies and innovating new solutions. As a result of our intense focus on strategy and execution, in 2010, each of our business platforms attained record-setting levels of operating income or profitability, our revenue climbed 27%, our stock price improved 67% and our diluted earnings per share rose 252%. Overall operating income for 2010 was 121% higher than the prior year. Working capital as a percentage of sales was 9.6% which we consider to be world-class performance. At the end of 2010, we had \$378 million in cash, \$506 million in available liquidity, an improved credit rating, and limited near-term debt maturities, positioning us well to fund operating expenses and pursue acquisitions designed to further accelerate our transformation. Throughout 2010, we demonstrated our ability to meet and surpass our goals and objectives, with a record-setting year on a number of different measures.



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*Fiscal 2010 Pay Implications*

We determined in 2010 that the best method of motivating our Named Executive Officers to create and maximize shareholder value was to focus our Senior Executive Annual Incentive Plan (the Annual Plan ) on operating income improvement and working capital management, and to link payments under the Long-Term Incentive Plan to improvements in our working capital and creating shareholder value. The performance unit component of the Long-Term Incentive Plan is earned when the pre-established financial goal, working capital as a percentage of sales, is achieved. Performance was based on a one-year period in 2010 and awards are payable in cash after three years (i.e., in early 2013) contingent on the individual s continued employment with the Company over the time period in order to enhance retention.

Due to our exceptional overall performance in 2010, the performance targets for the Annual Plan were substantially exceeded, and many of our business units achieved record-breaking results. As a result of surpassing the operating income and working capital as a percentage of sales goals, the Compensation Committee, which we refer to as the Committee in this Compensation Discussion and Analysis section of the proxy statement, approved a 200% of target payout under the Annual Plan. The Company also significantly exceeded the one-year performance targets set for the performance units granted in 2010, resulting in awards at the 200% of target attainment level.

In addition, after awarding reduced levels of Long-Term Incentive Plan grants in 2009 due to the decline in our stock value and limited share availability, 2010 Long-Term Incentive Plan awards were granted at levels consistent with the market median of our peer group. We also reinstated salary adjustments in mid-2010, after base salaries for employees, including the Named Executive Officers, were frozen in 2009. Economic conditions had improved and we believed that salary adjustments were necessary in order to maintain a competitive compensation position in the market. Each Named Executive Officer received a modest salary adjustment in mid-2010, with the exception of the Chief Executive Officer, who received no salary adjustment. Instead, the Committee increased Mr. Newlin s target annual incentive opportunity from 100% to 110% in order to leverage his variable compensation opportunity by placing a greater portion of his pay at risk.

In total, the Committee believes that the compensation actions and outcomes for 2010 strongly reflect and reinforce the Company s compensation philosophy, and in particular the emphasis on performance and alignment with shareholder interests.

The following discussion should be read together with the information presented in the compensation tables, the footnotes and the narratives to those tables and the related disclosures appearing elsewhere in this proxy statement.

**Compensation Philosophy and Objectives**

Our executive compensation programs are linked to our achievement of strategic operating and financial goals and designed to be competitive in the marketplace. Our executives are rewarded for performance that meets or exceeds our strategic goals, without encouraging excessive risk-taking that could have a detrimental impact on our long-term results and the interests of our shareholders. We believe the design of our compensation plans and the relative mix of compensation elements successfully motivate our executives to improve our overall corporate performance and the profitability of the specific business unit for which they are responsible, thus maximizing shareholder value. The main objectives of our executive compensation programs are to:

Attract, motivate and retain a highly qualified and successful management team to lead PolyOne in setting and effectively executing upon our strategic goals and objectives;





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Foster a pay-for-performance culture by rewarding the achievement of specified strategic operating and financial objectives; and

Ensure our goals and objectives are aligned with the interests of our shareholders by recognizing and rewarding business results and the growth of our share price through incentive programs.

**Setting 2010 Executive Compensation Levels**

*Compensation Consultant*

Our executive compensation programs are approved and overseen by the Committee, which is composed entirely of independent directors. For 2010, the Committee selected and retained an independent compensation consultant, Towers Watson, to assist the Committee in assessing the competitiveness and overall appropriateness of our executive compensation programs. The Committee worked in conjunction with Towers Watson and with input from members of senior management.

As described below, Towers Watson assisted the Committee in approximating base salaries and annual and long-term incentive targets in accordance with the market median, and assisted our human resources department in preparing tally sheets to provide the Committee with information regarding our Named Executive Officers' total annual compensation, termination benefits and wealth accumulation.

*Competitive Market Pay Information and Benchmarking*

We have designed our compensation programs to be competitive with companies of comparable size and industry with whom we compete for executive talent. We annually analyze competitive market compensation data relating to salary, annual incentives, and long term incentives. The Committee generally manages individual components of compensation and target total compensation relative to the median (50<sup>th</sup> Percentile) of the competitive market data. However, the Committee considers many other factors, including the responsibilities, performance, contributions and experience of the named executive officer, including compensation in relation to other employees. As a result, the Company does not set total direct compensation or the component parts at levels to achieve a mathematically precise market position. We periodically analyze competitive market compensation data relating to retirement benefits and perquisites, most recently in 2009. The Committee obtains advice and recommendations from Towers Watson in these areas of total compensation.

In analyzing competitive market data for the purpose of determining the market median, we draw from two independent sources. We first review proxy statement disclosures of a peer group of similarly-sized U.S. chemical companies to establish an estimate of market compensation for our senior executives. This approach provides insight into specific company practices at business competitors or companies facing similar operating challenges.

In 2010, with the guidance of Towers Watson, we conducted a review of our peer group to ensure it consisted of appropriate companies to which we should be compared. Multiple factors were taken into consideration during the review including: company revenue between \$1.03 billion – \$4.12 billion, total asset size between \$0.70 billion – \$2.78 billion and number of employees between 1,950 – 7,800, as well as whether each potential peer company had a global presence and a specialty chemical focus. We also looked at the frequency with which these companies were used as peers by other companies in our industry, and which companies had identified us as a peer. In addition, we considered whether they were in the same SIC code as PolyOne and whether we



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compete with them for talent. Each of the companies recommended for the new peer group met a majority of the criteria that were established. Based on this review and management's recommendation, for 2010, the Committee approved the addition of six companies to the peer group and the removal of one company from our previous peer group of 14 companies. This resulted in a new peer group consisting of the following 19 companies, which better reflects our transformation into a global and specialty chemical company:

Albemarle Corporation	FMC Corporation	RPM International Inc.
Arch Chemicals, Inc.	Georgia Gulf Corporation	The Scotts Miracle-Gro Company
A. Schulman, Inc.	H.B. Fuller Company	Sigma-Aldrich Corporation
Cabot Corporation	International Flavors & Fragrances Inc.	Solutia Inc.
Cytec Industries Inc.	The Lubrizol Corporation	The Valspar Corporation
Eastman Chemical Company	Nalco Holding Company	
Ferro Corporation	Rockwood Holdings, Inc.	

In order to augment the peer proxy analysis and provide a broader sense of market practices, we also review data from Towers Watson's Executive Compensation Data Base, Towers Watson's Top Management Compensation Survey and Mercer's Executive Compensation Survey relating to the chemical industry and other applicable general industries, as provided by Towers Watson. To obtain comparability based on company size, the data either references a specific sample of companies or calibrates the pay of a broad sample of companies against company size. This data is used as one of several inputs into management's and the Committee's determination of market compensation levels.

**Review of Named Executive Officer Compensation**

Management and the Committee annually review the specific pay disclosures of our peer group and the broad-based survey data provided by Towers Watson described above. Management uses this data to develop recommendations for the Committee's review regarding eligibility, award opportunities, performance measures and goals for the plan periods commencing in the following year. The Committee discusses and considers this information when making compensation decisions and aligning each of the pay elements with our compensation objectives and relative market practices.

The Committee and management annually review and consider tally sheets, which are developed collaboratively by Towers Watson and our Human Resources department, to determine the reasonableness of the compensation of our Named Executive Officers. The tally sheets provide information regarding each Named Executive Officer's base salary, annual incentives, long-term incentives, perquisites, retirement benefits and wealth accumulation.

Based upon individual performance and results achieved, the Chief Executive Officer typically recommends for the Committee's review and approval specific base salary adjustments for each of the other Named Executive Officers. The Chief Executive Officer makes his recommendations in conjunction with the marketplace data and input provided by Towers Watson. He does not participate in any discussions with the Committee involving his own compensation. With guidance from Towers Watson and based on a rigorous review of the prior year's performance, the Committee determines the appropriate base salary for the Chief Executive Officer.

For Annual Plan purposes, during the fourth quarter, the Committee typically reviews plan performance and estimates the incentive payouts for the applicable plan period. In the first quarter of the following year, the Committee determines actual performance against pre-established goals and approves plan attainment levels. Our awards of cash-settled performance units, stock-settled



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stock appreciation rights ( SARs ), and full value awards (in the form of performance shares or restricted stock units ( RSUs )) are determined in the first quarter based on competitive long-term incentive market practices, market data, and an evaluation of individual performance.

*Pay for Performance*

We believe that the majority of each Named Executive Officer's compensation should be linked directly to our performance and the creation of shareholder value. The following chart compares cumulative total shareholder return on our common shares against the cumulative total return of the S&P 500 Index and the S&P Mid Cap Chemicals Index for the five year period, December 31, 2005 to December 31, 2010, assuming in each case a fixed investment of \$100 and reinvestment of all dividends. Our five-year performance has exceeded the S&P 500 Index and has kept pace with the S&P Mid Cap Chemicals Index.

Company / Index	Base Period 12/31/05	INDEXED RETURNS				
		12/31/06	12/31/07	Years Ending 12/31/08	12/31/09	12/31/10
PolyOne Corporation	\$ 100	\$ 116.64	\$ 102.33	\$ 48.99	\$ 116.17	\$ 194.25
S&P 500 Index	\$ 100	\$ 115.79	\$ 122.16	\$ 76.96	\$ 97.33	\$ 111.99
S&P Mid Cap Chemicals	\$ 100	\$ 117.76	\$ 149.65	\$ 94.16	\$ 150.05	\$ 209.77

We believe that the returns to shareholders shown in this graph indicate that our pay-for-performance philosophy, compensation plan design and selected metrics have resulted in performance that has provided increased value to our shareholders and that the compensation of our Named Executive Officers is appropriate given both the fiscal 2010 and long-term performance of Polyone.

Our executive compensation programs are also designed to recognize an executive's scope of responsibilities, leadership ability, and effectiveness in achieving key performance goals and objectives. As an executive's level of responsibility within PolyOne increases, so does the percentage of total compensation that is linked to performance in the form of variable compensation.

The following table summarizes the allocation of the compensation opportunity at target, or "pay mix" that was granted in 2010 to the Named Executive Officers, based upon the primary elements of compensation (base salary, annual incentive opportunity, and long-term incentive opportunity). Both the annual incentive and long-term incentive opportunity represent the variable

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compensation portion of each Named Executive Officer's total compensation opportunity, consistent with our overall pay-for-performance philosophy.

Element	PAY MIX ALLOCATION				
	Newlin	Patterson	Smith	Kedrowski	Baert
Base Salary	19%	34%	40%	40%	42%
Annual Incentive Opportunity	20%	21%	22%	22%	21%
Long-Term Incentive Opportunity	61%	45%	38%	38%	37%

Our incentive programs focus on the critical performance measures that determine our overall success and reward executives for the attainment of sustainable, long-term success. For positions with significant business unit responsibilities, annual incentive programs also emphasize success at the business unit level, which may lead to Named Executive Officers at comparable levels being paid differently.

Our executive compensation programs play a material role in our ability to drive strong financial results that exceed expectations. We believe that providing incentive plan opportunities to our executives that are based upon achieving strategic goals and objectives are instrumental in driving desired results.

**2010 Executive Compensation Elements**

The following table outlines the major elements of 2010 total compensation for our Named Executive Officers:

Compensation Element	Key Features	Objectives and Comments
<b>Base Salary</b>	Fixed compensation	Intended to pay for the experience, skills and ongoing value the officer brings to the position
<b>Annual Incentive</b>	Variable cash compensation that is earned if pre-established annual performance goals are achieved. For 2010, the goals were operating income and working capital as a percentage of sales	Builds accountability for important annual financial goals  Payment is made only upon achievement of specified goals
<b>Long-Term Incentive</b> <i>Cash-settled</i> <i>Performance Units</i>	Variable cash compensation that is earned if pre-established financial goals are achieved. The 2010 goal was working capital as a percentage of sales. Awards were determined at the end of 2010 based on performance over	Emphasizes achievement of strategic goals and objectives  Payment is made only upon achievement of specified goals  Avoids stock dilution

the preceding 12-month period  
but payable in three years,  
generally subject to the officer's  
continued employment

One-year measurement period emphasizes  
key goals, while the three-year payout  
period supports our retention objective



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<b>Compensation Element</b>	<b>Key Features</b>	<b>Objectives and Comments</b>
<p><i>Stock-settled Stock Appreciation Rights</i></p>	<p>Variable compensation that increases in value as our share price rises. For the 2010 grants, SARs vest one-third per year over a three-year period, generally subject to the officer's continued employment</p> <p>Paid in PolyOne common shares</p>	<p>Aligns goals with those of shareholders by maximizing value through increased stock price</p> <p>Requires growing stock price before any value is realized</p> <p>Increases share ownership</p> <p>Three-year vesting period supports our retention objective</p> <p>Multi-year incentive is a common market practice</p>
<p><i>Restricted Stock Units</i></p>	<p>Equity compensation that vests and is payable at the end of the three-year restriction period, subject to the officer's continued employment</p> <p>Paid in PolyOne common shares</p>	<p>Increases share ownership</p> <p>Three-year vesting period supports our retention objective</p> <p>Full-value grant is a common market practice</p>
<p><b>Retirement Plans</b> <i>U.S. Defined Contribution Plans</i></p>	<p>Tax-qualified 401(k) defined contribution plan</p> <p>Nonqualified excess 401(k) defined contribution plan</p>	<p>Standard tax-qualified benefit offered to all employees, subject to Internal Revenue Code limits</p> <p>Restores benefits that are limited by the Internal Revenue Code in the qualified plan</p>
<p><i>Luxembourg Defined Contribution Plan</i></p>	<p>Tax-efficient defined contribution plan</p>	<p>Mr. Baert participates in a standard tax-efficient defined contribution plan provided to Luxembourg employees</p>
<p><i>Defined Benefit Plans</i> (these plans have been closed to new participants since the formation of PolyOne and were frozen as of March 20, 2009)</p>	<p>Tax-qualified defined benefit pension plan</p> <p>Nonqualified excess defined benefit plan</p>	<p>Mr. Smith, as a 21 year employee, participates in the frozen defined benefit pension plan offered to certain employees</p> <p>Prior to March 20, 2009, restored benefits that are limited by the Internal Revenue Code in the qualified plan</p>

*Supplemental Retirement Benefit  
for Mr. Newlin*

Non-qualified annual  
supplemental retirement  
payments, payable upon a  
Qualifying Separation from  
Service, payable in the form of a  
15-year certain and continuous  
life annuity

Consistent with benefits offered at peer  
companies  
Vesting condition supports our retention  
objective

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<b>Compensation Element</b>	<b>Key Features</b>	<b>Objectives and Comments</b>
<i>Subsidized Post-Retirement Medical Plan</i> (this plan has been closed to new participants since the formation of PolyOne in 2000, and will be eliminated in 2013)	Subsidized retiree medical coverage (available to certain employees)	Mr. Smith, as a 21 year employee, is eligible to participate in this plan
<i>Post-Retirement Medical Plan (at Full Cost to Employee)</i>	Retiree medical coverage provided at full cost to the retiree from ages 55 to 65. This is available to all employees who meet specified age and service requirements	Messrs. Newlin, Patterson and Kedrowski are eligible to participate in this plan upon reaching specified age and service requirements  Mr. Baert is a non-U.S. based employee and therefore is not eligible to participate in the Company provided retiree medical plan
<b>Perquisites</b>	Benefit allowance  Financial planning and tax preparation  Relocation benefits  Executive physical	Perquisites and relocation benefits assist in attracting and retaining executive talent  Executive physicals help to ensure continuity of our management team

The following discussion analyzes the main elements of compensation for the Named Executive Officers, including specific decisions relating to 2010.

**Base Salary**

Merit adjustments were reinstated during 2010 after base salaries for Named Executive Officers, as well as our other officers, had been frozen in 2009. As noted earlier, management recommended again for 2010 that no base salary adjustment would be provided to the Chief Executive Officer. Instead, the Committee increased Mr. Newlin's target annual incentive opportunity in order to tie a greater portion of his pay to our performance. The Committee considered the recommendation of the Chief Executive Officer in determining the salary adjustments for each of the other Named Executive Officers. The primary factors used in determining the adjustment amounts were each executive's individual performance and the relative position of their salary to the market median for their role. The Committee approved the following base salaries for the Named Executive Officers, with salary changes effective in May 2010:

<b>Named Executive Officer</b>	<b>2009 Base Salary</b>	<b>2010 Base Salary</b>	<b>Adjustment %</b>
Stephen D. Newlin	\$ 860,000	\$ 860,000	0%
Robert M. Patterson	\$ 415,000	\$ 430,000	3.6%

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Kenneth M. Smith	\$	336,000	\$	344,000	2.4%
Thomas J. Kedrowski	\$	322,000	\$	333,000	3.4%
Bernard Baert	\$	392,931	\$	401,683	2.2%

Based on the data provided by Towers Watson, we determined that the 2010 salaries of the Named Executive Officers range from 93% to 111% of the market median for comparable positions, with an average of 103% for all Named Executive Officers.

**Table of Contents****Annual Incentive**

The Annual Plan was originally approved by shareholders in 2005 and includes a defined set of performance measures that can be used in determining awards under the plan. Annual awards for 2010 were made under the Annual Plan. We received shareholder approval of a new Annual Plan at the 2010 Annual Meeting, and future annual awards will be made under that plan.

Consistent with our approach to use the market median as a reference point and reward our Named Executive Officers for achievement of specific performance objectives that would advance our profitability, the Committee approved the following target annual incentive levels for the Named Executive Officers for 2010 as follows:

<b>Named Executive Officer</b>	<b>2009 Annual Plan Target</b>	<b>2010 Annual Plan Target</b>
Stephen D. Newlin	100%	110%
Robert M. Patterson	50%	60%
Kenneth M. Smith	50%	55%
Thomas J. Kedrowski	50%	55%
Bernard Baert	50%	50%

For 2010, we continued to use the following performance measures for the Annual Plan: operating income and working capital as a percentage of sales. The Committee chose to use the same performance measures as those used in 2009 in order to continue to drive profitability, promote working capital management, improve cash flow and drive efficiency in our operations, all of which we believe lead to maximizing shareholder value. We selected these performance measures for the Annual Plan as they were the most critical elements of PolyOne's performance for 2010. In the Annual Plan, these measures are defined as:

Operating income: operating income less Sunbelt (our joint venture) operating income and less any specified special items (which consist of non-recurring items as set forth in our quarterly earnings release).

Working capital as a percentage of sales is calculated using the following formula: (Average 13 months of Working Capital) divided by (the sum of 12 months of sales), where Working Capital equals (1) Trade Accounts Receivable plus (2) Inventory on a First In First Out ( FIFO ) basis minus (3) Trade Accounts Payable.

In order to place a greater emphasis on profitable growth and as a critical measure of our operating performance, for 2010 we increased the weighting on operating income from 50% to 65% and we reduced the weighting on working capital as a percentage of sales from 50% to 35%. Mr. Baert is the only Named Executive Officer with responsibility for business unit specific results within the international region, and his incentive opportunity under the Annual Plan is based on operating income for that region. The performance measures and weightings used for the Named Executive Officers in the 2010 Annual Plan were as follows:

<b>Performance Measure</b>	<b>Newlin</b>	<b>Patterson</b>	<b>Smith</b>	<b>Kedrowski</b>	<b>Baert</b>
Company Operating Income	65%	65%	65%	65%	

Business Unit Operating Income (within International)					65%
Consolidated Working Capital as a Percentage of Sales	35%	35%	35%	35%	35%

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Even when faced with uncertain economic conditions at the beginning of 2010, we set aggressive goals that focused our efforts on those factors that we believe were critical to our on-going success, including profitable growth, earnings improvement, cash generation from working capital, efficiencies in our operations and the continued implementation of our overall strategy. In 2010, we were able to achieve maximum performance on our working capital as a percentage of sales metric by achieving 9.6%, which is considered world-class performance, and represents an improvement of 20.7% over 2009. In addition, on a consolidated basis, our performance and results under the operating income metric exceeded the maximum performance level and was 170.7% higher than the prior year. We viewed the targeted level of performance as very challenging to achieve, and hence the actual level of performance reflects superlative results. The attainment levels of above-target to maximum performance for this metric in 2010 required exceptional performance across all disciplines and business units.

The performance measures and targets, and the respective levels of achievement for each performance measure, under the Annual Plan for 2010 are set forth below. Payouts are capped at 200% of a participant's award amount at target.

	2010 Goals					
	2009 Actual Result	Threshold (50%)	Target (100%)	Maximum (200%)	2010 Actual Result	2010 % Plan Attainment
Performance Measure (\$ in millions)						
Company Operating Income	\$ 54.9	\$ 54.3	\$ 69.4	\$ 99.5	\$ 148.2	200.0%
Consolidated Working Capital as a Percentage of Sales	12.1%	12.0%	11.3%	10.6%	9.6%	200.0%
Business Unit Operating Income (Baert)	\$ 24.4	\$ 34.1	\$ 41.5	\$ 58.1	\$ 58.8	200.0%

The actual amounts earned by the Named Executive Officers under the Annual Plan are set forth in the Non-Equity Incentive Plan Compensation column of the 2010 Summary Compensation Table.

The Annual Plan, as it applies to the Named Executive Officers, is structured to comply with Section 162(m) of the Internal Revenue Code. A more detailed discussion of Section 162(m) of the Internal Revenue Code appears in the Tax Considerations section below.

**Long-Term Incentive**

In May 2008, our shareholders approved the 2008 Equity and Performance Incentive Plan (the "2008 Plan"), which was used to make equity incentive awards in 2010. Our shareholders approved the 2010 Equity and Performance Incentive Plan (the "2010 Plan") at the 2010 Annual Meeting. Our 2011 Long-Term Incentive Plan grants will be made under the 2010 Plan.

Long-Term Incentive Plan targets are established with consideration of market median levels for each Named Executive Officer's position and are intended to reward them for achievement of specific performance objectives.

**Awards Granted in 2010**

In February 2010, we granted long-term incentive awards under the 2008 Plan using three vehicles, with the allocation of the award values roughly as follows: 36% of the award's value was allocated to performance units for the 2010 performance period, 30% was allocated to stock-settled SARs and 34% was allocated to RSUs. We chose this mix in

order to provide balance between the relative values of the three components and efficiently use the shares available under the 2008 Plan.



**Table of Contents****Cash-Settled Performance Units**

The performance units granted in February 2010 will be paid in cash, consistent with past practice, and were based on achievement of performance goals relating to our working capital as a percentage of sales during 2010. The Committee selected working capital as a percentage of sales as the performance measure in order to reinforce our focus on improving working capital. In 2010, we again elected to use a one-year measurement period for performance units in order to sustain our working capital performance attained in 2009, continue our focus on generating cash and in acknowledgement of the significant continued economic uncertainty at the time the goals were set. The attainment level for the performance units is determined at the end of the measurement period, but awards generally do not become vested for three years, in order to serve as a retention vehicle.

Upon achievement of the target performance level, a participant would earn the target amount of performance units; attainment of only the threshold performance level would earn 50% of the target award; and attainment of the maximum performance level or greater earns the participant 200% of the target award. If final performance falls between the threshold and target or between target and maximum, earned award amounts under the plan would be interpolated. If threshold performance is not achieved, no award would be paid to the participants. For performance units granted in 2010, we were able to achieve working capital as a percentage of sales equal to 9.6%, which equated to a maximum level of performance. We believe this level of performance influenced the improvement in our stock price during the course of the year, benefiting both PolyOne and our shareholders, and positioned us well for future success. Performance goals at the threshold, target, and maximum levels for the 2010 performance units are shown below.

<b>Performance Measure</b>	<b>2009 Actual Result</b>	<b>2010 Goals</b>			<b>2010 Actual Result</b>	<b>2010 % Plan Attainment</b>
		<b>Threshold (50%)</b>	<b>Target (100%)</b>	<b>Maximum (200%)</b>		
Working Capital as a Percentage of Sales	12.1%	12.0%	11.3%	10.6%	9.6%	200%

The performance unit amounts at maximum for the Named Executive Officers under the Long-Term Incentive Plan are set forth in the 2010 Grants of Plan-Based Awards table.

**Stock-Settled SARs**

To continually reinforce our ongoing commitment to enhancing shareholder value, the Named Executive Officers received an award of SARs that, when exercised by the holder, are settled in our common shares. Each SAR granted to our Named Executive Officers in February 2010 has a base price of \$7.99, the closing market price of our common stock on the date of grant. All SARs granted in 2010 vest in equal installments over three years and have an exercise term of seven years. The exercise term is shorter than market practice in an effort to control dilution.

**Restricted Stock Units**

To promote share ownership and enhance the retention of our executives, we granted RSUs in February 2010 to all Named Executive Officers. The RSUs vest on the third anniversary of the grant date.

**Awards Granted in Prior Years**

In February 2011, the Committee approved the payout of performance units granted at the start of 2008 for performance during the period 2008-2010. These performance units were based on achievement of performance goals related to our earnings per share over the three-year period. The

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Named Executive Officers received a cash award based on an attainment of 110.3% of the target level performance for this goal.

<b>Performance Measure</b>	<b>Threshold</b>	<b>Goals Target</b>	<b>Maximum</b>	<b>Actual Result</b>	<b>% Attainment</b>
	<b>(50%)</b>	<b>(100%)</b>	<b>(200%)</b>		
Earnings Per Share	\$ 1.50	\$ 1.63	\$ 2.31	\$ 1.70	110.3%

All equity awards outstanding as of December 31, 2010 are set forth in the Outstanding Equity Awards at 2010 Fiscal Year-End Table in this proxy statement.

**Retirement Benefits**

We offer the following retirement benefits to eligible employees and certain Named Executive Officers as specified. Additional details of these plans, as they apply to the Named Executive Officers, are included in the narrative to the 2010 Pension Benefits Table.

A defined contribution retirement benefit available to all U.S. employees through an Internal Revenue Code tax-qualified profit sharing/401(k) plan (the Qualified Savings Plan );

An unfunded, nonqualified plan that provides benefits similar to the Qualified Savings Plan (the Nonqualified Savings Plan ), but without the Internal Revenue Code contribution and earnings limitations;

A standard defined contribution retirement benefit plan provided to all Luxembourg employees, of which Mr. Baert is a participant;

A company-funded Internal Revenue Code qualified defined benefit pension plan (the Qualified Pension Plan ), as well as an unfunded, nonqualified defined benefit pension plan (the Benefit Restoration Plan ), under which Mr. Smith is eligible, along with certain other employees, to receive frozen benefits. In addition, since becoming retirement eligible (55 years of age with 10 years of service), Mr. Smith is eligible to receive certain retiree medical benefits for which he will be required to pay a substantial portion of the cost;

A supplemental retirement benefit for Mr. Newlin that provides annual supplemental retirement payments, payable in the form of a 15-year certain and continuous life annuity, conditioned upon his execution of a release and waiver and upon a qualifying separation from service .

**Employment Agreements with Named Executive Officers**

Messrs. Newlin and Baert are party to employment agreements with us, as described below. We do not maintain employment agreements with any of the other Named Executive Officers, although each of our Named Executive Officers is party to a Continuity Agreement, as described in Potential Payments Upon Termination or Change-in-Control below.

**Mr. Newlin**

On February 6, 2006, we entered into an agreement with Mr. Newlin, under which he serves as our Chairman, President and Chief Executive Officer. We entered into this agreement in order to attract Mr. Newlin to PolyOne and set the terms of his employment. The agreement provided for specified equity awards, intended to serve as an inducement to join PolyOne, for Mr. Newlin's initial base salary and for his participation in our various long-term incentive and benefit plans in effect during the term of his employment. In addition, the agreement provides for certain payments upon

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termination of Mr. Newlin's employment, as described more fully in Potential Payments Upon Termination or Change-in-Control below. In July 2008, Mr. Newlin's agreement was amended to provide for a supplemental retirement benefit, as described above and more fully in the narrative for the 2010 Pension Benefits Table.

**Mr. Baert**

In connection with the change in location for our European headquarters, PolyOne Luxembourg s.à r.l., our wholly owned subsidiary located in Luxembourg, entered into an employment agreement with Bernard Baert, effective September 1, 2009. It is customary in Luxembourg that we maintain an agreement with each of our employees, including Mr. Baert. Among other things, the agreement provides that Mr. Baert will be entitled to a monthly base salary of \$24,708, daily meal vouchers and the use of a company car. Under the agreement, Mr. Baert may also be eligible to participate in our Annual Plan and will be included in a defined contribution benefits cafeteria plan established by PolyOne Luxembourg. Pursuant to the terms of the agreement, Mr. Baert has agreed not to compete with us for a period of twelve months after termination of the agreement. Mr. Baert's agreement provides for certain payments upon termination of Mr. Baert's employment, as described more fully in the Potential Payments Upon Termination or Change-in-Control section of this proxy statement.

**Perquisites**

We provide minimal perquisites to the Named Executive Officers, which we believe are necessary to compete for executive talent. These perquisites for the Named Executive Officers based in the United States consist of a monthly benefit allowance, reimbursement of expenses for financial planning and tax preparation, and an annual physical examination. The perquisites for Mr. Baert, which are typical and competitive with companies in Europe, include a PolyOne-provided automobile, meal and entertainment allowance, and reimbursement of expenses for financial planning and tax preparation. The specific amounts attributable to perquisites for 2010 for the Named Executive Officers are disclosed in the 2010 Summary Compensation Table.

We made several changes to the perquisites provided to the Named Executive Officers based in the United States that were effective beginning January 2010. We eliminated the car allowance, cancelled the excess liability insurance coverage, and eliminated tax gross-ups on all perquisites and replaced them with a benefit allowance. We intend that benefit allowances will not be provided to new executives. The benefit allowance and reimbursement of expenses for financial planning and tax preparation in 2010 and future years will be treated as taxable income to the Named Executive Officers. These changes were made in response to market trends that indicated companies were reducing or eliminating these types of benefits.

Mr. Newlin and Mr. Kedrowski were eligible for reimbursement of their relocation expenses under our standard relocation plan. During 2010, we reimbursed Mr. Newlin and Mr. Kedrowski for moving expenses and also provided them with a tax gross-up on all or a portion of these amounts. Details of these amounts are set forth in the All Other Compensation column of the 2010 Summary Compensation Table.

We also provide other benefits such as medical, dental and life insurance and disability coverage to each U.S.-based Named Executive Officer, which are identical to the benefits provided to all other eligible U.S.-based employees. Medical, dental and life insurance coverage provided to Mr. Baert is identical to the benefits provided to all other Luxembourg-based employees. We provide vacation and paid holidays to all employees, including the Named Executive Officers. The Named Executive Officers were eligible for the following vacation in 2010: Mr. Newlin five

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weeks, Mr. Patterson four weeks, Mr. Smith five weeks, Mr. Kedrowski four weeks and Mr. Baert 26 days.

**2011 Total Compensation**

For 2011, the Committee's review and approval of final terms for both the Annual Plan and the Long-Term Incentive Plan took place in the fourth quarter of 2010. The Committee also reviewed the compensation levels for our Named Executive Officers and compared them to the peer group proxy data and survey data provided by Towers Watson.

**2011 Base Salaries**

In recognition of the significant role Mr. Newlin played in transforming PolyOne into a high-performing company, the Committee approved an adjustment to Mr. Newlin's annual base salary, effective January 1, 2011, from \$860,000 to \$950,000. Prior to this adjustment, Mr. Newlin's base salary had not changed since March 2008. In the Committee's judgment, the total compensation package provided to Mr. Newlin, as described under the heading "Employment Agreements with Named Executive Officers" above, is appropriate in order to fairly compensate and retain Mr. Newlin.

In January 2011, Mr. Patterson was promoted to Executive Vice President and Chief Financial Officer, taking on additional responsibilities of supporting the growth of our global businesses in Asia. As a result, the Committee approved an adjustment to his annual base salary, from \$430,000 to \$475,000 in order to recognize his increased responsibilities.

**2011 Annual Incentive**

In light of Mr. Patterson's promotion, an increase in his target incentive opportunity under the Annual Plan was also approved from 60% to 65%. This change was made to keep Mr. Patterson's annual incentive target in line with the market median in recognition of his new level of responsibilities.

The Committee determined that we will fundamentally maintain the same design as 2010 for the Annual Plan. Performance measures will continue to be operating income and working capital as a percentage of sales with current weightings maintained. For Named Executive Officers who have responsibility for a business unit, the working capital measure will be applied to relate only to the working capital performance for their specific business unit, as opposed to the consolidated number for the Company. Having the executive be accountable for the specific performance of the applicable business unit will more closely align the executive's responsibilities with his 2011 Annual Plan award. We believe that the established goals for the 2011 Annual Plan are challenging, yet achievable upon exceeding 2010 performance levels.

**2011 Long-Term Incentive Plan**

We are maintaining the same plan design with RSUs, SARs and performance units in 2011. In 2009 and 2010, we had one-year performance periods for performance units, and in 2011, we are returning to a three-year performance period (2011-2013). The Committee determined that cash-settled performance units would be earned upon achievement of an earnings per share performance goal. To promote retention, the performance units will only be earned if the performance goal is achieved and the participant continues to be employed at the time the awards are paid in 2014, except in the case of death, disability and retirement.

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Further, the Committee determined that it would grant stock-settled SARs and full value RSUs to promote stock price appreciation, increase shareholder value and enhance retention. In determining the number of SARs and RSUs to be granted, the Committee used the market median as a reference point in determining the value of the Named Executive Officers' long-term incentive awards.

For 2011, the long-term incentive award design and critical components are summarized as follows:

The cash-settled performance units are earned based on achievement of goals relating to earnings per share over a three-year performance period and vest three years from date of grant, generally subject to continued employment. Achievement of threshold performance will result in a payout of 50% of the target award, achievement of target performance will result in a payout of the target award, and achievement of maximum performance will result in a payout of 200% of the target award (performance units represent a target of 37% of total grant value).

The SARs granted will now have a term of ten years, as opposed to our previous seven-year term, reflecting the easing of dilution issues associated with the Company's relatively low stock price and in order to better align with market practice, and will vest one-third each year on the anniversary date of the grant. The base price for the SARs is the closing market price of our common stock on the date of grant (February 16, 2011) (SARs represent a target of 31.5% of total grant value).

Each RSU is equal in value to one share of our common stock and the RSUs will pay out in the form of our common shares on a one-for-one basis. The RSUs will vest in full on the third anniversary of the date of grant (RSUs represent a target of 31.5% of total grant value).

In order to align compensation more closely with the market and to focus participants on the long-term performance goals critical to our success and that of our shareholders, the Committee approved an adjustment to the target Long-Term Incentive Plan opportunity for the Named Executive Officers during the first quarter of 2011, as follows:

	<b>Long-Term Incentive Plan</b>	
<b>Named Executive Officer</b>	<b>2010 Target (as a percentage of Base Salary)</b>	<b>2011 Target (as a percentage of Base Salary)</b>
Stephen D. Newlin	300%	350%
Robert M. Patterson	120%	135%
Kenneth M. Smith	90%	100%
Thomas J. Kedrowski	90%	100%
Bernard Baert	90%	100%

**Tax Considerations**

Cash compensation, such as base salary or annual incentive compensation, is taxable to the recipient as ordinary income when earned, unless deferred under a Company-sponsored deferral plan. Deferrals under tax-qualified plans, such as a 401(k) plan, do not affect our current tax deduction. Deferrals under supplemental executive deferral plans

delay our tax deduction until the deferred amount (and any accumulation thereon) is paid. Stock-settled SARs are generally taxable as ordinary income when exercised and performance shares, RSUs and performance units are generally



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taxable when paid. We realize a tax deduction at that time. The Committee reviews potential tax implications before making decisions regarding compensation.

Management and the Committee are aware of Section 162(m) of the Internal Revenue Code, which generally limits the deductibility of executive pay in excess of one million dollars for certain Named Executive Officers, and which specifies the requirements for the performance-based exemption from this limit. The Committee generally manages our incentive programs to qualify for the performance-based exemption. It also reserves the right to provide compensation that does not meet the exemption criteria if, in its sole discretion, it determines that doing so advances our business objectives.

**Accounting Considerations**

When reviewing preliminary recommendations and in connection with approving the terms of a given incentive plan period, management and the Committee review and consider the accounting implications of a given award, including the estimated expense and/or dilutive considerations. Depending upon the type of accounting treatment associated with an incentive plan design, management and the Committee may alter or modify the incentive award due to the accounting treatment if the award (and the related accounting consequences) were to adversely affect our financial performance.

**Executive Compensation Governance****Stock Ownership and Retention Guidelines**

In order to better align the financial interests of our executives with those of our shareholders, we believe our executives should own a meaningful number of shares of PolyOne stock. We have adopted share ownership guidelines specifying a minimum level of share ownership for all executives, including all Named Executive Officers. The specific levels of share ownership for the Named Executive Officers are noted in the following table. These levels were established in 2010 when, given the sustained impact of volatile stock prices on ownership guidelines, we changed from a value that was a multiple of an executive's salary to a fixed number of shares. The retention requirement was also added at this time. The share requirements for each level were determined with the help of Towers Watson and represent what was determined at the time to be a reasonable number of shares. Executives are expected to accumulate the specified shares within five years of their becoming subject to the policy.

In general, shares counted toward required ownership include shares directly held and shares held in our benefit or deferral plans (including RSUs, performance shares that have met the applicable performance criteria, and phantom shares under our nonqualified deferral plan). Our guidelines include a stock retention component, which requires that executives retain half of all shares granted as compensation (net of taxes) after December 16, 2009. After age 55, the 50% retention requirement is reduced 10% each year for five years, allowing individuals who are close to retirement the opportunity to diversify their portfolios. These guidelines and retention requirements apply until the executive retires.

<b>Element</b>	<b>Newlin</b>	<b>Patterson</b>	<b>Smith</b>	<b>Kedrowski</b>	<b>Baert</b>
Share Ownership Target (in shares)	315,000	60,000	90,000	80,000	50,000
Total Share Ownership as of 3/14/11	744,125	228,200	171,701	158,738	80,244
Attainment Status	236.2%	380.3%	190.8%	198.4%	160.5%



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*Note: Ownership targets have been reduced by 30% for Mr. Newlin, 10% for Mr. Smith and 50% for Mr. Baert according to the applicable guideline pertaining to age reduction as discussed above. Mr. Patterson and Mr. Kedrowski have been with PolyOne less than five years and are not yet required to reach 100% of the full share ownership guideline (100,000 shares). The share ownership target for Mr. Patterson has been reduced to reflect that he has been with PolyOne for three years and the share ownership target for Mr. Kedrowski has been reduced to reflect that he has been with PolyOne for four years.*

Timing with Respect to Equity Award Grants

We have adopted a policy with respect to the timing of the grant of equity awards, which provides that equity awards are granted pursuant to approval by the Board or the Committee or, pursuant to authority delegated by the Board or the Committee to the Chief Executive Officer. Such grants generally should be made at times when the Company is not in a blackout period, which is the period of time that is in close proximity to the release of financial or material non-public information or at other times when the Company is not in possession of material non-public information. The policy further provides that, to the extent practicable, annual grants to existing employees should be approved at regularly scheduled meetings and that the grant price for any stock option or stock appreciation right shall not be less than the fair market value of the Company's common shares on the date of grant (which is defined as the closing price of our common shares on the date of grant).

Clawback Policy

We have adopted a policy that is consistent with the requirements of the Sarbanes-Oxley Act of 2002, which requires the Chief Executive Officer and Chief Financial Officer to reimburse us for any awards received during the twelve-month period following the release of financial results that subsequently require an accounting restatement due to material noncompliance with any financial reporting requirement if they are subject to automatic forfeiture under Section 304 of the Sarbanes-Oxley Act. If necessary, we plan to modify our policy to comply with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act), when the SEC promulgates implementing rules and regulations.

Hedging Policy

Our Securities Trading Policy currently provides that, consistent with our philosophy to encourage long-term investments, directors, officers and certain other employees of PolyOne are prohibited from engaging in any speculative transactions involving our securities, including buying or selling puts or calls, short sales, or margin purchases of our securities. If necessary, we plan to modify our policy to comply with the provisions of the Dodd-Frank Act when they are finalized.

**Table of Contents****2010 SUMMARY COMPENSATION TABLE**

The following table sets forth the compensation earned by, and the compensation opportunity granted to, our principal executive officer, our principal financial officer, and our other three most highly compensated executive officers, during the fiscal years ended December 31, 2010, December 31, 2009 and December 31, 2008.

Position	Year	Salary (\$)	Bonus (\$)	Stock Awards <sup>(2)</sup> (\$)	Option Awards <sup>(3)</sup> (\$)	Non- Equity Incentive Plan Compensation <sup>(4)</sup> (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	
Principal Executive Officer Newlin,	2010	\$ 860,000		\$ 967,589	\$ 850,590	\$ 3,030,236	\$ 538,990 <sup>(5)</sup>	\$ 1,263,730 <sup>(7)</sup>	\$
	2009	860,000		312,547	275,559	1,720,000	516,552	138,847	
Principal Executive Officer Smith,	2008	831,731		771,931	648,168	1,044,150	4,341,255	135,106	
	2010	424,231		191,760	167,700	509,077		71,168 <sup>(8)</sup>	
Principal Financial Officer Smith,	2009	415,000		60,325	53,223	415,000		198,924	
	2008	255,385		307,200	160,800	107,568		85,109	
	2010	340,923		107,865	94,380	504,501	130,531 <sup>(6)</sup>	70,308 <sup>(9)</sup>	
Principal Human Resources Officer Smith,	2009	336,000		35,179	31,042	336,000	121,177	61,563	
	2008	333,308		84,798	70,512	210,289	156,297	69,065	
	2010	328,769		107,865	94,380	484,735		221,966 <sup>(10)</sup>	

n and

rt,	2010	398,507	107,865	94,380	566,927	59,377 <sup>(11)</sup>
	2009	424,953	28,194	24,898	283,974	78,259
Europe ional <sup>(1)</sup>	2008	415,441	84,798	70,512	121,564	84,388

- (1) Mr. Baert's compensation is paid in Euros. The conversion rate used for purposes of converting the Euros earned by Mr. Baert into dollars for purposes of this table was 1.00 = \$1.32525, which is the conversion rate used in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.
- (2) This column includes time-vested, stock-settled RSUs granted in 2010 to the Named Executive Officers under our 2008 Plan. The amounts reported represent the grant date fair value of the awards computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Compensation—Stock Compensation. For information regarding the assumptions used in determining the fair value of these awards, please refer to Note 15, Share-Based Compensation, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. For 2010, these grants are described more fully in the narrative following the 2010 Grants of Plan-Based Awards table and in the Compensation Discussion and Analysis—2010 Executive Compensation Elements—Long-Term Incentive Awards Granted in 2010—Restricted Stock Units section of this proxy statement.
- (3) This column includes time-vested, stock settled SARs granted in 2010 to the Named Executive Officers under our 2008 Plan. The amounts reported represent the grant date fair value of the awards computed in accordance with FASB ASC Topic 718. For information regarding the assumptions used in determining the fair value of these awards, please refer to Note 15, Share-Based Compensation, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. For 2010, these grants are described more fully in the narrative following the 2010 Grants of Plan-Based Awards table and in the Compensation Discussion and Analysis—2010 Executive Compensation Elements—Long-Term Incentive Awards Granted in 2010—Stock-Settled SARs section of this proxy statement.
- (4) This column reflects amounts earned by the Named Executive Officers under the Annual Plan and the 2008 2010 Long Term Incentive Plan. The terms of the Annual Plan are described more fully in the narrative following the 2010 Grants of Plan-Based Awards table and in the Compensation Discussion

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and Analysis Elements of Compensation Annual Incentive section of this proxy statement. The terms of the 2008 2010 Long Term Incentive Plan Cash-Settled Performance Units are described more fully in the Compensation Discussion and Analysis 2010 Executive Compensation Elements Long-Term Incentive Awards Granted in Prior Years section of this proxy statement. The amounts earned by the Named Executive Officers under each plan are listed below.

<b>Name</b>	<b>Annual Plan (\$)</b>	<b>Cash-Settled Performance Units (\$)</b>
S.D. Newlin	\$ 1,892,000	\$ 1,138,236
R.M. Patterson*	509,077	
K.M. Smith	375,015	129,486
T.J. Kedrowski	361,646	123,089
B. Baert	398,507	168,420

\* Mr. Patterson was not employed at the Company at the time the cash-settled performance unit grant was made.

- (5) Mr. Newlin is entitled to a supplemental retirement benefit under his employment agreement, as described more fully in the Compensation Discussion and Analysis Elements of Compensation Retirement Benefits section of this proxy statement. The amount represents the aggregate change in actuarial present value (determined by subtracting the December 31, 2009 actuarial present value from the December 31, 2010 actuarial present value) of the annual benefit payment that will be payable as a 15-year certain and continuous life annuity beginning at age 58.6 and assumes that Mr. Newlin has a Qualifying Separation from Service.
- (6) Mr. Smith participates in the Qualified Pension Plan and the Benefit Restoration Plan that existed prior to our formation in 2000 through the consolidation of Geon and M.A. Hanna. The amount represents the aggregate change in actuarial present value (determined by subtracting the December 31, 2009 actuarial present value from the December 31, 2010 actuarial present value) of Mr. Smith's accumulated benefits under the Qualified Pension Plan and the Benefit Restoration Plan.
- (7) Amount consists of a tax gross-up on the reimbursement for the loss on the sale of his home in the amount of \$426,371, company contributions under our Qualified Savings Plan in the amount of \$15,925, and company contributions under our non-qualified retirement plan in the amount of \$151,775. Mr. Newlin also received perquisites in 2010, reflected in the table, with the following incremental costs: reimbursement of the loss on the sale of his home plus moving expenses (\$632,331), benefit allowance (\$23,631), financial planning and tax preparation expenses (\$13,000), reimbursement of guest travel (\$316) and an executive physical (\$381). In 2010, we purchased Mr. Newlin's home for \$1,562,500, which was based on relocation guidelines and two independent appraisals of his home. The amount disclosed in this column does not include the costs we incurred in 2010 in connection with our ownership of the home as the home is currently being marketed for resale at a price above our purchase price. We do not consider these additional costs to be compensation to Mr. Newlin.
- (8) Amount consists of company contributions under our Qualified Savings Plan in the amount of \$15,925 and company contributions under our non-qualified retirement plan in the amount of \$38,625. Mr. Patterson also received perquisites in 2010, reflected in the table, with the following incremental costs: benefit allowance

(\$6,923), financial planning and tax preparation expenses (\$7,565) and an executive physical (\$2,130).

- (9) Amount consists of company contributions to our Qualified Savings Plan in the amount of \$15,925 and company contributions under our non-qualified retirement plan in the amount of \$28,075. Mr. Smith also received perquisites in 2010, reflected in the table, with the following incremental costs: benefit

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allowance (\$18,923), financial planning and tax preparation expenses (\$5,893), reimbursement of guest travel (\$386) and an executive physical (\$1,106).

- (10) Amount consists of a tax gross-up on the reimbursement for moving expenses in the amount of \$3,629, company contributions to our Qualified Savings Plan in the amount of \$15,925, and company contributions under our non-qualified retirement plan in the amount of \$23,121. Mr. Kedrowski also received perquisites in 2010, reflected in the table, with the following incremental costs: reimbursement for the loss on the sale of his home plus moving expenses (\$154,444), benefit allowance (\$18,923), reimbursement of guest travel (\$424) and financial planning and tax preparation expenses (\$5,500).
- (11) Amount consists of company contributions to a tax-efficient savings plan, generally provided to all Luxembourg employees, in the amount of \$45,673. Mr. Baert also received perquisites in 2010, reflected in the table, with the following incremental costs: company provided automobile (\$9,179), financial planning and tax preparation expenses (\$2,120) and meal vouchers (\$2,405). These amounts have been converted from Euros to dollars as set forth in footnote 1 to the 2010 Summary Compensation Table.



**Table of Contents****2010 GRANTS OF PLAN-BASED AWARDS****Estimated Future Payouts Under  
Non-Equity Incentive Plan Awards<sup>(2)</sup>**

Name	Grant Date	Threshold <sup>(3)</sup> (\$)	Target (\$)	Maximum (\$)	All Other Stock Awards:	All Other Options Awards: Number of	Exercise or Base Price of	Grant Date Fair Value of
					Number of Shares of Stock or Units <sup>(4)</sup> (#)	Securities Underlying Options <sup>(5)</sup> (#)	Option Awards <sup>(6)</sup> (\$/Sh)	Stock and Option Awards <sup>(7)</sup> (\$)
S.D. Newlin	(1)	\$ 473,000	\$ 946,000	\$ 1,892,000				
	2/17/2010	516,000	1,032,000	2,064,000				
	2/17/2010				121,100			967,589
R.M. Patterson	(1)	127,269	254,539	509,077				
	2/17/2010	99,600	199,200	398,400				
	2/17/2010					218,100	7.99	850,590
K.M. Smith	(1)	93,754	187,508	375,015				
	2/17/2010	60,500	121,000	242,000				
	2/17/2010				24,000			191,760
T.J. Kedrowski	(1)	90,411	180,823	361,646				
	2/17/2010	58,000	116,000	232,000				
	2/17/2010					43,000	7.99	167,700
T.J. Kedrowski	(1)	90,411	180,823	361,646				
	2/17/2010	58,000	116,000	232,000				
	2/17/2010				13,500			107,865
T.J. Kedrowski	(1)	90,411	180,823	361,646				
	2/17/2010	58,000	116,000	232,000				
	2/17/2010					24,200	7.99	94,380

B. Baert	(1)	99,627	199,254	398,507		
	2/17/2010	74,000	148,000	296,000		
	2/17/2010				13,500	107,865
	2/17/2010				24,200	7.99
						94,380

- (1) There is no Grant Date for these awards. This row relates to awards made under our cash-based Annual Plan.
- (2) The first row of these columns for each Named Executive Officer represents the annual cash incentive opportunity for the Named Executive Officer under the Annual Plan. The actual amount earned for 2010 under the Annual Plan is included in the Non-Equity Incentive Plan Compensation column of the 2010 Summary Compensation Table. The second row of this column for each Named Executive Officer represents the performance units awarded to each Named Executive Officer under the 2008 Plan. Each performance unit is equal in value to \$1.00. These performance units were subject to achievement of specified performance goals over the performance period from January 1, 2010 to December 31, 2010 and were ultimately earned at the maximum level. The performance units will be paid in cash generally contingent upon the Named Executive Officer remaining in continuous employment through the payment date, which shall be in 2013 and shall occur no later than March 15, 2013.

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- (3) Threshold refers to the minimum amount payable upon reaching the threshold level of performance. If threshold performance is not attained, the participant will receive \$0 for this award.
- (4) The numbers in this column represent stock-settled RSUs granted to the Named Executive Officers under the 2008 Plan, which vest on the third anniversary of the grant date.
- (5) The numbers in this column represent stock-settled SARs granted to the Named Executive Officers under the 2008 Plan, which awards become exercisable one-third on each anniversary of the grant date.
- (6) The base price of a SAR is equal to closing market price of a share of our common stock on the grant date. This practice is in compliance with our 2008 Plan. The award of stock-settled SARs that was granted on February 17, 2010 to the Named Executive Officers was priced using the grant date closing price of \$7.99.
- (7) The amounts in this column represent the grant date fair value of each equity-based award, computed in accordance with FASB ASC Topic 718. For information regarding the assumptions used in determining the fair value of an award, please refer to Note 15, Share-Based Compensation, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Set forth below is narrative disclosure relating to the 2010 Summary Compensation Table and the 2010 Grants of Plan-Based Awards table.

**Senior Executive Annual Incentive Plan**

Annual cash incentives were awarded for 2010 under our Annual Plan and are based on achievement of performance goals relating to company operating income and consolidated working capital as a percentage of sales (for the corporate staff participants) and business unit operating income and consolidated working capital as a percentage of sales (for Mr. Baert). For a more detailed discussion of our annual incentive plan, see Compensation Discussion and Analysis 2010 Executive Compensation Elements Annual Incentive.

**Cash-Settled Performance Units**

Cash-settled performance units were granted in 2010 to all of our Named Executive Officers under our 2008 Plan and are based on achievement of the performance goal, working capital as a percentage of sales, over a one-year period. These awards vest and pay out on the third anniversary of the date of grant, generally subject to continued employment. For a more detailed discussion of the performance units granted in 2010, see Compensation Discussion and Analysis 2010 Executive Compensation Elements Long-Term Incentive Awards Granted in 2010 Cash-Settled Performance Units.

**Stock-Settled SARs**

In 2010, the Committee granted stock-settled SARs to the Named Executive Officers. These SARs have a term of seven years and vest one-third per year over three years. For a more detailed discussion of the stock-settled SARs granted in 2010, see Compensation Discussion and Analysis 2010 Executive Compensation Elements Long-Term Incentive Awards Granted in 2010 Stock-Settled SARs.

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**Restricted Stock Units**

In 2010, the Committee granted RSUs to the Named Executive Officers. The RSUs vest 100% and are payable at the end of a three-year period. For a more detailed discussion of the RSUs granted in 2010, see Compensation Discussion and Analysis 2010 Executive Compensation Elements Long-Term Incentive Awards Granted in 2010 Restricted Stock Units.

**Employment Agreements**

We do not have employment agreements with any of our Named Executive Officers except for Messrs. Newlin and Baert. Mr. Newlin's and Mr. Baert's employment agreements are described in detail in the Compensation Discussion and Analysis Employment Agreements with Named Executive Officers and the Potential Payments Upon Termination or Change-in-Control sections of this proxy statement.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2010 FISCAL YEAR-END**

Name	Number of Securities Underlying Unexercised Options Exercisable <sup>(1)</sup> (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Option Awards Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)			Option Exercise Price (\$)	Option Expiration Date	Stock Awards	
			Number of Securities Underlying Unexercised Options Exercisable <sup>(1)</sup> (#)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Number of Securities Underlying Unexercised Unearned Options (#)			Number of Shares or Units of Stock That Have Not Vested (#) <sup>(3)</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> (\$)
S.D. Newlin							114,700 <sup>(3)</sup>	\$ 1,432,603	
							246,100 <sup>(4)</sup>	3,073,789	
							121,100 <sup>(5)</sup>	1,512,539	
	174,900				9.1850	2/20/2013			
	308,400				6.5850	3/7/2014			
	191,200	95,600 <sup>(6)</sup>			6.7650	3/5/2015			
			284,067 <sup>(7)</sup>		1.4300	3/4/2016			
		218,100 <sup>(8)</sup>			7.9900	2/16/2017			
R.M. Patterson							40,000 <sup>(3)</sup>	499,600	
							47,500 <sup>(4)</sup>	593,275	