

POLYONE CORP  
Form S-4  
December 17, 2012  
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As filed with the Securities and Exchange Commission on December 17, 2012

Registration No. 333-

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**Form S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**POLYONE CORPORATION**

(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of  
incorporation or organization)

2821  
(Primary Standard Industrial  
Classification Code Number)  
PolyOne Center

34-1730488  
(I.R.S. Employer  
Identification Number)

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33587 Walker Road,

Avon Lake, Ohio 44012

Telephone: (440) 930-1000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Lisa Kunkle, Esq.

Vice President, General Counsel and Secretary

PolyOne Corporation

PolyOne Center

33587 Walker Road

Avon Lake, Ohio 44012

Telephone: (440) 930-1000

(Name and address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

James P. Dougherty, Esq.

Rosemary L. Klein, Esq.

David A. Edgar, Esq.

Michael J. Solecki, Esq.

Senior Vice President, General

Megan A. Wotherspoon, Esq.

Jones Day

Counsel and Corporate Secretary

K&L Gates LLP

901 Lakeside Avenue

Spartech Corporation

K&L Gates Center

Cleveland, Ohio 44114

120 S. Central Avenue, Suite 1700

210 Sixth Avenue

(216) 586-3939

Clayton, Missouri 63105

Pittsburgh, Pennsylvania 15222

(314) 721-4242

(412) 355-6500

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this Registration Statement and all other conditions to the merger of a wholly owned subsidiary of PolyOne Corporation into Spartech Corporation have been satisfied or waived.

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If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
 Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.**

### CALCULATION OF REGISTRATION FEE

Title of each class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)(3)
Common Stock, par value \$0.01	10,985,991	N/A	\$221,323,498	\$30,189

- (1) Represents the estimated maximum number of shares of the Registrant's common stock, par value \$0.01 per share, to be issued in connection with the merger described in the proxy statement/prospectus contained herein and is equal to the sum of (1) the product of (a) 31,231,719 shares of Spartech Corporation, which is referred to as Spartech, common stock, par value \$0.75 per share (which includes shares issued (other than shares held in treasury) and outstanding and reserved for issuance under certain Spartech restricted stock unit awards, in each case outstanding as of December 12, 2012) multiplied by (b) 0.3167, the fraction of a share of the Registrant's common stock included as the stock portion of the per share merger consideration, plus (2) the product of (a) 2,438,136 shares of Spartech common stock reserved for issuance under Spartech option awards, Spartech stock-settled stock appreciation rights, certain Spartech restricted stock unit awards and Spartech restricted stock awards, in each case outstanding as of December 12, 2012, multiplied by (b) the sum of (i) 0.3167, plus (ii) the quotient of \$2.67 divided by \$20.17 (the closing price of the Registrant's common stock on December 12, 2012).
- (2) Estimated solely for the purpose of calculating the registration fee required by Section 6(b) of the Securities Act and calculated in accordance with Rule 457(f)(1), Rule 457(f)(3) and Rule 457(c) of the Securities Act, based on the market value of the maximum number of shares of Spartech common stock expected to be converted into the per share merger consideration in connection with the merger (including shares of Spartech common stock reserved for issuance under equity awards), as established by the average of the high and low sales prices of Spartech common stock on the New York Stock Exchange on

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December 12, 2012 of \$9.05. Pursuant to Rule 457(f)(3) of the Securities Act, the amount of cash that may be payable by the Registrant in the merger has been deducted from the proposed maximum aggregate offering price.

- (3) Computed pursuant to Rules 457(f)(1) and 457(c) of the Securities Act, based on a rate of \$136.40 per \$1,000,000 of the proposed maximum aggregate offering price.

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**The information in this proxy statement/prospectus is not complete and may be changed. These securities may not be issued until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and does not constitute the solicitation of offers to buy these securities in any state where the offer or sale is not permitted.**

**PRELIMINARY SUBJECT TO COMPLETION, DATED DECEMBER 17, 2012**

**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

Dear Fellow Stockholder:

You are cordially invited to attend a special meeting of stockholders of Spartech Corporation, which is referred to as Spartech, to be held on [ ], 2013, at [ ], at [ ], local time. At the special meeting, you will be asked to adopt the Agreement and Plan of Merger, dated October 23, 2012, which is referred to as the merger agreement and which provides for a merger in which Spartech will become a wholly owned subsidiary of PolyOne Corporation, which is referred to as PolyOne, in a part cash, part stock transaction. Spartech's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are in the best interests of Spartech and its stockholders and unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

Upon successful completion of the merger, Spartech stockholders will be entitled to receive a combination of cash and PolyOne common shares in exchange for their shares of Spartech common stock. Pursuant to the merger, you will have the right to receive, in exchange for each share of Spartech common stock you own immediately prior to the merger, (1) \$2.67 in cash, without interest, and (2) 0.3167 of a PolyOne common share. Based on the closing price of PolyOne's common stock on December 12, 2012, in exchange for each share of Spartech common stock you own, you would be entitled to receive approximately \$9.06 per share, comprised of: (1) \$2.67 per share in cash; and (2) 0.3167 of a PolyOne common share, having a value of approximately \$6.39. Both PolyOne's and Spartech's common stock is traded on the New York Stock Exchange, which is referred to as the NYSE, under the symbols POL and SEH, respectively. On December 12, 2012, the closing price of PolyOne's common stock was \$20.17 and the closing price of Spartech's common stock was \$8.96.

We cannot complete the merger unless Spartech stockholders adopt the merger agreement at the special meeting. **Your vote on these matters is very important, regardless of the number of shares of Spartech common stock you own. Whether or not you plan to attend the special meeting in person, it is important that your shares of Spartech common stock be represented and voted at the special meeting. In order to ensure your shares of Spartech common stock are represented, we urge you to promptly submit your vote by proxy via the Internet, by phone, or by signing, dating, and returning the enclosed proxy card in the enclosed envelope.** If you decide to attend the special meeting, you will be able to vote in person, even if you have previously submitted your proxy.

In addition, at the special meeting you will also be asked to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Spartech to its named executive officers in connection with the merger and the adjournment of the special meeting under certain circumstances.

**The Spartech board of directors unanimously recommends that Spartech stockholders vote FOR the adoption of the merger agreement, FOR the golden parachute compensation proposal, and FOR the adjournment of the special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the special meeting.**





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If you have any questions about how to vote or direct a vote in respect of your shares of Spartech common stock, you may contact our proxy solicitor, Georgeson Inc. at (800) 733-6198 (toll-free), (212) 440-9800 (banks and brokers), spartech@georgeson.com (email) or write to Georgeson Inc., 199 Water Street 28 Floor, New York, NY 10038.

**By Order of the Board of Directors,**

/s/ Rosemary L. Klein  
*Rosemary L. Klein,*

*Senior Vice President, General Counsel and Corporate  
Secretary*

**Your vote is important. Spartech stockholders are requested to complete, date, sign and return the enclosed proxy in the envelope provided, which requires no postage if mailed in the United States, or to submit their votes electronically through the Internet or by telephone.**



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**REFERENCES TO ADDITIONAL INFORMATION**

The accompanying document is the proxy statement of Spartech Corporation for its special meeting of stockholders and the prospectus of PolyOne Corporation for its shares of common stock to be issued as consideration in the merger. This proxy statement/prospectus incorporates important business and financial information about PolyOne and Spartech from other documents that each company has filed with the Securities and Exchange Commission, which is referred to as the SEC, that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain the documents incorporated by reference into this proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**PolyOne Corporation**

PolyOne Center

33587 Walker Road  
Avon Lake, Ohio 44012  
Attn: Corporate Secretary  
Telephone: (440) 930-1000

**Spartech Corporation**

120 South Central Avenue

Suite 1700  
Clayton, Missouri 63105  
Attn: Corporate Secretary  
Telephone: (314) 721-4242

You can also obtain the documents incorporated by reference into this proxy statement/prospectus by accessing the SEC's website (<http://www.sec.gov>).

For a more detailed discussion of the information about PolyOne and Spartech incorporated by reference into this proxy statement/prospectus, see the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ].

**In order to receive timely delivery of the documents in advance of the special meeting, please make your request no later than [ ], which is five business days prior to the date of the special meeting.**

PolyOne has supplied all information contained in this proxy statement/prospectus relating to PolyOne, and Spartech has supplied all information contained in this proxy statement/prospectus relating to Spartech. PolyOne and Spartech have both contributed to information relating to the merger.

You should rely only on the information which is contained in this proxy statement/prospectus or to which we have referred in this proxy statement/prospectus. We have not authorized anyone to provide you with information that is different. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than the date of this proxy statement/prospectus.

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**Annexes**

Annex A	Agreement and Plan of Merger
Annex B	Opinion of Barclays Capital Inc.
Annex C	Section 262 of the Delaware General Corporation Law

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETING**

*The following are some questions that you, as a stockholder of Spartech Corporation, which is referred to as Spartech, may have regarding the merger, the merger-related executive officer compensation proposal, the adjournment proposal and the Spartech special meeting, and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because this section may not provide all the information that is important to you regarding these matters. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus.*

**Q. Why am I receiving this proxy statement/prospectus?**

A. You are receiving this proxy statement/prospectus because PolyOne Corporation, which is referred to as PolyOne, and Spartech have agreed to a merger of 2012 RedHawk, Inc., a wholly owned subsidiary of PolyOne which is referred to as Merger Sub, with and into Spartech, with Spartech surviving the merger as a wholly owned subsidiary of PolyOne. Immediately following the merger, Spartech, as the surviving corporation, will be merged with and into 2012 RedHawk, LLC, a wholly owned subsidiary of PolyOne which is referred to as Merger LLC, with Merger LLC surviving the subsequent merger. The Agreement and Plan of Merger, dated October 23, 2012, which is referred to as the merger agreement, governing the terms of the merger of Spartech and Merger Sub, which is referred to as the merger, and the subsequent merger of Spartech and Merger LLC, which is referred to as the subsequent merger, is attached to this proxy statement/prospectus as Annex A.

The merger agreement must be adopted by the stockholders of Spartech in accordance with the Delaware General Corporation Law, which is referred to as the DGCL. Spartech is holding a special meeting of its stockholders to obtain that approval. Spartech stockholders will also be asked to approve, on an advisory (non-binding) basis, the merger-related executive officer compensation payments that will or may be paid by Spartech to its named executive officers in connection with the merger.

**Q: When and where will the special meeting take place?**

A: The special meeting will be held at [ ], on [ ], 2013, at [ ].

**Q: What matters will be considered at the special meeting?**

A: The stockholders of Spartech will be asked to: (1) vote to adopt the merger agreement; (2) vote to approve, on an advisory (non-binding) basis, the merger-related executive officer compensation payments that will or may be paid by Spartech to its named executive officers in connection with the merger; and (3) vote to approve the adjournment of the special meeting to solicit additional proxies if there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

The adoption of the merger agreement by Spartech stockholders is a condition to the obligations of Spartech and PolyOne to complete the merger. Neither the approval of the proposal to adjourn the Spartech special meeting, if necessary, nor the approval of the merger-related named executive officer compensation proposal is a condition to the obligations of Spartech or PolyOne to complete the merger.

**Q: What will I receive in the merger?**

A: If the merger is completed, each of your shares of Spartech common stock outstanding at the effective time of the merger automatically will be cancelled and converted into the right to receive an amount equal to (1) \$2.67 in cash, without interest, and (2) 0.3167 shares of PolyOne common stock, subject to cash adjustments in lieu of fractional shares. Each Spartech stockholder will receive cash for any

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fractional PolyOne common share that the stockholder would otherwise receive in the merger. PolyOne will issue an aggregate of approximately [ ] shares of PolyOne common stock and pay an aggregate of approximately \$[ ] in cash in the merger with respect to all of Spartech's outstanding shares of common stock. Because PolyOne will issue a fixed fraction of a share of PolyOne common stock

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in exchange for each share of Spartech common stock, the value of the stock portion of the merger consideration that Spartech stockholders will receive in the merger will depend on the market price of shares of PolyOne common stock at the time the merger is completed. The market price of shares of PolyOne common stock when Spartech stockholders receive those shares after the merger is completed could be greater than, less than or the same as the market price of shares of PolyOne common stock on the date of this proxy statement/prospectus or at the time of the special meeting. Accordingly, you should obtain current stock price quotations for PolyOne common stock and Spartech common stock before deciding how to vote with respect to the adoption of the merger agreement. Both PolyOne's and Spartech's common stock is traded on the New York Stock Exchange, which is referred to as the NYSE, under the symbols POL and SEH, respectively.

For more information regarding the merger consideration to be provided to Spartech stockholders, see the section titled **THE MERGER AGREEMENT Merger Consideration** beginning on page [ ].

### **Q: How does the board of directors of Spartech recommend that I vote?**

A: The Spartech board of directors unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement, **FOR** the approval of the merger-related named executive officer compensation payments and **FOR** the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies. In considering the recommendation of the Spartech board of directors with respect to the merger agreement, Spartech stockholders should be aware that Spartech directors will directly benefit from the merger. For a more complete description of these interests, see the information provided in the section titled **THE MERGER Interests of Spartech Directors and Executive Officers in the Merger** beginning on page [ ].

### **Q: What is golden parachute compensation and why am I being asked to vote on it?**

A: Under certain rules adopted by the Securities and Exchange Commission, which is referred to as the SEC, Spartech must seek an advisory (non-binding) vote on golden parachute compensation. Golden parachute compensation is certain compensation that is tied to or based on the merger and that will or may be paid by Spartech to its named executive officers in connection with the merger. This proposal is referred to in this proxy statement/prospectus as the merger-related named executive officer compensation proposal.

### **Q: Who is entitled to vote at the special meeting?**

A: The board of directors of Spartech has fixed [ ] as the record date for the special meeting. All holders of shares of Spartech common stock who held shares at the close of business on the record date are entitled to receive notice of, and to vote at, the special meeting, provided that those shares remain outstanding on the date of the special meeting.

### **Q: What constitutes a quorum for the special meeting?**

A: A majority of the outstanding shares of Spartech common stock entitled to vote must be represented at the special meeting in person or by proxy in order to constitute a quorum.

### **Q: What happens if the merger is not completed?**

A: If the merger agreement is not adopted by Spartech stockholders or if the merger is not completed for any other reason, you will not receive any payment for your shares of Spartech common stock in connection with the merger. Instead, Spartech will remain an independent public company and its common stock will continue to be listed and traded on the NYSE. If the merger agreement is

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terminated under specified circumstances, Spartech may be required to pay PolyOne a termination fee of \$8,800,000. See **THE MERGER AGREEMENT Termination Fees and Expenses** beginning on page [ ] of this proxy statement/prospectus for a more detailed discussion of the termination fees.



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### **Q: What stockholder vote is required for the approval of each proposal? What will happen if I fail to vote or abstain from voting on each proposal?**

A: The adoption of the merger agreement by the stockholders of Spartech requires the affirmative vote of the holders of at least a majority of the shares of Spartech common stock outstanding and entitled to vote at the special meeting. Accordingly, a Spartech stockholder's abstention from voting, the failure of a Spartech stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Spartech stockholder's other failure to vote will have the same effect as a vote **AGAINST** the proposal. The special meeting may be adjourned, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

The affirmative vote of holders of at least a majority of the shares of Spartech common stock present in person or represented by proxy at the special meeting and entitled to vote is required to approve the merger-related named executive officer compensation proposal. Accordingly, a Spartech stockholder's abstention from voting will have the same effect as a vote **AGAINST** the proposal, while the failure of a Spartech stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Spartech stockholder's other failure to vote will have no effect on the proposal.

The affirmative vote of the holders of a majority of the shares of Spartech common stock present in person or represented by proxy at the special meeting and entitled to vote is required to adjourn the special meeting. Accordingly, a Spartech stockholder's abstention from voting will have the same effect as a vote **AGAINST** the proposal, while the failure of a Spartech stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Spartech stockholder's other failure to vote will have no effect on the proposal.

### **Q: How can I vote my shares in person at the special meeting?**

Shares held directly in your name as the stockholder of record may be voted in person at the special meeting. If you choose to vote your shares in person at the special meeting, please bring your enclosed proxy card and proof of identification. Even if you plan to attend the special meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the special meeting.

Shares held in street name may be voted in person by you only if you obtain a signed legal proxy from your broker giving you the right to vote the shares.

### **Q: How can I vote my shares without attending the special meeting?**

Whether you hold your shares directly as the stockholder of record or beneficially in street name, you may direct your vote by proxy without attending the special meeting. You can vote by proxy over the Internet, or by telephone or by mail by following the instructions provided in the enclosed proxy card.

### **Q: How will my shares of Spartech common stock be voted if I return a blank proxy?**

A: If you sign, date and return your proxy and do not indicate how you want your shares of Spartech common stock to be voted, then your shares of Spartech common stock will be voted **FOR** the adoption of the merger agreement, **FOR** the merger-related named executive officer compensation proposal, and, if necessary, **FOR** the approval of the adjournment of the special meeting to solicit additional proxies.

### **Q: Can I change my vote after I have submitted my proxy?**

A:

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Any stockholder giving a proxy has the right to revoke it before the proxy is voted at the special meeting by any of the following:  
(a) subsequently submitting a new proxy (including by Internet or telephone) that is received by the deadline specified on the accompanying proxy card; (b) giving written notice of your

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revocation to the Spartech Corporate Secretary; or (c) voting in person at the special meeting. Execution or revocation of a proxy will not in any way affect your right to attend the special meeting and vote in person.

**Q: Are PolyOne stockholders voting on the merger?**

A: No. A vote of PolyOne stockholders is not required to complete the merger.

**Q: If I do not favor the adoption of the merger agreement, what are my rights?**

A: If you hold one or more shares of Spartech common stock, you are entitled to rights of dissent and appraisal under the DGCL in certain circumstances. This means that if you properly dissent from the merger, you may receive an amount in cash representing the fair value of the shares of Spartech common stock that you hold. This value may be more or less than the value of the shares of PolyOne common stock and cash you would otherwise receive pursuant to the merger agreement. The availability of your right to dissent from the merger and obtain the fair value of your shares of Spartech common stock is conditioned upon compliance with the dissent procedure set forth under §262 of the DGCL. For more information regarding your rights to dissent from the merger, see the section titled **THE MERGER Appraisal Rights of Dissenting Spartech Stockholders** beginning on page [ ].

**Q: What happens if I sell my shares of Spartech common stock before the special meeting?**

A: The record date for Spartech stockholders entitled to vote at the special meeting is earlier than the date of the special meeting. If you transfer your shares of Spartech common stock after the record date but before the special meeting, you will, unless special arrangements are made, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares of Spartech common stock.

**Q: What are the material United States federal income tax consequences of the merger to me?**

A: Your receipt of PolyOne stock and cash is intended to be tax-free for United States federal income tax purposes except that any cash you receive generally will be subject to tax to the extent of any gain in the shares of Spartech stock held by you. See **THE MERGER Material United States Federal Income Tax Consequences of the Merger.**

**TAX MATTERS ARE COMPLICATED AND THE TAX CONSEQUENCES OF THE MERGER WILL DEPEND ON THE FACTS OF YOUR OWN SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO YOU IN YOUR PARTICULAR CIRCUMSTANCES.**

**Q: When is the merger expected to be completed?**

A: PolyOne and Spartech are working to complete the merger during the first calendar quarter of 2013. However, it is possible that factors outside the control of both companies could result in the merger being completed at a later time. PolyOne and Spartech hope to complete the merger as soon as reasonably practicable.

**Q: Should I send in my Spartech stock certificates now?**

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- A. No. After the merger is completed, PolyOne (through an agent) will send Spartech stockholders written instructions for exchanging their stock certificates. You should not surrender your Spartech stock certificates for exchange until you receive these transmittal materials. For additional information, see the section titled **THE MERGER AGREEMENT Exchange Procedures** beginning on page [ ].

**Q: Whom do I call if I have questions about the special meeting or the merger?**

- A: If you have questions about the special meeting or the merger, or desire additional copies of this proxy statement/prospectus or additional proxies, you may contact Georgeson Inc. at [spartech@georgeson.com](mailto:spartech@georgeson.com) (email), (800) 733-6198 (toll-free) or (212) 440-9800 (banks and brokers).

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**SUMMARY**

*For your convenience, we have provided a brief summary of certain information contained in this proxy statement/prospectus. This summary highlights selected information from this proxy statement/prospectus and does not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the terms of the merger, you should read carefully this entire proxy statement/prospectus and the other documents to which we have referred you. See the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ]. Items in this summary include a page reference directing you to a more complete description of those items.*

**The Companies (beginning on page [ ])**

***PolyOne Corporation***

PolyOne Center

33587 Walker Road

Avon Lake, Ohio 44012

Phone: (440) 930-1000

PolyOne is a premier provider of specialized polymer materials, services and solutions with operations in specialty polymer formulations, color and additive systems, polymer distribution and specialty vinyl resins. PolyOne is also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. Headquartered in Avon Lake, Ohio, PolyOne has employees at manufacturing sites and distribution facilities in North America, South America, Europe and Asia. PolyOne provides value to its customers through its ability to link its knowledge of polymers and formulation technology with its manufacturing and supply chain capabilities to provide value added solutions to designers, assemblers and processors of plastics (our customers). PolyOne is incorporated in Ohio. PolyOne employs approximately 4,700 people and has 60 manufacturing sites and 9 distribution facilities in North America, Europe, Asia and South America. PolyOne offers more than 52,000 polymer solutions to over 14,000 customers across the globe. In 2011, PolyOne had sales of \$2.9 billion, 35% of which were to customers outside the United States.

***2012 RedHawk, Inc.***

PolyOne Center

33587 Walker Road

Avon Lake, Ohio 44012

Phone: (440) 930-1000

Merger Sub is a Delaware corporation and a wholly owned subsidiary of PolyOne. Merger Sub was organized on October 19, 2012, solely for the purposes of effecting the merger with Spartech. Merger Sub has not engaged in any activities other than in connection with the merger agreement.

***2012 RedHawk, LLC***

PolyOne Center

33587 Walker Road

Avon Lake, Ohio 44012

Phone: (440) 930-1000

## Edgar Filing: POLYONE CORP - Form S-4

Merger LLC is a Delaware limited liability company and a wholly owned subsidiary of PolyOne. Merger LLC was organized on October 19, 2012, solely for the purposes of effecting the merger with Spartech. Merger LLC has not engaged in any activities other than in connection with the merger agreement.

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***Spartech Corporation***

120 S. Central Avenue, Suite 1700

Clayton, Missouri 63105

Phone: (314) 721-4242

Spartech was incorporated in the state of Delaware in 1968, succeeding a business that had commenced operations in 1960. Spartech, together with its subsidiaries, is an intermediary processor of engineered thermoplastics, polymeric compounds and concentrates. Spartech converts base polymers or resins purchased from commodity suppliers into extruded plastic sheet and rollstock, thermoformed packaging, specialty film laminates, acrylic products, specialty plastic alloys, color concentrates and blended resin compounds. Its products are sold to original equipment manufacturers and other customers in a wide range of end markets. Spartech is organized into three reportable segments based on its operating structure and products manufactured. The three reportable segments are Custom Sheet and Rollstock, Packaging Technologies and Color and Specialty Compounds.

**The Merger (beginning on page [ ])**

The PolyOne board of directors, on October 10, 2012, and the Spartech board of directors, on October 23, 2012, each approved the merger of Spartech with and into a wholly owned subsidiary of PolyOne upon the terms and subject to the conditions contained in the merger agreement. At the effective time of the merger, Merger Sub will be merged with and into Spartech, with Spartech surviving the merger as a wholly owned subsidiary of PolyOne. Immediately following the merger, Spartech, as the surviving corporation from the merger, will be merged with and into Merger LLC, with Merger LLC surviving the subsequent merger as a wholly owned subsidiary of PolyOne.

A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus. You should read the merger agreement carefully because it is the legal document that governs the merger.

**PolyOne's Reasons for the Merger (beginning on page [ ])**

In reaching its decision to approve the merger agreement and the transactions contemplated thereby, the board of directors of PolyOne consulted with management, as well as PolyOne's legal and financial advisors, and considered a number of factors, including those listed in the section titled **THE MERGER PolyOne's Reasons for the Merger**.

**Spartech's Reasons for the Merger (beginning on page [ ])**

In reaching its decision to approve the merger agreement and recommend the approval of the merger agreement to its shareholders, the Spartech board of directors consulted with Spartech's management, as well as Spartech's legal and financial advisors, and considered a number of factors, including those listed in the section titled **THE MERGER Spartech's Reasons for the Merger**.

**Opinion of Spartech's Financial Advisor (beginning on page [ ])**

In connection with the merger, Spartech's board of directors received a written opinion, dated October 23, 2012, of Barclays Capital Inc., which is referred to as Barclays, that as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, the consideration to be offered to Spartech's stockholders in the merger is fair, from a financial point of view, to such stockholders. **The full text of Barclays' written opinion, dated October 23, 2012, is attached to this proxy statement/prospectus as Annex B. Spartech stockholders are encouraged to read Barclays' opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Barclays.**

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Barclays' opinion was provided for the benefit of Spartech's board of directors (in its capacity as such) in connection with, and for the purpose of, its evaluation of the merger consideration from a financial point of view and did not address any other aspect of the merger. The opinion did not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to Spartech or Spartech's underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger. Please see **THE MERGER Opinion of Spartech's Financial Advisor** beginning at page [ ].

### **Merger Financing (beginning on page [ ])**

PolyOne's obligation to complete the merger is not subject to any financing contingency. PolyOne intends to finance the cash portion of the merger consideration, and the payment of related fees and expenses, as well as the repayment of certain of Spartech's debt, with a combination of cash on hand and new long-term debt. PolyOne has obtained a commitment letter from Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and WF Investment Holdings, LLC for a new \$250 million senior unsecured bridge facility.

### **Merger Consideration (beginning on page [ ])**

In the merger, each share of Spartech common stock (other than shares of Spartech common stock held in treasury by Spartech, owned by PolyOne or its subsidiaries or held by any Spartech stockholder that has properly exercised rights of dissent and appraisal in accordance with the DGCL) will be converted into the right to receive (1) \$2.67 in cash, without interest, which is referred to as the cash consideration, and (2) 0.3167 of a PolyOne common share, which is referred to as the stock consideration. The cash consideration and stock consideration together, with cash payable in lieu of any fractional shares as described below, are collectively referred to in this proxy statement/prospectus as the merger consideration.

PolyOne will not issue any fractional shares in the merger. Instead, the total number of PolyOne common shares that each Spartech stockholder will receive in the merger will be rounded down to the nearest whole number, and each Spartech stockholder will receive an amount in cash rounded up to the nearest whole cent, without interest, for any fractional PolyOne common share that would otherwise be received in the merger. The amount of cash for fractional shares will be calculated by multiplying the fraction of a PolyOne common share that the Spartech stockholder would otherwise be entitled to receive in the merger by the average closing price for a share of PolyOne common stock as reported on the NYSE Composite Transactions Reports for the ten consecutive trading days ending with the fifth complete trading day prior to, but not including, the completion of the merger, which average is referred to as the average closing price.

*Example: If you own 100 shares of Spartech common stock at the time the merger is completed, you will be entitled to receive \$267 in cash, without interest, and 31 shares of PolyOne common stock. In addition, you will be entitled to receive an amount of cash equal to 0.67 multiplied by the average closing price.*

The ratio of 0.3167 of a PolyOne common share for each share of Spartech common stock, which is referred to as the exchange ratio, is fixed, which means that it will not change between now and the date of the merger, regardless of whether the market price of either PolyOne or Spartech common stock changes. Therefore, the value of the stock portion of the merger consideration will depend on the market price of PolyOne common shares at the time Spartech stockholders receive PolyOne common shares in the merger. **The market price of PolyOne common shares has fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the special meeting and the date the merger is completed and thereafter. The market price of PolyOne common shares, when received by Spartech stockholders after the merger is completed, could be greater than, less than or the same as the market price of PolyOne common shares on the date of this proxy statement/prospectus or at the time of the special meeting. Accordingly, you should obtain current stock price**



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**quotations for PolyOne common stock and Spartech common stock before deciding how to vote with respect to the adoption of the merger agreement. Both PolyOne s and Spartech s common stock is traded on the NYSE under the symbols POL and SEH, respectively.**

For more information regarding the merger consideration to be provided to Spartech stockholders, see the section titled **THE MERGER AGREEMENT Merger Consideration**.

**Spartech Equity and Spartech Equity Awards (beginning on page [ ])**

*Stock Options*

When Spartech s board of directors approved the merger on October 23, 2012, each outstanding option to purchase shares of Spartech common stock granted under Spartech s equity compensation plans became fully vested and exercisable. Upon completion of the merger each of these options that remains outstanding and any outstanding options granted after the approval of the merger will be assumed by PolyOne and converted into an option to purchase a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock subject to the Spartech option immediately prior to the completion of the merger multiplied by (b) the sum of (1) the stock consideration and (2) the quotient of the cash consideration divided by the average closing price of a share of PolyOne common stock on the NYSE for the ten consecutive trading days ending with the fifth complete trading day prior to the closing, which is referred to as the equity award exchange ratio. The exercise price per share of PolyOne common stock subject to a converted option will be an amount (rounded up to the nearest whole cent) equal to the quotient of (a) the exercise price per share of Spartech common stock subject to the Spartech option immediately prior to the completion of the merger divided by (b) the equity award exchange ratio.

Except as set forth in the immediately preceding paragraph, each converted option will remain subject to the same terms and conditions as applied to the Spartech option immediately prior to the completion of the merger.

*Stock-Settled Stock Appreciation Rights*

When Spartech s board of directors approved the merger on October 23, 2012, each then-outstanding stock-settled stock appreciation right, which are referred to as SSARs, relating to shares of Spartech common stock granted under Spartech s equity compensation plans became fully vested and exercisable. Upon completion of the merger, each of these SSARs that remains outstanding and any SSARs granted after the approval of the merger will be assumed by PolyOne and converted into a SSAR relating to a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock subject to the Spartech SSAR immediately prior to the completion of the merger multiplied by (b) the equity award exchange ratio. The base price per share of PolyOne common stock subject to a converted SSAR will be an amount (rounded up to the nearest whole cent) equal to the quotient of (a) the base price per share of Spartech common stock subject to the Spartech SSAR immediately prior to the completion of the merger divided by (b) the equity award exchange ratio.

Except as set forth in the immediately preceding paragraph, each converted SSAR will remain subject to the same terms and conditions as applied to the Spartech SSAR immediately prior to the completion of the merger.

*Restricted Stock*

When Spartech s board of directors approved the merger on October 23, 2012, each then-outstanding restricted share of Spartech common stock granted under Spartech s equity compensation plans became vested and no longer subject to restrictions and as a result will be entitled to receive the merger consideration.

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### *Restricted Stock Units*

Upon completion of the merger, restricted stock units, each of which is referred to as an RSU, relating to Spartech common stock granted under Spartech's equity compensation plans will generally be converted into the right to receive the merger consideration as if each such Spartech RSU was one share of Spartech common stock. However, if that treatment would result in additional taxes or tax penalties under Section 409A of the Code, then the Spartech RSU will be assumed by PolyOne and converted into an RSU relating to PolyOne common stock upon completion of the merger. Any converted RSU will be subject to substantially the same terms and conditions as applied to the corresponding Spartech RSU immediately before the completion of the merger, except that the converted RSU will represent the right to receive a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock to which the Spartech RSU related immediately prior to the completion of the merger multiplied by (b) the equity award exchange ratio.

### **The Special Meeting (beginning on page [ ])**

The special meeting will be held on [ ], 2013, at [ ], at [ ], local time. The purposes of the special meeting are as follows:

to consider and vote on a proposal to adopt the merger agreement;

to consider and vote on a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation to be paid to Spartech's named executive officers in connection with the merger, which is referred to as the merger-related named executive officer compensation proposal; and

to consider and vote on a proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

### **Recommendation of the Spartech Board of Directors (beginning on page [ ])**

The Spartech board of directors unanimously recommends that you vote **FOR** the proposal to adopt the merger agreement, **FOR** the approval of the merger-related named executive officer compensation payments and **FOR** the approval of the adjournment of the special meeting, if necessary, to solicit additional proxies. In considering the recommendation of the Spartech board of directors with respect to the merger agreement, Spartech stockholders should be aware that Spartech directors will directly benefit from the merger. For a more complete description of these interests, see the information provided in the section titled **THE MERGER Interests of Spartech Directors and Executive Officers in the Merger** beginning on page [ ].

### **Record Date for the Special Meeting and Voting Rights (beginning on page [ ])**

Only holders of record of shares of Spartech common stock at the close of business on [ ] are entitled to notice of, and to vote at, the special meeting. At the close of business on [ ], there were [ ] shares of Spartech common stock outstanding held by approximately [ ] holders of record. Each holder of record of shares of Spartech common stock on the record date will be entitled to one vote for each share held on all matters to be voted upon at the special meeting.

### **Quorum; Required Votes; Abstentions and Broker Non-Votes (beginning on page [ ])**

The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Spartech common stock entitled to vote at the special meeting is necessary to constitute a quorum. Abstentions and broker non-votes will be counted for purposes of determining whether a quorum exists. Adoption of the merger agreement requires the affirmative vote of a majority of the shares of Spartech common stock outstanding



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as of [ ] and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. If a quorum is not present at the special meeting, or if there are not sufficient votes at the time of the special meeting to adopt the merger agreement, Spartech's stockholders will be asked to consider and vote upon a proposal to adjourn the special meeting to solicit additional proxies. Adjournment of the special meeting requires the affirmative vote of the holders of a majority of the shares of Spartech common stock present, in person or by proxy, and entitled to vote on the proposal. In addition, approval of the merger-related named executive officer compensation proposal requires the affirmative vote of the holders of a majority of the shares of Spartech common stock present, in person or by proxy, and entitled to vote on the proposal. Abstentions will not be counted for purposes of determining approval of the merger-related named executive officer compensation or adjournment and will have the same effect as a vote **AGAINST** the proposal to approve the merger-related named executive officer compensation proposal and the proposal to adjourn the special meeting. Broker non-votes will also not be counted for purposes of determining approval of the merger-related named executive officer compensation or adjournment but will have no effect on the proposal to approve the merger-related named executive officer compensation proposal or the proposal to adjourn the special meeting.

**Expenses of Proxy Solicitation**

Spartech's directors, officers and other employees may solicit proxies in person, by telephone, electronically, by mail or other means, but they will not be specifically compensated for these services. Brokers, banks and other persons will be reimbursed by Spartech for expenses they incur in forwarding proxy materials to obtain voting instructions from beneficial stockholders. Spartech has also hired Georgeson Inc. to assist in the solicitation of proxies. The total cost of solicitation of proxies will be borne one-half by Spartech and one-half by PolyOne. For a description of the costs and expenses to us of soliciting proxies, see **THE SPECIAL MEETING Proxy Solicitation Costs** on page [ ]

*Stockholders should not send in their stock certificates with their proxies.* A letter of transmittal with instructions for the surrender of certificates representing shares of Spartech common stock will be mailed to stockholders if the merger is completed

**Stock Ownership of Directors and Executive Officers of Spartech and PolyOne (beginning on page [ ])**

At the close of business on December 12, 2012, directors and executive officers of Spartech beneficially owned and were entitled to vote approximately 1,877,709 shares of Spartech common stock, collectively representing 6.1% of the shares of Spartech common stock outstanding on December 12, 2012. For information regarding the security ownership of Spartech directors and executive officers, see the information provided in the section titled **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT** beginning on page [ ]

**Ownership of PolyOne After the Merger (beginning on page [ ])**

Based on the number of shares of Spartech common stock outstanding as of [ ], PolyOne expects to issue an aggregate of approximately [ ] shares of PolyOne common stock to Spartech stockholders in the merger. The actual number of PolyOne common shares to be issued pursuant to the merger will be determined at completion of the merger based on the exchange ratio of 0.3167 and the number of shares of Spartech common stock outstanding at that time. Based on the number of shares of Spartech common stock outstanding as of [ ], it is expected that after the completion of the merger, there will be outstanding approximately [ ] shares of PolyOne common stock, and that the shares of PolyOne common stock to be issued to Spartech stockholders in the merger will represent approximately [ ]% of the outstanding PolyOne common stock after the merger.

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### **Interests of Spartech Directors and Executive Officers in the Merger (beginning on page [ ])**

In considering the Spartech board of directors' recommendation to vote for the proposal to adopt the merger agreement, Spartech stockholders should be aware that the directors and executive officers of Spartech have interests in the merger that are different from, or in addition to, the interests of Spartech stockholders generally and that may create potential conflicts of interest, including:

vesting of stock options, stock-settled stock appreciation rights, restricted shares and restricted stock units;

payment of the merger consideration in respect of restricted shares and restricted stock units;

payment of pro-rated bonuses in connection with the merger;

payment of severance and other benefits upon certain terminations of employment in connection with the merger; and

the right to continued indemnification and insurance coverage by PolyOne for acts or omissions occurring prior to the completion of the merger.

The board of directors was aware of these interests and considered them, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending the adoption of the merger agreement to Spartech stockholders.

For a more detailed discussion of these interests, see the section titled **THE MERGER – Interests of Spartech Directors and Executive Officers in the Merger**.

### **Delisting of Spartech Common Stock (beginning on page [ ])**

If the merger is completed, Spartech common stock will no longer be listed on the NYSE and will be deregistered under the Securities Exchange Act of 1934, which is referred to as the Exchange Act, and Spartech may no longer file periodic reports with the SEC.

### **Appraisal Rights of Dissenting Spartech Stockholders (beginning on page [ ])**

Under the DGCL, if the merger is completed, record holders of Spartech common stock who do not vote in favor of the adoption of the merger agreement and who otherwise properly assert their appraisal rights will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of Spartech common stock in lieu of receiving the merger consideration. This value could be more than, the same as, or less than the value of the merger consideration. The relevant provisions of the DGCL are attached as Annex C to this proxy statement/prospectus. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, Spartech stockholders who are considering exercising that right are encouraged to seek the advice of legal counsel. Failure to comply strictly with these provisions will result in loss of the right of appraisal. The DGCL requirements for exercising appraisal rights are described in further detail in the section titled **THE MERGER – Appraisal Rights of Dissenting Spartech Stockholders**.

### **Conditions to Completion of the Merger (beginning on page [ ])**

Completion of the merger depends on a number of conditions being satisfied or waived. These conditions include the following:

adoption of the merger agreement by the Spartech stockholders at the special meeting;



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making or obtaining consents, approvals and actions of, filings with and notices to any governmental entities required to consummate the merger and other transactions contemplated by the merger agreement, the failure of which to be made or obtained is reasonably expected to have or result in a material adverse effect on PolyOne or Spartech;

the absence of any judgment, order, decree or law preventing or prohibiting the consummation of the merger;

effectiveness of the registration statement of which this proxy statement/prospectus is a part and the absence of any stop order or proceedings seeking a stop order;

expiration or termination of the waiting period (including any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to as the HSR Act, and other consents and approvals required under applicable antitrust or other regulatory laws;

subject to certain exceptions, the accuracy of each party's representations and warranties in the merger agreement, except as would not reasonably be expected to have or result in a material adverse effect on the party making the representations;

performance in all material respects of each party's obligations required to be performed by it under the merger agreement at or prior to the prepayment notice date;

receipt by each of PolyOne and Spartech of a tax opinion, dated as of the closing date of the merger, to the effect that the merger and the subsequent merger, taken together, will constitute a reorganization for United States federal income tax purposes;

absence of a material adverse effect on Spartech between the date of the merger agreement and the prepayment notice date (defined below); and

if requested by PolyOne within one business day following the prepayment notice date, Spartech must have provided a prepayment notice to the noteholders of Spartech's 7.08% Senior Notes due 2016, and the prepayment notice period of 30 days shall have lapsed. The prepayment notice date will be the latest date on which each of the conditions set forth in the first, second and fifth bullets above are satisfied.

**Termination of the Merger Agreement (beginning on page [ ])**

PolyOne and Spartech may agree in writing to terminate the merger agreement at any time without completing the merger, even after the Spartech stockholders have approved the merger agreement.

The merger agreement may also be terminated at any time before the completion of the merger under the following circumstances, among others:

by either PolyOne or Spartech if:

the merger has not been consummated on or before July 15, 2013, or such later date, if any, as PolyOne and Spartech may agree upon in writing, which is referred to as the outside date, unless the failure to consummate the merger by the outside date

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is the result of a breach of the merger agreement by the party seeking the termination; provided that if all conditions have been satisfied other than those set forth in the second and fifth bullets under the section titled **THE MERGER AGREEMENT Conditions to Completion of the Merger** beginning on page [ ] relating to consents, approvals and actions of, filings with and notices to, the governmental entities required to consummate the merger and the expiration or termination of the applicable waiting period (including any extension thereof) under the HSR Act, the outside date will automatically be extended from July 15, 2013 to August 31, 2013; or



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the special meeting has concluded, the Spartech stockholders have voted and adoption of the merger agreement by the Spartech stockholders was not obtained; or

if a governmental entity of competent jurisdiction has issued a final and non-appealable judgment, order or decree, or has taken other action, having the effect of permanently restraining, enjoining or otherwise prohibiting the merger; or

by Spartech if:

either PolyOne, Merger Sub or Merger LLC breaches its representations or warranties or breaches or fails to perform any of its covenants set forth in the merger agreement, which breach or failure to perform results in a failure of the related conditions to the consummation of the merger being satisfied and such breach or failure to perform is not cured within 30 days after the receipt of written notice thereof or is incapable of being cured by the outside date; or

the Spartech board of directors approves, and Spartech concurrently with the termination enters into, an acquisition agreement with a third party providing for the implementation of the transactions contemplated by a superior proposal; provided that Spartech must pay the termination fee to PolyOne described below in the section titled **THE MERGER AGREEMENT Termination Fees and Expense Reimbursement** beginning on page [ ] on the date of termination and the superior proposal must not have resulted from Spartech's breach of its non-solicitation obligations under the merger agreement in any material respect, its breach of its covenant to convene the special meeting (other than immaterial breaches) or its breach of its obligation to recommend that the Spartech stockholders vote in favor of the adoption of the merger agreement; or

by PolyOne if:

Spartech breaches its representations or warranties or breaches or fails to perform its covenants set forth in the merger agreement, which breach or failure to perform results in the failure of the related conditions to the consummation of the merger being satisfied, provided such breach or failure to perform is not cured within 30 days after receipt of a written notice thereof or is incapable of being cured by the outside date; or

the Spartech board of directors or any committee thereof has made a company adverse recommendation change; or

Spartech has breached its obligations not to solicit alternative takeover proposals in any material respect, its covenant to convene the special meeting (other than immaterial breaches) or its obligation to recommend that the Spartech stockholders vote in favor of the adoption of the merger agreement; or

within 10 business days of the public announcement of a company takeover proposal, the Spartech board or directors fails to reaffirm (publicly, if so requested by PolyOne) its recommendation in favor of the adoption of the merger agreement; or

within 10 business days after a tender or exchange offer relating to securities of Spartech has first been published or announced, Spartech has not sent or given to Spartech stockholders a statement disclosing that the Spartech board of directors recommends rejection of such tender or exchange offer.

A company adverse recommendation change means that the Spartech board of directors decides to (i) withdraw, or publicly propose to withdraw (or, in either case, modify in a manner adverse to PolyOne), the approval recommendation or declaration of advisability by the board of directors of the merger agreement or (ii) recommend, adopt or approve, or propose publicly to recommend, adopt or approve, or fail to reject any company takeover proposal.



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### **Termination Fees and Expense Reimbursement (beginning on page [ ])**

In connection with the termination of the merger agreement in certain circumstances involving a takeover proposal by a third party for Spartech, a change of the Spartech board of directors' recommendation to the Spartech stockholders in favor of the adoption of the merger agreement, or certain breaches of the merger agreement by Spartech, Spartech will be required to pay PolyOne a termination fee of \$8,800,000, which is referred to as the termination fee, less any out-of-pocket expenses paid to PolyOne.

Furthermore, either PolyOne or Spartech will have to pay to the other party out-of-pocket expenses, including all fees and expenses payable to all legal, accounting, financial, public relations and other professional advisors arising out of, in connection with or related to the merger or the other transactions contemplated by the merger agreement, up to a maximum of \$1,750,000 in the aggregate, if the merger agreement is terminated under certain circumstances, including termination relating to Spartech's or PolyOne's breach of its respective representations and warranties or failure to perform its respective covenants, or the termination relating to Spartech's failure to obtain approval of the merger by Spartech's stockholders at the special meeting.

### **Material United States Federal Income Tax Consequences (beginning on page [ ])**

PolyOne and Spartech each intend that the merger and the subsequent merger be treated as a single integrated transaction that qualifies as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Assuming that the merger so qualifies, each Spartech stockholder generally will recognize gain, but not loss, for United States federal income tax purposes in an amount not exceeding the amount of cash received. It is a condition to the merger that each of PolyOne and Spartech receive a legal opinion to the effect that the merger will so qualify. The tax consequences of the merger to Spartech stockholders may vary depending on their particular circumstances. Each Spartech stockholder is urged to consult its own tax advisors with respect to the tax consequences of the merger. Please see **THE MERGER Material United States Federal Income Tax Consequences of the Merger** beginning on page [ ] for more information.

**TAX MATTERS ARE COMPLICATED AND THE TAX CONSEQUENCES OF THE MERGER WILL DEPEND ON THE FACTS OF YOUR OWN SITUATION. YOU SHOULD CONSULT YOUR OWN TAX ADVISOR AS TO THE SPECIFIC TAX CONSEQUENCES OF THE MERGER TO YOU IN YOUR PARTICULAR CIRCUMSTANCES.**

### **Accounting Treatment of the Merger (beginning on page [ ])**

The merger will be accounted for as a business combination using the acquisition method of accounting. PolyOne will be the acquirer for financial accounting purposes.

### **Litigation Related to the Merger**

To date, two purported class action lawsuits have been filed by alleged Spartech stockholders in the Circuit Court of St. Louis County, Missouri against Spartech, its directors, PolyOne, Merger Sub, and Merger LLC concerning the proposed acquisition of Spartech by PolyOne through its wholly-owned subsidiaries Merger Sub and Merger LLC, which are referred to collectively as the Stockholder Actions. The Stockholder Actions allege, among other things, that the directors of Spartech have breached their fiduciary duties owed to stockholders by approving the proposed acquisition of Spartech by PolyOne. The Stockholder Actions further allege that PolyOne, Merger Sub, and Merger LLC have aided and abetted the directors of Spartech in breaching their fiduciary duties. Among other things, the Stockholder Actions seek to enjoin the merger. Spartech and its directors believe that these lawsuits and the underlying claims are without merit.

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**Regulatory Approvals (beginning on page [ ])**

Under the provisions of the HSR Act, the merger cannot be completed until the companies have made required notifications, given certain information and materials to the U.S. Federal Trade Commission, which is referred to as the FTC, and the Antitrust Division of the U.S. Department of Justice, which is referred to as the Antitrust Division, and the applicable waiting period has expired or been terminated. PolyOne and Spartech filed the notifications required under the HSR Act with the FTC and the Antitrust Division on November 9, 2012 and the FTC granted early termination of the waiting period on November 21, 2012. In addition, PolyOne and Spartech are required to make merger control filings in Turkey, and may be required to make other regulatory filings or submissions, with respect to the merger, and in certain circumstances, including with respect to the merger control filings made with the Turkish Competition Board, receive their approval prior to consummation of the merger. The required merger control filings were made in Turkey on December 3, 2012. We currently expect to complete the merger in the calendar first quarter of 2013.

**Risk Factors (beginning on page [ ])**

In evaluating the merger agreement, the merger or the issuance of PolyOne common stock in the merger, you should carefully read this proxy statement/prospectus and give special consideration to the factors discussed in the section titled **RISK FACTORS** beginning on page [ ].

**Comparison of Stockholder Rights and Related Matters (beginning on page [ ])**

Spartech stockholders receiving shares of PolyOne common stock will have different rights once they become PolyOne stockholders due to differences between the governing documents of PolyOne and Spartech and differences in the laws of their jurisdictions of incorporation. These differences are described in detail in the section titled **COMPARISON OF STOCKHOLDER RIGHTS AND RELATED MATTERS** beginning on page [ ].

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION****PolyOne Market Price and Dividend Information**

PolyOne common stock is listed on the NYSE under the symbol POL. The following table lists the high and low prices per share for PolyOne common stock and the cash dividends declared for the periods indicated. PolyOne's fiscal year ends on December 31 each year.

	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Dividend (\$)</b>
<b>2010:</b>			
First Quarter	10.65	6.93	0.00
Second Quarter	11.89	8.38	0.00
Third Quarter	12.59	7.38	0.00
Fourth Quarter	13.99	11.58	0.00
<b>2011:</b>			
First Quarter	14.98	12.42	0.04
Second Quarter	15.51	12.81	0.04
Third Quarter	16.61	9.96	0.04
Fourth Quarter	12.25	9.54	0.04
<b>2012:</b>			
First Quarter	15.48	11.58	0.05
Second Quarter	14.85	12.39	0.05
Third Quarter	17.53	13.65	0.05
Fourth Quarter (through December 12, 2012)	21.00	15.72	0.05

You should obtain current market quotations for shares of PolyOne common stock, as the market price of PolyOne common stock will fluctuate between the date of this proxy statement/prospectus and the date on which the merger is completed, and thereafter. You can obtain these quotations from publicly available sources.

Following the completion of the merger, the declaration of dividends will be at the discretion of PolyOne's board of directors and will be determined after consideration of various factors, including earnings, cash requirements, the financial condition of PolyOne, the Ohio Revised Code, which is referred to as the ORC, government regulations and other factors deemed relevant by PolyOne's board of directors.

Under the merger agreement, PolyOne has agreed that, until the completion of the merger, it will not declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock, except, among other things, for quarterly cash dividends with respect to shares of PolyOne common stock not in excess of \$0.05 per share (subject to certain exceptions).

**Table of Contents****Spartech Market Price and Dividend Information**

Spartech common stock is listed on the NYSE under the symbol SEH. The following table lists the high and low prices per share for Spartech common stock and the cash dividends declared for the fiscal years 2010, 2011 and 2012. Spartech's fiscal year ends on the Saturday closest to October 31, and fiscal years generally contain 52 weeks. However, because of accounting convention, every fifth or sixth fiscal year has an additional week, and 2012 is reported as a 53 week fiscal year. Years presented are fiscal unless noted otherwise.

	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Dividend (\$)</b>
<b>2010:</b>			
First Quarter	12.22	9.03	0.00
Second Quarter	14.86	9.42	0.00
Third Quarter	15.55	9.40	0.00
Fourth Quarter	10.83	6.06	0.00
<b>2011:</b>			
First Quarter	9.99	8.10	0.00
Second Quarter	8.89	6.54	0.00
Third Quarter	7.29	5.50	0.00
Fourth Quarter	6.08	2.75	0.00
<b>2012:</b>			
First Quarter	6.72	3.40	0.00
Second Quarter	7.15	4.40	0.00
Third Quarter	5.89	3.40	0.00
Fourth Quarter	8.95	4.95	0.00
<b>2013:</b>			
First Quarter (through December 12, 2012)	9.20	8.34	0.00

Spartech did not declare or pay common stock dividends during fiscal years 2012, 2011, or 2010. Spartech last paid a cash dividend of \$0.05 per common share in the first quarter of 2009. Spartech's board of directors periodically reviews the dividend policy based upon Spartech's financial results and cash flow projections. Decisions regarding whether or not to pay dividends and the amount of any dividends are determined after consideration of various factors, including earnings, cash requirements, the financial condition of Spartech, limitations under Spartech's credit facility, the merger agreement, the DGCL and government regulations and other factors deemed relevant by Spartech's board of directors. On December 6, 2011, Spartech entered into concurrent amendments to its Amended and Restated Credit Agreement and 2004 Senior Note Agreement. Under the amendments, Spartech is subject to certain restrictions in its ability to pay dividends.

Under the merger agreement, Spartech has agreed that, until the completion of the merger, it will not declare, set aside or pay any dividends on, or make any other distributions in respect of, any of its capital stock.

**Table of Contents****Comparison of PolyOne and Spartech Market Prices and Implied Value of Merger Consideration**

The following table sets forth the closing sale price per PolyOne common share and share of Spartech common stock as reported on the NYSE as of October 23, 2012, the last trading day prior to the public announcement of the merger, and on December 12, 2012, the last practicable trading day before the filing of this proxy statement/prospectus with the SEC. The table also shows the implied value of the merger consideration proposed for each share of Spartech common stock as of the same two dates. This implied value was calculated by multiplying the closing sale price of a PolyOne common share on the relevant date by the exchange ratio and adding the cash portion of the merger consideration, which is \$2.67.

	<b>PolyOne Common Shares</b>	<b>Spartech Common Stock</b>	<b>Implied Per Share Value of Merger Consideration</b>
October 23, 2012	\$ 16.84	\$ 5.14	\$ 8.00
December 12, 2012	\$ 20.17	\$ 8.96	\$ 9.06

The market prices of PolyOne common shares and Spartech common stock have fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate prior to the completion of the merger. No assurance can be given concerning the market prices of PolyOne common shares or Spartech common stock before completion of the merger or PolyOne common shares after completion of the merger. The exchange ratio is fixed in the merger agreement, but the market price of PolyOne common shares (and therefore the value of the merger consideration) when received by Spartech stockholders after the merger is completed could be greater than, less than or the same as shown in the table above. Accordingly, these comparisons may not provide meaningful information to Spartech stockholders in determining whether to adopt the merger agreement. Spartech stockholders are encouraged to obtain current market quotations for PolyOne common stock and Spartech common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference in this proxy statement/prospectus. For more information, see the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ].

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA****Selected PolyOne Historical Consolidated Financial Data**

The following table presents selected historical financial data of PolyOne as of and for each of the years ended December 31, 2011, 2010, 2009, 2008 and 2007, which are derived from PolyOne's audited consolidated financial statements and related notes. The table also presents selected financial data of PolyOne as of and for the nine months ended September 30, 2012 and September 30, 2011, which are derived from PolyOne's unaudited condensed consolidated financial statements and related notes which include, in the opinion of PolyOne's management, all normal and recurring adjustments that are considered necessary for the fair presentation of the results for such interim periods and dates. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of PolyOne or the combined company, and you should read the following information together with PolyOne's audited consolidated financial statements, the notes related thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in PolyOne's Annual Report on Form 10-K for the year ended December 31, 2011, and PolyOne's unaudited condensed consolidated financial statements, the notes related thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in PolyOne's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, which are incorporated by reference in this proxy statement/prospectus.

<i>(in millions, except per share data)</i>	Nine Months Ended			Year Ended December 31,			
	September 30,			2010(4)	2009(5)	2008(6)	2007(7)
	2012(1)	2011(2)	2011(3)				
Sales	\$ 2,313.3	\$ 2,223.1	\$ 2,863.5	\$ 2,621.9	\$ 2,060.7	\$ 2,738.7	\$ 2,642.7
Operating income (loss)	\$ 148.4	\$ 272.8	\$ 233.0	\$ 174.6	\$ 137.1	\$ (291.4)	\$ 80.0
Net income (loss)	\$ 68.8	\$ 160.3	\$ 172.6	\$ 162.6	\$ 106.7	\$ (417.0)	\$ 40.9
Cash dividends declared	\$ 0.15	\$ 0.12	\$ 0.16	\$	\$	\$	\$
Basic earnings (loss) per common share:	\$ 0.77	\$ 1.72	\$ 1.87	\$ 1.75	\$ 1.15	\$ (4.50)	\$ 0.44
Diluted earnings (loss) per common share:	\$ 0.76	\$ 1.69	\$ 1.83	\$ 1.69	\$ 1.14	\$ (4.50)	\$ 0.44
Total assets	\$ 2,156.1	\$ 1,795.1	\$ 2,081.5	\$ 1,671.9	\$ 1,416.0	\$ 1,320.1	\$ 1,630.0
Long-term debt, net of current portion	\$ 702.2	\$ 410.0	\$ 704.0	\$ 432.9	\$ 389.2	\$ 408.3	\$ 308.0

- (1) Included in operating income for the nine months ended September 30, 2012 are: 1) environmental costs of \$9.7 million, 2) employee separation and plant phase-out costs of \$10.5 million, and 3) \$5.4 million of inventory step-up included in cost of sales, related to inventory acquired during the ColorMatrix acquisition.
- (2) Included in operating income for the nine months ended September 30, 2011 are: 1) gains of \$128.2 million related to the sale of PolyOne's equity interest in SunBelt and 2) net environmental costs of \$4.7 million.
- (3) Included in operating income for 2011 are: 1) gains of \$146.3 million related to the sale of PolyOne's equity interest in SunBelt, which includes the 2011 earn-out of \$18.1 million, and 2) a mark-to-market loss related to PolyOne's pension and OPEB plans of \$83.8 million. Included in net income for 2011 is a \$29.5 million tax benefit related to PolyOne's investment in O'Sullivan Engineered Films and a \$13.0 million tax benefit primarily related with the reversal of valuation allowances.
- (4) Included in operating income for 2010 are: 1) gains of \$23.9 million related to legal and insurance settlements, 2) a gain of \$16.3 million related to the sale of PolyOne's 50% interest in BayOne, 3) debt extinguishment costs of \$29.5 million, and 4) a mark-to-market loss related to PolyOne's pension and OPEB plans of \$9.6 million. Included in net income are tax benefits of \$107.1 million associated with the reversal of PolyOne's valuation allowances.



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- (5) Included in operating income for 2009 results are: 1) charges of \$27.2 million related to employee separation and plant phase-out, 2) benefits of \$23.9 million related to reimbursement of previously incurred environmental expenses, 3) \$40.4 million related to a curtailment gains related to amendments to certain pension and benefit plans, and 4) a mark-to-market gain related to PolyOne's pension and OPEB plans of \$26.4 million.
- (6) Included in operating loss for 2008 results are: 1) charges of \$39.7 million related to employee separation and plant phase-out, 2) \$170.0 million related to goodwill impairment, and 3) a mark-to-market loss related to PolyOne's pension and OPEB plans of \$166.3 million. Included in net income for 2008 are charges of \$90.3 million to record a deferred tax valuation allowance.
- (7) Included in operating income for 2007 results are: 1) environmental costs of \$48.8 million and 2) a mark-to-market gain related to PolyOne's pension and OPEB plans of \$24.8 million.

**PolyOne Consolidated Statements of Comprehensive Income**

Effective January 1, 2012, PolyOne adopted the Financial Accounting Standards Board's Accounting Standards Update, or ASU, No. 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, as amended by ASU 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05. These pronouncements require, among other things, retrospective application in the reporting of components of net income and other comprehensive income in either a single continuous financial statement, a statement of comprehensive income, or in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. The following selected financial information revises historical information to illustrate the new presentation required by these pronouncements for the periods presented.

<i>(in millions)</i>	Year Ended, December 31,		
	2011	2010	2009
Net income	\$ 172.6	\$ 162.6	\$ 106.7
Other comprehensive income:			
Translation adjustment	(9.0)	(4.3)	0.7
Amortization of prior service costs (net of tax of \$6.5 - 2011; \$7.3 - 2010, \$0.0 - 2009)	(10.8)	(9.3)	28.5
Unrealized gain on available-for-sale securities			0.2
Other comprehensive (loss) income	(19.8)	(13.6)	29.4
Total comprehensive income	\$ 152.8	\$ 149.0	\$ 136.1

**Table of Contents****Selected Spartech Historical Consolidated Financial Data**

The following table presents selected historical financial data of Spartech as of and for each of the years that end on the Saturday closest to October 31, 2012, 2011, 2010, 2009 and 2008, which are derived from Spartech's audited consolidated financial statements and related notes. Spartech's fiscal year generally contains 52 weeks or 364 calendar days. Because of this convention, every fifth or sixth fiscal year has an additional week, and 2012 was reported as a 53-week year. The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Spartech or the combined company, and you should read the following information together with Spartech's audited consolidated financial statements, the notes related thereto and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Spartech's Annual Report on Form 10-K for the year ended November 3, 2012, which is incorporated by reference into this proxy statement/prospectus.

<i>(in millions, except per share data)</i>	<b>Fiscal Year Ended(1)</b>				
	<b>2012(2)</b>	<b>2011(3)</b>	<b>2010(4)</b>	<b>2009(5)</b>	<b>2008(6)</b>
Sales	\$ 1,149.4	\$ 1,102.3	\$ 1,022.9	\$ 926.8	\$ 1,321.2
Operating income (loss)	\$ 15.6	\$ (21.3)	\$ (61.1)	\$ 26.1	\$ (206.2)
Net income (loss) from continuing operations	\$ 2.7	\$ (23.4)	\$ (49.6)	\$ 3.3	\$ (171.6)
Cash dividends declared	\$	\$	\$	\$ 0.05	\$ 0.37
Basic earnings (loss) from continuing operations per common share:	\$ 0.09	\$ (0.76)	\$ (1.63)	\$ 0.11	\$ (5.61)
Diluted earnings (loss) from continuing operations per common share:	\$ 0.09	\$ (0.76)	\$ (1.63)	\$ 0.11	\$ (5.61)
Total assets	\$ 544.6	\$ 549.7	\$ 577.1	\$ 662.1	\$ 762.4
Long-term debt, net of current portion	\$ 112.3	\$ 132.0	\$ 171.6	\$ 180.4	\$ 254.2

- (1) Spartech's fiscal year ends on the Saturday closest to October 31. Because of this convention, every fifth or sixth fiscal year has an additional week, and 2012 was reported as a 53-week year.
- (2) 2012 operating earnings and net earnings from continuing operations were impacted by charges totaling \$8.8 million (\$5.9 million net of tax), comprising merger and transaction costs of \$6.9 million (\$4.5 million net of tax), restructuring and exit costs of \$2.5 million (\$1.9 million net of tax), and foreign currency gains of \$0.6 million (\$0.4 million net of tax).
- (3) 2011 operating loss and net loss from continuing operations were impacted by charges totaling \$42.4 million (\$29.6 million net of tax), comprising goodwill impairments of \$40.5 million (\$28.4 million net of tax), restructuring and exit costs of \$2.2 million (\$1.4 million net of tax) and foreign currency gains of \$0.2 million (\$0.2 million net of tax).
- (4) 2010 operating loss and net loss from continuing operations were impacted by charges totaling \$80.6 million (\$56.2 million net of tax), comprising goodwill impairments of \$56.1 million (\$45.0 million net of tax), fixed asset and other intangible asset impairments of \$13.7 million (\$8.3 million net of tax), restructuring and exit costs of \$7.3 million (\$4.5 million net of tax), foreign currency losses of \$2.1 million (\$1.5 million net of tax) and expenses relating to a separation agreement with Spartech's former President and Chief Executive Officer of \$1.4 million (\$0.8 million net of tax). 2010 net loss from continuing operations was also impacted by debt extinguishment costs of \$0.7 million (\$0.5 million net of tax) and tax benefits on restructuring of foreign operations of \$4.4 million.
- (5) 2009 operating earnings and net earnings from continuing operations were impacted by fixed asset impairments of \$2.6 million (\$2.4 million net of tax), restructuring and exit costs of \$5.2 million (\$3.2 million net of tax) and foreign currency losses of \$2.0 million (\$1.2 million net of tax).
- (6) 2008 operating loss and net loss from continuing operations were impacted by charges of \$230.1 million (\$177.1 million net of tax) relating to goodwill impairments of \$218.0 million (\$168.8 million net of tax), fixed asset and other intangible asset impairments of \$9.0 million (\$6.2 million net of tax) restructuring and exit costs of \$2.2 million (\$1.5 million net of tax) and foreign currency losses of \$0.9 million (\$0.6 million net of tax).

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The following selected unaudited pro forma condensed combined financial data give effect to the merger. The selected unaudited pro forma condensed combined balance sheet data give effect to the merger as if it had occurred on September 30, 2012 and combines PolyOne's September 30, 2012 unaudited condensed consolidated balance sheet with Spartech's August 4, 2012 unaudited condensed consolidated balance sheet. The selected unaudited pro forma condensed combined statements of operations data for the nine months ended September 30, 2012 and the year ended December 31, 2011 give effect to the merger, as well as PolyOne's acquisition of ColorMatrix Group, Inc., which is referred to as ColorMatrix, which took place on December 21, 2011, as if the aforementioned acquisitions occurred on January 1, 2011. PolyOne's unaudited consolidated statement of operations for the nine months ended September 30, 2012 has been combined with Spartech's unaudited consolidated statement of operations for the nine months ended August 4, 2012. PolyOne's audited consolidated statement of operations for the fiscal year ended December 31, 2011 has been combined with Spartech's audited consolidated statement of operations for the fiscal year ended October 29, 2011.

The selected unaudited pro forma condensed combined financial data are presented for illustrative purposes only and are not necessarily indicative of the combined financial position or results of operations of future periods or the results that actually would have been realized had the entities been a single entity during these periods. The selected unaudited pro forma condensed combined financial data for the fiscal year ended December 31, 2011 and as of and for the nine months ended September 30, 2012 are derived from the unaudited pro forma condensed combined financial statements included elsewhere in this proxy statement/prospectus and should be read in conjunction with those statements and the related notes. See the section titled **UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS** beginning on page [ ].

<i>(in millions, except per share data)</i>	<b>Nine Months Ended September 30, 2012</b>	<b>Year Ended December 31, 2011</b>
Sales	\$ 3,173.2	\$ 4,156.7
Operating income	163.6	232.5
Net income from continuing operations	70.5	138.1
Net income from continuing operations per diluted common share	0.71	1.33
Total assets	2,845.5	NA
Total debt	966.3	NA

**Table of Contents****COMPARATIVE UNAUDITED PRO FORMA PER SHARE DATA**

The following table summarizes earnings per share data for Spartech and PolyOne on a pro forma combined basis giving effect to the merger. It has been assumed for purposes of the pro forma combined financial data provided below that the merger was completed on January 1, 2011. The following data should be read in conjunction with the audited consolidated financial statements of PolyOne, ColorMatrix and Spartech, which are incorporated by reference in this proxy statement/prospectus, and the financial data contained in the section titled **UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS** beginning on page [ ]. The unaudited pro forma data below are presented for informational purposes only and is not indicative of the operating results or financial position that would have occurred if the merger had been completed as of the periods presented, nor is it indicative of the future operating results or financial position of the combined company. In addition, the unaudited pro forma data do not purport to indicate balance sheet data or results of operations data as of any future date or for any future period.

	Nine Months Ended September 30, 2012			
	PolyOne	Spartech	Pro Forma Adjustments	Pro Forma Combined
Net income from continuing operations per common share:				
Basic	\$ 0.77	\$ 0.10		\$ 0.71
Diluted	\$ 0.76	\$ 0.10		\$ 0.71
Weighted-average common shares outstanding:				
Basic	89.0	30.8	(21.1)(a)	98.8
Diluted	90.1	30.9	(21.1)(a)	99.9
	Year Ended December 31, 2011			
	PolyOne	Spartech	Pro Forma Adjustments	Pro Forma Combined
Net income (loss) from continuing operations per common share:				
Basic	\$ 1.87	\$ (0.76)		\$ 1.36
Diluted	\$ 1.83	\$ (0.76)		\$ 1.33
Weighted-average common shares outstanding:				
Basic	92.2	30.7	(21.0)(a)	101.9
Diluted	94.3	30.7	(21.0)(a)	104.0

- (a) The unaudited pro forma combined basic and diluted earnings per share calculations are based on the combined weighted average basic and diluted shares. The historical weighted average basic and diluted shares of Spartech are assumed to be replaced by the shares expected to be issued by PolyOne at an exchange ratio of 0.3167 per Spartech share. The weighted average basic and diluted shares have not been adjusted for any future planned share repurchases by PolyOne, or any change in historical equity instruments excluded from Spartech's calculation of outstanding diluted shares because such shares had an anti-dilutive impact to historical earnings per share.

**Table of Contents****RISK FACTORS**

*In deciding whether to vote for the adoption of the merger agreement, we urge you to carefully consider all of the information included or incorporated by reference in this proxy statement/prospectus, which are listed in the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ]. You should also read and consider the risks associated with each of the businesses of PolyOne and Spartech because these risks will also affect the combined company. The risks associated with the business of PolyOne can be found in the PolyOne Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which is incorporated by reference in this proxy statement/prospectus. The risks associated with the business of Spartech can be found in the Spartech Annual Report on Form 10-K for the fiscal year ended November 3, 2012, which is incorporated by reference in this proxy statement/prospectus. In addition, we urge you to carefully consider the following material risks relating to the merger, the business of PolyOne, the business of Spartech and the business of the combined company.*

**Risks Relating to the Merger**

*The parties may fail to realize all of the anticipated benefits of the merger, which could reduce PolyOne's profitability.*

The parties expect that the merger will result in certain synergies, business opportunities and growth prospects. PolyOne, however, may never realize these expected synergies, business opportunities and growth prospects at the expected levels or at all. Integrating operations will be complex and will require significant effort and expense on the part of both PolyOne and Spartech. Personnel may leave or be terminated because of the merger. PolyOne's management may have its attention diverted while trying to integrate Spartech. In addition, PolyOne may experience increased competition that limits its ability to expand its business. PolyOne may not be able to capitalize on expected business opportunities including retaining Spartech's current customers. In addition, assumptions underlying estimates of expected cost savings may be inaccurate or general industry and business conditions may deteriorate. If these factors limit PolyOne's ability to integrate the operations of Spartech successfully or on a timely basis, PolyOne's expectations of future results of operations, including certain cost savings and synergies expected to result from the merger, may not be met. In addition, PolyOne's growth and operating strategies for Spartech's business may be different from the strategies that Spartech currently is pursuing.

*Because the exchange ratio is fixed and the market price of PolyOne common shares has fluctuated and will continue to fluctuate, you cannot be sure of the value of the merger consideration you will receive.*

Upon completion of the merger, each share of Spartech common stock outstanding immediately prior to the merger (other than those held by Spartech as treasury stock, by PolyOne or any subsidiary of PolyOne or Spartech or held by any Spartech stockholder that has properly exercised rights of dissent and appraisal in accordance with the DGCL) will be converted into the right to receive a combination of cash and PolyOne common stock, the details of which are described in the section titled **THE MERGER AGREEMENT Merger Consideration** beginning on page [ ]. Because the exchange ratio is fixed, the value of the stock portion of the merger consideration will depend on the market price of PolyOne common shares at the time the merger is completed. The value of the stock portion of the merger consideration has fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the Spartech special meeting, the date the merger is completed and thereafter. Accordingly, at the time of the Spartech special meeting, Spartech stockholders will not know or be able to determine the market value of the merger consideration they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including, among others, general market and economic conditions, changes in PolyOne's and Spartech's respective businesses, operations and prospects, market assessments of the likelihood that the merger will be completed, the timing of the merger and regulatory considerations. Many of these factors are beyond PolyOne's and Spartech's control. You are urged to obtain current market quotations for PolyOne common stock in determining whether to vote for the adoption of the merger agreement.

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*The market price for shares of PolyOne common stock may be affected by factors different from, or in addition to, those affecting Spartech common stock, and the market value of shares of PolyOne common stock may decrease after the closing date of the merger.*

The businesses of PolyOne and Spartech differ in some respects and, accordingly, the results of operations of the combined company and the market price of the shares of the combined company's common stock may be affected by factors different from those currently affecting the independent results of operations of each of PolyOne and Spartech. In addition, the market value of the shares of PolyOne common stock that Spartech stockholders receive in the merger could decrease following the closing date of the merger. For a discussion of the business of PolyOne and factors to consider in connection with its business, please see the section titled **THE MERGER – The Companies** beginning on page [ ] and the documents and information included elsewhere in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus and listed under the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ]. For a discussion of the business of Spartech and factors to consider in connection with its business, please see the section titled **THE MERGER – The Companies** beginning on page [ ] and the documents and information incorporated by reference into this proxy statement/prospectus and listed under the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ].

*PolyOne stockholders' ownership percentage after the merger will be diluted and the merger could result in dilution to PolyOne's earnings per share.*

In connection with the merger, PolyOne will issue to Spartech stockholders shares of PolyOne common stock. As a result of this stock issuance, PolyOne stockholders will own a smaller percentage of the combined company. It is estimated that, upon completion of the merger, PolyOne stockholders will own approximately [ ]% of the outstanding stock of the combined company and Spartech stockholders will own approximately [ ]% of the outstanding stock of the combined company. If the combined company is unable to realize the strategic and financial benefits currently anticipated to result from the merger, then PolyOne stockholders could experience dilution of their economic interest in PolyOne without receiving a commensurate benefit. The merger could also result in dilution to PolyOne's earnings per share.

*Obtaining required approvals and satisfying closing conditions may prevent or delay completion of the merger.*

The merger is subject to customary conditions to closing. These closing conditions include, among others, the receipt of required approvals of the stockholders of Spartech and the receipt of certain governmental consents and approvals. No assurance can be given that the required stockholder and governmental consents and approvals will be obtained or that the required conditions to closing will be satisfied, and, if all required consents and approvals are obtained and the conditions are satisfied, no assurance can be given as to the terms, conditions and timing of the consents and approvals. PolyOne and Spartech will also be obligated to pay certain investment banking, financing, legal and accounting fees and related expenses in connection with the merger, whether or not the merger is completed.

*Failure to retain key employees could diminish the anticipated benefits of the merger.*

The success of the merger will depend in part on the retention of personnel critical to the business and operations of the combined company due to, for example, their technical skills or management expertise.

Employees may experience uncertainty about their future role with Spartech and PolyOne until strategies with regard to these employees are announced or executed. If Spartech and PolyOne are unable to retain personnel, including Spartech's key management, who are critical to the successful integration and future operations of the companies, Spartech and PolyOne could face disruptions in their operations, loss of existing customers, loss of key information, expertise or know-how, and unanticipated additional recruitment and training costs. In addition, the loss of key personnel could diminish the anticipated benefits of the merger.

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*Uncertainty regarding the merger may cause customers, suppliers or strategic partners to delay or defer decisions concerning PolyOne and Spartech and adversely affect each company's ability to effectively manage their respective businesses.*

The merger will happen only if stated conditions are met, including the approval of the merger proposal by Spartech's stockholders, the receipt of regulatory approvals, and the absence of any material adverse effect in the business of Spartech or PolyOne. Many of the conditions are outside the control of Spartech and PolyOne, and both parties also have stated rights to terminate the merger agreement. Accordingly, there may be uncertainty regarding the completion of the merger. This uncertainty may cause customers, suppliers or strategic partners to delay or defer decisions concerning Spartech or PolyOne, which could negatively affect their respective businesses. Any delay or deferral of those decisions or changes in existing agreements could have a material adverse effect on the respective businesses of Spartech and PolyOne, regardless of whether the merger is ultimately completed.

*The fairness opinion obtained by Spartech from its financial advisor will not reflect changes in circumstances between signing the merger agreement and the completion of the merger.*

Spartech has not obtained an updated opinion regarding the fairness of the merger consideration as of the date of this proxy statement/prospectus from Barclays Capital Inc., Spartech's financial advisor, which is referred to as Barclays. Barclays' opinion speaks only as of its date and does not address the fairness of the merger consideration, from a financial point of view, at the time the merger is completed. Changes in the operations and prospects of PolyOne or Spartech, general market and economic conditions and other factors that may be beyond the control of PolyOne and Spartech, and on which the fairness opinion was based, may alter the value of PolyOne or Spartech or the prices of shares of PolyOne common stock or Spartech common stock by the time the merger is completed. For a description of the opinion that Spartech received from its financial advisor, please see the section titled **THE MERGER Opinion of Spartech's Financial Advisor** beginning on page [ ].

*Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of PolyOne and Spartech, which could have an adverse effect on their respective businesses and financial results.*

Whether or not the merger is completed, the announcement and pendency of the merger could cause disruptions in the businesses of PolyOne and Spartech. Specifically:

current and prospective employees of Spartech will experience uncertainty about their future roles with the combined company, which might adversely affect PolyOne's and Spartech's ability to retain key managers and other employees; and

the attention of management of each of PolyOne and Spartech may be directed toward the completion of the merger. In addition, PolyOne and Spartech have each diverted significant management resources in an effort to complete the merger and are each subject to restrictions contained in the merger agreement on the conduct of their respective businesses. If the merger is not completed, PolyOne and Spartech will have incurred significant costs, including the diversion of management resources, for which they will have received little or no benefit. Further, Spartech may be required to pay to PolyOne a termination fee of \$8,800,000 if the merger agreement is terminated, depending on the specific circumstances of the termination. For a detailed description of the circumstances in which such termination fee will be paid, see the section titled **THE MERGER AGREEMENT Termination Fees and Expense Reimbursement** beginning on page [ ].

*The directors and executive officers of Spartech have interests and arrangements that may be different from, or in addition to, those of Spartech stockholders generally.*

When considering the recommendation of the Spartech board of directors with respect to the adoption of the merger agreement, Spartech stockholders should be aware that the directors and executive officers of Spartech

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have interests in the merger that may be different from, or in addition to, their interests as Spartech stockholders and the interests of Spartech stockholders generally. These interests include, among others, vesting of equity and equity-based awards, payment of prorated bonuses, severance arrangements and other compensation and benefit arrangements and the right to continued indemnification and insurance coverage by PolyOne for acts or omissions occurring prior to the merger.

As a result of these interests, the directors and executive officers may be more likely to support and to vote to adopt the merger agreement than if they did not have these interests. Spartech stockholders should consider whether these interests may have influenced the directors and executive officers to support or recommend adoption of the merger agreement. As of the close of business on December 12, 2012, Spartech directors and executive officers were entitled to vote 6.1% of the Spartech common stock outstanding on December 12, 2012. For more information, see the section titled **THE MERGER Interests of Spartech Directors and Executive Officers in the Merger** beginning on page [ ].

*An adverse judgment in a lawsuit challenging the merger may prevent the merger from becoming effective or from becoming effective within the expected timeframe.*

One of the conditions to the closing of the merger is that no order, injunction or decree or other legal restraint or prohibition that prevents the completion of the merger be in effect. If any plaintiff were successful in obtaining an injunction prohibiting Spartech or PolyOne from completing the merger on the agreed-upon terms, then such injunction may prevent the merger from becoming effective or from becoming effective within the expected timeframe. See **THE MERGER Litigation Related to the Merger** on page [ ].

*The merger agreement contains provisions that could discourage a potential competing acquirer that might be willing to pay more to acquire or merge with Spartech.*

The merger agreement contains no shop provisions that restrict Spartech's ability to, among other things (each as described under the section titled **THE MERGER AGREEMENT Covenants and Agreements** beginning on page [ ]):

solicit, initiate or knowingly encourage (including by way of furnishing non-public information), or knowingly facilitate, any inquiries or the making of any proposal that constitutes a takeover proposal by a third party for Spartech;

enter into any agreement relating to a takeover proposal by a third party for Spartech or enter into any agreement, arrangement or understanding requiring it to abandon, terminate or fail to consummate the merger or any other transaction contemplated by the merger agreement; or

initiate or participate in any way in any discussions or negotiations regarding, or furnish or disclose to any person (other than PolyOne) any nonpublic information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes a company takeover proposal (other than contacting the person making the company takeover proposal for the sole purpose of clarifying such proposal).

Furthermore, there are only limited exceptions to Spartech's obligations under the merger agreement that its board of directors will not withdraw or adversely qualify its recommendation regarding the approval of the merger agreement. Although Spartech's board of directors is permitted to terminate the merger agreement in response to a superior proposal if they determine in good faith that a failure to do so would be reasonably likely to be a breach of their fiduciary duties, its doing so would entitle PolyOne to collect a \$8,800,000 termination fee from Spartech. For more information, see the sections titled **THE MERGER AGREEMENT Termination of the Merger Agreement** beginning on page [ ] and **THE MERGER AGREEMENT Termination Fees and Expense Reimbursement** beginning on page [ ].



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These provisions could discourage a potential competing acquirer from considering or proposing an acquisition or merger, even if it were prepared to pay consideration with a higher value than that proposed to be paid in the merger, or might result in a potential competing acquirer proposing to pay a lower per share price than it might otherwise have proposed to pay because of the added expense of the termination fee.

### **Risks Associated with PolyOne's Business**

***Demand for and supply of PolyOne's products and services may be adversely affected by several factors, some of which PolyOne cannot predict or control, that could adversely affect its financial position, results of operations or cash flows.***

Several factors may affect the demand for and supply of PolyOne's products and services, including: economic downturns in the significant end markets that PolyOne serves; product obsolescence or technological changes that unfavorably alter the value / cost proposition of PolyOne's products and services; competition from existing and unforeseen polymer and non-polymer based products; declines in general economic conditions or reductions in industrial production growth rates, both domestically and globally, which could impact PolyOne's customers' ability to pay amounts owed to it; changes in environmental regulations that would limit PolyOne's ability to sell its products and services in specific markets; and inability to obtain raw materials or supply products to customers due to factors such as supplier work stoppages, supply shortages, plant outages or regulatory changes that may limit or prohibit overland transportation of certain hazardous materials and exogenous factors, like severe weather. If any of these events occur, the demand for and supply of PolyOne's products and services could suffer, which could have a material adverse effect on PolyOne's financial position, results of operations and cash flows.

***PolyOne's manufacturing operations are subject to hazards and other risks associated with polymer production and the related storage and transportation of raw materials, products and wastes.***

The hazards and risks PolyOne's manufacturing operations are subject to include, but are not limited to: explosions, fires, inclement weather and natural disasters; mechanical failure resulting in protracted or short duration unscheduled downtime; regulatory changes that affect or limit the transportation of raw materials; inability to obtain or maintain any required license or permits; interruptions and environmental hazards such as chemical spills, discharges or releases of toxic or hazardous substances or gases into the environment or workplace; and storage tank leaks or other issues resulting from remedial activities. The occurrence of any of these operating problems at PolyOne's facilities may have a material adverse effect on the productivity and profitability of a particular manufacturing facility or on PolyOne's operations as a whole, during and after the period of these operating difficulties. These operating problems may also cause personal injury and loss of life, severe damage to or destruction of property and equipment and environmental damage. PolyOne is subject to present and potential future claims with respect to workplace exposure, workers' compensation and other matters. Although PolyOne maintains property and casualty insurance of the types and in the amounts that it believes are customary for the industry, PolyOne may not be fully insured against all potential hazards that are incident to its business or otherwise could occur.

***Extensive environmental, health and safety laws and regulations impact PolyOne's operations and assets and compliance with these regulations could adversely affect PolyOne's financial position, results of operations or cash flows.***

PolyOne's operations on, and ownership of, real property are subject to extensive environmental, health and safety laws and regulations at the national, state and local governmental levels. The nature of PolyOne's business exposes it to compliance costs and risks of liability under these laws and regulations due to the production, storage, transportation, recycling or disposal and/or sale of materials that can cause contamination and other harm to the environment or personal injury if they are released. Environmental compliance requirements on PolyOne and its vendors may significantly increase the costs of these activities involving raw materials, energy,

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finished products and wastes. PolyOne may incur substantial costs, including fines, damages, criminal or civil sanctions, remediation costs or experience interruptions in PolyOne's operations for violations of these laws.

PolyOne also conducts investigations and remediation at some of its active and inactive facilities and has assumed responsibility for environmental liabilities at sites formerly owned or operated by PolyOne's predecessors or by PolyOne. Also, federal and state environmental statutes impose strict, and under some circumstances, joint and several liability for the cost of investigations and remedial actions on any company that generated the waste, arranged for disposal of the waste, transported the waste to the disposal site or selected the disposal site as well as on the owners and operators of these sites. Any or all of the responsible parties may be required to bear all of the costs of clean up, regardless of fault or legality of the waste disposal or ownership of the site, and may also be subject to liability for natural resource damages. PolyOne has been notified by federal and state environmental agencies and private parties that PolyOne may be a potentially responsible party in connection with certain sites. PolyOne may incur substantial costs for some of these sites. It is possible that PolyOne will be identified as a potentially responsible party at more sites in the future which could result in PolyOne being assessed substantial investigation or cleanup costs.

PolyOne may also incur additional costs and liabilities as a result of increasingly strict environmental, safety and health laws, regulations and related enforcement policies, restrictions on the use of lead and phthalates under the Restrictions on the Use of Certain Hazardous Substances and the Consumer Product Safety Information Act of 2008 and restrictions on greenhouse gases emissions.

The European Union has adopted REACH, a legislative act to cover Registration, Evaluation, Authorization and Restriction of Chemicals. The goal of this legislation, which became effective in June 2007, is to minimize risk to human health and to the environment by regulating the use of chemicals. As these regulations evolve, PolyOne will endeavor to remain in compliance with REACH.

PolyOne accrues costs for environmental matters that have been identified when it is probable that these costs will be required and when they can be reasonably estimated. However, PolyOne may be subject to additional environmental liabilities or potential liabilities that have not been identified. PolyOne expects that it will continue to be subject to increasingly stringent environmental, health and safety laws and regulations. PolyOne anticipates that compliance with these laws and regulations will continue to require capital expenditures and operating costs, which could adversely affect its financial position, results of operations or cash flows.

***PolyOne's operations are affected by various risks inherent in conducting operations worldwide.***

PolyOne has extensive operations outside of the United States. Revenue from these operations (principally from Canada, Mexico, Europe, South America, and Asia) was approximately 35% in 2011, 34% in 2010, and 37% in 2009 of PolyOne's total revenues. Long-lived assets of PolyOne's foreign operations represented 40% in 2011, 37% in 2010 and 36% in 2009 of PolyOne's total long-lived assets.

international operations are subject to risks, which include, but are not limited to, the following:

changes in local government regulations and policies including, but not limited to, foreign currency exchange controls or monetary policy; repatriation of earnings; expropriation of property; duty or tariff restrictions; investment limitations; and tax policies;

political and economic instability and disruptions, including labor unrest, civil strife, acts of war, guerilla activities, insurrection and terrorism;

legislation that regulates the use of chemicals;

disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act (FCPA);

difficulties in staffing and managing multi-national operations;

limitations on PolyOne's ability to enforce legal rights and remedies;

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reduced protection of intellectual property rights; and

other risks arising out of foreign sovereignty over the areas where PolyOne's operations are conducted.

In addition, PolyOne could be adversely affected by violations of the FCPA and similar worldwide anti-bribery laws. The FCPA and similar anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. PolyOne's policies mandate compliance with these anti-bribery laws. PolyOne operates in many parts of the world that have experienced governmental corruption to some degree and, in certain circumstances; strict compliance with anti-bribery laws may conflict with local customs and practices. PolyOne cannot assure you that its internal controls and procedures always will protect PolyOne from the reckless or criminal acts committed by its employees or agents. If PolyOne is found to be liable for FCPA violations, PolyOne could suffer from criminal or civil penalties or other sanctions, which could have a material adverse effect on PolyOne's business.

Any of these risks could have an adverse effect on PolyOne's international operations by reducing the demand for PolyOne's products or reducing the prices at which PolyOne can sell its products, which could result in an adverse effect on PolyOne's business, financial position, results of operations or cash flows. PolyOne may not be able to continue to operate in compliance with applicable customs, currency exchange control regulations, transfer pricing regulations or any other laws or regulations that it may be subject to. In addition, these laws or regulations may be modified in the future, and PolyOne may not be able to operate in compliance with those modifications.

***PolyOne engages in acquisitions and joint ventures, and may encounter unexpected difficulties integrating those businesses, including Spartech.***

Attainment of PolyOne's strategic plan objectives may require, in part, strategic acquisitions or joint ventures intended to complement or expand its businesses globally or add product technology that accelerates PolyOne's specialization strategy, or both. Success will depend on PolyOne's ability to complete these transactions or arrangements, and integrate the businesses acquired in these transactions as well as develop satisfactory working arrangements with its strategic partners in the joint ventures. Unexpected difficulties in integrating Spartech or future acquisitions with PolyOne's existing operations and in managing strategic investments could occur. Furthermore, PolyOne may not realize the degree, or timing, of benefits initially anticipated which could adversely affect PolyOne's business, financial position, results of operations or cash flow.

***Natural gas, electricity, fuel and raw material costs, and other external factors that are also beyond PolyOne's control, as well as downturns in the home repair and remodeling and new home sectors of the economy, can cause fluctuations in PolyOne's margins.***

The cost of PolyOne's natural gas, electricity, fuel and raw materials, and other costs, may not correlate with changes in the prices PolyOne receives for its products, either in the direction of the price change or in absolute magnitude. Natural gas and raw materials costs represent a substantial part of PolyOne's manufacturing energy costs. In particular, electricity and fuel represent a component of the costs to manufacture building products. Most of the raw materials PolyOne uses are commodities and the price of each can fluctuate widely for a variety of reasons, including changes in availability because of major capacity additions or reductions or significant facility operating problems. Other external factors beyond PolyOne's control can cause volatility in raw materials prices, demand for PolyOne's products, product prices, sales volumes and margins. These factors include general economic conditions, the level of business activity in the industries that use PolyOne's products, competitors' actions, international events and circumstances, and governmental regulation in the United States and abroad, such as climate change regulation. These factors can also magnify the impact of economic cycles on PolyOne's business. While PolyOne attempts to pass through price increases in energy costs and raw materials there can be no reassurance that it can do so in the future.

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Additionally, PolyOne's products used in housing, transportation and building and construction markets are impacted by changes in demand in these sectors, which may be significantly affected by changes in economic and other conditions such as gross domestic product levels, employment levels, demographic trends, legislative actions and consumer confidence. These factors can lower the demand for and pricing of PolyOne's products, which could cause PolyOne's net sales and net income to decrease.

***PolyOne faces competition from other polymer and chemical companies, which could adversely affect PolyOne's sales, results of operations or cash flows.***

PolyOne actively competes with companies that produce the same or similar products, and in some instances with companies that produce different products that are designed for the same end uses. PolyOne encounters competition in price, delivery, service, performance, product innovation, product recognition and quality, depending on the product involved.

PolyOne expects that its competitors will continue to develop and introduce new and enhanced products, which could cause a decline in the market acceptance of PolyOne's products. In addition, PolyOne's competitors could cause a reduction in the selling prices of some of PolyOne's products as a result of intensified price competition. Competitive pressures can also result in the loss of major customers. An inability to compete successfully could have an adverse effect on PolyOne's financial position, results of operations or cash flows.

PolyOne may also experience increased competition from companies that offer products based on alternative technologies and processes that may be more competitive or better in price or performance, causing PolyOne to lose customers and result in a decline in PolyOne's sales volume and earnings.

Additionally, some of PolyOne's customers may already be or may become large enough to justify developing in-house production capabilities. Any significant reduction in customer orders as a result of a shift to in-house production could adversely affect PolyOne's sales and operating profits.

***A major failure of PolyOne's information systems could harm its business.***

PolyOne depends on integrated information systems to conduct its business. PolyOne may experience operating problems with its information systems as a result of system failures, viruses, computer hackers or other causes. Any significant disruption or slowdown of PolyOne's systems could cause customers to cancel orders or cause standard business processes to become ineffective, which could adversely affect PolyOne's financial position, results of operations or cash flows.

***The agreements governing PolyOne's debt, including PolyOne's revolving credit facility, contain various covenants that limit PolyOne's ability to take certain actions and also require PolyOne to meet financial maintenance tests, failure to comply with which could have a material adverse effect on PolyOne.***

The agreements governing PolyOne's senior secured term loan and senior secured revolving credit facility contain a number of covenants that, among other things, limit PolyOne's ability to: consummate asset sales, incur additional debt or liens, consolidate or merge with any person or transfer or sell all or substantially all of PolyOne's assets, pay dividends or make certain other restricted payments, make investments, enter into transactions with affiliates, create dividend or other payment restrictions with respect to subsidiaries, make capital investments and alter the business PolyOne conducts.

In addition, these agreements require PolyOne to comply with specific financial ratios and tests, under which PolyOne is required to achieve specific financial and operating results. PolyOne's ability to comply with these provisions may be affected by events beyond its control. A breach of any of these covenants would result in a default under the agreements. In the event of any default, PolyOne's lenders could elect to declare all amounts borrowed under the agreements, together with accrued interest thereon, to be due and payable. In such an event,

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PolyOne cannot assure you that it would have sufficient assets to pay debt then outstanding under the agreements governing PolyOne's debt. Any future refinancing of the term loan or revolving credit facility is likely to contain similar restrictive covenants.

***To service PolyOne's indebtedness, PolyOne will require a significant amount of cash. PolyOne's ability to generate cash depends on many factors beyond its control.***

PolyOne's ability to pay interest on its debt and to satisfy its other debt obligations will depend in part upon PolyOne's future financial and operating performance and that of its subsidiaries and upon its ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which are beyond PolyOne's control, will affect PolyOne's ability to make these payments. While PolyOne believes that cash flow from its current level of operations, available cash and available borrowings under its revolving credit facility will provide adequate sources of liquidity for at least the next twelve months, a significant drop in operating cash flow resulting from economic conditions, competition or other uncertainties beyond PolyOne's control could create the need for alternative sources of liquidity. If PolyOne is unable to generate sufficient cash flow to meet its debt service obligations, PolyOne will have to pursue one or more alternatives, such as, reducing or delaying capital or other expenditures, refinancing debt, selling assets, or raising equity capital.

PolyOne cannot assure you, however, that its business will generate sufficient cash flow from operations or that future borrowings will be available to PolyOne under the revolving credit facility in an amount sufficient to enable it to pay its indebtedness or to fund its other liquidity needs. PolyOne may need to refinance all or a portion of its indebtedness on or before maturity. PolyOne cannot assure you that it will be able to refinance any of its indebtedness, including its term loan and revolving credit facility, on commercially reasonable terms or at all.

***PolyOne has a significant amount of goodwill, and any future goodwill impairment charges could adversely impact PolyOne's results of operations.***

As of December 31, 2011, PolyOne had goodwill of \$398.1 million. The future occurrence of a potential indicator of impairment, such as a significant adverse change in legal factors or business climate, an adverse action or assessment by a regulator, unanticipated competition, a material negative change in relationships with significant customers, strategic decisions made in response to economic or competitive conditions, loss of key personnel or a more-likely-than-not expectation that a reporting unit or a significant portion of a reporting unit will be sold or disposed of, could result in goodwill impairment charges, which could adversely impact PolyOne's results of operations. PolyOne has recorded goodwill impairment charges in the past, and such charges materially impacted PolyOne's historical results of operations.

***Poor investment performance by PolyOne's pension plan assets may increase PolyOne's pension liability and expense, which may increase the required funding of PolyOne's pension obligations and divert funds from other potential uses.***

PolyOne provides defined benefit pension plans to eligible employees. PolyOne's pension expense and PolyOne's required contributions to its pension plans are directly affected by the value of plan assets, the projected rate of return on plan assets, the actual rate of return on plan assets and the actuarial assumptions PolyOne uses to measure its defined benefit pension plan obligations, including the rate at which future obligations are discounted to a present value, or the discount rate. As of December 31, 2011, PolyOne assumed an 8.5% rate of return on pension assets.

Poor investment performance by PolyOne's pension plan assets resulting from a decline in the stock market could significantly increase the deficit position of PolyOne's plans. Should the assets earn an average return less than 8.5% over time, it is likely that future pension expenses and funding requirements would increase.

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PolyOne establishes the discount rate used to determine the present value of the projected and accumulated benefit obligation at the end of each year based upon the available market rates for high quality, fixed income investments. An increase in the discount rate would increase the future pension expense and, conversely, a lower discount rate would decrease the future pension expense.

PolyOne cannot predict whether changing market or economic conditions, regulatory changes or other factors will further increase its pension expense or funding obligations, diverting funds PolyOne would otherwise apply to other uses.

**Risks Associated with Spartech's Business**

***Recessions, adverse market conditions or downturns in the end markets served by Spartech may negatively impact Spartech's sales, profitability, operating results and cash flows.***

Spartech's sales, profitability, operating results and cash flows may be negatively impacted in the future due to changes in general economic conditions, recessions or adverse conditions. Continued uncertainty regarding the recovery of the global economy, especially in North America, including continued low levels of job recovery and business and consumer spending, have resulted in challenges to Spartech's business and the end markets Spartech serves, including the transportation, building and construction and recreation and leisure end markets, which represented approximately 20%, 16%, and 6%, respectively of Spartech's sales during the year ended November 3, 2012. If economic conditions worsen, Spartech could experience potential declines in revenues, profitability and cash flow due to reduced orders, payment delays, supply chain disruptions or other factors caused by economic challenges faced by customers, prospective customers and suppliers.

***Spartech's credit facility and senior notes contain a number of restrictive covenants; breaches of these covenants are events of default and could cause the acceleration of debt beyond Spartech's ability to fund such debt.***

Spartech's credit facility and senior notes contain a number of restrictive covenants. The terms of Spartech's senior notes also require certain prepayments of principal which began in September 2012 and continue each following year until their full repayment in September 2016. If one or more of these covenants is breached or liquidity is restricted due to the required repayments, Spartech could be required to negotiate with its debt-holders to waive or revise the covenant or seek to refinance the debt. If Spartech is not successful in an effort to negotiate with existing debt-holders or refinance the debt, Spartech may not have the ability to fund the debt, which could adversely impact cash flows, liquidity, its ability to invest in capital equipment, and Spartech's financial condition.

***Spartech's business is highly competitive and increased competition could adversely affect its sales and financial condition.***

Spartech competes on the basis of quality, price, product availability and security of supply, product development, and customer service. Some competitors in certain markets are larger than Spartech and may have greater financial resources or lower debt levels that allow them to be better positioned to withstand changes in such industries. Spartech's competitors may introduce new products based on alternative technologies that may be more competitive, which would result in a decline in sales volume and earnings. The greater financial resources or the lower debt levels of certain of Spartech's competitors may enable them to commit larger amounts of capital in response to changing market conditions. These competitive factors could cause Spartech to lose market share, exit certain lines of business, increase expenditures or reduce pricing, each of which could have an adverse effect on its results of operations, financial condition and cash flows.

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***The cost and availability of raw materials, energy costs and freight costs could adversely impact Spartech's operating results and financial condition.***

Material, energy and freight costs represent a significant portion of Spartech's cost structure. Spartech purchases various raw material resins derived from crude oil or natural gas to produce its products. Spartech also uses a significant amount of energy in its operations and incurs significant freight costs. The cost of these resins, energy and freight have been highly volatile in the last few years and on occasion supply of certain raw materials has been limited. Volatility of resin, energy and freight costs is expected to continue and may be affected by a number of factors, including the base cost of oil and natural gas, political instability or hostilities in oil-producing countries, vendor consolidations, exchange rates between the U.S. dollar and other currencies and changes in supply and demand. The direction and degree of future resin, energy and freight cost changes; changes in resin availability; and Spartech's ability to manage and pass through such changes timely is uncertain and large, rapid increases in resin, energy or freight costs could lead to declining margins, operating results, cash flows and financial condition.

***A limited number of customers account for a significant percentage of Spartech's revenues and the loss of several significant customers could adversely impact Spartech's sales, operating results and cash flows.***

Although no single customer represented more than 10% of Spartech's consolidated sales in fiscal 2012, Spartech's top five (5) and twenty-five (25) customers represented approximately 15% and 35%, respectively of fiscal 2012 sales dollars. Spartech's financial results may continue to depend in part upon a small number of large customers. If a significant customer is lost, becomes unable to pay timely, is unable to continue its operations, or if changes in the business of a significant customer occur, Spartech's results of operations, cash flows, and financial condition could be adversely impacted.

***Spartech is subject to litigation and environmental regulations that could adversely impact Spartech.***

Spartech is subject to various claims, lawsuits and administrative proceedings arising in the ordinary course of business with respect to environmental, commercial, product liability, employment and other matters, several of which claim substantial amounts of damages. Spartech has recorded reserves for potential liabilities where it believes the liability to be probable and reasonably estimable. It is possible that Spartech's ultimate liability could materially differ from Spartech's estimated liability. Spartech is also subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment, and could incur substantial costs as a result of the non-compliance with or liability for cleanup or other costs or damages under environmental laws. In the event of one or more adverse determinations, the impact on Spartech's results of operations, cash flows, and financial condition could be material to any specific period.

***A major failure to Spartech's information systems could harm its business.***

Over the past few years, Spartech has implemented a company-wide Oracle information system and business intelligence reporting capabilities. Most of Spartech is integrated into these information systems, which are required to process orders; respond to customer inquiries; schedule production, manage inventory; purchase, sell; and ship product on a timely basis; and provide daily, weekly, and monthly key performance indicators to decision-makers. Spartech may experience operating problems with its information systems as a result of system failures, viruses, computer hackers, or other causes. Any significant disruption or slowdown of Spartech's information systems could cause orders to be lost, delayed or cancelled or data to become unavailable, which could adversely impact Spartech's business.



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***Spartech's foreign operations subject it to economic risk because results of operations are affected by foreign currency fluctuations, changes in local government regulations and other political, economic and social conditions.***

Spartech sells, manufactures, and purchases products in foreign markets as well as holds assets and liabilities in these jurisdictions. Changes in the relative value of foreign currencies to U.S. dollars to which Spartech is exposed, specifically the Canadian dollar, euro and Mexican peso, occur from time to time and could have an adverse impact on Spartech operating results and the book values of net assets within these jurisdictions. Exposure to changes in local political or economic conditions, other potential domestic and foreign governmental practices or policies affecting U.S. companies doing business abroad, or social unrest, including acts of violence, in the foreign countries in which Spartech operates could have an adverse effect on the results of operations in those countries.

***A major failure at certain of Spartech's facilities that produce product lines that Spartech cannot produce at alternate facilities, could result in customer loss, revenue loss and asset impairment.***

Certain of Spartech's product lines are currently produced at a single manufacturing facility with no ability to produce the product line at a second facility. Spartech's manufacturing facilities and operations could be disrupted by a natural disaster, labor strife, terrorist activity, public health concerns or other events. Spartech's manufacturing facilities may also be susceptible to changes in laws and policies of local governments and states which could cause disruptions. Any such disruption could cause delays in shipments of products and the loss of sales and customers, particularly with respect to product lines that Spartech currently only produces at a single location. Although Spartech has plans in place, including insurance, to mitigate the effects of any such disruption, there can be no assurance that mitigation efforts will be successful or that insurance proceeds will adequately compensate Spartech for any resulting losses.

***Labor matters could divert the attention of Spartech's management or disrupt Spartech's operations, which could negatively affect Spartech's business, financial condition or results of operations.***

Various labor unions represent approximately 32% of Spartech's hourly-paid employees under collective bargaining agreements, which terminate at various times between February 2013 and February 2016. Labor organizing activities could result in additional employees becoming unionized. Although Spartech believes its relations with its employees and their various representatives are generally satisfactory, Spartech cannot assure that it can successfully negotiate future collective bargaining agreements or any other labor agreements without work stoppages and cannot assure that any work stoppages will not have a material adverse effect on Spartech's business, financial condition, or results of operations. Labor negotiations and disputes could also require significant management resources to resolve, which could have a negative impact on Spartech's business.

***Access to funding through capital markets is essential to execution of Spartech's future business plans. An inability to maintain such access could have a material adverse effect on Spartech's business and financial results.***

The ability to invest in Spartech's businesses and refinance maturing debt obligations requires access to the capital markets and sufficient bank credit lines to support short-term borrowing needs. The capital markets have been volatile and credit markets have been more restrictive with the availability of credit. A lack of available credit or volatility in the financial markets could reduce business activity and Spartech's ability to obtain and manage liquidity. The extent of this impact will depend on several factors, including Spartech's operating cash flows, the duration of restrictive credit conditions and volatile equity markets, Spartech's credit rating and credit capacity, the cost of financing, and other general economic and business conditions.

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**Risks Relating to the Combined Company's Operations After Consummation of the Merger**

*The failure to successfully combine the businesses of PolyOne and Spartech may adversely affect the combined company's future results.*

The success of the merger will depend, in part, on the ability of the combined company to realize anticipated benefits from combining the businesses of PolyOne and Spartech. To realize these anticipated benefits, the businesses of PolyOne and Spartech must be successfully combined. If the combined company is not able to achieve these objectives, the anticipated benefits of the merger may not be realized fully or at all or may take longer to realize than expected.

*The combined company will be exposed to foreign exchange risk.*

The results of operations of, and certain of the combined company's intercompany balances associated with, the combined company's international operations will be exposed to foreign exchange rate fluctuations. Upon translation, operating results may differ from expectations.

*The combined company may not be able to retain customers or suppliers or customers or suppliers may seek to modify contractual obligations with the combined company, which could have an adverse effect on the combined company's business and operations.*

As a result of the merger, the combined company may experience strain in relationships with customers and suppliers that may harm the combined company's business and results of operations. Certain customers or suppliers may seek to terminate or modify contractual obligations following the merger whether or not contractual rights are triggered as a result of the merger. There can be no guarantee that customers and suppliers will remain with or continue to have a relationship with the combined company or remain with or continue to have a relationship with the combined company on the same or similar contractual terms following the merger. If any of the customers or suppliers seek to terminate or modify contractual obligations or discontinue the relationship with the combined company, then the combined company's business and results of operations may be harmed. Furthermore, the combined company will not have long-term arrangements with many of its significant suppliers. If the combined company's suppliers were to seek to terminate or modify an arrangement with the combined company, including as a result of bankruptcy of any such suppliers due to poor economic conditions, then the combined company may be unable to procure necessary supplies from other suppliers in a timely and efficient manner and on acceptable terms, or at all.

*The combined company is expected to undergo internal restructurings and reorganizations that may cause disruption or could have an adverse effect on the combined company's business and operations.*

The combined company is expected to undergo certain internal restructurings and reorganizations in order to realize certain of the potential synergies of the merger. There can be no assurance that such internal restructurings and reorganizations will be successful or properly implemented. If any of such internal restructurings or reorganizations are not successful or properly implemented, the combined company may fail to realize the potential synergies of the merger, which may harm the combined company's business and results of operations or cause disruptions to the combined company's operations, including disruption in the combined company's supply chain.

*The combined company may be exposed to increased litigation, which could have an adverse effect on the combined company's business and operations.*

The combined company may be exposed to increased litigation from stockholders, customers, suppliers, consumers and other third parties due to the combination of PolyOne's business and Spartech's business following the merger. Such litigation may have an adverse impact on the combined company's business and results of operations or may cause disruptions to the combined company's operations.

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**RECENT DEVELOPMENTS**

**PolyOne and Spartech have been named as defendants in lawsuits involving the merger and the other transactions contemplated by the merger agreement.** The material facts surrounding these lawsuits are discussed in the section titled **THE MERGER – Litigation Related to the Merger** beginning on page [ ].

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus contains forward-looking statements within the meaning of the federal securities laws. In particular, statements in this proxy statement/prospectus regarding the merger are forward-looking statements. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. They use words such as will, anticipate, estimate, expect, project, intend, plan, believe, and other words of similar meaning in connection with any discussion of future operating or financial condition, performance and/or sales. Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to: the time required to consummate the merger; the satisfaction or waiver of conditions in the merger agreement; any material adverse changes in the business of Spartech; the ability to obtain required regulatory, shareholder or other third-party approvals and consents and otherwise consummate the merger; PolyOne's ability to achieve the strategic and other objectives relating to the merger, including any expected synergies; PolyOne's ability to successfully integrate Spartech and achieve the expected results of the acquisition, including, without limitation, the acquisition being accretive; disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future; the financial condition of our customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; the speed and extent of an economic recovery, including the recovery of the housing market; our ability to achieve new business gains; the effect on foreign operations of currency fluctuations, tariffs, and other political, economic and regulatory risks; changes in polymer consumption growth rates where we conduct business; changes in global industry capacity or in the rate at which anticipated changes in industry capacity come online; fluctuations in raw material prices, quality and supply and in energy prices and supply; production outages or material costs associated with scheduled or unscheduled maintenance programs; unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters; an inability to achieve or delays in achieving or achievement of less than the anticipated financial benefit from initiatives related to working capital reductions, cost reductions, and employee productivity goals; an inability to raise or sustain prices for products or services; an inability to maintain appropriate relations with unions and employees; the inability to achieve expected results from our acquisition activities; our ability to continue to pay cash dividends; the amount and timing of repurchases of our common shares, if any; and other factors affecting our business beyond our control, including, without limitation, changes in the general economy, changes in interest rates and changes in the rate of inflation. The above list of factors is not exhaustive.

This proxy statement/prospectus speaks only as of its date, and, except as may be required by law, neither PolyOne nor Spartech undertakes any duty to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made. You are advised, however, to consult any further disclosures PolyOne or Spartech makes on related subjects in their respective Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K filed with the SEC. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider such disclosures to be a complete discussion of all potential risks or uncertainties.

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**THE SPECIAL MEETING**

This proxy statement/prospectus is being mailed on or about [ ], 2013, to holders of record of Spartech common stock as of the close of business on [ ] and constitutes notice of the special meeting in conformity with the requirements of the DGCL. It is accompanied by a proxy furnished in connection with the solicitation of proxies by the Spartech board of directors for use at the special meeting and at any adjournments or postponements of the special meeting.

**Date, Time and Place of the Special Meeting**

The special meeting is scheduled to be held at [ ] on [ ], 2013, beginning at [ ], unless postponed to a later date.

**Matters to be Considered at the Special Meeting**

The purposes of the special meeting are as follows, each as further described in this proxy statement/prospectus:

to consider and vote on a proposal to adopt the merger agreement;

to consider and vote on a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation to be paid to Spartech's named executive officers in connection with the merger, which is referred to as the merger-related named executive officer compensation proposal; and

to consider and vote on a proposal to adjourn the special meeting, if necessary, to solicit additional proxies in the event there are not sufficient votes at the time of the special meeting to adopt the merger agreement.

Spartech does not expect that any matter other than the proposals listed above will be brought before the special meeting. If, however, other matters are properly brought before the special meeting, or any adjournment or postponement of the special meeting, the persons named as proxies will vote in accordance with their judgment.

**Record Date for the Special Meeting and Voting Rights**

Spartech's board of directors has fixed the close of business on [ ] as the record date to determine who is entitled to receive notice of and to vote at the special meeting. On the record date, there were [ ] shares of Spartech common stock outstanding, each entitled to vote. Stockholders will have one vote for the merger and any other matter properly brought before the special meeting for each share of Spartech common stock they owned at the close of business on the record date. Only stockholders of record at the close of business on the record date are entitled to receive notice of and to vote at the special meeting and any and all adjournments or postponements thereof.

**Quorum; Required Votes; Abstentions and Broker Non-Votes**

A quorum of stockholders is necessary to hold a valid meeting. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of Spartech common stock entitled to vote at the special meeting is necessary to constitute a quorum (other than with respect to Proposal 3, the proposal related to adjournments, for which a quorum is not required). Abstentions and broker non-votes will be counted for purposes of determining whether a quorum exists. If a quorum is not present, the special meeting will be postponed until the holders of the number of shares of Spartech common stock required to constitute a quorum attend.

If you submit a properly executed proxy card, even if you abstain from voting or vote against the adoption of the merger agreement, your shares of Spartech common stock will be counted for purposes of calculating

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whether a quorum is present at the special meeting. Executed but unvoted proxies will be voted in accordance with the recommendations of the Spartech board of directors. If additional votes must be solicited to adopt the merger agreement, it is expected that the meeting will be adjourned to solicit additional proxies.

Adoption of the merger agreement requires the affirmative vote of a majority of the shares of Spartech common stock outstanding as of the record date and entitled to vote. Abstentions and broker non-votes will have the same effect as a vote **AGAINST** the proposal to adopt the merger agreement. If a quorum is not present at the special meeting, or if there are not sufficient votes at the time of the special meeting to adopt the merger agreement, Spartech's stockholders will be asked to consider and vote upon a proposal to adjourn the special meeting to solicit additional proxies. Adjournment of the special meeting requires the affirmative vote of the holders of a majority of the shares of Spartech common stock present, in person or by proxy, and entitled to vote on the proposal. In addition, approval of the merger-related named executive officer compensation proposal requires the affirmative vote of the holders of a majority of the shares of Spartech common stock present, in person or by proxy, and entitled to vote on the proposal. Abstentions will not be counted for purposes of determining approval of the merger-related named executive officer compensation or adjournment and will have the same effect as a vote **AGAINST** the proposal to approve the merger-related named executive officer compensation proposal and the proposal to adjourn the special meeting. Broker non-votes will also not be counted for purposes of, and will have no effect on, determining approval of the merger-related named executive officer compensation or adjournment of the special meeting.

If you have any questions about how to vote or direct a vote in respect of your shares of Spartech common stock, you may contact our proxy solicitor at:

199 Water Street 26 Floor

New York, NY 10038

Banks and Brokers Call: (212) 440-9800

Call Toll Free: (800) 733-6198

Email address: [spartech@georgeson.com](mailto:spartech@georgeson.com)

***Stockholders should not send in their stock certificates with their proxy cards.*** A letter of transmittal with instructions for the surrender of certificates representing shares of Spartech common stock will be mailed to stockholders if the merger is completed.

## **Methods of Voting**

Shares held directly in your name as the stockholder of record may be voted in person at the special meeting. If you choose to vote your shares in person at the special meeting, please bring your enclosed proxy card and proof of identification. Even if you plan to attend the special meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you later decide not to attend the special meeting.

Shares held in street name may be voted in person by you only if you obtain a signed legal proxy from your broker giving you the right to vote the shares.

Whether you hold your shares directly as the stockholder of record or beneficially in street name, you may direct your vote by proxy without attending the special meeting. You can vote by proxy over the Internet, or by telephone or by mail by following the instructions provided in the enclosed proxy card.

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### **Revocability of Proxies**

Any stockholder giving a proxy has the right to revoke it before the proxy is voted at the special meeting by any of the following: (a) subsequently submitting a new proxy (including by Internet or telephone) that is received by the deadline specified on the accompanying proxy card; (b) giving written notice of your revocation to the Spartech Corporate Secretary; or (c) voting in person at the special meeting. Execution or revocation of a proxy will not in any way affect the stockholder's right to attend the special meeting and vote in person.

### **Proxy Solicitation Costs**

We are soliciting the enclosed proxy card on behalf of Spartech's board of directors. In addition to solicitation by mail, our directors, officers and employees may solicit proxies in person, by telephone or by electronic means. These persons will not be specifically compensated for doing this.

We have retained Georgeson Inc. to assist in the solicitation process. We will pay Georgeson Inc. a fee of approximately \$10,000. We also have agreed to indemnify Georgeson Inc. against various liabilities and expenses that relate to or arise out of its solicitation of proxies (subject to certain exceptions).

We will ask banks, brokers and other custodians, nominees and fiduciaries to forward our proxy solicitation materials to the beneficial owners of shares of Spartech common stock held of record by such nominee holders. We will reimburse these nominee holders for their customary clerical and mailing expenses incurred in forwarding the proxy solicitation materials to the beneficial owners.

### **Exchange of Stock Certificates**

Our stockholders should not send stock certificates with their proxies. Separate transmittal documents for the surrender of shares of Spartech common stock in exchange for the merger consideration will be mailed to our stockholders promptly following the effective date of the merger. See **THE MERGER Exchange Procedures** beginning on page [ ].

### **Householding**

Some brokers, banks and other nominees may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of this proxy statement/prospectus may have been sent to multiple stockholders in your household. Spartech will promptly deliver a separate copy of either or both documents to you if you write or call Spartech at the following email address or phone number: Georgeson Inc., spartech@georgeson.com (email), (800) 733-6198 (toll-free) or (212) 440-9800 (banks and brokers).

### **Vote of Spartech's Directors and Executive Officers**

As of the record date, Spartech directors and executive officers, and their affiliates, as a group, owned and were entitled to vote [ ] shares of Spartech common stock, or approximately [ ]% of the total outstanding shares of Spartech common stock. Spartech currently expects that its directors and executive officers will vote their shares in favor of Proposals 1, 2 and 3, but none of Spartech's directors or executive officers have entered into any agreement obligating them to do so.

### **Attending the Spartech Special Meeting**

You are entitled to attend the Spartech special meeting only if you are a stockholder of record of Spartech or you hold your shares of Spartech beneficially in the name of a broker, bank or other nominee as of the record date, or you hold a valid proxy for the Spartech special meeting.

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If you are a stockholder of record of Spartech and wish to attend the Spartech special meeting, please so indicate on the appropriate proxy card or as prompted by the Internet or telephone voting system. Your name will be verified against the list of stockholders of record prior to your being admitted to the Spartech special meeting.

If a broker, bank or other nominee is the record owner of your shares of Spartech common stock, you will need to have proof that you are the beneficial owner as of the record date to be admitted to the Spartech special meeting. A recent statement or letter from your broker, bank or other nominee confirming your ownership as of the record date, or presentation of a valid proxy from a broker, bank or other nominee that is the record owner of your shares, would be acceptable proof of your beneficial ownership.

You should be prepared to present photo identification for admittance. If you do not provide photo identification or comply with the other procedures outlined above upon request, you might not be admitted to the Spartech special meeting.

## **Results of the Spartech Special Meeting**

The preliminary voting results will be announced at the Spartech special meeting. In addition, within four business days following the Spartech special meeting, Spartech intends to file the final voting results with the SEC on a Current Report on Form 8-K. If the final voting results have not been certified within that four-business-day period, Spartech will report the preliminary voting results on a Current Report on Form 8-K at that time and will file an amendment to the Current Report on Form 8-K to report the final voting results within four days of the date that the final results are certified.

## **Recommendation of the Spartech Board of Directors**

The Spartech board of directors recommends votes:

1. **FOR** the adoption of the merger agreement (Proposal 1);
2. **FOR** the approval, on a non-binding, advisory basis, of the compensation that may be paid or become payable to Spartech's named executive officers that is based on or otherwise relates to the merger (Proposal 2); and
3. **FOR** the approval of the adjournment of the Spartech special meeting, if necessary, to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Spartech special meeting (Proposal 3).

Spartech stockholders should carefully read this proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the merger. In particular, Spartech stockholders are directed to the merger agreement, which is attached as Annex A hereto.

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**PROPOSAL I: THE MERGER**

This section of the proxy statement/prospectus describes material aspects of the proposed merger. While we believe that the description covers the material terms of the merger, this summary does not contain all the information that is important to you. You should therefore carefully read this entire proxy statement/prospectus and the other documents we refer to, including the merger agreement attached as Annex A and incorporated by reference in this proxy statement/prospectus, for a more complete understanding of the merger agreement and the merger.

**General**

The merger agreement provides for the merger of Spartech with and into 2012 RedHawk, Inc., which is referred to as Merger Sub, with Spartech continuing as the surviving corporation and as a wholly owned subsidiary of PolyOne. Immediately following the completion of the merger, Spartech, as the surviving corporation from the merger, will merge with and into 2012 RedHawk, LLC, which is referred to as Merger LLC, with Merger LLC surviving the subsequent merger.

Upon completion of the merger, each share of Spartech common stock will be converted into the right to receive \$2.67 in cash, without interest, and 0.3167 of a PolyOne common share. Based on the number of shares of Spartech common stock outstanding as of [ ], 2012, PolyOne expects to issue approximately [ ] PolyOne common shares to Spartech stockholders pursuant to the merger. The actual number of PolyOne common shares to be issued pursuant to the merger will be determined at completion of the merger based on the exchange ratio of 0.3167 and the number of shares of Spartech common stock outstanding at such time. Based on the number of shares of Spartech common stock outstanding as of [ ], 2012, and the number of PolyOne common shares outstanding as of [ ], 2012, it is expected that, immediately after completion of the merger, former Spartech stockholders will own approximately [ ]% of the outstanding PolyOne common shares.

**The Companies**

***PolyOne***

PolyOne is incorporated in Ohio and headquartered in Avon Lake, Ohio. PolyOne is a premier provider of specialized polymer materials, services and solutions with operations in specialty polymer formulations, color and additive systems, polymer distribution and specialty vinyl resins. PolyOne is also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. PolyOne has employees at manufacturing sites and distribution facilities in North America, South America, Europe and Asia. PolyOne provides value to its customers through its ability to link its knowledge of polymers and formulation technology with its manufacturing and supply chain capabilities to provide value added solutions to designers, assemblers and processors of plastics. PolyOne employs approximately 4,700 people and has 60 manufacturing sites and 9 distribution facilities in North America, Europe, Asia and South America. PolyOne offers more than 52,000 polymer solutions to over 14,000 customers across the globe. In 2011, PolyOne had sales of \$2.9 billion, 35% of which were to customers outside the United States.

The principal trading market for PolyOne common shares (NYSE: POL) is the New York Stock Exchange, which is referred to as the NYSE. The principal executive offices of PolyOne are located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012, and its telephone number is (440) 930-1000.

This proxy statement/prospectus incorporates important business and financial information about PolyOne from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ] of this proxy statement/prospectus.



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### ***Spartech Corporation***

Spartech Corporation, which is referred to as Spartech, was incorporated in the state of Delaware in 1968, succeeding a business that had commenced operations in 1960. Spartech, together with its subsidiaries, is an intermediary processor of engineered thermoplastics, polymeric compounds and concentrates. Spartech converts base polymers or resins purchased from commodity suppliers into extruded plastic sheet and rollstock, thermoformed packaging, specialty film laminates, acrylic products, specialty plastic alloys, color concentrates and blended resin compounds. Its products are sold to original equipment manufacturers and other customers in a wide range of end markets. Spartech is organized into three reportable segments based on its operating structure and products manufactured. The three reportable segments are Custom Sheet and Rollstock, Packaging Technologies and Color and Specialty Compounds.

The principal trading market for Spartech (NYSE: SEH) is the NYSE. The principal executive offices of Spartech are located at 120 S. Central Avenue, Suite 1700, Clayton, Missouri 63105, and its telephone number is (314) 721-4242.

This proxy statement/prospectus incorporates important business and financial information about Spartech from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ] of this proxy statement/prospectus.

### ***2012 RedHawk, Inc.***

Merger Sub is a Delaware corporation and a wholly owned subsidiary of PolyOne. Merger Sub was organized on October 19, 2012, solely for the purposes of effecting the merger. Merger Sub has not engaged in any activities other than in connection with the merger agreement.

The principal executive offices of Merger Sub are located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012, and its telephone number is (440) 930-1000

### ***2012 RedHawk, LLC***

Merger LLC is a Delaware limited liability company and a wholly owned subsidiary of PolyOne. Merger LLC was organized on October 19, 2012, solely for the purposes of effecting the merger. Merger LLC has not engaged in any activities other than in connection with the merger agreement.

The principal executive offices of Merger LLC are located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012, and its telephone number is (440) 930-1000

## **Background of the Merger**

The senior management and board of directors of each of Spartech and PolyOne regularly review and assess developments in their respective industry segments, as well as strategic options available to their respective businesses in light of economic and market conditions. In addition, on a regular basis, the senior management and board of directors of Spartech assess whether the continued execution of its strategy as a stand-alone company or the possible sale to, or combination with, a third party offers the best avenue to achieve Spartech's long-term strategic goals and enhance stockholder value. In particular, Spartech's board of directors generally seeks to increase the size and scope of Spartech's business when reasonably possible because it believes that a larger, more global company would be a stronger, more competitive, and more valuable company to Spartech stockholders over the long term.

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The following chronology sets forth a summary of the material events leading up to the execution of the merger agreement:

On July 21, 2011, Mr. Ralph B. Andy, Chairman of the board of directors of Spartech, and Ms. Victoria M. Holt, President and Chief Executive Officer of Spartech, met with Mr. Stephen D. Newlin, Chairman, President and Chief Executive Officer of PolyOne, Mr. Robert M. Patterson, the then Chief Financial Officer of PolyOne, and J. Roderick MacDonald of KeyBanc Capital Markets Inc., which is referred to as KeyBanc, in its role as financial advisor to PolyOne, at Mr. MacDonald's invitation, to consider whether there might be a mutually-beneficial transaction between Spartech and PolyOne relating to Spartech's color and specialty compounds group. Following the meeting, Mr. Andy and Ms. Holt reported on the meeting to Spartech's board of directors and it was communicated to PolyOne that there was no interest in a transaction at that time.

On March 1, 2012, Mr. MacDonald, on behalf of PolyOne, contacted Mr. Andy to suggest that it might be an appropriate time to consider a possible strategic transaction between PolyOne and Spartech. Mr. Andy indicated that Spartech was focused on executing its strategic plan, and not a sale of the company, but that he would report the suggested meeting to the board of directors of Spartech.

On March 13 and 14, 2012, the board of directors of Spartech held a meeting. During the course of executive sessions of that meeting during which management was not present, the independent members of the board discussed Spartech's turn-around efforts to date and considered management's ability to execute successfully its strategy as a stand-alone company. Mr. Andy reported on the suggestion of KeyBanc to consider a possible strategic transaction with PolyOne. During these executive sessions and thereafter, the board considered other potential strategic acquirors but believed that no other potential strategic acquiror offered the same unique long-term opportunities as those presented by a possible strategic transaction with PolyOne. The independent members of the board of directors of Spartech determined that Mr. Andy should listen to KeyBanc regarding a potential strategic transaction with PolyOne.

In formulating this belief and making the determination to engage in preliminary discussions with PolyOne regarding a potential strategic transaction, the independent members of the board of directors of Spartech considered, among other things: (i) that the combined company would be led by a strong, experienced management team with a demonstrated track record of integrating acquisitions, (ii) that a transaction between PolyOne and Spartech would combine two businesses with complementary products, services, and customer solutions which could enable the combined company to benefit from strengthened capabilities, global reach and improved market visibility, (iii) Spartech's enhanced ability to compete with its current and potential future competitors, including its ability to compete more effectively with larger companies that may have significantly greater scale, resources, or operating efficiencies, (iv) that a transaction between PolyOne and Spartech could provide significant synergies, although no assurances could be given that any particular level of synergies would be achieved, and (v) the likelihood that a transaction between PolyOne and Spartech would be completed in a timely manner due to PolyOne's financial strength and experience in closing acquisitions. In its early discussions, the board of directors of Spartech favored an all-stock transaction with PolyOne, primarily to provide Spartech stockholders an opportunity to participate in the future earnings of the combined company, which could be enhanced if synergies and other operating efficiencies were realized over time. An additional benefit that was considered by the board of directors was that in an all-stock transaction with PolyOne, the stock portion of the merger consideration received by Spartech's stockholders in exchange for their shares of Spartech common stock would likely not be taxable to Spartech's stockholders that are U.S. persons for U.S. federal income tax purposes.

On April 26, 2012, certain of the independent members of the board of directors of Spartech met in New York with Barclays Capital Inc, which is referred to as Barclays. Representatives of Barclays presented to those members of the Spartech board of directors: (i) an overview of Spartech's historical public market valuation and multiples, historical financials and ownership profile; (ii) an update on potential defense considerations; and (iii) an overview of potential acquirers or merger partners for Spartech. A formal engagement letter between Spartech and Barclays relating to their work relating to PolyOne was executed on July 27, 2012.

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On April 27, 2012, Mr. Andy met with Mr. MacDonald, who was representing PolyOne as financial advisor. At the meeting, Mr. MacDonald indicated that he thought that PolyOne would be interested in a potential strategic combination of Spartech and PolyOne. Mr. Andy indicated that Spartech was continuing to focus on its turnaround and not a sale process, but that he would report Mr. MacDonald's views to Spartech's board. After individual discussions between Mr. Andy and board members, the board of directors of Spartech supported that Mr. Andy receive any proposals from PolyOne regarding a potential strategic transaction.

On May 2, 2012, Mr. Andy informed Mr. MacDonald that if Mr. Newlin were to contact him, he would be open to hearing Mr. Newlin's views on a potential strategic transaction between PolyOne and Spartech.

Shortly thereafter, Mr. Newlin contacted Mr. Andy by telephone and they agreed to meet on May 18, 2012. Prior to the meeting, Mr. Andy consulted with K&L Gates, LLP, which is referred to as K&L Gates, regarding the upcoming preliminary discussions with Mr. Newlin. K&L Gates had a long-standing relationship with Spartech, having served as independent counsel to its board of directors and various committees of that board.

At the May 18, 2012 meeting, Mr. Andy indicated to Mr. Newlin that, although Spartech was not looking to be acquired, there might be an interest in a strategic combination of the two companies provided that it was an all-stock transaction. They agreed to report on their discussion to their respective boards. No other discussions of price or other potential deal terms occurred during this conversation.

On June 11, 2012, Mr. Andy and Mr. Newlin met again in person. At the meeting, Mr. Newlin showed to Mr. Andy a draft preliminary expression of interest for an all-cash acquisition of Spartech by PolyOne at a price of \$6.50 per share of Spartech common stock, representing an approximately 59% premium to the then-current price of Spartech common stock. Mr. Andy responded by suggesting a strong preference for an all-stock transaction and more generally indicating that he would discuss the matter further with the board of directors of Spartech.

On June 19 and 20, 2012, the board of directors of Spartech held a meeting. At the meeting, as part of customary annual practices, members of Spartech's senior management team presented to the board of directors Spartech management's 2013-2015 strategic plan. The strategic plan included a recommendation that Spartech proceed to do additional work to evaluate the following three strategic alternatives: (i) the evaluation of strategic alternatives for Spartech's color and specialty compounds business; (ii) a potential refinancing of Spartech's debt; and (iii) the exploration of methods to optimize higher margin business segments. The full board of directors determined that discussions with PolyOne, conducted through Mr. Andy, should continue to be pursued, provided that PolyOne was willing to consider an all-stock transaction at a minimum price of at least \$7.00 per share of Spartech common stock.

On July 2, 2012, Mr. Andy contacted Mr. Newlin by telephone and they again discussed a possible strategic transaction between Spartech and PolyOne. Mr. Andy indicated to Mr. Newlin that the board of directors of Spartech was not interested in engaging in discussions with PolyOne unless the transaction was structured as an all-stock deal with a minimum price of at least \$7.00 per share of Spartech common stock. Mr. Newlin agreed to discuss their conversation with the board of directors of PolyOne at its upcoming meeting.

On July 11, 2012, Mr. Newlin telephoned Mr. Andy to inform Mr. Andy that the board of directors of PolyOne was prepared to offer a price of \$6.50 per share of Spartech common stock, consisting of 35% cash and 65% PolyOne common stock, representing an approximately 27% premium to the then-current price of Spartech common stock. Mr. Andy stated that he would share this proposal with the board of directors of Spartech, but again reiterated to Mr. Newlin that, while the stock/cash split might be acceptable to the board of directors of Spartech, Spartech was not interested in engaging in further discussions unless the price proposed was at least \$7.00 per share of Spartech common stock, representing an approximately 36% premium to the then-current price of Spartech common stock.

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On July 16, 2012, the board of directors of Spartech held a meeting. Mr. Andy delivered an update to the board of directors of Spartech regarding his recent conversations with Mr. Newlin. The board of directors of Spartech reviewed and discussed PolyOne's proposal and potential responses to PolyOne, including discontinuing further negotiations. The board of directors also considered the formal engagement of Barclays as Spartech's financial advisor in order to receive Barclays' assistance in analyzing the proposal and any subsequent proposal from PolyOne. Following this discussion, the board of directors of Spartech directed Mr. Andy to respond to PolyOne that the Spartech board of directors had determined that a strategic transaction with PolyOne at \$6.50 per share of Spartech common stock was not in the best interests of Spartech's stockholders.

On July 17, 2012, Mr. Andy telephoned Mr. Newlin to convey the Spartech board of directors' determination that the price proposed by PolyOne was inadequate and that Spartech would remain focused on executing its strategic stand-alone plan.

On July 19, 2012, Mr. Newlin telephoned Mr. Andy to inform Mr. Andy that a non-binding expression of interest letter was forthcoming. Further, Mr. Newlin communicated to Mr. Andy that the expression of interest letter would be for a strategic transaction between Spartech and PolyOne at a price between \$6.50 and \$7.50 per share of Spartech common stock, consisting of 75% PolyOne common stock and 25% cash. In addition, Mr. Newlin expressed to Mr. Andy that PolyOne was not interested in pursuing a possible strategic transaction with Spartech unless Spartech agreed to provide PolyOne with a limited exclusive negotiation period. Mr. Andy stated that he would share PolyOne's request for exclusivity and the expression of interest letter with the Spartech board of directors upon receipt of such letter.

On July 21, 2012, Mr. Andy received from Mr. Newlin a non-binding expression of interest letter dated July 20, 2012. The letter from PolyOne indicated a price between \$6.50 and \$7.50 per share of Spartech common stock, consisting of up to 75% PolyOne common stock. Such proposal represented an approximate 19% to 38% premium to the then-current price of Spartech common stock. The proposal stated that it was subject to establishing a 45-day exclusive negotiation period, customary conditions, including satisfactory completion of due diligence, access to management, and the negotiation and signing of a mutually-acceptable definitive agreement.

On July 27, 2012, the members of the board of directors of Spartech discussed the proposal received from PolyOne, whether to pursue a possible strategic transaction with PolyOne, and the engagement of Barclays as its financial advisor. The board of directors selected Barclays because members of the board of directors of Spartech had familiarity with Barclays by reason of working together on an unrelated prior project and believed that representatives of Barclays would be well-qualified to assist Spartech in evaluating the proposed transaction. Barclays had depth of insight into the chemical and plastics industries. In light of the unique opportunity to share in the synergies of a combined company with PolyOne and the related potential to create meaningful long-term value for Spartech's stockholders, the Spartech board of directors reached a consensus to pursue a possible strategic transaction with PolyOne and to engage Barclays as Spartech's financial advisor on customary terms. Following the discussion on July 27, 2012, Spartech engaged Barclays with respect to a possible strategic transaction with PolyOne. The Spartech board of directors authorized Mr. Andy to enter into a confidentiality, exclusivity, and standstill agreement with PolyOne by unanimous written consent dated as of August 3, 2012.

During the weeks of July 30, 2012 and August 6, 2012, the companies and their advisors negotiated with respect to the confidentiality, exclusivity, and standstill agreement and reached agreement on August 7, 2012, following which Spartech began providing certain due diligence materials to PolyOne. During this period, members of Spartech's senior management were directed to begin preparing financial information to be used in connection with the evaluation of a strategic alternative to the current strategic plan. As part of this negotiation, PolyOne continued to request that Spartech grant PolyOne a 45 day period of exclusive negotiations, subject to earlier termination upon exercise by Spartech of a fiduciary-out and certain other events. The 45-day period was eventually extended to 60 days in view of Spartech's Chief Financial Officer, who had not yet been informed of

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the potential transaction, being out of the country for an extended time, which had the effect of delaying the ability of Spartech's management to begin preparing financial information necessary to evaluate a transaction and possible alternatives. Under the confidentiality, exclusivity, and standstill agreement, in exchange for Spartech providing PolyOne with access to certain nonpublic information and the limited exclusive negotiation period, PolyOne agreed, subject to certain exceptions, for a period of 18 months not to acquire Spartech shares, to make an unsolicited offer to acquire Spartech, or to take certain other unilateral actions.

On August 23, 2012, the board of directors of Spartech held a meeting. Representatives of each of Barclays and K&L Gates attended the meeting. K&L Gates provided the directors with an overview of their fiduciary duties. Spartech senior management and Barclays reviewed with Spartech's board of directors certain historical and projected financial information with respect to Spartech. During the meeting, the Spartech board of directors discussed Spartech's strategic stand-alone plan, execution risks related to the strategic stand-alone plan, risks related to the macroeconomic assumptions that were used in preparing the financial assumptions underlying the strategic stand-alone plan, and a range of refinancing alternative options available to Spartech. The Spartech board of directors concluded that, while PolyOne's proposal in its current form was not acceptable, it did represent a substantial and credible offer and that it would be in the best interests of Spartech's stockholders to further engage with PolyOne with a view to improving the proposal. Accordingly, the board authorized the provision of additional due diligence materials to PolyOne and the scheduling of Spartech management presentations.

On September 7, 2012, members of Spartech's senior management team gave a presentation about Spartech and its businesses to PolyOne's senior management and representatives of Merrill Lynch, Pierce, Fenner & Smith Incorporated, which is referred to as BofA Merrill Lynch, PolyOne's financial advisor.

On September 10, 2012, Mr. Newlin telephoned Mr. Andy to discuss the progress of discussions to date. In connection with a request for an extension of the exclusivity period, Mr. Newlin communicated to Mr. Andy that he would be willing to consider increasing PolyOne's proposal to be within the range of \$7.00 to \$7.50 per share of Spartech common stock if the results of PolyOne's due diligence suggested such an increase.

On September 18, 2012, Spartech opened its electronic data room for the provision of due diligence materials to PolyOne.

On September 19 and 20, 2012, the Spartech board of directors held a meeting at its headquarters. Representatives of Barclays and representatives of K&L Gates attended portions of the meeting by telephone. K&L Gates provided the directors with an overview of their fiduciary duties. Representatives of Barclays presented to the Spartech board of directors certain historical and projected financial information for Spartech and PolyOne. At the meeting, as part of its customary annual practices, Spartech management made a presentation with regard to its proposed annual budget for 2013 and its long range plan through 2015. Following extensive discussion, the board of directors of Spartech authorized the extension of the exclusivity period with PolyOne for an additional 45 days and agreed to a standstill arrangement in favor of PolyOne.

On September 19, 2012, Spartech and PolyOne amended their prior confidentiality agreement, dated August 7, 2012, to extend PolyOne's exclusivity period through 11:59 p.m. Central time on October 19, 2012. The parties also agreed to enter into a reciprocal standstill arrangement.

On September 20, 2012, PolyOne senior management presented to the Spartech board of directors and Spartech senior management regarding PolyOne's strategy and results. Prior to the presentation, Spartech received presentation materials from PolyOne relating to PolyOne.

During the week of September 24, 2012, Spartech and its legal and financial advisors responded to documentary due diligence requests from PolyOne and its advisors. In addition, members of Spartech

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management and representatives of Barclays and K&L Gates participated in several due diligence sessions regarding Spartech and its operations attended by members of PolyOne management and representatives of BofA Merrill Lynch and Jones Day, PolyOne's legal advisor.

Late in the evening of September 28, 2012, representatives of Jones Day delivered to representatives of K&L Gates a draft merger agreement. Under the draft merger agreement, the stock portion of the merger consideration received by Spartech's stockholders in exchange for their shares of Spartech common stock would be taxable to Spartech's stockholders that are U.S. persons for U.S. federal income tax purposes. Further, the draft merger agreement proposed a termination fee equal to 5.5% of the equity value of the transaction if the transaction was terminated after signing for any of several reasons. In addition, the initial draft of the merger agreement proposed a termination fee equal to 2% of the equity value of the transaction if the transaction were terminated after signing for failure by the Spartech stockholders to approve the transaction. Upon review of the initial draft merger agreement, representatives of K&L Gates reviewed and began to prepare a response draft merger agreement.

On October 1, 2012, the Spartech board of directors held a meeting in New York, New York. Representatives of each of Barclays and K&L Gates attended the meeting. K&L Gates provided the directors with an overview of their fiduciary duties. Representatives of Barclays presented to the Spartech board of directors certain historical and projected financial information for Spartech and PolyOne. Spartech senior management expressed support for continuation of Spartech's strategic stand-alone plan. Following extensive discussion, the Spartech board of directors then instructed Barclays to express the Spartech board of directors' desire to receive a formal offer from PolyOne at a price in excess of the high end of the range that had most recently been discussed.

During the week of October 1, 2012, Spartech and its legal and financial advisors continued to respond to documentary due diligence requests from PolyOne and its advisors. In addition, members of Spartech management and representatives of Barclays and K&L Gates participated in several due diligence sessions attended by members of PolyOne management and representatives of its legal and financial advisors. Further, representatives of K&L Gates continued to review and prepare a response draft merger agreement.

On October 5, 2012, Spartech received a revised non-binding expression of interest letter from PolyOne at price between \$7.25 and \$7.75 per share of Spartech common stock, consisting of 25% cash and 75% in PolyOne common stock and representing an approximately 28% to 37% premium to the then-current price of Spartech common stock. Spartech was informed of PolyOne's indication that any increase in the price above \$7.25 per share of Spartech common stock would need to be based on favorable developments coming to light during remaining due diligence.

On October 5, 2012, members of Spartech senior management circulated to the Spartech board of directors an overview of management's considerations in determining that the risks in achieving Spartech's strategic plan as a stand-alone company could be overcome. Accordingly, certain members of Spartech senior management again expressed support for continuation of Spartech's strategic stand-alone plan.

On October 7, 2012, the Spartech board of directors held a meeting by teleconference. Representatives of each of Barclays and K&L Gates participated in the meeting. The Spartech board of directors discussed with representatives of each of Barclays and K&L Gates the most recent non-binding expression of interest letter, dated October 5, 2012, received from PolyOne. The Spartech board of directors authorized representatives of Barclays to pursue a price of at least \$8.00 per share of Spartech common stock, representing an approximately 44% premium to the then-current price of Spartech common stock.

Following the October 7, 2012 board meeting, PolyOne was informed about the Spartech board of directors' response regarding pricing. Subsequently, Spartech received PolyOne's response that PolyOne would not increase the price higher than that amount reflected in its most recent expression of interest letter, dated October 5, 2012.

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On October 9, 2012, the draft Merger Agreement provided by Jones Day on September 28, 2012 was circulated to the full board of Spartech, along with K&L Gates' comments to the draft.

On October 10, 2012, the PolyOne board of directors held a meeting. In advance of the meeting, PolyOne was informed that the Spartech board would likely be divided on whether to proceed if the price were below \$8.00 per share of Spartech common stock. As a possible way of getting to \$8.00 per share of Spartech common stock, Barclays recommended plant visits and a sharing of information regarding Spartech's anticipated fourth quarter financial results. PolyOne agreed to that approach.

On October 12, 2012, the Spartech board of directors held a meeting by teleconference. Representatives of each of Barclays and K&L Gates participated in the meeting. The board discussed certain aspects of alternatives to the PolyOne transaction, the draft Merger Agreement, and the scope of reverse due diligence.

On the afternoon of October 15, 2012, representatives of K&L Gates delivered to representatives of Jones Day a revised draft of the merger agreement. The revised draft of the merger agreement proposed that the stock portion of the merger consideration received by Spartech's stockholders in exchange for their shares of Spartech common stock would not be taxable to Spartech's stockholders that are U.S. persons for U.S. federal income tax purposes. The revised draft of the merger agreement also provided for, among other things, more expansive representations and warranties to be made by PolyOne to Spartech, greater flexibility for Spartech to operate its business in the ordinary course prior to the closing of the merger, and greater flexibility to respond to alternative acquisition proposals. The revised draft of the merger agreement also provided for a termination fee equal to 2% of the equity value of the transaction if the transaction were terminated after signing for any of several reasons and limited the triggering circumstances of the termination fee. In addition, the revised draft of the merger agreement eliminated a termination fee equal to 2% of the equity value of the transaction if the transaction were terminated after signing for failure by the Spartech stockholders to approve the transaction and also narrowed the definition of material adverse effect and otherwise improved closing certainty.

During the week of October 15, 2012, Spartech and its legal and financial advisors responded to documentary due diligence requests from PolyOne and its advisors. In addition, members of Spartech management and representatives of Barclays and K&L Gates participated in several due diligence sessions regarding Spartech and its operations attended by members of PolyOne management and representatives of its legal and financial advisors. Finally, representatives of PolyOne conducted site visits at twelve of Spartech's facilities.

On October 17, 2012, members of Spartech's senior management presented PolyOne senior management with Spartech's anticipated fourth quarter results.

In the evening of October 17, 2012, representatives of Jones Day delivered to representatives of K&L Gates a revised draft of the merger agreement. Upon review of the revised draft merger agreement presented by Jones Day, the Spartech board of directors, Spartech management, representatives of Barclays, and representatives of K&L Gates began to review and prepare a response draft merger agreement.

On the morning of October 18, 2012, members of Spartech senior management and representatives of Barclays and K&L Gates participated in a reverse due diligence session with members of PolyOne senior management and PolyOne's advisors. Members of PolyOne senior management discussed PolyOne's preliminary financial results for the third quarter of 2012 and its financial outlook for the remainder of 2012. An open discussion among all participants followed, including questions presented by members of Spartech senior management and representatives of Barclays.

Later on the afternoon of October 18, 2012, Spartech received a revised offer from PolyOne of \$7.50 per share of Spartech common stock, consisting of 25% cash and 75% in PolyOne common stock.

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On October 19, 2012, Mr. Newlin telephoned Mr. Andy to discuss the proposal submitted on October 18, 2012. Mr. Newlin indicated that PolyOne was not prepared to increase its price above \$7.50 per share of Spartech common stock, and it was willing to pay consideration consisting of \$1.875 in cash and the balance in PolyOne common stock. Mr. Newlin and Mr. Andy also discussed a termination fee equal to 3.5% of the equity value of the transaction if the transaction were terminated after signing for any of several reasons. Mr. Newlin also stated his desire for PolyOne's exclusivity to be extended. Mr. Andy indicated that a meeting of the Spartech board of directors was scheduled for the following morning, at which time the board of directors of Spartech would discuss PolyOne's latest proposal.

On the morning of October 20, 2012, the Spartech board of directors held a meeting by teleconference. Representatives of each of Barclays and K&L Gates participated in the meeting. The Spartech board of directors received an update from representatives of Barclays regarding recent conversations during the course of the past several days relating to the proposed transaction with PolyOne. K&L Gates provided the directors with an overview of their fiduciary duties. Mr. Andy then reported on his conversation with Mr. Newlin that occurred on the previous day. Ms. Holt also presented to the Spartech board of directors updated financial information and the impact on Spartech's strategic stand-alone plan. The Spartech board of directors then discussed with its advisors the risks and benefits associated with the strategic stand-alone plan. Following extensive discussion, the Spartech board of directors determined that the risks inherent in implementing Spartech's strategic stand-alone plan were too high as compared to the risks associated with the proposed transaction with PolyOne. The Spartech board of directors also discussed with its advisors potential responses to the most recent proposal from PolyOne and determined that increasing the value of PolyOne's proposal to \$8.00 per share of Spartech common stock, consisting of \$2.67 in cash and the balance in PolyOne common stock, was more beneficial to the Spartech stockholders than continuing to request at least 75% of the merger consideration to be in PolyOne common stock. Following discussion, the Spartech board of directors authorized the counter-proposal of a termination fee equal to 3% of the equity value of the transaction if the transaction were terminated after signing for any of several reasons. The Spartech board of directors also authorized the extension of the exclusivity period to October 23, 2012.

Later that day, Mr. Andy communicated these decisions to Mr. Newlin. Mr. Newlin responded that he would take the matter under advisement. Mr. Newlin subsequently called Mr. Andy to indicate that a price of \$8.00 per share of Spartech common stock, consisting of \$2.67 in cash and the balance in PolyOne common stock, was acceptable to PolyOne, and was its best and final offer.

On October 20, 2012, Spartech and PolyOne amended their prior confidentiality agreement, dated August 7, 2012, to extend PolyOne's exclusivity period through 6 p.m. Central time on October 23, 2012.

On October 21, 2012, members of Spartech senior management discussed the terms of the merger agreement with K&L Gates. Later that evening, representatives of K&L Gates delivered to representatives of Jones Day a revised draft of the merger agreement. The revised draft of the merger agreement provided for, among other things, enhanced representations and warranties to be made by PolyOne to Spartech and greater flexibility for Spartech to operate its business in the ordinary course prior to the closing of the merger. The revised draft of the merger agreement also provided for a termination fee equal to 3% of the equity value of the transaction if the transaction were terminated after signing for any of several reasons. In addition, the revised draft of the merger agreement eliminated a termination fee equal to 2% of the equity value of the transaction and instead proposed a \$1.5 million expense reimbursement if the transaction were terminated after signing for failure by the Spartech stockholders to approve the transaction.

On October 22, 2012, members of Spartech management and representatives of K&L Gates prepared and finalized Spartech's disclosure schedules to the merger agreement.

On the evening of October 22, 2012, representatives of Jones Day delivered to representatives of K&L Gates a revised draft of the merger agreement. The revised draft of the merger agreement provided for, among other things, less flexibility for Spartech to operate its business in the ordinary course prior to the closing of the



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merger and a termination fee equal to 3.5% of the equity value of the transaction if the transaction were terminated after signing for any of several reasons. In addition, the revised draft of the merger agreement provided for a termination fee equal to 2% of the equity value of the transaction if the transaction were terminated after signing for failure by the Spartech stockholders to approve the transaction. The Spartech board of directors, Spartech management, representatives of Barclays, and representatives of K&L Gates reviewed and prepared a response draft merger agreement.

Later in the evening of October 22, 2012, representatives of K&L Gates delivered to representatives of Jones Day a revised draft of the merger agreement with Spartech's preliminary comments. Among other things, the revised draft of the merger agreement eliminated a termination fee equal to 2% of the equity value of the transaction and instead proposed a \$1.75 million expense reimbursement if the transaction were terminated after signing for failure by the Spartech stockholders to approve the transaction.

On October 23, 2012, Spartech, PolyOne and their respective advisors discussed various mechanics related to setting the exchange ratio for the stock portion of the merger consideration in the final merger agreement, and Spartech and PolyOne eventually agreed to use PolyOne's closing share price as of October 23, 2012 of \$16.84 as the basis to calculate the final exchange ratio of 0.3167 shares of PolyOne for each share of Spartech common stock.

On October 23, 2012, K&L Gates and Jones Day discussed the remaining open issues with respect to the merger agreement.

On the afternoon of October 23, 2012, representatives of Jones Day delivered to representatives of K&L Gates a revised draft of the merger agreement that, among other things, indicated acceptance of a \$1.75 million expense reimbursement if the transaction were terminated after signing for failure by the Spartech stockholders to approve the transaction. The parties continued to negotiate the terms of the merger agreement.

Late in the afternoon of October 23, 2012, after the close of trading on the New York Stock Exchange, the Spartech board of directors held a meeting by teleconference. Representatives of each of Barclays and K&L Gates participated in the meeting. Mr. Andy updated the Spartech board of directors on the negotiations with PolyOne since the previous Spartech board meeting, including a price of \$8.00 per share of Spartech common stock, consisting of \$2.67 in cash and the balance in PolyOne common stock. Representatives of Barclays presented their financial analysis of the merger consideration. Following a discussion, representatives of Barclays delivered to the Spartech board of directors the oral opinion of Barclays, which was subsequently confirmed in writing, that, as of October 23, 2012, and subject to the assumptions, procedures, factors, qualifications, and limitations set forth in Barclays' written opinion, the merger consideration to be offered to the holders (other than PolyOne and its affiliates) of Spartech common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. Thereafter, representatives of K&L Gates made a presentation regarding the terms of the merger agreement, including the conditions to closing (including the receipt of stockholder approval), the non-solicitation covenants and rights of the Spartech board of directors to change its recommendation and, if applicable, accept a superior proposal, the termination fee, and other provisions relating to alternative proposals. Representatives of K&L Gates also discussed the Spartech board of directors' fiduciary duties in connection with the proposed transaction under applicable law. The Spartech board of directors and K&L Gates then discussed the principal reasons for the merger and countervailing considerations, referring in part to discussions of these factors at prior meetings. The Spartech board of directors also considered the benefits that Spartech and its advisors were able to obtain as a result of extensive negotiations with PolyOne, including a significant increase in PolyOne's bid from the beginning of the process to the end of negotiations. The Spartech board of directors, with advice from Barclays, concluded that the consideration reflected in the merger agreement was the highest value that was available to Spartech at the time, and that there was no assurance that a more favorable opportunity would arise later. The board of directors noted that during the negotiations PolyOne had moved from a price of \$6.50, payable solely in cash, to \$8.00, payable two-thirds in PolyOne stock and the balance in cash. Following discussion of all the foregoing by the Spartech board of directors, the Spartech board of directors unanimously approved the merger agreement and the consummation of the merger upon the terms and subject to the

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conditions set forth in the merger agreement, determined that the terms of the merger agreement, the merger, and the other transactions contemplated by the merger agreement are fair to, and in the best interests of, Spartech and its stockholders, directed that the merger agreement be submitted to the stockholders of Spartech for adoption, recommended that Spartech's stockholders adopt the merger agreement, and declared that the merger agreement is advisable.

The board of directors also approved a form of Amended and Restated Severance and Noncompetition Agreement to be entered into with nine of Spartech's executive officers. For more information, see **INTERESTS OF SPARTECH DIRECTORS AND EXECUTIVE OFFICERS IN THE MERGER – Amended and Restated Severance and Non-Competition Agreements** beginning on page [ ].

Following the Spartech board of directors meeting, representatives of K&L Gates, Jones Day, Spartech, and PolyOne continued to finalize the merger agreement late into the evening. Spartech and PolyOne then executed the merger agreement.

Early in the morning of October 24, 2012, before the opening of the New York Stock Exchange, Spartech and PolyOne issued a joint press release announcing the execution of the merger agreement.

### **PolyOne's Reasons for the Merger**

In reaching a conclusion to approve the merger and related transactions, the PolyOne board of directors consulted with PolyOne's management, as well as legal and financial advisors and industry consultants. In these consultations, the board considered a number of factors, including, without limitation, the following:

that the merger will enhance PolyOne's product portfolio and further diversification into other products and will allow PolyOne to provide enhanced services;

that the potential synergies expected to be derived from the merger present an opportunity for continued and sustained growth in accordance with PolyOne's strategic plan for growth;

that, on a preliminary basis, PolyOne had identified annual synergies of approximately \$65 million to be phased in by the third year following acquisition and that, excluding acquisition-related costs and charges, PolyOne expected the transaction to be accretive to earnings in the first full year and ultimately add \$0.50 to EPS as the \$65 million of synergies are achieved;

PolyOne board of directors' understanding of PolyOne's business, operations, financial condition, earnings and prospects and of Spartech's business, operations, financial condition, earnings and prospects, taking into account the results of PolyOne's due diligence of Spartech;

PolyOne board of directors' understanding of the current environment in the industries in which it and Spartech operates, including economic conditions, current financial market conditions and the likely effects of these factors on PolyOne's, Spartech's, and the combined company's potential growth, development, productivity and strategic options;

the results of the business, legal and financial due diligence review of Spartech's businesses and operations;

that, as structured in the merger agreement, the exchange ratio will enable PolyOne stockholders to own approximately 90% of the outstanding stock of the combined company; and

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the terms and conditions of the merger agreement, including the following:

the fact that PolyOne may be entitled to receive a \$8,800,000 termination fee from Spartech if the merger is not consummated for certain reasons as more fully described in the section titled **THE MERGER AGREEMENT Termination Fees and Expense Reimbursement** beginning on page [ ];

the fact that the conditions required to be satisfied prior to completion of the merger are customary, thereby increasing the likelihood of the consummation of the merger;

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the fact that, subject to certain exceptions, Spartech is prohibited from taking certain actions that would be deemed to be a solicitation under the merger agreement, including solicitation, initiation, knowing encouragement or knowing facilitation of any inquiries or the making of any proposals for certain types of business combination or acquisition of Spartech (or entering into any agreement for such business combination or acquisition of Spartech or any agreement requiring Spartech to abandon, terminate or fail to consummate the merger).

The PolyOne board of directors also considered the potential adverse impact of other factors weighing negatively against the merger, including, without limitation, the following:

the potential dilution to PolyOne shareholders;

the risk of diverting management's attention from other strategic opportunities in order to implement merger integration efforts;

the challenges of combining the businesses, operations and workforces of PolyOne and Spartech and realizing the anticipated cost savings and operating synergies;

the risk that the parties may incur significant costs and delays resulting from seeking governmental consents and approvals necessary for completion of the proposed merger;

the terms and conditions of the merger agreement, including:

the fact that the terms of the merger agreement provide that, under certain circumstances and subject to certain conditions more fully described in the section titled **THE MERGER AGREEMENT Covenants and Agreements** beginning on page [ ], Spartech may furnish information to and conduct negotiations with a third party in connection with an unsolicited proposal for a business combination or acquisition of Spartech that is likely to lead to a superior proposal and the Spartech board of directors can terminate the merger agreement in order to accept a superior proposal or, under certain circumstances, change its recommendation that Spartech stockholders adopt the merger agreement prior to Spartech stockholders' adoption of the merger agreement;

the fact that Spartech stockholders who dissent from the merger will have rights of appraisal, as described in the section titled **THE MERGER Appraisal Rights of Dissenting Spartech Stockholders** beginning on page [ ];

the fact that Spartech is subject to various laws and regulations relating to environmental protection and the discharge of materials into the environment, and could incur substantial costs as a result of the non-compliance with or liability for cleanup or other costs or damages under environmental laws, including with respect to the Lower Passaic River matters; and

the risks of the type and nature described in **RISK FACTORS** beginning on page [ ], and incorporated by reference from Spartech's Annual Report on Form 10-K and other SEC filings, including the risks associated with the operations and financial position of Spartech's and the combined company following the completion of the merger.

THE POLYONE BOARD OF DIRECTORS HAS APPROVED THE MERGER AGREEMENT AND DETERMINED THAT THE TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ARE IN THE BEST INTERESTS OF POLYONE AND ITS SHAREHOLDERS.

**Spartech's Reasons for the Merger**

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The Spartech board of directors, at a special meeting held on October 23, 2012, unanimously:

determined that the merger agreement and the merger were advisable and in the best interests of Spartech's stockholders;

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approved the merger agreement; and

voted to recommend that Spartech's stockholders vote in favor of the adoption of the merger agreement.

In reaching its determination to recommend the approval of the merger agreement by its stockholders, the Spartech board of directors consulted with management as well as Barclays, Spartech's financial advisor, and Spartech's legal counsel. Spartech's board of directors also considered various material factors that are discussed below. The discussion in this section is not intended to be an exhaustive list of the information and factors considered by Spartech's board of directors. In view of the wide variety of factors considered in connection with the merger, the Spartech board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision. In addition, individual members of the Spartech board of directors may have given different weight to different factors. The Spartech board of directors considered this information and these factors as a whole and, overall, considered the relevant information and factors to be favorable to, and in support of, its recommendation.

The Spartech board of directors considered the following factors as generally supporting its decision to recommend that Spartech's stockholders approve the adoption of the merger agreement:

the merger provides Spartech with a unique strategic opportunity to combine two businesses with complementary products, services, and customer solutions which should enable the combined company to benefit from strengthened capabilities;

the Spartech board of directors' assessment that PolyOne's operating strategy is consistent with Spartech's long-term operating strategy to grow its business by expanding the scope, platform coverage, and depth and breadth of product offerings;

the importance of scale in the increasingly competitive market environments in which PolyOne and Spartech operate, and the potential for the merger to enhance Spartech's ability to compete effectively in those environments;

historical and current information concerning PolyOne and Spartech's respective businesses, financial performance and condition, operations, management, competitive positions and prospects, before and after giving effect to the merger and the merger's potential effect on stockholder value;

the adequacy of the merger consideration and the other value provided to Spartech's stockholders which the Spartech board of directors views as favorable to Spartech's stockholders, including:

recent historical market prices of Spartech common stock;

the implied value of the merger consideration based on the closing price of PolyOne common stock of \$16.98 on October 22, 2012 (the last full trading day immediately prior to the date the Spartech board of directors approved the merger agreement and merger) and the premium to Spartech common stock it represented as of various dates, as well as the value of the merger consideration that would be implied at various other PolyOne common stock share prices;

the cash component of the merger consideration, which would allow Spartech's stockholders to diversify a portion of their current exposure to the industries in which Spartech and its subsidiaries operate;

the stock component of the merger consideration and the valuation of that component;

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the PolyOne annualized dividend rate, which is currently \$0.20, while Spartech currently does not pay any dividends on its Spartech common stock; and

the current market price of the PolyOne common stock, as well as the historical, present, and anticipated future earnings of PolyOne, and the anticipated future earnings of the combined company;

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the current and future landscape of the industries in which Spartech and its subsidiaries operate, and in light of the financial and competitive challenges facing these industries, the likelihood that the combined company would be better positioned to overcome these challenges if the expected strategic and financial benefits of the transaction were fully realized;

the on-going evaluation by the Spartech board of directors of Spartech's standalone strategic plan, as well as the execution risks related to achieving that plan, compared to the risks and benefits of the merger and, based on the Spartech board of directors consideration and evaluation of the benefits, risks, and uncertainties associated with Spartech's standalone strategic plan, the Spartech board of directors believes that the merger offers a unique and valuable strategic opportunity representing the best opportunity for long-term value creation for Spartech's stockholders reasonably available at the current time;

the Spartech board of directors' view that the merger agreement and the transactions contemplated by the merger agreement were more favorable to Spartech's stockholders than other strategic alternatives reasonably available to Spartech and its stockholders;

the Spartech board of directors considered that, as a result of the merger, Spartech's stockholders would own approximately 9.9% of the combined company, based on the number of shares issued and outstanding as of October 19, 2012, and, therefore, would benefit from the future performance of the combined company, the synergies expected to result from the merger, and the other strengths of the combined company as set forth above;

the fact that shares of PolyOne common stock issued to Spartech's stockholders will be registered on Form S-4 and will be freely tradable for Spartech's stockholders who are not affiliates of Spartech;

the advice of Spartech's financial advisor, including, without limitation, the extensive and detailed financial presentations of Barclays, and its opinion that, as of the date of such opinion and subject to the assumptions made, matters considered, and qualifications and limitations on the review undertaken, the merger consideration to be received by the holders of Spartech common stock is fair, from a financial point of view, to such holders;

the discussions with representatives of K&L Gates LLP regarding the terms and conditions of the merger agreement and the fiduciary duties of the Spartech board of directors in considering the merger;

the extensive efforts made by Spartech and its advisors to negotiate and execute a merger agreement favorable to Spartech and its stockholders;

the financial and other terms and conditions of the merger agreement, as reviewed by the Spartech board of directors, and the fact that such terms and conditions were the product of extensive arm's length negotiations between the parties;

the determination that an exchange ratio that is fixed and not subject to adjustment is appropriate to reflect the strategic purpose of the merger and consistent with market practice for a merger of this type and that a fixed exchange ratio fairly captures the respective ownership interests of PolyOne and Spartech's stockholders in the combined company based on valuations of PolyOne and Spartech at the time of the Spartech board of directors' approval of the merger agreement and avoids fluctuations caused by near-term market volatility;

the fact that, subject to compliance with the terms and conditions of the merger agreement, Spartech is permitted to terminate the merger agreement, prior to approval by Spartech's stockholders, in order to approve or recommend an alternative transaction proposed by a third party that is a Superior Proposal (as defined in the merger agreement), upon the payment to PolyOne of a



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termination fee of approximately \$8.8 million (representing approximately 3.5% of the total equity value of the transaction), which amount was viewed by the Spartech board of directors as reasonable in light of the benefits of the merger to Spartech's stockholders and customary practice in similar precedent transactions;

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the limited number and nature of the conditions to PolyOne's obligation to consummate the merger and the limited risk of non-satisfaction of such conditions;

the expectation that the merger would qualify as a reorganization for U.S. federal income tax purposes and that, as a result, receipt of the stock portion of the merger consideration by Spartech's stockholders in exchange for their shares of Spartech common stock would not be taxable to Spartech's stockholders that are U.S. persons for U.S. federal income tax purposes;

the fact that the merger agreement does not contain a "financing out" for PolyOne if it fails to obtain such proceeds and the merger agreement provides that each party is entitled to specific performance in case of breach by the other parties; and

the fact that a vote of Spartech's stockholders on the merger is required under Delaware law, and that Spartech's stockholders who do not vote in favor of the merger will have the right to dissent from the merger and to demand appraisal of the fair value of their shares under Delaware law.

In the course of its deliberations, the Spartech board of directors also considered a variety of risks and other potentially negative factors, including the following:

the risks and costs to Spartech if the merger does not close at all or in a timely manner, including the diversion of management and employee attention, potential employee attrition, and the effect on business and customer relationships;

the negative impact of any customer confusion or delay in purchase commitments after the announcement of the merger;

the challenges inherent in the combination of two businesses of the size and scope of PolyOne and Spartech and the size of the companies relative to each other, including the risk that integration costs may be greater than anticipated and the possible diversion of management attention for an extended period of time;

the risk of not capturing the anticipated cost savings and operational synergies between PolyOne and Spartech and the risk that other anticipated benefits might not be realized;

the fact that Spartech had only a limited opportunity to conduct "reverse" due diligence with respect to PolyOne;

the fact that, as a result of the fixed exchange ratio for the stock component of the merger consideration, the value of that component would decline in the event of a decline in the price of PolyOne common stock prior to the closing of the merger;

the recent low trading values of Spartech common stock in the current environment, relative to higher trading values of Spartech common stock in prior periods;

the inability of Spartech's stockholders to realize the long-term value of the successful execution of Spartech's current strategy as an independent company;

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the restrictions contained in the merger agreement on the conduct of Spartech's business prior to the completion of the merger, including requiring Spartech to conduct its business only in the ordinary course, subject to specific limitations, which may delay or prevent Spartech from undertaking business opportunities that may arise pending completion of the merger;

the restriction contained in the merger agreement on Spartech's ability to actively solicit alternative proposals to acquire Spartech;

the fact that Spartech has not actively sought offers from other potential purchasers;

the fact that, under the merger agreement, Spartech is required to pay a \$8.8 million termination fee in certain circumstances may discourage a third party from making a competitive alternative proposal to acquire Spartech;

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the fact that the cash portion of the merger consideration will be taxable to Spartech's stockholders that are U.S. persons for U.S. federal income tax purposes; and

risks of the type and nature described in the section titled **RISK FACTORS** beginning on page [ ] and incorporated by reference from PolyOne's Annual Report on Form 10-K and other SEC filings, including the risks associated with the operations and financial position of PolyOne and the combined company following the completion of the merger.

The Spartech board of directors considered all of these factors as a whole and, on balance, concluded that it supported a favorable determination to enter into the merger agreement.

**THE SPARTECH BOARD OF DIRECTORS HAS APPROVED THE MERGER AGREEMENT AND UNANIMOUSLY RECOMMENDS THAT SPARTECH'S STOCKHOLDERS VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT.**

**Opinion of Spartech's Financial Advisor**

Spartech engaged Barclays to act as its financial advisor with respect to pursuing strategic alternatives for Spartech, including a possible sale of Spartech. On October 23, 2012, Barclays rendered its oral opinion (which was subsequently confirmed in writing) to Spartech's board of directors that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the consideration to be offered to the stockholders of Spartech in the merger is fair to such stockholders.

**The full text of Barclays' written opinion, dated as of October 23, 2012, is attached as Annex B to this proxy statement/prospectus. Barclays' written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays in rendering its opinion. You are encouraged to read the opinion carefully in its entirety. The following is a summary of Barclays' opinion and the methodology that Barclays used to render its opinion. This summary is qualified in its entirety by reference to the full text of the opinion.**

Barclays' opinion, the issuance of which was approved by Barclays' Fairness Opinion Committee, is addressed to the board of directors of Spartech, addresses only the fairness, from a financial point of view, to Spartech's stockholders of the consideration to be offered to such stockholders in the merger and does not constitute a recommendation to any stockholder of Spartech as to how such stockholder should vote with respect to the merger or any other matter. The terms of the merger were determined through arm's-length negotiations between Spartech and PolyOne and were unanimously approved by Spartech's board of directors. Barclays did not recommend any specific form of consideration to Spartech or that any specific form of consideration constituted the only appropriate consideration for the merger. Barclays was not requested to opine as to, and its opinion does not in any manner address, Spartech's underlying business decision to proceed with or effect the merger or the likelihood of consummation of the merger. Barclays' opinion does not address the relative merits of the merger as compared to any other transaction or business strategy in which Spartech might engage. In addition, Barclays expressed no opinion on, and its does not in any manner address, the fairness of the amount or the nature of any compensation to any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the consideration to be offered to the stockholders of Spartech in the merger.

In arriving at its opinion, Barclays, among other things:

reviewed and analyzed a draft of the merger agreement as of October 23, 2012. and the specific terms of the merger;

reviewed and analyzed publicly available information concerning Spartech and PolyOne that Barclays believed to be relevant to its analysis, including the Annual Reports on Form 10-K of each of Spartech and PolyOne for the fiscal year ended October 29, 2011 and December 31, 2011, respectively, and

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Quarterly Reports on Form 10-Q for the fiscal quarters ended August 4, 2012 and June 30, 2012 for Spartech and PolyOne, respectively, and other relevant filings with the Securities and Exchange Commission;

reviewed and analyzed financial and operating information with respect to the business, operations and prospects of Spartech furnished to Barclays by Spartech, including the most recent financial projections of Spartech prepared by the management of Spartech, which are referred to as the Spartech Projections;

reviewed and analyzed financial and operating information with respect to the business, operations and prospects of PolyOne furnished to Barclays by PolyOne, including financial projections of PolyOne prepared by management of PolyOne, which are referred to as the PolyOne Projections;

reviewed and analyzed a trading history of Spartech common stock from October 19, 2007 through October 19, 2012 and a comparison of such trading history with those of other companies that Barclays deemed relevant;

reviewed and analyzed a trading history of PolyOne's common shares over the same period as Spartech, and a comparison of that trading history with those of other companies that Barclays deemed relevant;

reviewed and analyzed a comparison of the historical financial results and present financial condition of Spartech and PolyOne with each other and with those of other companies that Barclays deemed relevant;

reviewed and analyzed a comparison of the financial terms of the merger with the financial terms of certain other transactions that Barclays deemed relevant;

reviewed and analyzed the pro forma impact of the merger on the future financial performance of the combined company, including cost savings, operating synergies and other strategic benefits expected by the management of Spartech to result from a combination of the businesses, which is referred to as, the Expected Synergies;

reviewed published estimates of independent research analysts with respect to the future financial performance and price targets of Spartech and PolyOne; and

reviewed and analyzed the relative contributions of Spartech and PolyOne to the historical and future financial performance of the combined company on a pro forma basis.

In addition, Barclays had discussions with (i) the managements of Spartech and PolyOne concerning their respective business, operations, assets, financial condition and prospects and (ii) the management of Spartech concerning potential contingent liabilities of Spartech, and have undertaken such other studies, analyses and investigations as Barclays deemed appropriate.

In arriving at its opinion, Barclays assumed and relied upon the accuracy and completeness of the financial and other information used by Barclays without any independent verification of such information (and have not assumed responsibility or liability for any independent verification of such information). Barclays also relied upon the assurances of management of Spartech that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the Spartech Projections, upon advice of Spartech, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Spartech as to Spartech's future financial performance and, upon the advice of Spartech, relied on the Spartech Projections in performing its analysis. With respect to the PolyOne Projections, based upon discussions with PolyOne, Barclays assumed that such projections were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of PolyOne as to the future financial performance of PolyOne and, upon the advice of Spartech, relied on the PolyOne Projections in performing its analysis.

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Furthermore, upon the advice of Spartech, Barclays assumed that the amounts and timing of the Expected Synergies were reasonable and that the Expected Synergies

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would be realized in accordance with such estimates. In arriving at its opinion, Barclays assumed no responsibility for and expressed no view as to any such projections or estimates described above or the assumptions on which they were based. In arriving at its opinion, Barclays did not conduct a physical inspection of the properties and facilities of Spartech or PolyOne and did not make or obtain any evaluations or appraisals of the assets or liabilities of either Spartech or PolyOne. In addition, Barclays was not authorized by Spartech to solicit, and did not solicit, any indications of interest from any third party with respect to the purchase of all or a part of Spartech's business. Barclays' opinion was necessarily based upon market, economic and other conditions as they existed on, and could be evaluated as of October 23, 2012. Barclays assumed no responsibility for updating or revising its opinion based on events or circumstances that may have occurred after October 23, 2012. Barclays did not express an opinion as to the prices at which shares of Spartech common stock or PolyOne common shares would trade at any time following the announcement of the merger or the prices at which PolyOne common shares would trade at any time following the consummation of the merger.

Barclays assumed that the executed merger agreement would conform in all material respects to the last draft reviewed by Barclays. In addition, Barclays assumed the accuracy of the representations and warranties contained in the merger agreement and all agreements related thereto. Barclays also assumed, upon the advice of Spartech, that all material governmental, regulatory and third party approvals, consents and releases for the merger would be obtained within the constraints contemplated by the merger agreement and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. Barclays did not express any opinion as to any tax or other consequences that might result from the merger, nor did Barclays' opinion address any legal, tax, regulatory or accounting matters, as to which Barclays understood that Spartech had obtained such advice as it deemed necessary from qualified professionals.

In connection with rendering its opinion, Barclays performed certain financial, comparative and other analyses as summarized below. In arriving at its opinion, Barclays did not ascribe a specific range of values to the shares of Spartech common stock but rather made its determination as to fairness, from a financial point of view, to Spartech's stockholders of the consideration to be offered to such stockholders in the merger on the basis of various financial and comparative analyses. The preparation of a fairness opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a fairness opinion is not readily susceptible to summary description.

In arriving at its opinion, Barclays did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the particular transaction. Accordingly, Barclays believes that its analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying its opinion.

The following is a summary of the material financial analyses used by Barclays in preparing its opinion to Spartech's board of directors. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses used by Barclays, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. In performing its analyses, Barclays made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Spartech or any other parties to the merger. None of Spartech, PolyOne, Merger Sub, Merger LLC, Barclays or any other person assumes responsibility if future results are materially different from those discussed. Any estimates contained in these analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of the businesses do not purport to be appraisals or reflect the prices at which the businesses may actually be sold.

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### *Historical Share Price Analysis*

To illustrate the trend in the historical trading prices of Spartech common stock, Barclays considered historical data with regard to the trading prices of Spartech common stock for the period from October 19, 2007 to October 19, 2012. Barclays noted that during the period from October 19, 2011 to October 19, 2012, the closing price of Spartech common stock ranged from \$3.42 to \$7.00.

To illustrate the trend in the historical trading prices of PolyOne common shares, Barclays considered historical data with regard to the trading prices of PolyOne common shares for the period from October 19, 2007 to October 19, 2012. Barclays noted that during the period from October 19, 2011 to October 19, 2012, the closing price of PolyOne common shares ranged from \$9.63 to \$17.05.

### *Selected Comparable Company Analysis*

In order to assess how the public market values shares of similar publicly traded companies, Barclays reviewed and compared specific financial and operating data relating to Spartech and PolyOne with selected companies that Barclays, based on its experience in the plastics processing and compounding industry, deemed comparable to Spartech and PolyOne, respectively. Barclays calculated and compared various financial multiples and ratios of Spartech and PolyOne, respectively, and the respective selected comparable companies. As part of its selected comparable company analysis, Barclays calculated and analyzed each company's enterprise value to its expected 2013 financial criteria (such as earnings before interest, taxes, depreciation and amortization, or EBITDA). The enterprise value of each company was obtained by adding its short and long-term debt to the sum of the market value of its common equity and the book value of any minority interest, and subtracting its cash and cash equivalents. All of these calculations were performed, and based on publicly available financial data (including I/B/E/S International, Inc.) and closing prices, as of October 19, 2012. The results of this selected comparable company analysis for Spartech are summarized below:

Name of Company	Enterprise Value / Expected 2013 EBITDA
PolyOne	6.5x
Schulman Inc.	6.1x
Kraton	4.8x
Ferro Corp.	3.9x
<u>Mean</u>	5.3x
<u>Median</u>	5.4x
<b>Spartech</b>	<b>5.3x<sup>(1)</sup></b>

(1) Spartech EBITDA based on IBES consensus estimates and calendarized to a December 31 year end. The results of this selected comparable company analysis for PolyOne are summarized below:

Name of Company	Enterprise Value / Expected 2013 EBITDA
Mexichem	8.9x
Dow	6.9x
Schulman Inc.	6.1x
Clariant	6.1x
Tredegar	5.4x
Kraton	4.8x
Ferro Corp.	3.9x
<u>Mean</u>	6.0x
<u>Median</u>	6.1x
<b>PolyOne</b>	<b>6.5x<sup>(1)</sup></b>



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(1) PolyOne EBITDA based on IBES consensus estimates.

Barclays selected the comparable companies listed above because their businesses and operating profiles are reasonably similar to that of Spartech and PolyOne, respectively. However, because of the inherent differences between the business, operations and prospects of Spartech and PolyOne, respectively, and those of the respective selected comparable companies, Barclays believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the selected comparable company analysis. Accordingly, Barclays also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Spartech and PolyOne, respectively, and the respective selected comparable companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, profitability levels and degree of operational risk between Spartech and PolyOne, respectively, and the respective companies included in the selected company analysis. Based upon these judgments, Barclays selected a range of 4.75x to 5.75x multiples of Spartech's 2013 expected calendarized EBITDA, which equaled \$65 million (adjusted from October 31, 2012 year end, calculated as the sum of (i) 83.3% multiplied by the 2013 expected EBITDA and (ii) 16.7% multiplied by 2014 expected EBITDA). Using the range of multiples and expected EBITDA, Barclays calculated a range of implied enterprise values. The implied equity value per share was calculated by subtracting Spartech's net debt from its implied enterprise values and dividing by the diluted number of shares outstanding. Barclays selected a range of 5.5x to 6.5x multiples of PolyOne's expected 2013 EBITDA, which equaled \$306 million. Using the range of multiples and expected EBITDA, Barclays calculated a range of implied enterprise values. The implied equity value per share was calculated by subtracting PolyOne's net debt from its implied enterprise values and dividing by the diluted number of shares outstanding. The following summarizes the results of these calculations:

	Implied Equity Value Per Share	
Spartech	\$	4.50 6.50
PolyOne	\$	13.00 16.50

**Table of Contents*****Selected Precedent Transaction Analysis***

Barclays reviewed and compared the purchase prices and financial multiples paid in selected other transactions that Barclays, based on its experience with merger and acquisition transactions, deemed relevant. Barclays chose such transactions based on, among other things, the similarity of the applicable target companies in the transactions to Spartech and PolyOne with respect to the size, mix, margins and other characteristics of their businesses. Using publicly available information, Barclays analyzed the transaction value to the target company's last 12-months, or LTM, EBITDA. The following table sets forth the transactions analysis based on such characteristics:

Date	Target Company	Acquirer
10/3/2011	ColorMatrix(1)	PolyOne
12/24/2010	Dexco Polymers LP	TSRC
10/4/2010	Polymer Group	Blackstone
3/2/2010	Styron	Bain Capital
5/3/2007	Klockner Pentaplast	Blackstone
4/12/2007	Prairie Packaging(2)	Pactiv
11/14/2007	GLS Corp	PolyOne
8/17/2006	Ferro's Plastic Specialty Business	Olympic Plastics
12/20/2005	Tyco Adhesives and Plastics	Apollo
5/6/2005	Kerr Group	Berry Plastics
3/22/2005	British Vita	Texas Pacific Group
8/21/2003	Rexam (Healthcare Flexibles Sector)	Amcors
6/23/2003	AT Plastics	Acetex
5/28/2002	Berry Plastics	GS Capital Partners
3/18/2002	Ivex Packaging	Alcoa
5/8/2000	Geon	M.A. Hanna
6/2/1999	O'Sullivan Corporation	Geon
5/17/1999	Exxon Chemical - Films	Tredegar
4/8/1998	Blessings Corporation	Huntsman Packaging

	Enterprise Value / LTM EBITDA
<u>Spartech</u>	
Mean	7.2x
Median	7.2x
<u>PolyOne</u>	
Mean	7.4x
Median	7.3x

(1) Excluded from mean and median calculations for Spartech since it is not a comparable company for Spartech.

(2) Based on 2007 financial statements.

The reasons for and the circumstances surrounding each of the selected precedent transactions analyzed were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Spartech and PolyOne, respectively, and the companies included in the selected precedent transaction analysis. Accordingly, Barclays believed that a purely quantitative selected precedent transaction analysis would not be

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particularly meaningful in the context of considering the merger. Barclays therefore made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the merger which would affect the acquisition values of the selected target companies, on the one hand, and Spartech and PolyOne, on the other hand. Based upon these judgments, Barclays selected a range of 6.75x to 7.75x multiples and applied such range to Spartech's LTM EBITDA for the year ended July 31, 2012 to calculate a range of implied prices per share of Spartech common stock. In addition, Barclays selected a range of 7.0x to 8.0x multiples and applied such range to PolyOne's LTM EBITDA for the year ended June 30, 2012 to calculate a range of prices per share of PolyOne common shares.

The following table sets forth the transactions analyzed based on such characteristics and the results of such analysis:

	Implied Equity Value Per Share
Spartech	\$ 6.25 - 8.00
PolyOne	\$ 16.00 - 19.00

*Transaction Premium Analysis*

In order to assess the premium offered to the stockholders of Spartech in the merger relative to the premiums offered to stockholders in other transactions, Barclays reviewed the premiums offered in transactions in the chemical assets industry and in completed acquisitions in the industrials, chemicals and consumer sectors from the last 5 years where enterprise value of the target company was less than \$1 billion and stock was used as consideration.

**Chemical Assets**

Acquiror	Target	Date
Cytec Industries	Umeco	4/12/2012
Mexichem	Wavin	2/8/2012
Eastman	Solutia	1/27/2012
Berkshire Hathaway	Lubrizol	3/14/2011
DuPont	Danisco	1/9/2011
BHP Billiton	Potash Corp.	8/17/2010
Agrium Inc	AWB	8/16/2010
Honam Petrochemical Corp	Titan Chemicals Corp Bhd	7/16/2010
Air Products & Chemicals Inc	Airgas Inc	2/5/2010
IPIC	Nova Chemicals	2/23/2009
CF Industries	Terra Industries Inc	1/15/2009
BASF	Ciba Specialty Chemicals	9/15/2008
Ashland Inc	Hercules Inc	7/11/2008
Dow Chemical Co.	Rohm & Haas Co.	7/10/2008
Agrium	UAP Holding Corp	12/3/2007
Basell NV	Lyondell Chemical Co	7/17/2007
Hexion Specialty Chemicals Inc	Huntsman Corp	7/3/2007
Akzo Nobel NV	ICI PLC	6/18/2007
Linde AG	BOC Group PLC	1/25/2006
BASF AG	Engelhard Corp	1/3/2006

**Table of Contents****Completed Acquisitions of Target Companies Valued at Less Than \$1 Billion with a Stock Component**

Acquiror	Target	Date Announced
Nissan Motor Co Ltd	Aichi Machine Industry Co Ltd	12/16/2011
Resolute Forest Products	Fibrex Inc	11/28/2011
Ciena Enterprises Ltd	Asia Environment Holdings Ltd	8/23/2011
Perfumania Holdings Inc	Parlux Fragrances Inc	8/11/2011
DryShips Inc	OceanFreight Inc	7/26/2011
Allegheny Technologies Inc	Ladish Co Inc	11/17/2010
Geo Group Inc	Cornell Companies Inc	4/19/2010
Outotec Oyj	Larox Oyj	10/15/2009
Sykes Enterprises Inc	ICT Group Inc	10/6/2009
Basil Read Holdings Ltd	TWP Holdings (Pty) Ltd	9/30/2009
Inverness Medical Innovations Inc	Concateno plc	6/5/2009
Cenveo Inc	Nashua Corp	5/7/2009
Aecon Group Inc	Lockerbie & Hole Inc	2/2/2009
Attica Holdings SA	Blue Star Maritime SA	10/16/2008
Brascan Residential Properties SA	Company SA	9/10/2008
Middleby Corp	Turbochef Technologies Inc	8/12/2008
Finning International Inc	Collicutt Energy Services Ltd	11/27/2007
Wotif.com Holdings Ltd	Travel.com.au Ltd	10/1/2007
Salmat Ltd	HPAL Ltd	7/18/2007
Publicis Groupe SA	Business Interactif SA	6/14/2007
Gunns Ltd	Auspine Ltd	5/15/2007
Peptech Ltd	EvoGenix Ltd	5/7/2007
Northgate Information Solutions plc	Arinso International NV-SA	5/2/2007
Programmed Maintenance Services Ltd	Integrated Group Ltd	2/12/2007

In addition, Barclays also reviewed the premium paid in the following U.S. and Canada transactions in the chemicals, industrials and consumer sectors that have been announced since January 1, 2011, where the enterprise value of the target company was between \$750 million and \$5 billion and consideration consisted partly of stock.

Acquiror	Target	Date Announced
NRG Energy Inc	GenOn Energy Inc	7/22/2012
Eastman Chemical Co	Solutia Inc	1/27/2012
Eldorado Gold Corp	European Goldfields Ltd	12/18/2011
United Rentals	RSC Holdings Inc	12/16/2011
Lam Research Corp	Novellus Systems Inc	12/14/2011
Superior Energy Services Inc	Complete Production Svcs Inc	10/10/2011
AuRico Gold Inc	Northgate Minerals Corp	8/29/2011
Windstream Corp	PAETEC Holding Corp	8/1/2011
Holly Corp	Frontier Oil Corp	2/22/2011
Rock-Tenn Co	Smurfit-Stone Container Corp	1/23/2011

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The reasons for and the circumstances surrounding each of the transactions analyzed in the transaction premiums analysis were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Spartech and PolyOne, respectively, and the companies included in the transaction premiums analysis. Accordingly, Barclays believed that a purely quantitative transaction premiums analysis would not be particularly meaningful in the context of considering the merger. Barclays therefore made qualitative judgments concerning the differences between the characteristics of the selected transactions and the merger which would affect the acquisition values of the target companies and Spartech and PolyOne, respectively. Based upon these judgments, Barclays selected a range of 30% to 40% premiums to the closing prices of Spartech common stock and PolyOne common shares on October 19, 2012 to calculate a range of implied prices per share of Spartech common stock and PolyOne common shares.

The following summarizes the result of these calculations:

	Implied Equity Value Per Share	
Spartech	\$	6.75 7.25
PolyOne	\$	22.00 23.75

**Table of Contents*****Discounted Cash Flow Analysis******Spartech***

In order to estimate the present value of Spartech, Barclays performed three discounted cash flow analyses of Spartech. A discounted cash flow analysis is a traditional valuation methodology used to derive a valuation of an asset by calculating the present value of estimated future cash flows of the asset. Present value refers to the current value of future cash flows or amounts and is obtained by discounting those future cash flows or amounts by a discount rate that takes into account macroeconomic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. To calculate the estimated enterprise value of Spartech using the discounted cash flow method, Barclays added (i) Spartech's projected after-tax unlevered free cash flows for fiscal years 2012 through 2017 based on management projections to (ii) the terminal value of Spartech as of 2017, and discounted such amount to its present value using a range of selected discount rates. The after-tax unlevered free cash flows were calculated by taking the tax-affected estimated EBITDA for the fiscal years ended 2012 through 2017 and subtracting capital expenditures and adjusting for changes in working capital. In the first discounted cash flow analysis, or the DCF Analysis (EBITDA Multiple), the residual value of Spartech at the end of the forecast period, or terminal value, was estimated by selecting a range of terminal value multiples of 5.25x to 5.75x for the period ending 2017 and applying such range to the management projections, which included a base case, upside case and downside case. The DCF Analysis (EBITDA Multiple) excluded the impact of any contingent or similar liabilities. In the second discounted cash flow analysis, or the DCF Analysis (Average EBITDA Multiple), the terminal value of Spartech was estimated by selecting a range of terminal value multiples of 6.0x to 6.5x, which were based on the average of Spartech's estimated EBITDA for 2010 through 2017 and applying such range to the management projections, which included a base case, upside case and downside case. In the third discounted cash flow analysis, or the DCF Analysis (Perpetuity Growth), the terminal value of Spartech was estimated by selecting a range of perpetuity growth rates and applying them to the after-tax unlevered free cash flows of fiscal year 2017 based on management projections, which included a base case, upside case and downside case. The range of perpetuity growth rates selected was 2.75% to 3.25%. In each of the three discounted cash flow analyses, Barclays used a range of after-tax discount rates of 12.75% to 13.75%, which it selected based on an analysis of the weighted average cost of capital of Spartech and the comparable companies. Barclays then calculated a range of implied prices per share of Spartech by subtracting net debt as of September 30, 2012 from the estimated enterprise value using the discounted cash flow method and dividing such amount by the shares of Spartech common stock calculated using the treasury stock method. The following summarizes the results of these calculations:

	Implied Equity Value Per Share	
<b><u>DCF Analysis (EBITDA Multiple)</u></b>		
Base Case	\$	8.00 9.50
Upside Case	\$	9.25 11.00
Downside Case	\$	7.00 8.25
<b><u>DCF Analysis (Average EBITDA Multiple)</u></b>		
Base Case	\$	6.00 7.00
Upside Case	\$	7.00 8.00
Downside Case	\$	5.25 6.25
<b><u>DCF Analysis (Perpetual Growth)</u></b>		
Base Case	\$	7.25 9.25
Upside Case	\$	8.75 11.00
Downside Case	\$	6.00 7.75

**Table of Contents***PolyOne*

In order to estimate the present value of PolyOne, Barclays performed three discounted cash flow analyses of PolyOne. To calculate the estimated enterprise value of PolyOne using the discounted cash flow method, Barclays added (i) PolyOne's projected after-tax unlevered free cash flows for fiscal years 2012 through 2017 based on management projections to (ii) the terminal value of PolyOne as of 2017, and discounted such amount to its present value using a range of selected discount rates. The after-tax unlevered free cash flows were calculated by taking the estimated tax-affected EBITDA for the fiscal years ended 2012 through 2017 and subtracting capital expenditures and pension contributions and adjusting for changes in working capital. In the first discounted cash flow analysis, or the DCF Analysis (EBITDA Multiple), the residual value of PolyOne at the end of the forecast period, or terminal value, was estimated by selecting a range of terminal value multiples of 6.0x to 7.0x for the period ending 2017 and applying such range to the management projections. In the second discounted cash flow analysis, or the DCF Analysis (Average EBITDA Multiple), the terminal value of PolyOne was estimated by selecting a range of terminal value multiples of 6.5x to 7.5x, which were based on the average of PolyOne's estimated EBITDA for 2010 through 2017 and applying such range to the management projections. In the third discounted cash flow analysis, or the DCF Analysis (Perpetuity Growth), the terminal value of PolyOne was estimated by selecting a range of perpetuity growth rates and applying them to the after-tax unlevered free cash flows of fiscal year 2017 based on management projections. The range of perpetuity growth rates selected was 2.0% to 3.0%. In each of the three discounted cash flow analyses, Barclays used a range of after-tax discount rates of 10% to 11%, which it selected based on an analysis of the weighted average cost of capital of PolyOne and the comparable companies. Barclays then calculated a range of implied prices per share of PolyOne by subtracting net debt as of June 30, 2012 from the estimated enterprise value using the discounted cash flow method and dividing such amount by the shares of PolyOne common shares calculated using the treasury stock method. The following summarizes the results of these calculations:

	Implied Equity Value Per Share	
DCF Analysis (EBITDA Multiple)	\$	25.25 30.25
DCF Analysis (Average EBITDA Multiple)	\$	19.25 22.75
DCF Analysis (Perpetual Growth)	\$	28.00 37.25

**Leveraged Acquisition Analysis**

Barclays performed a leveraged acquisition analysis in order to ascertain a price for each of Spartech common stock and PolyOne common shares, in each case, which might be achieved in a leveraged buyout transaction with a financial buyer using a debt capital structure consistent with the merger and based upon current market conditions. In the case of Spartech, Barclays performed two leveraged acquisition analyses. In the first case, or Spartech LBO Analysis (Current), Barclays assumed the following in its analysis: (i) total debt / LTM EBITDA multiple of 4.5x for the period ended July 31, 2012, (ii) an equity investment that would be needed to achieve an internal rate of return of 20% to 25% over a five-year period and (iii) a projected EBITDA terminal value multiple of 6.0x for the period ended 2017. In the second case, or the Spartech LBO Analysis (Normalized), Barclays assumed the following in its analysis: (i) total debt / LTM EBITDA multiple of 4.0x for the period ended July 31, 2012, (ii) an equity investment that would be needed to achieve an internal rate of return of 22.5% to 27.5% over a five-year period and (iii) a projected EBITDA terminal value multiple of 6.0x for the period ended 2017. In the case of PolyOne, Barclays assumed the following in its analysis: (i) total debt / LTM EBITDA multiple of 5.0x for 2012, (ii) an equity investment that would be needed to achieve an internal rate of return of 20% to 25% over a five-year period and (iii) a projected EBITDA terminal value multiple of 7.5x for the period ended 2017. In the case of PolyOne LBO Analysis and the Spartech LBO Analysis (Current), Barclays assumed that the debt raised in connection with a hypothetical leveraged acquisition would have a structure and terms consistent with current market conditions. The following summarizes the results of these calculations:

	Implied Equity Value Per Share	
Spartech (Current)	\$	6.75 8.25
Spartech (Normalized)	\$	5.75 7.00
PolyOne	\$	23.25 26.25

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***General***

Barclays is an internationally recognized investment banking firm and, as part of its investment banking activities, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, investments for passive and control purposes, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes. Spartech's board of directors selected Barclays because of its familiarity with Spartech and its qualifications, reputation and experience in the valuation of businesses and securities in connection with mergers and acquisitions generally, as well as substantial experience in transactions comparable to the merger.

Barclays is acting as financial advisor to Spartech in connection with the merger. As compensation for its services in connection with the merger, compensation of \$4.8 million shall be payable to Barclays on completion of the merger, of which \$750,000 was paid to Barclays upon delivery of the Barclays opinion. In addition, Spartech has agreed to reimburse Barclays for its expenses incurred in connection with the merger and to indemnify Barclays for certain liabilities that may arise out of its engagement by Spartech and the rendering of Barclays' opinion. Barclays has not received any fees for investment banking or financial services performed for Spartech in the past two years but has performed various investment banking and financial services for Spartech in the past and may perform such services for Spartech and PolyOne in the future, and has received, and is likely to receive, customary fees for such services.

Barclays and its affiliates engage in a wide range of businesses from investment and commercial banking, lending, asset management and other financial and non-financial services. In the ordinary course of its business, Barclays and affiliates may actively trade and effective transactions in the equity, debt and/or other securities (and any derivatives thereof) and financial instruments (including loans and other obligations) of Spartech and PolyOne and their respective affiliates for its own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions and investments in such securities and financial instruments.

**Financial Projections**

During the course of the negotiations between PolyOne and Spartech, each of PolyOne and Spartech supplied the other with certain business and financial information that was not publicly available, including certain financial projections on a standalone basis. Each set of financial projections presented below have been prepared by, and are the responsibility of, management of PolyOne and Spartech, respectively. The Spartech information was prepared on a basis consistent with the historical accounting policies included in the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" contained in Spartech's Annual Report on Form 10-K for the year ended November 3, 2012, which is incorporated by reference in this proxy statement/prospectus. The PolyOne information was prepared on a basis consistent with the historical accounting policies included in the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" contained in PolyOne's Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this proxy statement/prospectus. For more information, see the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ].

The financial projections are included in this proxy statement/prospectus only because this information was exchanged between PolyOne and Spartech. Such financial projections were neither prepared with a view to public disclosure, nor were such financial projections prepared in compliance with GAAP standards or with published guidelines of the SEC or the American Institute of Certified Public Accountants regarding financial projections. We caution you that the financial projections are speculative in nature. Such financial projections are, in general, prepared solely for internal use and capital budgeting and other management decisions and are subjective in many respects.

While presented with numerical specificity, the financial projections are based upon a variety of estimates and assumptions relating to the businesses of PolyOne and Spartech. These estimates and assumptions may prove



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to be inaccurate for any number of reasons, including general economic conditions, competition, and the risks discussed in this proxy statement/prospectus under the section titled **RISK FACTORS** beginning on page [ ]. There can be no assurance that the projections will be realized, and actual results may differ materially from those shown. Generally, the further out the period to which financial projections relate, the more unreliable the projections become.

The financial projections are unaudited and neither PolyOne's nor Spartech's independent accountants examined, compiled nor performed any procedures with respect to the prospective financial information contained in this proxy statement/prospectus and, accordingly, neither PolyOne's nor Spartech's independent accountants express an opinion or any other form of assurance on such information or its achievability.

Readers of this proxy statement/prospectus should not place undue reliance on the financial projections set forth below. No one has made or makes any representation to any stockholder regarding the information included in these projections. The inclusion of financial projections in this proxy statement/prospectus should not be regarded as an indication that PolyOne, Spartech or their respective representatives considered or consider the projections to be a reliable prediction of future events, and the projections should not be relied upon as such. Management of PolyOne and Spartech have prepared from time to time in the past, and will continue to prepare in the future, internal financial forecasts that reflect various estimates and assumptions that change from time to time. Accordingly, the financial projections used in conjunction with the merger may differ from these forecasts.

**EXCEPT TO THE EXTENT REQUIRED BY LAW, NONE OF POLYONE, SPARTECH OR THEIR RESPECTIVE DIRECTORS OR OFFICERS INTEND TO UPDATE OR REVISE THE FINANCIAL PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE THEY WERE PREPARED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT SOME OR ALL OF THE ASSUMPTIONS ARE SHOWN TO BE INACCURATE OR ERRONEOUS.**

As referred to below, earnings before interest, taxes, depreciation and amortization, which is referred to as EBITDA, is a financial measure commonly used in the specialty chemicals industry but is not defined under GAAP. EBITDA should not be considered in isolation or as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP or as a measure of a company's profitability or liquidity. Because EBITDA excludes some, but not all, items that affect net income, its calculation may vary among companies, including Spartech and PolyOne. The EBITDA data presented below may not be comparable to similarly titled measures of other companies. Management of Spartech and PolyOne believe that EBITDA is a meaningful measure to investors and provides additional information about their respective ability to meet future liquidity requirements for debt service, capital expenditures and working capital. In addition, management of Spartech and PolyOne believe that EBITDA is a useful comparative measure of operating performance and liquidity. For example, debt levels, credit ratings and, therefore, the impact of interest expense on earnings vary significantly between companies. Similarly, the tax positions of individual companies can vary because of their differing abilities to take advantage of tax benefits, with the result that their effective tax rates and tax expense can vary considerably. Finally, companies differ in the age and method of acquisition of productive assets, and thus the relative costs of those assets, as well as in the depreciation or depletion (straight-line, accelerated, units of production) method, which can result in considerable variability in depletion, depreciation and amortization expense between companies. Thus, for comparison purposes, management of Spartech and PolyOne believe that EBITDA can be useful as an objective and comparable measure of operating profitability and the contribution of operations to liquidity because it excludes these elements.

**POLYONE AND SPARTECH DO NOT INTEND TO UPDATE THESE PROJECTIONS OR TO MAKE OTHER PROJECTIONS PUBLIC IN THE FUTURE.**

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*Unaudited Spartech Projections*

Although Spartech periodically may issue limited guidance to investors concerning its expected financial performance, Spartech does not as a matter of course publicly disclose detailed financial projections. However, in connection with the negotiation of the merger, Spartech provided to PolyOne certain non-public financial projections for the years that end on the Saturday closest to October 31, 2013, 2014, 2015, 2016 and 2017, which are referred to as the Spartech Projections, that the management of Spartech prepared for the Spartech board of directors in connection with valuation work performed to assist in its evaluation of the merger.

The Spartech Projections:

were based upon numerous assumptions, as further described below, many of which are beyond the control of Spartech and may not prove to be accurate;

were originally developed during the course of August 2012 through early October 2012;

do not necessarily reflect current estimates or assumptions management of Spartech may have about prospects for Spartech's businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the projections were prepared;

are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than as set forth below; and

are not, and should not be regarded as, a representation that any of the expectations contained in, or forming a part of, the Spartech Projections will be achieved.

The key assumptions underlying the Spartech Projections include:

no significant underlying improvement in U.S. economic conditions or key end markets (e.g., construction, automotive, etc.);

continued execution on operational improvements and product mix shift towards more specialty products;

successful start-up of key customer programs in the Packaging Technologies business;

successful execution of major initiatives including:

consolidation of Canadian plants in the Custom Sheet and Rollstock business

shutdown of the Color and Specialty Compounds Stratford plant in Canada

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successful start up of the expansion in the Muncie, Indiana plant in the Packaging Technologies business; and

no major changes in resin prices.

The following information was included in the Spartech Projections provided by Spartech management to PolyOne:

<i>(in millions)</i>	<b>Forecast FY 2013</b>	<b>Forecast FY 2014</b>	<b>Forecast FY 2015</b>	<b>Forecast FY 2016</b>	<b>Forecast FY 2017</b>
Net Sales	\$ 1,237	\$ 1,300	\$ 1,385	\$ 1,451	\$ 1,520
EBITDA excluding special items(1)	65(2)	77	88	98	108

- (1) EBITDA excluding special items is defined as earnings before interest, income taxes, depreciation and amortization adjusted to exclude the impact of restructuring and exit costs. EBITDA excluding special items is a non-GAAP financial measure and should not be considered as an alternative to operating earnings or net

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earnings as a measure of operating performance or cash flows as a measure of liquidity. EBITDA excluding special items does not include the impact of the potential for any synergies or costs related to the merger.

- (2) Subsequent changes in the business conditions with a particular customer caused Spartech to revise the 2013 EBITDA down to \$62 million. No new guidance related to this revision was provided regarding Net Sales.

*Unaudited PolyOne Projections*

The following financial projections for PolyOne on a standalone basis were provided by PolyOne management to Spartech:

<i>(in millions)</i>	<b>Forecast FY 2012</b>	<b>Forecast FY 2013</b>	<b>Forecast FY 2014</b>	<b>Forecast FY 2015</b>	<b>Forecast FY 2016</b>
Sales	\$ 3,055	\$ 3,321	\$ 3,752	\$ 4,183	\$ 4,582
EBITDA(1)	285	306	374	470	542

- (1) EBITDA is defined as earnings before interest, income taxes, depreciation and amortization adjusted to exclude special items, such as, restructuring charges, mark-to-market pension and OPEB gains and losses, environmental remediation costs and acquisition related costs. EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or net income as a measure of operating performance or cash flows as a measure of liquidity. EBITDA does not include the impact of the potential for any synergies or costs related to the merger.

**Merger Financing**

PolyOne's obligation to complete the merger is not subject to any financing contingency. PolyOne intends to finance the cash portion of the merger consideration, and the payment of related fees and expenses, as well as the repayment of certain of Spartech's debt, with a combination of cash on hand and new long-term debt. PolyOne has obtained a commitment letter from Bank of America, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and WF Investment Holdings, LLC for a new \$250 million senior unsecured bridge facility.

**Stock Ownership of Directors and Executive Officers of PolyOne and Spartech**

For information regarding PolyOne directors' and executive officers' ownership of PolyOne securities, see the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ].

For information regarding Spartech directors' and executive officers' ownership of Spartech securities, see the section titled **SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT** beginning on page [ ].

**Ownership of PolyOne After the Merger**

PolyOne will issue approximately [ ] shares of PolyOne common stock to Spartech stockholders in the merger. After the completion of the merger, it is expected that there will be outstanding approximately [ ] shares of PolyOne common stock. The shares of PolyOne common stock to be issued to Spartech stockholders in the merger will represent approximately [ ]% of the outstanding PolyOne common stock after the merger.

**PolyOne Board of Directors After the Merger**

The merger will not affect the size or composition of PolyOne's board of directors or its executive officers. Information about the current PolyOne directors and executive officers can be found in the documents incorporated by reference into this proxy statement/prospectus and listed in the section titled **WHERE YOU CAN FIND MORE INFORMATION** beginning on page [ ].

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PolyOne's Corporate Governance Guidelines require that a substantial majority of the members of PolyOne's board be independent under the listing standards of the NYSE. To be considered independent, PolyOne's board of directors, which is referred to as PolyOne's board, must make an affirmative determination that the director has no material relationship with PolyOne other than as a director, either directly or indirectly (such as an officer, partner or shareholder of another entity that has a relationship with PolyOne or any of its 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, PolyOne's board considers all relevant facts and circumstances in making an independence determination.

PolyOne's board determined that Carol A. Cartwright, Richard H. Fearon, Gregory J. Goff, Gordon D. Harnett, Richard A. Lorraine, William H. Powell, Farah M. Walters and William A. Wulfsohn are independent under the NYSE independent director listing standards. In making this determination, PolyOne's board reviewed significant transactions, arrangements or relationships that a director might have with PolyOne's customers or suppliers. In making this determination with respect to Mr. Fearon, PolyOne's board determined that the sales of products by PolyOne 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 2011, the amount paid to PolyOne from sales to Eaton Corporation was less than 0.3% of PolyOne's consolidated revenues.

### **Interests of Spartech Directors and Executive Officers in the Merger**

In considering Spartech's board of directors' recommendation to vote for the proposal to adopt the merger agreement and the merger, Spartech stockholders should be aware that the directors and executive officers of Spartech have interests in the merger that may be different from, or in addition to, the interests of Spartech stockholders generally and that may create potential conflicts of interest. In addition to the rights described below in this section, the executive officers of Spartech may be eligible to receive some of the generally applicable benefits described under the heading **THE MERGER AGREEMENT Employee Benefit Matters** on page [ ]. Spartech's board of directors was aware of these interests and considered them, among other matters, in evaluating and negotiating the merger agreement and the merger, and in recommending the adoption of the merger agreement to Spartech stockholders.

Set forth below are descriptions of the interests of directors and executive officers, including interests in equity or equity-based awards, severance arrangements and other compensation and benefit arrangements, and the right to continued indemnification and insurance coverage by PolyOne for acts or omissions of the directors and executive officers occurring prior to the merger. The dates used in the discussions below to quantify certain of these interests have been selected for illustrative purposes only, and they do not necessarily reflect the dates on which certain events will occur.

### **Equity or Equity-Based Awards**

Spartech's executive officers and non-employee directors have been granted equity compensation awards consisting of stock options, stock appreciation rights, restricted shares and restricted stock units, granted under Spartech's 2001 Equity Compensation Plan or 2004 Equity Compensation Plan, which are referred to as Spartech's equity compensation plans, and subject to the treatment set forth below. As of October 22, 2012, 2,231,360 shares of Spartech common stock were subject to outstanding equity compensation awards under Spartech's equity compensation plans.

In addition, as described below in **THE MERGER AGREEMENT Employee Benefits Matters** beginning on page [ ], any equity awards in respect of Spartech common stock that are granted by Spartech on or after October 23, 2012, will be treated upon completion of the merger in the manner set forth in the applicable award agreements. In any event, these awards will not contain any single-trigger vesting provisions that would result in the vesting of the awards solely as a result of the approval or consummation of the merger.

**Table of Contents*****Treatment of Stock Options***

When Spartech's board of directors approved the merger on October 23, 2012, each outstanding option to purchase shares of Spartech common stock granted under Spartech's equity compensation plans became fully vested and exercisable pursuant to the terms of Spartech's equity compensation plans. Upon completion of the merger each of these options that remains outstanding and any outstanding options granted after the approval of the merger will be assumed by PolyOne and converted into an option to purchase a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock subject to the Spartech option immediately prior to the completion of the merger multiplied by (b) the sum of (1) the stock consideration and (2) the quotient of \$2.67 (the cash consideration) divided by the average closing price of a share of PolyOne common stock on the NYSE for the ten consecutive trading days ending with the fifth complete trading day prior to the closing, which is referred to as the equity award exchange ratio. The exercise price per share of PolyOne common stock subject to a converted option will be an amount (rounded up to the nearest whole cent) equal to the quotient of (a) the exercise price per share of Spartech common stock subject to the Spartech option immediately prior to the completion of the merger divided by (b) the equity award exchange ratio.

Except as set forth in the immediately preceding paragraph, each converted option will remain subject to the same terms and conditions as applied to the Spartech option immediately prior to the completion of the merger.

The following table summarizes the aggregate number of options held by each of the named executive officers, and all other executive officers as a group, under Spartech's equity compensation plans and the applicable award agreements. No outstanding options are held by Spartech's non-employee directors.

	Aggregate Number Of Shares Underlying Unvested Stock Options(1)	Weighted Average Exercise Price of Unvested Stock Options \$(2)	Aggregate Number Of Shares Underlying Vested Stock Options(1)	Weighted Average Exercise Price of Vested Stock Options \$(2)
Named Executive Officers:				
Victoria Holt				
Randy Martin			96,000	\$ 23.22
Timothy Feast				
Robert Lorah				
Carol O'Neill				
All Other Executive Officers as a Group:			27,500	\$ 23.08

(1) All outstanding stock options have an exercise price that exceeds \$8.93, which is the assumed value of the merger consideration based on the five-day average closing price of PolyOne's common stock of \$19.78 for the five days ending November 30, 2012.

(2) Weighted average exercise price numbers are rounded up or down to the nearest whole cent.

***Treatment of Stock-Settled Stock Appreciation Rights***

When Spartech's board of directors approved the merger on October 23, 2012, each outstanding stock-settled stock appreciation right, which is referred to as a SSAR, relating to shares of Spartech common stock granted under Spartech's equity compensation plans became fully vested and exercisable pursuant to the terms of Spartech's equity compensation plans. Upon completion of the merger, each of these SSARs that remains outstanding and any SSARs granted after the approval of the merger will be assumed by PolyOne and converted into a SSAR relating to a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock subject to the Spartech SSAR immediately prior to the completion of the merger multiplied by (b) the equity award exchange ratio. The base price per share of PolyOne common stock subject to a converted SSAR will be an amount (rounded up to the nearest whole cent) equal to the quotient of (a) the base price per share of Spartech common stock subject to the Spartech SSAR immediately prior to the completion of the merger divided by (b) the equity award exchange ratio.

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On December 12, 2012, Spartech's board of directors approved annual equity grants to executive officers and other employees that included SSARs. These SSARs will not vest as a result of the merger except in the event that an executive's employment is terminated without cause or by the executive for good reason within two years following the completion of the merger, and will be assumed by PolyOne and converted into equivalent SSARs relating to PolyOne common stock upon completion of the merger under the formula described above. Any converted SSARs will be subject to substantially the same terms and conditions as applied to the corresponding Spartech SSAR immediately before completion of the merger.

Except as set forth above, each converted SSAR will remain subject to the same terms and conditions as applied to the Spartech SSAR immediately prior to the completion of the merger.

The following table summarizes the aggregate number of outstanding SSARs held by each of the named executive officers and all other executive officers as a group under Spartech's equity compensation plans and the applicable award agreements. No outstanding SSARs are held by Spartech's non-employee directors.

	Aggregate Number of Unvested and Vested Out-of-the- Money SSARs(1)(2)	Weighted Average Base Price of Unvested and Vested Out-of-the- Money SSARs (\$)(3)	Aggregate Number of Vested In-the- Money SSARs(4)	Weighted Average Base Price of Vested In-the- Money SSARs (\$)(3)
<b>Named Executive Officers:</b>				
Victoria Holt	39,605	\$ 8.96	335,455	\$ 6.10
Randy Martin	124,831	\$ 13.26	85,493	\$ 4.85
Timothy Feast	9,146	\$ 8.96	47,946	\$ 5.21
Robert Lorah	7,369	\$ 8.96	50,214	\$ 5.62
Carol O'Neill	29,146	\$ 12.09	43,746	\$ 5.49
All Other Executive Officers as a Group:	154,077	\$ 10.83	182,136	\$ 4.85

- (1) Represents the total number of vested and unvested SSARs that have a base price that exceeds \$8.93, which is the assumed value of the merger consideration based on the five-day average closing price of PolyOne's common stock of \$19.78 for the five days ending November 30, 2012. This column includes the following number of SSARs that were unvested immediately prior to approval of the merger by the Spartech board of directors on October 23, 2012, and which became vested and exercisable upon such approval based on the terms of the underlying award agreements: Ms. Holt 0; Mr. Martin 27,347; Mr. Feast 0; Mr. Lorah 0; Ms. O'Neill 10,000; All Other Executive Officers 50,946.
- (2) This column includes the following number of SSARs that were granted to each executive on December 12, 2012, with a per share base price of \$8.96, and which will not automatically vest upon completion of merger based on the terms of the underlying award agreements: Ms. Holt 39,605; Mr. Martin 10,337; Mr. Feast 9,146; Mr. Lorah 7,369; Ms. O'Neill 9,146; All Other Executive Officers 28,588.
- (3) Weighted average base price numbers are rounded up or down to the nearest whole cent.
- (4) Represents the total number of vested SSARs that have a base price that is less than \$8.93, which is the assumed value of the merger consideration based on the five-day average closing price of PolyOne's common stock of \$19.78 for the five days ending November 30, 2012. This column includes the following number of SSARs that were unvested immediately prior to approval of the merger by the Spartech board of directors on October 23, 2012, and which became vested and exercisable upon such approval based on the terms of the underlying award agreements: Ms. Holt 224,871; Mr. Martin 55,781; Mr. Feast 44,196; Mr. Lorah 45,214; Ms. O'Neill 41,046; All Other Executive Officers 141,585.

**Treatment of Restricted Stock**

When Spartech's board of directors approved the merger on October 23, 2012, each outstanding restricted share of Spartech common stock granted under Spartech's equity compensation plans became a fully vested share of Spartech common stock that is no longer subject to restrictions pursuant to the terms of Spartech's equity compensation plans and the applicable award agreements, and as a result will be entitled to receive the merger.





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consideration. The following restricted shares became vested upon the approval of the merger: Ms. Holt 66,858 shares; Mr. Martin 13,922 shares; Mr. Feast 4,500 shares; Mr. Lorah 6,000 shares; Ms. O'Neill 4,000 shares; and all other executive officers as a group 24,109 shares.

On December 12, 2012, Spartech's board of directors approved annual equity grants to executive officers and other employees that included restricted stock. These shares of restricted stock will not vest as a result of the merger except in the event that a holder's employment is terminated without cause or by the executive for good reason within two years following the completion of the merger, and will be assumed by PolyOne and converted into restricted shares of PolyOne common stock upon completion of the merger. Any converted shares of restricted stock will be subject to substantially the same terms and conditions as applied to the corresponding share of Spartech restricted stock immediately before completion of the merger, except that each converted restricted share will represent the right to receive a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock to which the Spartech restricted share related immediately prior to the completion of the merger multiplied by (b) the equity award exchange ratio.

The following table summarizes the aggregate number of outstanding restricted shares held by each of the named executive officers and all other executive officers as a group, each of which was granted on December 12, 2012, under the applicable plans and award agreements, and the consideration that each individual may become entitled to receive pursuant to these awards, assuming (i) the completion of the merger occurs on February 28, 2013, (ii) the value of the merger consideration is \$8.93, and (iii) that the employment of the such executive officer is terminated without cause or by the executive for good reason within two years following the completion of the merger. No outstanding restricted shares are held by Spartech's non-employee directors.

	Aggregate Number of Outstanding Restricted Shares	Aggregate Value of Outstanding Restricted Shares (\$)
Named Executive Officers:		
Victoria Holt	39,605	\$ 353,673
Randy Martin	10,337	\$ 92,309
Timothy Feast	9,147	\$ 81,683
Robert Lorah	7,370	\$ 65,814
Carol O'Neill	9,147	\$ 81,683
All Other Executive Officers as a Group:	28,591	\$ 255,318

***Treatment of Restricted Stock Units***

Upon completion of the merger, restricted stock units, each of which is referred to as an RSU, relating to Spartech common stock granted under Spartech's equity compensation plans will generally be converted into the right to receive the merger consideration as if each such Spartech RSU was one share of Spartech common stock. However, if that treatment would result in additional taxes or tax penalties under Section 409A of the Code, then the Spartech RSU will be assumed by PolyOne and converted into an RSU relating to PolyOne common stock upon completion of the merger. Any converted RSU will be subject to substantially the same terms and conditions as applied to the corresponding Spartech RSU immediately before the completion of the merger, except that the converted RSU will represent the right to receive a number of shares of PolyOne common stock (rounded down to the nearest whole share) equal to the product of (a) the number of shares of Spartech common stock to which the Spartech RSU related immediately prior to the completion of the merger multiplied by (b) the equity award exchange ratio.

On December 12, 2012, each non-employee member of Spartech's board of directors received a fully vested grant of 5,580 RSUs, having a grant date fair value of \$50,000, in connection with the director's service for the prior fiscal year, in accordance with Spartech's standard director compensation policy. Each of these RSUs will be converted into the right to receive the merger consideration as it were one share of Spartech common stock.

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The following table summarizes the aggregate number of RSUs held by Ms. Holt and each non-employee member of the Spartech board of directors under Spartech's equity compensation plans and the applicable award agreements, and the consideration that each individual may become entitled to receive in respect of these awards as a result of the merger, assuming continued service through the completion of the merger and assuming the completion of the merger occurs on February 28, 2013. Except for 12,410 RSUs that were granted to Ms. Holt during her service on the Spartech board of directors, but prior to her appointment as President and Chief Executive Officer, no outstanding RSUs are held by Spartech's executive officers.

	Aggregate Number of Outstanding Restricted Stock Units(1)	Aggregate Number of Restricted Stock Units Settled at Effective Time of Merger(2)	Aggregate Value of Restricted Stock Units Settled at Effective Time of Merger (\$)	Aggregate Number of Restricted Stock Units Assumed at Effective Time of Merger(3)
<b>Directors:</b>				
Ralph B. Andy	21,256	16,944	\$ 151,310	4,312
Lloyd E. Campbell	37,784	33,472	\$ 298,905	4,312
Edward J. Dineen	33,472	33,472	\$ 298,905	
Walter J. Klein	37,784	33,472	\$ 298,905	4,312
Pamela F. Lenehan	36,339	33,472	\$ 298,905	2,867
Jackson W. Robinson	39,347	33,472	\$ 298,905	5,875
Craig A. Wolfanger	37,784	33,472	\$ 298,905	4,312
<b>Named Executive Officers:</b>				
Victoria Holt	12,410	10,846	\$ 96,855	1,564

- (1) All RSUs are fully vested at the time of grant.
- (2) Represents the aggregate number of outstanding RSUs that will, pursuant to their terms, become entitled to receive the merger consideration upon the completion of the merger.
- (3) Represents the aggregate number of outstanding RSUs that would be subject to additional taxes or tax penalties under Section 409A of the Code if settled upon the completion of the merger, and which will therefore be converted into RSUs relating to PolyOne common stock upon completion of the merger as described above.

***Treatment of the Short-Term Incentive Plan***

Each of the named executive officers and each of the other executive officers participates in the Spartech Short-Term Incentive Plan, which provides for performance-based annual bonus incentive awards. These awards are payable pursuant to the Spartech Corporation 2011 Executive Bonus Plan, which provides that upon the occurrence of a change in control, the definition of which includes the completion of the merger, the current performance period will be deemed to have ended, the applicable performance goals will be appropriately converted to reflect the length of the performance period, and all bonuses will be immediately payable in cash on a pro-rated basis. In addition, all bonuses with respect to a completed performance period, if not already paid, are immediately payable in cash upon the occurrence of a change in control.

The targeted annual bonus under the Short-Term Incentive Plan is expressed as a percentage of base salary for each executive officer and is set at the discretion of the Compensation Committee. For Spartech's 2013 fiscal year, the percentages are: Ms. Holt, 100%, Mr. Martin 60%, Mr. Feast, 50%, Mr. Lorah, 50%, and Ms. O'Neill, 50%. After the approval of the merger, the Compensation Committee of Spartech's board of directors established the applicable performance goals and payout factors for the 2013 Short-Term Incentive Plan. The 2013 Short-Term Incentive Plan is to be determined based 75% on corporate EBITDA performance and 25% on cash flow from operations. Threshold achievement for each component (above which payouts begin) equals the prior year actual results, target achievement (resulting in a 1X payout) requires meeting the Board-approved annual plan, and maximum achievement (resulting in up to a 2X payout) requires significant improvement in excess of the

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plan goals. In anticipation of the potential merger, the Committee approved monthly and quarterly EBITDA benchmarks to aid in determining the applicable level of achievement for any pro-rata bonus award to be paid in connection with the completion of the transaction.

The following table sets forth the estimated pro-rata portion of the bonus that would be determined for each of the named executive officers and all other executive officers as a group under the terms of the Short-Term Incentive Plan, assuming (i) performance at target payout levels, (ii) continued employment through the completion of the merger and (iii) completion of the merger occurs on February 28, 2013. The actual amount to be paid to each individual, which may be less or more than the amount listed in the following table, will be based on actual performance as of the completion of the transaction.

	<b>Estimated Pro-Rata Bonus Payment (\$)</b>
<b>Named Executive Officers:</b>	
Victoria Holt	<b>\$ 222,962</b>
Randy Martin	<b>\$ 69,831</b>
Timothy Feast	<b>\$ 51,490</b>
Robert Lorah	<b>\$ 46,096</b>
Carol O Neill	<b>\$ 51,490</b>
<b>All Other Executive Officers as a Group:</b>	<b>\$ 166,240</b>

***Treatment of Long-Term Incentive Plan Performance Cash Awards***

Each of the named executive officers and each of the other executive officers received Performance Cash Awards under the Spartech Long-Term Incentive Plan for the 2011-2013 performance period and the 2012-2014 performance period. These awards are payable pursuant to the Spartech Corporation 2011 Executive Bonus Plan, which provides that upon the occurrence of a change in control, the definition of which includes the completion of the merger, the current performance period will be deemed to have ended, the applicable performance goals will be appropriately converted to reflect the length of the performance period, and all awards will be immediately payable in cash on a pro-rated basis. In addition, all awards with respect to a completed performance period, if not already paid, are immediately payable in cash upon the occurrence of a change in control.

After the approval of the merger, the Compensation Committee of Spartech's board of directors reviewed achievement of performance goals under the Performance Cash awards for the 2011-2013 and the 2012-2014 performance periods. In this review the Compensation Committee determined that the Company had not met the threshold performance level necessary to receive a payout under the Performance Cash awards for the 2011-2013 performance period, and that no payout was earned for those awards. However, the Compensation Committee determined that the Company had achieved a performance level that would result in a payout under the Performance Cash awards for the 2012-2014 performance period at a 1.2 times the target level and approved the payment under these awards.

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The following table sets forth the estimated pro-rata portion of the Performance Cash awards for the 2012-2014 performance period that would be paid to each of the named executive officers and all other executive officers as a group under the terms of the awards, assuming continued employment through the completion of the merger and assuming the completion of the merger occurs on February 28, 2013. The actual amount to be paid to each individual, which may be less or more than the amount listed in the following table, will be based on actual performance as of the completion of the transaction.

	<b>Estimated Pro-Rata Award Payment (\$)</b>
<b>Named Executive Officers:</b>	
Victoria Holt	<b>\$ 256,000</b>
Randy Martin	<b>\$ 85,000</b>
Timothy Feast	<b>\$ 74,000</b>
Robert Lorah	<b>\$ 68,000</b>
Carol O Neill	<b>\$ 74,000</b>
<b>All Other Executive Officers as a Group:</b>	<b>\$ 244,000</b>

***Amended and Restated Severance and Non-Competition Agreements***

Each of the named executive officers and each of the other executive officers has an Amended and Restated Severance and Non-Competition Agreement with Spartech, each of which was last amended and restated as of October 23, 2012 to provide additional severance protection in the event of certain terminations of employment, as described in greater detail below. The Spartech Compensation Committee determined that increasing the level of severance protection for these individuals was appropriate and in the best interests of Spartech to maintain their focus and dedication in light of the uncertainties and distractions inherent in the merger or other potential changes in control. In addition, the Agreements were revised to require the executive to provide a release of claims against Spartech and its affiliates in consideration of the increased severance and to make the severance expressly contingent on the executive's compliance with the restrictive covenants contained in the Agreements.

Under the Amended and Restated Severance and Non-Competition Agreements, upon termination of employment by Spartech without cause or by the executive for good reason (as described below) at the time of or within two years following the completion of the merger, the officer will be entitled to receive the following severance payments and benefits:

an amount equal to 18 months of base salary (24 months for Ms. Holt) at the highest rate paid to executive during the three years prior to executive's termination, paid in equal installments over 12 months (24 months for Ms. Holt);

an amount equal to 150% (200% for Ms. Holt) of the executive's target annual incentive bonus in effect immediately prior to the change in control, paid in equal installments over 12 months (24 months for Ms. Holt);

continuation of health insurance benefits for 18 months (24 months for Ms. Holt); and

reasonable outplacement services for 12 months.

The Amended and Restated Severance and Non-Competition Agreements provide that any severance payments and benefits are conditioned on the officer providing a release of all claims against Spartech, its officers, directors and stockholders, and their affiliates. The Amended and Restated Severance and Non-Competition Agreements further provide that the officers are subject to typical confidentiality provisions both during and at all times after employment, as well as non-compete and non-solicitation provisions during employment and for a period of one year following termination of employment for any reason. In addition, the Amended and Restated Severance and Non-Competition Agreements provide that if any payment under any



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agreement, plan or arrangement would be subject to the golden parachute excise tax under Section 280G of the Code, the payments will be reduced to a level that would not trigger the excise taxes if the reduction provides the executive with a greater net after tax benefit.

For purposes of the Amended and Restated Severance and Non-Competition Agreements, "good reason" means, in summary: (i) one or more reductions of the executive's base salary in the amount of 10% or more of the executive's highest previous base salary, excluding across-the-board reductions prior to a change in control, (ii) a relocation of more than 50 miles, or other material change, in the executive's required office location, (iii) a material reduction in the executive's authorities, duties and responsibilities, or in the authorities, duties or responsibilities of the executive's supervisor, (iv) a material reduction in the budget over which the executive has authority, or (v) one or more actions by Spartech which collectively amount to a material breach of the Amended and Restated Severance and Non-Competition Agreement or any other agreement between the executive and Spartech and which constitutes a constructive discharge of the executive.

The following table summarizes the cash severance payments and other benefits that each named executive officer, and the other executive officers as a group, would be entitled to receive under the Amended and Restated Severance and Non-Competition Agreements based on compensation and benefit levels in effect as of December 12, 2012, and assuming that (a) the completion of the merger occurs on February 28, 2013 and (b) each named executive officer and each other executive officer experiences a qualifying termination of employment on February 28, 2013.

The amounts indicated below are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this proxy statement/prospectus.

	<b>Estimated Cash Severance Payments Under Amended and Restated Severance and Non-Competition Agreement (\$)(1)</b>	<b>Estimated Value of Additional Benefits Under Amended and Restated Severance and Non-Competition Agreement (\$)(2)</b>	<b>Total (\$)(3)</b>
<b>Named Executive Officers:</b>			
Victoria Holt	\$ 2,728,000	\$ 52,329	\$ 2,780,329
Randy Martin	\$ 854,400	\$ 43,747	\$ 898,147
Timothy Feast	\$ 708,750	\$ 43,413	\$ 752,163
Robert Lorah	\$ 634,500	\$ 34,817	\$ 669,317
Carol O'Neill	\$ 708,750	\$ 43,747	\$ 752,497
<b>All Other Executive Officers as a Group:</b>	<b>\$ 2,351,250</b>	<b>\$ 163,952</b>	<b>\$ 2,515,202</b>

- (1) The amounts in this column consist of an amount equal to the sum of: (i) 18 months (24 months for Ms. Holt) of base salary continuation at the highest rate paid to the executive during the three years prior to the executive's termination and (ii) 150% (200% for Ms. Holt) of the executive's target bonus.
- (2) The amounts in this column consist of the estimated value of the sum of: (i) 18 months (24 months for Ms. Holt) of continued health and welfare benefits following termination of employment and (ii) 12 months of reasonable outplacement services.
- (3) The amounts in this column are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this proxy statement/prospectus.

**Indemnification and Insurance**

For a period of six years after closing of the merger, PolyOne will indemnify and advance expenses to each present and former director and officer of Spartech against liabilities arising out of that person's services for

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Spartech whether occurring before or after the completion of the merger. PolyOne will maintain directors' and officers' liability insurance for a period of six years after closing of the merger to cover Spartech's directors and officers or, at PolyOne's option, PolyOne will purchase a six year tail policy to satisfy this insurance requirement. For a more complete description of this obligation, see the discussion provided at the section titled **THE MERGER AGREEMENT - Indemnification and Insurance** beginning on page [ ].

### **Delisting of Spartech Common Stock**

If the merger is completed, Spartech common stock will no longer be listed on the NYSE and will be deregistered under the Exchange Act, and Spartech may no longer file periodic reports with the SEC.

### **Appraisal Rights of Dissenting Spartech Stockholders**

If the merger is completed, holders of Spartech common stock are entitled to appraisal rights under Section 262 of the DGCL, which is referred to as Section 262, provided that they comply with the conditions established by Section 262.

The discussion below is a summary regarding a Spartech stockholder's appraisal rights under Delaware law but is not a complete statement of the law regarding dissenters' rights under Delaware law and is qualified in its entirety by reference to the text of the relevant provisions of Delaware law, which are attached to this proxy statement/prospectus as Annex C. Stockholders intending to exercise appraisal rights should carefully review Annex C. Failure to follow precisely any of the statutory procedures set forth in Annex C may result in a termination or waiver of these rights.

A record holder of shares of Spartech common stock who makes the demand described below with respect to such shares, who continuously is the record holder of such shares through the completion of the merger, who otherwise complies with the statutory requirements of Section 262 and who neither votes in favor of the merger nor consents thereto in writing will be entitled to an appraisal by the Delaware Court of Chancery, which is referred to as the Delaware Court, of the fair value of his, her or its shares of Spartech common stock in lieu of the consideration that such stockholder would otherwise be entitled to receive pursuant to the merger agreement. All references in this summary of appraisal rights to a stockholder or holders of shares of Spartech common stock are to the record holder or holders of shares of Spartech common stock. Except as described herein, stockholders of Spartech will not be entitled to appraisal rights in connection with the merger.

Under Section 262, where a merger is to be submitted for approval at a meeting of stockholders, such as the Spartech special meeting, not fewer than 20 days prior to the meeting, a constituent corporation must notify each of the holders of its stock for whom appraisal rights are available that such appraisal rights are available and include in each such notice a copy of Section 262. This proxy statement/prospectus shall constitute such notice to the record holders of Spartech common stock.

Stockholders who desire to exercise their appraisal rights must satisfy all of the conditions of Section 262. Those conditions include the following:

Stockholders electing to exercise appraisal rights must not vote **FOR** the adoption of the merger agreement. Voting **FOR** the adoption of the merger agreement will result in the waiver of appraisal rights. Also, because a submitted proxy not marked **AGAINST** or **ABSTAIN** will be voted **FOR** the proposal to adopt the merger agreement, the submission of a proxy not marked **AGAINST** or **ABSTAIN** will result in the waiver of appraisal rights.

A written demand for appraisal of shares must be filed with Spartech before the taking of the vote on the merger agreement at the special meeting. The written demand for appraisal should specify the stockholder's name and mailing address, and that the stockholder is thereby demanding appraisal of his, her or its Spartech common stock. The written demand for appraisal of shares is in addition to and

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separate from a vote against the merger agreement or an abstention from such vote. That is, failure to return your proxy, voting against, or abstaining from voting on, the merger will not satisfy your obligation to make a written demand for appraisal.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as such stockholder's name appears on the stock certificate. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, this demand must be executed by or for the fiduciary. If the shares are owned by or for more than one person, as in a joint tenancy or tenancy in common, such demand must be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record. However, the agent must identify the record owner and expressly disclose the fact that, in exercising the demand, he is acting as agent for the record owner. A person having a beneficial interest in Spartech common stock held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized below in a timely manner to perfect whatever appraisal rights the beneficial owners may have.

A stockholder who elects to exercise appraisal rights should mail or deliver his, her or its written demand to Spartech Corporation, 120 South Central Avenue, Suite 1700, Clayton, Missouri 63105, Attn: Corporate Secretary.

Within 10 days after the completion of the merger, Merger LLC, as the successor to Spartech in its capacity as the surviving company, will provide notice of the completion of the merger to all Spartech stockholders who have complied with Section 262 and have not voted in favor of the adoption of the merger agreement.

Within 120 days after the completion of the merger, either Spartech or any stockholder who has complied with the required conditions of Section 262 may file a petition in the Delaware Court, with a copy served on Spartech in the case of a petition filed by a stockholder, demanding a determination of the fair value of the shares of all stockholders seeking to exercise appraisal rights. There is no present intent on the part of Spartech to file an appraisal petition, and stockholders seeking to exercise appraisal rights should not assume that Spartech will file such a petition or that Spartech will initiate any negotiations with respect to the fair value of such shares. Accordingly, holders of Spartech common stock who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262.

Within 120 days after the completion of the merger, any stockholder who has satisfied the requirements of Section 262 will be entitled, upon written request, to receive from Spartech a statement setting forth the aggregate number of shares of Spartech common stock not voting in favor of the adoption of the merger agreement and with respect to which demands for appraisal were received by Spartech and the aggregate number of holders of such shares. Such statement must be mailed within 10 days after the stockholder's request has been received by Spartech or within 10 days after the expiration of the period for the delivery of demands as described above, whichever is later.

If a petition for an appraisal is timely filed and a copy thereof is served upon Spartech, Spartech will then be obligated, within 20 days after service, to file in the office of the Register in Chancery a duly verified list containing the names and addresses of all stockholders who have demanded an appraisal of their shares and with whom agreements as to the value of their shares have not been reached. After notice to stockholders, as required by the Delaware Court, at the hearing on such petition, the Delaware Court will determine which stockholders are entitled to appraisal rights. The Delaware Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Delaware Court may dismiss the proceedings as to such stockholder. Where proceedings are not dismissed, the Delaware Court will appraise the shares of Spartech common stock owned by



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such stockholders, determining the fair value of such shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value.

Although the board of directors of Spartech believes that the merger consideration is fair, no representation is made as to the outcome of the appraisal of fair value as determined by the Delaware Court, and stockholders should recognize that such an appraisal could result in a determination of a value higher or lower than, or the same as, the consideration they would receive pursuant to the merger agreement. Moreover, Spartech does not anticipate offering more than the merger consideration to any stockholder exercising appraisal rights and reserves the right to assert, in any appraisal proceeding, that, for purposes of Section 262, the fair value of a share of Spartech common stock is less than the merger consideration. In determining fair value, the Delaware Court is required to take into account all relevant factors. The cost of the appraisal proceeding, which does not include attorneys' or experts' fees, may be determined by the Delaware Court and taxed against the dissenting stockholder and/or Spartech as the Delaware Court deems equitable under the circumstances. Each dissenting stockholder is responsible for his or her attorneys' and expert witness expenses, although, upon application of a dissenting stockholder, the Delaware Court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding, including without limitation, reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all shares of stock entitled to appraisal.