

POLYONE CORP
Form DEF 14A
April 03, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

POLYONE CORPORATION

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- b No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (1) Amount Previously Paid:
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**NOTICE OF 2014
ANNUAL MEETING OF SHAREHOLDERS
AND PROXY STATEMENT**

PolyOne Corporation

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April 3, 2014

Dear Fellow Shareholder:

You are cordially invited to attend the PolyOne Corporation Annual Meeting of Shareholders, which will be held at 9:00 a.m. on Thursday, May 15, 2014, at PolyOne Corporation's corporate headquarters located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012.

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

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

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

Sincerely,

Stephen D. Newlin

*Chairman, President and Chief Executive
Officer*

PolyOne Corporation

Please refer to the accompanying materials for voting instructions.

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NOTICE OF 2014

ANNUAL MEETING OF SHAREHOLDERS

Time and Date: 9:00 a.m. Eastern Standard Time, May 15, 2014
Location: PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012
April 3, 2014

The Annual Meeting of Shareholders of PolyOne Corporation will be held at PolyOne Corporation's corporate headquarters located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012 at 9:00 a.m. on Thursday, May 15, 2014. The purposes of the meeting are to:

1. Elect as Directors the 11 nominees named in the proxy statement and recommended by the Board of Directors;
2. Conduct an advisory vote to approve named executive officer compensation;
3. Ratify the appointment of Ernst & Young LLP as PolyOne Corporation's independent registered public accounting firm for the fiscal year ending December 31, 2014; and
4. Consider and transact any other business that may properly come before the meeting.

You are eligible to vote if you were a shareholder of record at the close of business on March 18, 2014. Please ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone or the internet, or by completing, signing, dating and returning your proxy form in the enclosed envelope.

For the Board of Directors

LISA K. KUNKLE
Vice President, General Counsel

and Secretary

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Shareholders to be held on May 15, 2014:

The proxy statement, proxy card and annual report to shareholders for the fiscal year ended December 31, 2013 are available at our internet website, www.polyone.com, on the Investors Relations page.

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PROXY STATEMENT SUMMARY

Proxy Statement Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

PolyOne 2014 Annual Meeting of Shareholders

May 15, 2014

PolyOne Center

9:00 a.m. Eastern Standard Time

33587 Walker Road, Avon Lake, Ohio 44012

Voting. Shareholders as of the record date, March 18, 2014, are entitled to vote. Each share of common stock is entitled to one vote for each Director nominee and one vote for each of the other proposals to be voted on.

Even if you plan to attend our annual meeting in person, if you are a registered holder,

please cast your vote as soon as possible by:

INTERNET -

www.proxypush.com/pol Use the Internet to vote until 11:59 p.m. (CT) on May 14, 2014.

PHONE -

1-866-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on May 14, 2014.

MAIL - Mailing your signed proxy or voting instruction form.

If your shares are held in street name, please follow the instruction provided by your bank or broker to cast your vote.

Each shareholder's vote is important. Please complete, sign, date and return your proxy or voting instruction form, or submit your vote and proxy by telephone or the internet.

Meeting Agenda and Voting Recommendations:

	Page references for more information	Board Vote Recommendation
Election of 11 Directors	2	FOR
		each Director nominee
Company Proposals		
Advisory approval of our named executives officer compensation	58	FOR
Ratification of Ernst & Young as our auditor for 2014	60	FOR
Shareholder Proposals	No shareholder proposals were submitted for the 2014 Annual Meeting	
Transact other business that properly comes before the meeting		

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The following table provides summary information as of the date of this proxy statement about each Board of Directors nominee. Detailed information regarding each nominee is found under Proposal 1 Election of Board of Directors beginning on page 2 of this proxy statement.

Name	Age	Director Since	Principal Occupation	Independent	Committee Memberships			
					AC	CC ⁽¹⁾	EH&SC ⁽¹⁾	N&GC ⁽¹⁾
Richard H. Fearon	58	2004	Vice Chairman & Chief Financial and Planning Officer, Eaton	X	C			X
Gregory J. Goff	57	2011	President & CEO, Tesoro	X			X	X
Gordon D. Harnett	71	1997	Retired Chairman, President & CEO, Materion Corp. (formerly known as Brush Engineered Materials)	X	X	C		
Sandra B. Lin	56	2013	Retired President, CEO and Director, Calisolar (now Silicor Materials)	X	X			X
Richard A. Lorraine	68	2008	Retired SVP & CFO, Eastman Chemical	X	X			X
Stephen D. Newlin ⁽²⁾	61	2006	Chairman, President & CEO, PolyOne				X	
Robert M. Patterson ⁽²⁾	41	N/A	Executive Vice President and COO, PolyOne					
William H. Powell	68	2008	Retired Chairman & CEO, National Starch and Chemical Company	X		X	C	
Kerry J. Preete	53	2013	Executive Vice President, Global Strategy, Monsanto	X		X	X	
Farah M. Walters	69	1998	President & CEO, QualHealth, LLC	X		X		X
William A. Wulfsohn	52	2011	President & CEO, Carpenter Technology	X		X		

2013 Meetings

- (1) Effective May 15, 2014, Director Dr. Carol Cartwright, who is not standing for re-election pursuant to our Director retirement policy and who chaired the Nominating and Governance Committee, will be replaced by Mr. Harnett. Dr. Cartwright also served on the Audit Committee and will not immediately be replaced on the Audit Committee. Also effective May 15, 2014: (a) Mr. Powell will become the Chairperson of the Compensation Committee and will no longer serve as a member of the Environmental Health and Safety Committee; (b) Mr. Goff will become the Chairperson of the Environmental Health and Safety Committee; and

- (c) Ms. Lin and Mr. Patterson will become members of the Environmental Health and Safety Committee.
- (2) As previously disclosed by PolyOne, Mr. Newlin will retire as President and CEO and will become Executive Chairman of the Board of Directors effective May 15, 2014. Mr. Patterson will become President and CEO, effective as of Mr. Newlin's retirement as President and CEO.

AC Audit Committee
CC Compensation Committee
EH&SC Environmental Health and Safety Committee

N&GC Nominating and Governance Committee
C Committee Chairperson
X Committee Member

Attendance:

In 2013, each of our current Directors attended at least 75% of the meetings of the Board and committees on which the member served during the period the member was on the Board or committee.

Director Elections:

Directors are elected by a plurality of the votes of shares present, in person or by proxy and entitled to vote.

Table of Contents**PROXY STATEMENT SUMMARY****2013 Performance Highlights**

The Board believes that Mr. Newlin and the other Named Executive Officers (as that term is defined in this proxy statement) have performed well in a challenging global environment, and that their compensation is commensurate with this performance.

Financial Performance. In a year marked by continued uncertainty in the global economy, PolyOne Corporation (PolyOne or Company) delivered strong operating income and revenue growth, and realized further gains from our specialty platform, which accounts for a significant portion of our Company adjusted operating income. We will work to continue this growth trend as we focus on more specialty end-uses in markets such as automotive, consumer, packaging and healthcare. Additional 2013 Company financial performance highlights included:

Adjusted earnings per share of \$1.31, which is a Company all-time high and represents a 31% increase from 2012

Our stock price has increased 73% in the past year to \$35.35 on December 31, 2013 from \$20.42 on December 31, 2012

Year-end adjusted operating income increased to \$262 million, which represents a 37% increase from 2012

Our acquisition of Spartech Corporation (Spartech) in 2013 added \$0.12 to our adjusted earnings per share in 2013, driven primarily by a reduction in duplicate public company costs, better utilization of manufacturing assets and mix improvement

Year-end revenue increased to \$3.8 billion, which represents a 32% increase from 2012

Our specialty platform operating income now represents 62% of our platform operating income, which is up from 2% in 2005 prior to Mr. Newlin's appointment as CEO of PolyOne

Divestiture of our non-core resin assets, which accelerated our Specialty portfolio transformation

Milestone achievement of 17 consecutive quarters of strong double-digit adjusted earnings per share growth, with compounded annual earnings per share percentage growth rate of 25% over this period

Note: Adjusted earnings per share and adjusted operating income for consolidated PolyOne differ from what is reported under United States generally accepted accounting principles (GAAP). See Appendix A for a reconciliation of non-GAAP financial measures to our results as reported under GAAP.

Executive Compensation Results Highlights

Our compensation decisions reflect a balanced and responsible pay approach. The Compensation Committee has responsibility for oversight of PolyOne's executive compensation programs and works with senior management to align pay with performance. Within that framework, the Compensation Committee and management design executive compensation programs that reward responsible risk-taking. Our executive compensation programs reflect the belief that the amount earned by our executives must, to a significant extent, depend on achieving rigorous Company and business unit performance objectives designed to enhance shareholder value.

The Named Executive Officers earned a 173.8% payout under our Annual Plan and, as a result of strong performance over the past three years, they also earned a 200% cash-settled performance unit payout under PolyOne's 2011 - 2013 Long-Term Incentive Plan. The chart below sets forth certain key financial results that were used in determining payouts under our 2013 incentive compensation plans (dollar amounts are in millions).

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PROXY STATEMENT SUMMARY

Annual Plan	Measure	Weighting	2013 Targets	2013 Results	Payout %
	Adjusted Operating Income	50%	\$239.3	\$272.5	194.9%
	Working Capital as a % of Sales	25%	10.5%	10.0%	191.4%
	Revenue	25%	\$3,773.4	\$3,827.8	113.9%
Total Company Annual Plan Attainment					173.8%
Long-Term Incentive Plan: Cash-Settled Performance Units	Measure	Weighting	2011-2013 Target	2011-2013 Result	Payout %
	Cumulative Adjusted Earnings Per Share (2011-2013 performance period)	100%	\$2.79	\$3.65	200%

All financial measures (Targets and Results) reported in the above table were calculated with adjustments for acquisitions, divestitures and special items pursuant to the terms of the plans and as approved by the Board of Directors.

For information on the terms and conditions of these incentive plans, see the Analysis of 2013 Compensation Decisions and Actions section of this proxy statement.

Executive Compensation Program Highlights

Our executive compensation program is designed to achieve the following key objectives:

Attract, Motivate and Retain Top Talent, by competing effectively for the highest quality of people who will determine our long-term success;

Pay-for-Performance, by rewarding the achievement of specified strategic operating and financial objectives that maximize shareholder value on both a short-term and long-term basis; and

Align Executive Compensation with Shareholder Interests, by recognizing and rewarding business results and the growth of our share price through incentive programs.

Some of the compensation best practices we employ to achieve these goals include:

Under our compensation plans, pay and performance are closely aligned such that, on average, over one-half of the Named Executive Officers' compensation is performance-based

Our compensation plans emphasize long-term performance and utilize a balanced portfolio of cash and

Our executives, including our Named Executive Officers, are required to comply with significant share ownership requirements

No excise tax gross-ups are provided under our management continuity agreements in the event of a

equity to reward sustained performance over time

We provide limited executive benefits to our Named Executive Officers, and those provided have a sound benefit to our Company's business

change of control for new executive officers, including newly hired Named Executive Officers

We maintain no individual employment agreements with Named Executive Officers, except Mr. Newlin

Our Directors and Named Executive Officers are prohibited from hedging or pledging Company securities

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PROXY STATEMENT

POLYONE CORPORATION

PolyOne Center

33587 Walker Road

Avon Lake, Ohio 44012

PROXY STATEMENT

Dated April 3, 2014

Our Board of Directors respectfully requests your proxy for use at the Annual Meeting of Shareholders to be held at PolyOne's corporate headquarters located at PolyOne Center, 33587 Walker Road, Avon Lake, Ohio 44012 at 9:00 a.m. on Thursday, May 15, 2014, and at any adjournments of that meeting. This proxy statement is to inform you about the matters to be acted upon at the meeting.

If you attend the meeting, you may vote your shares by ballot. If you do not attend, your shares may still be voted at the meeting if you sign and return the enclosed proxy card or vote by telephone or internet as described below. Common shares represented by a properly signed proxy card will be voted in accordance with the choices marked on the card. If no choices are marked, the shares will be voted (1) to elect the nominees listed on pages 3 through 6 of this proxy statement, (2) to approve, by non-binding vote, our named executive officers' compensation for the fiscal year ended December 31, 2013 and (3) to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014. You may revoke your proxy before it is voted by giving notice to us in writing or orally at the meeting. Persons entitled to direct the vote of shares held by the following plans will receive a sepa