

United States Securities and Exchange Commission

Washington, DC 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-16091

PolyOne Corporation

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

34-1730488

(IRS Employer Identification No.)

33587 Walker Road,
Avon Lake, Ohio
(Address of principal executive offices)

44012
(Zip Code)

Registrant's telephone number, including area code (440) 930-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of
each class
Common Shares, par value \$.01 per share

Name of each exchange on
which registered
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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 ☐

Smaller reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the registrant's outstanding common shares held by non-affiliates on June 30, 2011, determined using a per share closing price on that date of \$15.47, as quoted on the New York Stock Exchange, was \$1,339,656,441.

The number of shares of common shares outstanding as of February 10, 2012 was 88,939,555.

DOCUMENTS INCORPORATED BY REFERENCE

Part III of this Annual Report on Form 10-K incorporates by reference certain information from the registrant's definitive Proxy Statement with respect to the 2012 Annual Meeting of Shareholders.

POLYONE CORPORATION

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

In this Annual Report on Form 10-K, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. 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. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They use words such as “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance and/or sales. In particular, these include statements relating to future actions; prospective changes in raw material costs, product pricing or product demand; future performance; results of current and anticipated market conditions and market strategies; sales efforts; expenses; the outcome of contingencies such as legal proceedings; and financial results. Factors that could cause actual results to differ materially include, but are not limited to:

- 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 in the industries in which we participate;
- 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, including any developments that would require any increase in our costs and/or reserves for such contingencies;
- 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 speed and extent of an economic recovery, including the recovery of the housing markets;
- 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;
- disruptions, uncertainty or volatility in the credit markets that may limit our access to capital;
- 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 amount and timing of repurchases, if any, of PolyOne common shares;
- our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- the ability to successfully integrate acquired companies into our operations, retain the management teams of acquired companies, and retain relationships with customers of acquired companies, including without limitation, ColorMatrix Group, Inc. (ColorMatrix);
- the ability to achieve the expected results of any acquisitions, including the acquisitions being accretive, including, without limitation, the acquisition of ColorMatrix; and
- other factors described in this Annual Report on Form 10-K under Item 1A, “Risk Factors.”

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise, except as otherwise required by law. You are advised, however, to consult any further disclosures we make on related subjects in our reports on Forms 10-Q, 8-K and 10-K furnished to the SEC. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

ITEM 1. BUSINESS**Business Overview**

We are 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. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. Headquartered in Avon Lake, Ohio, we have employees at manufacturing sites and distribution facilities in North America, South America, Europe and Asia. We provide value to our customers through our ability to link our knowledge of polymers and formulation technology with our manufacturing and supply chain capabilities to provide value added solutions to designers, assemblers and processors of plastics (our customers). When used in this Annual Report on Form 10-K, the terms “we,” “us,” “our” and the “Company” mean PolyOne Corporation and its subsidiaries.

PolyOne is incorporated in Ohio and headquartered in Avon Lake, Ohio. We employ approximately 4,700 people and have 60 manufacturing sites and 9 distribution facilities in North America, Europe, Asia and South America. We offer more than 52,000 polymer solutions to over 14,000 customers across

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the globe. In 2011, we had sales of \$2.9 billion, 35% of which were to customers outside the United States.

We provide value to our customers with solutions built upon our ability to link our knowledge of polymer and formulation technology with our manufacturing and supply chain processes to provide an essential link between large chemical producers (our raw material suppliers) and designers, assemblers and processors of plastics (our customers). We believe that our role in the value chain continues to become more essential as large chemical producers outsource or seek alternative channels to market to serve smaller, niche business; processors need more effective solutions to improve their profitability and competitive advantage; and international and OEM companies need reliable suppliers with global reach. Our goal is to provide our customers with specialized material and service solutions through our global reach, broad market knowledge, technical expertise, product breadth, efficient manufacturing operations, a fully integrated information technology network, and raw material procurement leverage. Our end markets are primarily in appliance, consumer, healthcare, transportation, building and construction, packaging, wire and cable, electrical and electronics, industrial and textiles.

PolyOne was formed on August 31, 2000 from the consolidation of The Geon Company (Geon) and M.A. Hanna (Hanna). Geon's roots date back to 1927 when BFGoodrich scientist Waldo Semon produced the first usable vinyl polymer. In 1948, BFGoodrich created a vinyl plastic division that was subsequently spun off through a public offering in 1993, creating Geon, a separate publicly-held company. Hanna was formed in 1885 as a privately-held company and became publicly-held in 1927. In the mid-1980s, Hanna began to divest its historic mining and shipping businesses to focus on polymers. Hanna purchased its first polymer company in 1986 and completed its 26th polymer company acquisition in 2000.

Polymer Industry Overview

Polymers are a class of organic materials that are generally produced by converting natural gas or crude oil derivatives into monomers, such as ethylene, propylene, vinyl chloride and styrene. These monomers are then polymerized into chains called polymers, or plastic resin, such as polyethylene and polypropylene, in its most basic form. Large petrochemical companies, including some in the petroleum industry, produce a majority of the monomers and base resins because they have direct access to the raw materials needed for production. Monomers make up the majority of the variable cost of manufacturing the base resin. As a result, the cost of a base resin tends to move in tandem with the industry market prices for monomers and the cost of raw materials and energy used during production. Resin selling prices can move in tandem with costs, but are largely driven by supply and demand balances.

Thermoplastic polymers make up a substantial majority of the resin market and are characterized by their ability to be reshaped repeatedly into new forms after heat and pressure are applied. Thermoplastics offer versatility and a wide range of applications. The major types of thermoplastics include polyethylene, polyvinyl chloride, polypropylene, polystyrene, polyester and a range of specialized engineering resins. Each type of thermoplastic has unique qualities and characteristics that make it appropriate for use in a particular application.

Thermoplastic resins are found in a variety of end-use products and markets, including packaging, building and construction, wire and cable, transportation, medical, furniture and furnishings, durable goods, institutional products, electrical and electronics, adhesives, inks and coatings. Each type of thermoplastic resin has unique characteristics (such as flexibility, strength or durability) suitable for use in a particular end-use application. The packaging industry requires plastics that help keep food fresh and free of contamination while providing a variety of options for product display, and offering advantages in terms of weight and user-friendliness. In the building and construction industry, plastic provides an economical and energy efficient replacement for other traditional materials in piping applications, siding, flooring, insulation, windows and doors, as well as structural and interior or decorative uses. In the wire and cable industry, thermoplastics serve to protect by providing electrical insulation, flame resistance, durability, water resistance, and color coding to wire coatings and connectors. In the transportation industry, plastic has proven to be durable, lightweight and corrosion resistant while offering fuel savings, design flexibility and high performance. In the medical industry, plastics help save lives by safely providing a range of transparent and opaque thermoplastics that are used for a vast array of devices including blood and intravenous bags, medical tubing, masks, lead replacement for radiation shielding, clamps and connectors to bed frames, curtains and sheeting, and electronic enclosures. In the electronics industry, plastic enclosures and connectors not only enhance safety through electrical insulation, but thermally and electrically conductive plastics provide heat transferring, cooling, antistatic, electrostatic discharge, and electromagnetic shielding performance for critical applications including integrated circuit chip packaging.

Various additives can be formulated with a base resin to provide it with greater versatility and performance. Polymer formulations have advantages over metals, wood, rubber and other traditional materials, which have resulted in the replacement of these materials across a wide spectrum of applications that range from automobile parts to construction materials. These specialized polymers offer advantages compared to traditional materials that include processability, weight reduction, chemical resistance, flame retardance and lower cost. Plastics have a reputation for durability, aesthetics, ease of handling and recyclability.

PolyOne Segments

We operate in four reportable segments: (1) Global Specialty Engineered Materials; (2) Global Color, Additives and Inks; (3) Performance Products and Solutions; and (4) PolyOne Distribution. In February 2011, we sold our 50% equity interest in SunBelt Chlor Alkali Partnership (SunBelt), which was a reportable segment in prior periods. Our segments are further discussed in Note 16, *Segment Information*, to the accompanying consolidated financial statements.

Global Specialty Engineered Materials

Global Specialty Engineered Materials is a leading provider of custom polymer formulations, services and solutions for designers, assemblers and processors of thermoplastic materials across a wide variety of markets and end-use applications. Our product portfolio, which we believe to be one of the most

diverse in our industry, includes standard and custom formulated high-performance polymer materials that are manufactured using thermoplastic resins and elastomers, which are then combined with advanced polymer additive, reinforcement, filler, colorant and/or biomaterial technologies. This segment includes GLS Corporation (GLS), which we acquired in 2008. We believe GLS offers the broadest range of soft-touch thermoplastic elastomers in the industry. Our technical and market expertise enables us to expand the performance range and structural properties of traditional engineering-grade thermoplastic resins to meet evolving customer needs. Global Specialty Engineered Materials has manufacturing, sales and service facilities located throughout North America, Europe and Asia, and with the acquisition of Uniplen Indústria de Polímeros Ltda. (Uniplen) on January 3, 2011, we further extended our global capabilities to South America. Our product development and application reach is further enhanced by the capabilities of our Innovation Centers in the United States, Germany and China, which produce and evaluate prototype and sample parts to help assess end-use performance and guide product development. Our manufacturing capabilities are targeted at meeting our customers' demand for speed, flexibility and critical quality.

Global Color, Additives and Inks

Global Color, Additives and Inks is a leading provider of specialized color and additive concentrates as well as inks and latexes. Color and additive products include an innovative array of colors, special effects and performance-enhancing and eco-friendly solutions. When combined with non pre-colored base resins, our colorants help customers achieve a wide array of specialized colors and effects that are targeted at the demands of today's highly design-oriented consumer and industrial end markets. Our additive masterbatches encompass a wide variety of performance enhancing characteristics and are commonly categorized by the function that they perform, such as UV stabilization, antimicrobial, anti-static, blowing or foaming, antioxidant, lubricant, and productivity enhancement. Our colorant and additives masterbatches are used in a broad range of polymers, including those used in food and medical packaging, transportation, building products, pipe and wire and cable markets. We also provide custom-formulated liquid systems that meet a variety of customer needs and chemistries, including vinyl, natural rubber and latex, polyurethane and silicone. Our offering also includes proprietary inks and latexes for diversified markets including recreational and athletic apparel, construction and filtration, outdoor furniture and healthcare. Global Color, Additives and Inks has manufacturing, sales and service facilities located throughout North America, Europe and Asia, and South America.

On December 21, 2011, the Company completed the acquisition of all of the outstanding equity of ColorMatrix for \$486.1 million net of cash acquired on a debt-free basis. ColorMatrix is a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. ColorMatrix results are included within the Global Color, Additives and Inks segment from the date of acquisition.

On October 1, 2010, we acquired Polimaster Indústria E Comércio de Pigmentos Plásticos LTDA (Polimaster), which extended our global presence in South America.

On November 30, 2010, we sold our 50% interest in BayOne Urethane Systems LLC (BayOne), a joint venture between PolyOne and Bayer Corporation, which sells liquid polyurethane systems into many of the same markets. The equity earnings from BayOne are included in Global Color, Additives and Inks' results in 2010 and 2009.

Performance Products and Solutions

Performance Products and Solutions is an industry leader offering an array of products and services for vinyl coating, molding and extrusion processors principally in North America. Our product offerings include: vinyl compounds, vinyl resins, and specialty coating materials based largely on vinyl. We believe that Geon Performance Materials is the leading North American vinyl compounder, and the Geon name carries strong brand recognition. These products are sold to manufacturers of plastic parts and consumer-oriented products. We also offer a wide range of services including materials testing and component analysis, custom compound development, colorant and additive services, design assistance, structural analyses, process simulations and extruder screw design. Vinyl is utilized across a broad range of applications in building and construction, wire and cable, consumer and recreation markets, transportation, packaging and healthcare. This segment also includes Producer Services, which offers contract manufacturing services to resin producers and polymer marketers. As a strategic and integrated supply chain partner, Producer Services offers resin producers a way to develop custom products for niche markets by using our process technology expertise and multiple manufacturing platforms.

PolyOne Distribution

The PolyOne Distribution business distributes more than 3,500 grades of engineering and commodity grade resins, including PolyOne-produced solutions, principally to the North American market. These products are sold to over 5,700 custom injection molders and extruders who, in turn, convert them into plastic parts that are sold to end-users in a wide range of industries. Representing over 20 major suppliers, we offer our customers a broad product portfolio, just-in-time delivery from multiple stocking locations and local technical support. In 2011, we extended our distribution operations to Asia, serving the specialized needs of the local healthcare market.

Competition

The production of compounded plastics and the manufacture of custom and proprietary formulated color and additives systems for the plastics industry are highly competitive. Competition is based on service, performance, product innovation, product recognition, speed, delivery, quality and price. The relative importance of these factors varies among our products and services. We believe that we are the largest independent formulator of plastic materials and producer of custom and proprietary color and additive systems in the United States and Europe, with a growing presence in Asia and South America. Our competitors range from large international companies with broad product offerings to local independent custom producers whose focus is a specific market niche or product offering.

The distribution of polymer resin is also highly competitive. Speed, service, reputation, product line, brand recognition, delivery, quality and price are the principal factors affecting competition. We compete against other national independent resin distributors in North America, along with other regional distributors. Growth in the polymer distribution market is directly correlated with growth in the base polymer resins market.

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We believe that the strength of our company name and reputation, the broad range of product offerings from our suppliers and our speed and responsiveness, coupled with the quality of products and agility of our distribution network, allow us to compete effectively.

Raw Materials

The primary raw materials used by our manufacturing operations are polyvinyl chloride (PVC) resin, vinyl chloride monomer(VCM), polyolefin and other thermoplastic resins, plasticizers, inorganic and organic pigments, all of which we believe are in adequate supply. We have long-term supply contracts with OxyVinyls LP, a former equity investment affiliate, under which the majority of our PVC resin and all of our VCM is supplied. These contracts will expire in 2013, although they contain two five-year renewal provisions that are at our option. We believe these contracts should assure the availability of adequate amounts of PVC resin and VCM. We also believe that the pricing under these contracts provides PVC resins and VCM to us at a competitive cost. See the discussion of risks associated with raw material supply and costs in Items 1A "Risk Factors."

Patents and Trademarks

We own and maintain a number of U.S. and foreign patents and trademarks that contribute to our competitiveness in the markets we serve because they protect our inventions and product names against infringement by others. Patents exist for 20 years from filing date if all fees are paid, and trademarks have an indefinite life based upon continued use. While we view our patents and trademarks to be valuable because of the broad scope of our products and services and brand recognition we enjoy, we do not believe that the loss or expiration of any single patent or trademark would have a material adverse effect on our results of operations, financial position or the continuation of our business. Nevertheless, we have implemented management processes designed to protect our inventions and trademarks.

Seasonality and Backlog

Sales of our products and services are slightly seasonal as demand is generally slower in the first and fourth calendar quarters of the year. Because of the nature of our business, we do not believe that our backlog is a meaningful indicator of the level of our present or future business.

Working Capital Practices

Our products are generally manufactured with a short turnaround time, and the scheduling of manufacturing activities from customer orders generally includes enough lead time to assure delivery of an adequate supply of raw materials. We offer payment terms to our customers that are competitive. We generally allow our customers to return merchandise if pre-agreed quality standards or specifications are not met; however, we employ quality assurance practices that seek to minimize customer returns. Our customer returns are immaterial.

Significant Customers

No customer accounted for more than 2% of our consolidated revenues in 2011, and neither we nor any of our segments would suffer a material adverse effect if we were to lose any single customer.

Research and Development

We have substantial technology and development capabilities. Our efforts are largely devoted to developing new product formulations to satisfy defined market needs, providing quality technical services to evaluate alternative raw materials, assuring the continued success of our products for customer applications, providing technology to improve our products, processes and applications, and providing support to our manufacturing plants for cost reduction, productivity and quality improvement programs. We operate research and development centers that support our commercial development activities and manufacturing operations. These facilities are equipped with state-of-the-art analytical, synthesis, polymer characterization and testing equipment, along with pilot plants and polymer manufacturing operations that simulate specific production processes that allow us to rapidly translate new technologies into new products. Our investment in product research and development was \$36.9 million in 2011, \$33.8 million in 2010 and \$30.2 million in 2009.

Methods of Distribution

We sell products primarily through direct sales personnel, distributors, including our PolyOne Distribution segment, and commissioned sales agents. We primarily use truck carriers to transport our products to customers, although some customers pick up product at our manufacturing facilities or warehouses. We also ship some of our manufactured products to customers by rail.

Employees

As of February 1, 2012, we employed approximately 4,700 people. Less than 2% of our employees are represented by labor unions under collective bargaining agreements. We believe that relations with our employees are good, and we do not anticipate significant operating issues to occur as a result of current negotiations or when we renegotiate collective bargaining agreements as they expire.

Environmental, Health and Safety

We are subject to various environmental laws and regulations that apply to the production, use and sale of chemicals, emissions into the air, discharges into waterways and other releases of materials into the environment and the generation, handling, storage, transportation, treatment and disposal of waste material. We endeavor to ensure the safe and lawful operation of our facilities in the manufacture and distribution of products, and we believe we are in material compliance with all applicable laws and regulations.

We maintain a disciplined environmental and occupational safety and health compliance program and conduct periodic internal and external regulatory audits at our facilities to identify and categorize potential environmental exposures, including compliance matters and any actions that may be required to address them. This effort can result in process or operational modifications, the installation of pollution control devices or cleaning up grounds or facilities. We believe that we are in material compliance with all applicable requirements.

We are strongly committed to safety as evidenced by our injury incidence rate of 0.57 per 100 full-time workers per year in 2011, an improvement from 0.65 in 2010. The 2010 average injury incidence rate for our NAICS Code (326 Plastics and Rubber Products Manufacturing) was 4.8.

In our operations, we must comply with product-related governmental law and regulations affecting the plastics industry generally and also with content-specific law, regulations and non-governmental standards. We believe that compliance with current governmental laws and regulations and with non-governmental content-specific standards will not have a material adverse effect on our financial position, results of operations or cash flows. The risk of additional costs and liabilities, however, is inherent in certain plant operations and certain products produced at these plants, as is the case with other companies in the plastics industry. Therefore, we may incur additional costs or liabilities in the future. Other developments, such as increasingly strict environmental, safety and health laws, regulations and related enforcement policies, including those under the Restrictions on the Use of Certain Hazardous Substances and the Consumer Product Safety Improvement Act, the implementation of additional content-specific standards, discovery of unknown conditions, and claims for damages to property, persons or natural resources resulting from plant emissions or products could also result in additional costs or liabilities.

A number of foreign countries and domestic communities have enacted, or are considering enacting, laws and regulations concerning the use and disposal of plastic materials. Widespread adoption of these laws and regulations, along with public perception, may have an adverse impact on sales of plastic materials. Although many of our major markets are in durable, longer-life applications that could reduce the impact of these kinds of environmental regulations, more stringent regulation of the use and disposal of plastics may have an adverse effect on our business.

We have been notified by federal and state environmental agencies and by private parties that we may be a potentially responsible party (PRP) in connection with their investigation and remediation of a number of environmental waste disposal sites. While government agencies assert that PRPs are jointly and severally liable at these sites, in our experience, interim and final allocations of liability costs are generally made based on the relative contribution of waste. However, even when allocations of costs based on relative contribution of waste have been made, we cannot assure that our allocation will not increase if other PRPs do not pay their allocated share of these costs.

We incurred environmental expenses, before recoveries, of \$9.7 million in 2011, \$20.5 million in 2010 and \$11.7 million in 2009. Our environmental expense in 2011 and 2010 related mostly to ongoing remediation. In 2011, 2010 and 2009 we received \$3.3 million, \$16.7 million and \$23.9 million, respectively, as reimbursement of previously incurred environmental remediation costs.

We also conduct investigations and remediation at certain of our active and inactive facilities and have assumed responsibility for the resulting environmental liabilities from operations at sites we or our predecessors formerly owned or operated. We believe that our potential continuing liability at these sites will not have a material adverse effect on our results of operations or financial position. In addition, we voluntarily initiate corrective and preventive environmental projects at our facilities. Based on current information and estimates prepared by our environmental engineers and consultants, we had reserves as of December 31, 2011 on our accompanying consolidated balance sheet totaling \$76.2 million to cover probable future environmental expenditures related to previously contaminated sites. This figure represents our best estimate of probable costs for remediation, based upon the information and technology currently available and our view of the most likely remedy.

Depending upon the results of future testing, the ultimate remediation alternatives undertaken, changes in regulations, new information, newly discovered conditions and other factors; it is reasonably possible that we could incur additional costs in excess of the amount accrued at December 31, 2011. Such costs, if any, cannot be currently estimated. We may revise our estimate of this liability as new regulations or technologies are developed or additional information is obtained.

We expect cash paid for environmental remediation expenditures will be approximately \$12 million in 2012.

International Operations

Our international operations are subject to a variety of risks, including currency fluctuations and devaluations, exchange controls, currency restrictions and changes in local economic conditions. While the impact of these risks is difficult to predict, any one or more of them could adversely affect our future operations. For more information about our international operations, see Note 16, *Segment Information*, to the accompanying consolidated financial statements, which is incorporated by reference into this Item 1.

Where You Can Find Additional Information

Our principal executive offices are located at 33587 Walker Road, Avon Lake, Ohio 44012, and our telephone number is (440) 930-1000. We are subject to the information reporting requirements of the Exchange Act, and, in accordance with these requirements, we file annual, quarterly and other reports, proxy statements and other information with the SEC relating to our business, financial results and other matters. The reports, proxy statements and other information we file may be inspected and copied at prescribed rates at the SEC's Public Reference Room and via the SEC's website (see below for more information).

You may inspect a copy of the reports, proxy statements and other information we file with the SEC, without charge, at the SEC's Public Reference Room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and you may obtain copies of the reports, proxy statements and other information we file with the SEC, from those offices for a fee. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our filings are available to the public at the SEC's website at <http://www.sec.gov>.

Our Internet address is www.polyone.com. Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available, free of charge, on our website (www.polyone.com, select Investors and then SEC Edgar filings) or upon written request, as soon as reasonably practicable after we electronically file or furnish them to the SEC. The contents of our website are not part of this Annual Report on Form 10-K, and the reference to our website does not constitute incorporation by reference into this Form 10-K of the information contained at that site.

ITEM 1A. RISK FACTORS

The following are certain risk factors that could affect our business, financial position, results of operations or cash flows. These risk factors should be considered along with the forward-looking statements contained in this Annual Report on Form 10-K because these factors could cause our actual results or financial condition to differ materially from those projected in forward-looking statements. The following discussion is not an all-inclusive listing of risks, although we believe these are the more material risks that we face. If any of the following occur, our business, financial position, results of operations or cash flows could be negatively affected.

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

Several factors may affect the demand for and supply of our products and services, including:

- economic downturns in the significant end markets that we serve;
- product obsolescence or technological changes that unfavorably alter the value / cost proposition of our 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 our customers' ability to pay amounts owed to us;
- changes in environmental regulations that would limit our ability to sell our 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 our products and services could suffer, which could have a material adverse affect our financial position, results of operations and cash flows.

Our 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 our 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 licenses 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 our facilities may have a material adverse effect on the productivity and profitability of a particular manufacturing facility or on our 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. We are subject to present and potential future claims with respect to workplace exposure, workers' compensation and other matters. Although we maintain property and casualty insurance of the types and in the amounts that we believe are customary for the industry, we may not be fully insured against all potential hazards that are incident to our business or otherwise could occur.

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

Our 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 our business exposes us 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 us and our vendors may significantly increase the costs of these activities involving raw materials, energy, finished products and wastes. We may incur substantial costs, including fines, damages, criminal or civil sanctions, remediation costs or experience interruptions in our operations for violations of these laws.

We also conduct investigations and remediation at some of our active and inactive facilities and have assumed responsibility for environmental liabilities at sites formerly owned or operated by our predecessors or by us. 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. We have been notified by federal and state environmental agencies and private parties that we may be a potentially responsible party in connection with certain sites. We may incur substantial costs for some of these sites. It is possible that we will be identified as a potentially responsible party at more sites in the future which could result in our being assessed substantial investigation or cleanup costs.

We 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, we will endeavor to remain in compliance with REACH.

We accrue 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, we may be subject to additional environmental liabilities or potential liabilities that have not been identified. We expect that we will continue to be subject to increasingly stringent environmental, health and safety laws and regulations. We anticipate that compliance with these laws and regulations will continue to require capital expenditures and operating costs, which could adversely affect our financial position, results of operations or cash flows.

Our operations are affected by various risks inherent in conducting operations worldwide.

As noted above in Item 1, "Business," we have 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 our total revenues. Long-lived assets of our foreign operations represented 40% in 2011, 37% in 2010 and 36% in 2009 of our 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 our ability to enforce legal rights and remedies;
- reduced protection of intellectual property rights; and
- other risks arising out of foreign sovereignty over the areas where our operations are conducted.

In addition, we 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. Our policies mandate compliance with these anti-bribery laws. We operate 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. We cannot assure you that our internal controls and procedures always will protect us from the reckless or criminal acts committed by our employees or agents. If we are found to be liable for FCPA violations, we could suffer from criminal or civil penalties or other sanctions, which could have a material adverse effect on our business.

Any of these risks could have an adverse effect on our international operations by reducing the demand for our products or reducing the prices at which we can sell our products, which could result in an adverse effect on our business, financial position, results of operations or cash flows. We 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 we may be subject to. In addition, these laws or regulations may be modified in the future, and we may not be able to operate in compliance with those modifications.

We engage in acquisitions and joint ventures, and may encounter unexpected difficulties integrating those businesses, including ColorMatrix.

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

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

The cost of our natural gas, electricity, fuel and raw materials, and other costs, may not correlate with changes in the prices we receive for our products, either in the direction of the price change or in absolute magnitude. Natural gas and raw materials costs represent a substantial part of our manufacturing energy costs. In particular, electricity and fuel represent a component of the costs to manufacture building products. Most of the raw materials we use 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 our control can cause volatility in raw materials prices, demand for our products, product prices, sales volumes and margins. These factors include general economic conditions, the level of business activity in the industries that use our 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 our business. While we attempt to pass through price increases in energy costs and raw materials there can be no reassurance that we can do so in the future.

Additionally, our 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 our products, which could cause our net sales and net income to decrease.

We face competition from other polymer and chemical companies, which could adversely affect our sales, results of operations or cash flows.

We actively compete 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. We encounter competition in price, delivery, service, performance, product innovation, product recognition and quality, depending on the product involved.

We expect that our competitors will continue to develop and introduce new and enhanced products, which could cause a decline in the market acceptance of our products. In addition, our competitors could cause a reduction in the selling prices of some of our 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 our financial position, results of operations or cash flows.

We 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 us to lose customers and result in a decline in our sales volume and earnings.

Additionally, some of our 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 our sales and operating profits.

A major failure of our information systems could harm our business.

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

Current and future disruptions in the global credit and financial markets could limit our access to credit, which could negatively impact our business.

Domestic and foreign credit and financial markets have experienced extreme disruption in the past three years, including volatility in security prices, diminished liquidity and credit availability, declining valuations of certain investments and significant changes in the capital and organizational structures of certain financial institutions. We are unable to predict the likely duration and severity of the continuing disruption in the credit and financial markets or of any related adverse economic conditions. These market conditions may limit our ability to access the capital necessary to grow and maintain our business. Accordingly, we may be forced to delay raising capital, issue shorter tenors than we prefer or pay unattractive interest rates, which could increase our interest expense, decrease our profitability and significantly reduce our financial flexibility. Overall, our results of operations, financial condition and cash flows could be materially adversely affected by the disruptions in the global credit and financial markets.

The global economic downturn has had and may continue to have a negative effect on our business and operations.

The global economic downturn has caused, among other things, a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and lower business spending, all of which have had and may continue to have a negative effect on our business, results of operations, financial condition and liquidity. Many of our customers, distributors and suppliers have been affected by the current economic conditions. Current or potential customers may be unable to fund purchases or may determine to reduce purchases or inventories or may cease to continue in business. In addition, suppliers may not be able to supply us with needed raw materials on a timely basis, may increase prices or go out of business, which could result in our inability to meet customer demand or could affect our gross margins.

The timing, strength or duration of any recovery in the global economic markets remains uncertain, and there can be no assurance that market conditions will improve in the near future or that our results will not continue to be materially and adversely affected. Such conditions make it very difficult to forecast operating results, make business decisions and identify and address material business risks. While our operating results have improved along with the improvement in the economy, there can be no assurance that the economy and our operating results will continue to improve, that the economy will not experience another significant downturn, or that our operating results will not decrease. In such an event, our operating results, financial condition and business could be adversely affected. While we have seen recent signs of recovery, we cannot predict the timing, strength or duration of any economic slowdown or subsequent recovery.

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

The agreements governing our senior secured term loan and senior secured revolving credit facility contain a number of significant covenants that, among other things, limit our 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 our 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 we conduct.

In addition, these agreements require us to comply with specific financial ratios and tests, under which we are required to achieve specific financial and operating results. Our ability to comply with these provisions may be affected by events beyond our control. A breach of any of these covenants would result in a default under the agreements. In the event of any default, our 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, we cannot assure you that we would have sufficient assets to pay debt then outstanding under the agreements governing our debt. Any future refinancing of the term loan or revolving credit facility is likely to contain similar restrictive covenants.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control.

Our ability to pay interest on our debt and to satisfy our other debt obligations will depend in part upon our future financial and operating performance and that of our subsidiaries and upon our ability to renew or refinance borrowings. Prevailing economic conditions and financial, business, competitive, legislative, regulatory and other factors, many of which are beyond our control, will affect our ability to make these payments. While we believe that cash flow from our current level of operations, available cash and available borrowings under our 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 our control could create the need for alternative sources of liquidity. If we are unable to generate sufficient cash flow to meet our debt service obligations, we 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.

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

We have a significant amount of goodwill, and any future goodwill impairment charges could adversely impact our results of operations.

As of December 31, 2011, we had goodwill of \$396.7 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 our results of operations. We have recorded goodwill impairment charges in the past, and such charges materially impacted our historical results of operations. For additional information, see Note 4, *Goodwill and Intangible Assets*, to the accompanying consolidated financial statements.

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

We provide defined benefit pension plans to eligible employees. Our pension expense and our required contributions to our 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 we use to measure our 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, we assumed an 8.5% rate of return on pension assets.

Poor investment performance by our pension plan assets resulting from a decline in the stock market could significantly increase the deficit position of our 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.

We establish 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 reduce the future pension expense and, conversely, a lower discount rate would raise the future pension expense.

Based on current guidelines, assumptions and estimates, including stock market prices and interest rates, we anticipate that we will be required to make a cash contribution of approximately \$24 million to our pension plans in 2012.

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

ITEM 1B. UNRESOLVED STAFF COMMENTS

We have no outstanding or unresolved comments from the staff of the SEC.

ITEM 2. PROPERTIES

As of February 1, 2012, we operated facilities in the United States and internationally. Our corporate office is located in Avon Lake, Ohio. We employ approximately 4,700 people and have 60 manufacturing sites and 9 distribution facilities in North America, Europe, Asia, and South America. We own the majority of our manufacturing sites and lease our distribution facilities. We believe that the quality and production capacity of our facilities is sufficient to maintain our competitive position for the foreseeable future. The following table identifies the principal facilities of our segments:

Performance Products and Solutions

1. Long Beach, California
2. Kennesaw, Georgia⁽¹⁾
3. Henry, Illinois
4. Terre Haute, Indiana
5. Louisville, Kentucky
6. Sullivan, Missouri
7. Pedricktown, New Jersey
8. Avon Lake, Ohio
9. North Baltimore, Ohio
10. Clinton, Tennessee
11. Dyersburg, Tennessee
12. Pasadena, Texas
13. Seabrook, Texas
14. Orangeville, Ontario, Canada
15. St. Remi de Napierville, Quebec, Canada
16. Dongguan, China
- (15 manufacturing plants)

Global Specialty Engineered Materials

1. McHenry, Illinois
2. Avon Lake, Ohio
3. Dyersburg, Tennessee⁽¹⁾
4. North Haven, Connecticut
5. Seabrook, Texas⁽¹⁾
6. Gaggenau, Germany
7. Istanbul, Turkey
8. Barbastro, Spain
9. Melle, Germany
10. Pamplona, Spain
11. Suzhou, China⁽²⁾
12. Shenzhen, China
13. Jurong, Singapore⁽³⁾
14. Sao Paulo, Brazil⁽⁷⁾
15. Joinville, Brazil⁽⁷⁾
- (13 manufacturing plants)

Global Color, Additives and Inks

1. Glendale, Arizona
2. Kennesaw, Georgia
3. Suwanee, Georgia⁽³⁾
4. Elk Grove Village, Illinois
5. St. Louis, Missouri
6. Massillon, Ohio
7. Norwalk, Ohio
8. Lehigh, Pennsylvania
9. Vonore, Tennessee
10. Toluca, Mexico
11. Assesse, Belgium
12. Cergy, France
13. Tossiat, France
14. Bendorf, Germany
15. Győr, Hungary
16. Kutno, Poland
17. Mumbai, India
18. Pamplona, Spain⁽¹⁾
19. Angered, Sweden
20. Bangkok, Thailand
21. Pudong (Shanghai), China
22. Shenzhen, China⁽¹⁾
23. Tianjin, China⁽³⁾
24. Sao Paulo, Brazil⁽⁶⁾
25. Novo Hamburgo, Brazil⁽⁶⁾
26. Berea, Ohio⁽⁵⁾
27. Richland Hills, Texas⁽⁵⁾
28. Bethel, Connecticut⁽⁵⁾
29. Barberton, Ohio⁽⁵⁾
30. Knowsley, United Kingdom⁽⁵⁾
31. Lerma, Mexico⁽⁵⁾
32. Eindhoven, Netherlands⁽⁵⁾
33. Suzhou, China⁽⁵⁾
34. Shanghai, China⁽⁵⁾
35. Itupeva, Brazil⁽⁵⁾
36. Odkarby, Finland⁽⁵⁾
- (32 manufacturing plants)

PolyOne Distribution

1. Rancho Cucamonga, California⁽⁴⁾
2. Chicago, Illinois⁽⁴⁾
3. Eagan, Minnesota⁽⁴⁾
4. Edison, New Jersey⁽⁴⁾
5. Statesville, North Carolina⁽⁴⁾
6. Elyria, Ohio⁽⁴⁾
7. La Porte, Texas⁽⁴⁾
8. Fife, Washington⁽⁴⁾
9. Brampton, Ontario, Canada⁽⁴⁾
- (9 distribution facilities)

⁽¹⁾ Facility is not included in manufacturing plants total as it is also included as part of another segment.

⁽²⁾ There are two manufacturing plants located at Suzhou, China.

⁽³⁾ Facility is not included in manufacturing plants total as it is a design center/lab.

⁽⁴⁾ Facility is not owned by PolyOne, however it is included in distribution facility total as it is a primary distribution location.

⁽⁵⁾ Facility added in connection with the acquisition of ColorMatrix on December 21, 2011.

⁽⁶⁾ Facility added in connection with the acquisition of Polimaster on October 1, 2010.

⁽⁷⁾ Facility added in connection with the acquisition of Uniplen on January 3, 2011.

ITEM 3. LEGAL PROCEEDINGS

In December 2007, the EPA met with the Company to discuss possible violations of the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act at its polyvinyl chloride resin manufacturing facilities located in Henry, Illinois and Pedricktown, New Jersey. Discussions between representatives for the Company and the EPA occurred in 2008, during which the Company provided additional information as well as its position regarding the compliance status of the facilities and discussed certain modifications to testing procedures and record keeping. In January 2009, we received a letter from the EPA proposing a resolution of any violations identified that would include our payment of penalties in the amount of \$1.3 million. We continue to discuss with the EPA resolution of these proposed violations on a mutually agreed basis.

In addition to the matters regarding the environment described above and in Item 1 under the heading "Environmental, Health and Safety," we are involved in various pending or threatened claims, lawsuits and administrative proceedings, all arising from the ordinary course of business concerning commercial, product liability, employment and environmental matters that seek remedies or damages. We believe that the probability is remote that losses in excess of the amounts we have accrued could be materially adverse to our financial position, results of operations or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Executive officers are elected by our Board of Directors to serve one-year terms. The following table lists the name of each person currently serving as an executive officer of our company, his age as of February 17, 2012 and his current position with our company:

Name	Age	Position
Stephen D. Newlin	59	Chairman, President and Chief Executive Officer
Robert M. Patterson	39	Executive Vice President and Chief Financial Officer
Bernard P. Baert	62	Senior Vice President, President of Europe and International
Michael E. Kahler	54	Senior Vice President, Chief Commercial Officer
Thomas J. Kedrowski	53	Senior Vice President, Supply Chain and Operations
Craig M. Nikrant	50	Senior Vice President, President of Global Specialty Engineered Materials
Michael L. Rademacher	61	Senior Vice President, President of Distribution (Retiring effective April 1, 2012)
Kurt Schuering	48	Senior Vice President, President of Distribution
Robert M. Rosenau	57	Senior Vice President, President of Performance Products and Solutions
Kenneth M. Smith	57	Senior Vice President, Chief Information and Human Resources Officer
John V. Van Hulle	54	Senior Vice President, President of Global Color, Additives and Inks

Stephen D. Newlin: Chairman, President and Chief Executive Officer, February 2006 to date. President — Industrial Sector of Ecolab Inc. (a global developer and marketer of cleaning and sanitizing specialty chemicals, products and services) from 2003 to 2006. Mr. Newlin served as President and a Director of Nalco Chemical Company (a manufacturer of specialty chemicals, services and systems) from 1998 to 2001 and was Chief Operating Officer and Vice Chairman from 2000 to 2001. Mr. Newlin serves on the Boards of Directors of Black Hills Corporation and The Valspar Corporation.

Robert M. Patterson: Executive Vice President and Chief Financial Officer, January 2011 to date. Senior Vice President and Chief Financial Officer, May 2008 to January 2011. Vice President and Treasurer of Novellis, Inc. (an aluminum rolled products manufacturer) from 2007 to May 2008. Vice President, Controller and Chief Accounting Officer of Novellis from 2006 to 2007. Mr. Patterson served as Vice President and Segment Chief Financial Officer, Thermal and Flow Technology Segments of SPX Corporation (a multi-industry manufacturer and developer) from 2005 to 2006 and as Vice President and Chief Financial Officer, Cooling Technologies and Services of SPX from 2004 to 2005. Mr. Patterson served as Vice President and Chief Financial Officer of Marley Cooling Tower Company, a cooling tower manufacturer and subsidiary of SPX, from 2002 to 2004.

Bernard P. Baert: Senior Vice President, President of Europe and International, January 2010 to date. Senior Vice President and General Manager, Color and Engineered Materials, Europe and Asia, May 2006 to January 2010. Vice President and General Manager, Colors and Engineered Materials, Europe and Asia, September 2000, upon formation of PolyOne, to April 2006. General Manager, Color Europe, M.A. Hanna Company, 1997 to August 2000.

Michael E. Kahler: Senior Vice President, Chief Commercial Officer, January 2010 to date. Senior Vice President, Commercial Development, May 2006 to January 2010. President, Process Technology Division, Alfa Laval Inc. (a global provider of heat transfer, separation and fluid handling products and engineering solutions) from January 2004 to March 2006. Group Vice President, Nalco Chemical Company (a manufacturer of specialty chemicals, services and systems) from December 1999 to October 2002.

Thomas J. Kedrowski: Senior Vice President, Supply Chain and Operations, September 2007 to date. Vice President of Strategy and Process Improvement, H.B. Fuller Company (a global manufacturer and marketer of adhesives and specialty chemical products) from November 2005 to April 2007. Vice President of Global Operations, H.B. Fuller Company from February 2002 to November 2005.

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Craig M. Nikrant: Senior Vice President, President of Global Specialty Engineered Materials, January 2010 to date. Vice President and General Manager, Specialty Engineered Materials, September 2006 to December 2009. General Manager, Specialty Film & Sheet, General Electric Plastics, June 2004 to September 2006. Director, Global Commercial Effectiveness, General Electric Plastics (a former division of General Electric specializing in supplying plastics), December 2003 to June 2004. Six Sigma Master Black Belt, General Electric Company Plastics Business, March 2001 to December 2002. General Manager, Commercial Operations, North Central Region, General Electric Plastics, June 1999 to March 2001.

Michael L. Rademacher: Senior Vice President, President of Distribution, January 2010 to date. Senior Vice President and General Manager, Distribution, May 2006 to January 2010. Vice President and General Manager, PolyOne Distribution, September 2000, upon formation of PolyOne, to April 2006. Senior Vice President — Plastics Americas, M.A. Hanna Company, January 2000 to August 2000. Vice President and General Manager, Industrial Chemical and Solvents Division, Ashland Chemical Company (chemical manufacturing and distribution), 1998 to January 2000.

Kurt Schuering: Senior Vice President, President of Distribution, January 2012 to date. Vice President, Key Account Management, April 2007 to December 2011. General Manager, Automotive — GE Industrial, June 2006 to March 2007. Executive Director, Automotive — GE Plastics, May 2004 to May 2006. Global Product Manager, Lexan — GE Plastics June 2002 to April 2004.

Robert M. Rosenau: Senior Vice President, President of Performance Products and Solutions, January 2010 to date. Senior Vice President and General Manager, Performance Products and Solutions, June 2008 to January 2010, Senior Vice President and General Manager, Vinyl Business, May 2006 to June 2008. Vice President and General Manager, Vinyl Compounds, January 2003 to April 2006. General Manager, Extrusion Products, September 2000 to December 2002. General Manager, Custom Profile Compounds, The Geon Company, April 1998 to August 2000.

Kenneth M. Smith: Senior Vice President, Chief Information and Human Resources Officer, May 2006 to date. Chief Human Resources Officer, January 2003 to date, and Vice President and Chief Information Officer, September 2000, upon formation of PolyOne, to April 2006. Vice President, Information Technology, The Geon Company, May 1999 to August 2000, and Chief Information Officer, August 1997 to May 1999.

John V. Van Hulle: Senior Vice President, President of Global Color, Additives and Inks, January 2010 to date. Senior Vice President and General Manager, Specialty Color, Additives and Inks, July 2006 to January 2010. President and Chief Executive Officer — ChemDesign Corporation (a custom chemical manufacturer), December 2001 to July 2006. President, Specialty & Fine Chemicals — Cambrex Corporation (a specialty chemical and pharmaceutical business) August 1994 to November 2000.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth the range of the high and low sale prices for our common shares, \$0.01 par value per share, as reported by the New York Stock Exchange, where the shares are traded under the symbol "POL," for the periods indicated:

	2011 Quarters				2010 Quarters			
	Fourth	Third	Second	First	Fourth	Third	Second	First
Common share price:								
High	\$12.25	\$16.61	\$ 15.51	\$14.98	\$13.99	\$12.59	\$ 11.89	\$10.65
Low	\$ 9.54	\$ 9.96	\$ 12.81	\$12.42	\$11.58	\$ 7.38	\$ 8.38	\$ 6.93

As of February 10, 2012, there were 2,237 holders of record of our common shares.

The following table presents quarterly dividends declared per common share for the fiscal year ended December 31, 2011. No dividends were declared in 2010 or 2009.

Quarter Ended:	2011
March 31,	\$0.04
June 30,	0.04
September 30,	0.04
December 31,	0.04
Total	<u>\$0.16</u>

The following chart reflects the purchases of PolyOne common shares by PolyOne in the fourth quarter of 2011. These purchases were made pursuant to a publicly announced share repurchase program authorized by PolyOne's Board of Directors.

Period	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Maximum Number of Shares that May Yet be Purchased Under the Program ⁽¹⁾
October 1 to October 31	150,000	\$ 10.73	150,000	9,850,000
November 1 to November 30	1,850,000	\$ 10.51	1,850,000	8,000,000
December 1 to December 31	—	—	—	8,000,000
Total	<u>2,000,000</u>	<u>\$ 10.52</u>	<u>2,000,000</u>	

⁽¹⁾ In August 2008, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to 10.0 million of our common shares in the open market or in privately negotiated transactions. As of September 30, 2011, 4.75 million shares remained available for purchase under this authorization. On October 11, 2011, PolyOne's Board of Directors increased the common share repurchase authorization by 5.25 million shares, which resulted in a new total amount of shares available for repurchase under these authorizations of 10.0 million shares as of October 11, 2011.

ITEM 6. SELECTED FINANCIAL DATA

You should refer to Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Part II of this Annual Report on Form 10-K and the notes to our accompanying consolidated financial statements for additional information regarding the financial data presented below, including matters that might cause this data not to be indicative of our future financial condition, results of operations or cash flows.

(In millions, except per share data)	2011⁽¹⁾	2010⁽²⁾	2009⁽³⁾	2008⁽⁴⁾	2007⁽⁵⁾
Sales	\$2,863.5	\$2,621.9	\$2,060.7	\$2,738.7	\$2,642.7
Operating income (loss)	\$ 233.0	\$ 174.6	\$ 137.1	\$ (291.4)	\$ 80.0
Net income (loss)	\$ 172.6	\$ 162.6	\$ 106.7	\$ (417.0)	\$ 40.9
Cash dividends declared per common share	\$ 0.16	\$ —	\$ —	\$ —	\$ —
Basic earnings (loss) per common share:	\$ 1.87	\$ 1.75	\$ 1.15	\$ (4.50)	\$ 0.44
Diluted earnings (loss) per common share:	\$ 1.83	\$ 1.69	\$ 1.14	\$ (4.50)	\$ 0.44
Total assets	\$2,080.5	\$1,671.9	\$1,416.0	\$1,320.1	\$1,630.0
Long-term debt, net of current portion	\$ 704.0	\$ 432.9	\$ 389.2	\$ 408.3	\$ 308.0

⁽¹⁾ Included in operating income for 2011 are: 1) gains of \$146.3 million related to the sale of our equity interest in SunBelt, which includes the 2011 earn-out of \$18.1 million, and 2) a mark-to-market loss related to our pension and OPEB plans of \$83.8 million. Included in net income for 2011 is a \$29.5 million tax benefit related to our investment in O'Sullivan Engineered Films and a \$13.0 million tax benefit primarily related with the reversal of valuation allowances.

⁽²⁾ 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 our 50% interest in BayOne, 3) debt extinguishment costs of \$29.5 million, and 4) a mark-to-market loss related to our pension and OPEB plans of \$9.6 million. Included in net income are tax benefits of \$107.1 million associated with the reversal of our valuation allowances.

⁽³⁾ 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 our pension and OPEB plans of \$26.4 million.

⁽⁴⁾ 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 our pension and OPEB plans of \$166.3 million. Included in net income for 2008 are charges of \$90.3 million to record deferred a deferred tax valuation allowance.

⁽⁵⁾ Included in operating income for 2007 results are: 1) environmental costs of \$48.8 million, and 2) a mark-to-market gain related to our pension and OPEB plans of \$24.8 million.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide information that is supplemental to, and should be read together with, our consolidated financial statements and the accompanying notes contained in this Annual Report on Form 10-K. Information in this Item 7 is intended to assist the reader in obtaining an understanding of our consolidated financial statements, the changes in certain key items in those financial statements from year to year, the primary factors that accounted for those changes, and any known trends or uncertainties that we are aware of that may have a material effect on our future performance, as well as how certain accounting principles affect our consolidated financial statements.

The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Cautionary Note On Forward-Looking Statements" and Item 1A, "Risk Factors."

Our Business

We are 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. We are also a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. Headquartered in Avon Lake, Ohio, with 2011 sales of \$2.9 billion, we have manufacturing sites and distribution facilities in North America, Europe, Asia and South America. We currently employ approximately 4,700 people and offer more than 52,000 polymer solutions to over 14,000 customers across the globe. We provide value to our customers through our ability to link our knowledge of polymers and formulation technology with our manufacturing and supply chain to provide an essential link between large chemical producers (our raw material suppliers) and designers, assemblers and processors of plastics (our customers).

Business Model and Key Concepts

The central focus of our business model is to provide specialized material and service solutions to our customers by leveraging our global footprint, product and technology breadth, manufacturing expertise, fully integrated information technology network, broad market reach and raw material procurement strength. These resources enable us to capitalize on dynamic changes in the end markets we serve, which include appliances, building and construction materials, electrical and electronics, healthcare, industrial, packaging, transportation, and wire and cable markets.

Key Challenges

Overall, our business faces issues resulting from the recent economic downturn, especially as it relates to affected markets such as building and construction and transportation. Maintaining profitability during periods of raw material price volatility is another critical challenge. Further, we need to capitalize on the opportunity to accelerate development of products that meet a growing body of environmental laws and regulations such as lead and phthalate restrictions included in the Restrictions on the Use of Certain Hazardous Substances and the Consumer Product Safety Information Act of 2008.

Strategy and Key Trends

To address these challenges and achieve our vision, we have implemented a strategy with four core components: specialization, globalization, operational excellence and commercial excellence. Specialization differentiates us through products, services, technology, and solutions that add value. Globalization allows us to service our customers with consistency wherever their operations might be around the world. Operational excellence empowers us to respond to the voice of the customer while focusing on continuous improvement. Commercial excellence enables us to deliver value to customers by supporting their growth and profitability.

In the short term, we will maintain our focus on top-line growth, improving or maintaining the cost/price relationship with regard to raw materials and improving working capital efficiency. In addition to driving top-line growth, we have established margin improvement targets for all businesses. In 2012, our capital expenditures will be focused primarily to support sales growth, our continued investment in recent acquisitions, and other strategic investments. We also continue to consider acquisitions and other synergy opportunities that complement our core platforms. These actions will ensure that we continue to invest in capabilities that advance the pace of our transformation and continue to support growth in key markets and product offerings.

We will continue our enterprise-wide Lean Six Sigma program directed at improving profitability and cash flow by applying proven management techniques and strategies to key areas of the business, such as pricing, supply chain and operations management, productivity and quality.

Long-term trends that currently provide opportunities to leverage our strategy include the drive toward sustainability in polymers and their processing, the emergence of biodegradable and bio-based polymers, consumer concern over the use of bisphenol-A (BPA) in infant-care products and developing legislation that bans lead and certain phthalates from toys and child-care items.

Recent Developments

Acquisitions

On December 21, 2011, the Company completed the acquisition of all of the outstanding equity of ColorMatrix for \$486.1 million net of cash acquired on a debt-free basis. ColorMatrix is a highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. ColorMatrix operates globally with research and development and production facilities in North America, South America, Europe and Asia and has a worldwide intellectual property portfolio of 162 patents and 107 pending patents. ColorMatrix's results from the date of acquisition through December 31, 2011 are included within Global Color, Additives and Inks.

On January 3, 2011, we acquired the assets of Uniplen, a leading Brazilian producer of specialty engineered materials and distributor of thermoplastics. The Uniplen transaction was completed for a cash purchase price of \$21.8 million with a potential for further consideration payable over three years based on achieving certain performance metrics. Uniplen's results of operations are included within Global Specialty Engineered Materials.

Financing Facilities

On December 21, 2011, we entered into a senior secured term loan facility, maturing December 20, 2017, having an aggregate principal amount of \$300.0 million. We also retired our accounts receivable facility that was set to mature in June 2012 and replaced it with a five-year senior secured revolving credit facility, which includes up to \$300.0 million in revolving loans, subject to a borrowing base with advances against U.S. and Canadian accounts receivable and inventory. We have the option to increase the borrowing capacity under the revolving credit facility to \$350.0 million, subject to our meeting certain requirements and obtaining commitments for such increase.

For additional information about our new financing arrangements refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—*Liquidity and Capital Resources*."

Sale of SunBelt

On February 28, 2011, we sold our 50% equity interest in SunBelt to Olin Corporation (Olin) for \$132.3 million in cash, the assumption by Olin of the obligations under our guarantee of senior secured notes issued by SunBelt of \$42.7 million at the time of sale, \$36.6 million as of December 31, 2011, and potential annual earn-out payments for the three fiscal years ending December 31, 2011, 2012 and 2013, if SunBelt meets certain performance targets. We recorded a pre-tax gain of \$128.2 million, net of associated transaction costs, and \$18.1 million for the earn-out related to SunBelt's 2011 operating results, within *Income related to equity affiliates* for the sale of our equity interest. Until the guarantee is formally assigned to Olin, we remain obligated under the guarantee, although Olin has agreed to indemnify us for amounts that we may be obligated to pay under the guarantee.

Share Repurchase Program

In August 2008, our Board of Directors approved a stock repurchase program authorizing us to repurchase up to 10.0 million shares of our common shares in the open market or in privately negotiated transactions. On October 11, 2011, PolyOne's Board of Directors increased the common share repurchase authorization amount by 5.25 million. We purchased 6.0 million shares at an aggregate price of \$73.6 million under these authorizations in 2011. 8.0 million shares remain available for repurchase as of December 31, 2011.

Highlights and Executive Summary

A summary of PolyOne's Sales, Operating income, Net income, Liquidity and Debt is included in the below table:

(In millions)	2011	2010	2009
Sales	\$ 2,863.5	\$ 2,621.9	\$ 2,060.7
Operating income	\$ 233.0	\$ 174.6	\$ 137.1
Net income	\$ 172.6	\$ 162.6	\$ 106.7
Cash and cash equivalents	\$ 191.9	\$ 378.1	\$ 222.7
Accounts receivable availability	—	128.2	112.8
Revolving credit facility	148.2	—	—
Liquidity	\$ 340.1	\$ 506.3	\$ 335.5
Debt, short- and long-term	\$ 707.0	\$ 452.9	\$ 409.6

Results of Operations

(Dollars in millions, except per share data)	Variances—Favorable (Unfavorable)						
	2011 versus 2010		2010 versus 2009				
		%		%			
	2011	2010	2009	Change	Change	Change	Change
Sales	\$2,863.5	\$2,621.9	\$2,060.7	\$ 241.6	9.2%	\$ 561.2	27.2%
Cost of sales	2,400.8	2,193.1	1,736.9	(207.7)	(9.5)%	(456.2)	(26.3)%
Gross margin	462.7	428.8	323.8	33.9	7.9%	105. 0	32.4%
Selling and administrative	381.7	296.2	216.9	(85.5)	(28.9)%	(79. 3)	(36.6)%
Impairment of goodwill	—	—	5.0	—	—	5. 0	NM
Income related to equity affiliates	152.0	42.0	35.2	110.0	261.9%	6. 8	19.3%
Operating income	233.0	174.6	137.1	58.4	33.4%	37. 5	27.4%
Interest expense, net	(33.7)	(31.5)	(34.3)	(2.2)	(7.0)%	2. 8	(8.2)%
Premium on early extinguishment of long-term debt	(0.9)	(29.5)	—	26.8	96.9%	(29.5)	NM
Other income (expense), net	0.3	(2.3)	(9.6)	2.6	113.0%	7.3	(76.0)%
Income before income taxes	198.7	111.3	93.2	87.4	78.5%	18.1	19.4%
Income tax (expense) benefit	(26.1)	51.3	13.5	(77.4)	(150.9)%	37.8	280.0%
Net income	\$ 172.6	\$ 162.6	\$ 106.7	\$ 10.0	6.2%	\$ 55.9	52.4%
Basic earnings per common share:	\$ 1.87	\$ 1.75	\$ 1.15				
Diluted earnings per common share:	\$ 1.83	\$ 1.69	\$ 1.14				

NM — Not meaningful

Sales

Sales increased 9.2% in 2011 compared to 2010. Organic sales increased 6.3%, primarily driven by improved mix and increased market pricing associated with raw material inflation. Foreign exchange gains and acquisitions favorably impacted sales by 1.2% and 1.7%, respectively.

Sales increased 27.2% in 2010 as compared to 2009 primarily from increased demand across many of our end markets in 2010 as compared to 2009, led by gains in the transportation, consumer, building and construction, and healthcare end markets, as well as higher selling prices associated with raw material price increases.

Cost of Sales

Cost of sales as a percentage of sales increased from 83.6% in 2010 to 83.8% in 2011. Impacting cost of sales in 2011 and 2010 were favorable insurance recoveries of \$3.3 million and \$21.4 million, respectively, primarily related to reimbursement for previously incurred environmental costs. These items resulted in a net unfavorable increase of 0.5% to 2011 cost of sales as a percentage of sales.

Cost of sales declined to 83.6% of sales in 2010 as compared to 84.3% in 2009. Cost of sales in 2010 was favorably impacted by the realization of savings associated with the previously announced plant realignment activities and savings associated with our Lean Six Sigma initiatives. Cost of sales in 2010 and 2009 reflects gains of \$21.4 million and \$23.9 million, respectively, associated with legal and insurance settlements. Charges related to environmental remediation and plant related restructuring in cost of sales totaled \$22.5 million in 2010 as compared to \$36.1 million in 2009. In addition, cost of sales increased as a percentage of sales due to mix changes, principally due to increased sales from our Distribution business, which has lower gross margin percentages than our other businesses. Distribution sales increased from 30.3% to 34.8% of total PolyOne sales in 2010 as compared to 2009.

Selling and Administrative

These costs include selling, technology, administrative functions, corporate, and general expenses. Selling and administrative costs in 2011 increased \$85.5 million in 2011 compared to 2010. The increase is primarily driven by an \$81.2 million mark-to-market adjustment in 2011 associated with the re-measurement of our pension and other post-retirement plan obligations compared to a loss of \$9.1 million in 2010, an increase in costs associated with our investment in commercial and technical resources, and \$3.3 million of costs incurred during 2011 associated with the acquisition of ColorMatrix.

Selling and administrative costs in 2010 increased by \$79.3 million compared to 2009. Selling and administrative costs in 2009 includes curtailment gains of \$40.4 million associated with the phase out of certain of our other post-retirement benefit plans and amendments to certain pension plans. Additionally, the mark-to-market pension adjustment recorded within selling and administrative costs resulted in a \$25.6 million gain in 2009 compared to a \$9.1 million loss in 2010.

Income Related to Equity Affiliates

Income related to equity affiliates for 2011, 2010 and 2009 is summarized as follows:

(In millions)	2011	2010	2009
Income related to equity affiliates	\$ 5.7	\$ 25.7	\$ 32.4
Gain on sale of investment in SunBelt	146.3	—	—
Gain on sale of investment in BayOne	—	16.3	—
Gain on sale of investment in Geon Polimeros Andinos (GPA)	—	—	2.8
Income related to equity affiliates	\$ 152.0	\$ 42.0	\$ 35.2

Effective February 28, 2011, we sold our 50% equity investment in SunBelt and recognized a pre-tax gain of \$128.2 million. Additionally, we have recognized a gain of \$18.1 million associated with year one of the three annual contingent earn-outs associated with the sale. The net gains associated with our sale of our equity investment in SunBelt are reflected within Corporate and eliminations in our segments.

During 2010, Income related to equity affiliates increased as compared to 2009 due to a gain of \$16.3 million from the sale of our 50% investment in BayOne, partially offset by lower earnings from our SunBelt joint venture. The decrease in earnings from our SunBelt joint venture was driven primarily by lower caustic soda prices, partially offset by the favorable impact of increased volume for caustic soda and improved pricing and volume for chlorine as compared to 2009.

Interest Expense, Net

Interest expense, net increased in 2011 as compared to 2010 due primarily to higher average borrowing levels. Interest expense, net decreased in 2010 as compared to 2009 due primarily to lower average borrowing levels.

Included in interest expense, net for the years ended December 31, 2011, 2010 and 2009 is interest income of \$0.7 million, \$2.9 million and \$3.2 million, respectively.

Premium on Early Extinguishment of Long-term Debt

Debt extinguishment costs for 2011 include costs related to our repurchase of the aggregate principal of \$22.9 million of our 8.875% senior notes due 2012 at a premium of \$0.9 million.

Debt extinguishment costs for 2010 include costs related to the repurchase of our 8.875% senior notes due 2012 in a tender offer and costs associated with the repayment of our \$40 million credit facility. We incurred \$25.7 million of premiums related to our tender offer from which we extinguished \$257.1 million aggregate principal amount of our 8.875% senior notes. In addition, we wrote off \$1.7 million of deferred financing fees and incurred other extinguishment costs of \$0.7 million. In connection with the repayment of our \$40 million credit facility, we incurred extinguishment costs of \$1.4 million.

Other Expense, Net

Financing costs associated with our receivables sale facility, foreign currency gains and losses and other miscellaneous items are as follows:

(In millions)	2011	2010	2009
Currency exchange gain (loss)	\$ 0.9	\$(5.6)	\$(0.1)
Foreign exchange contracts (loss) gain	(1.8)	3.8	(7.9)
Fees and discount on sale of trade receivables	(0.9)	(1.1)	(1.3)
Other income (expense), net	2.1	0.6	(0.3)
Other income (expense), net	\$ 0.3	\$(2.3)	\$(9.6)

Income Tax (Expense) Benefit

In 2011, we recorded an income tax expense of \$26.1 million primarily related to the sale of our SunBelt joint venture offset with tax benefits associated with our divested investment in O'Sullivan Engineered Films, Inc. In 2010, we recorded an income tax benefit of \$51.3 million primarily related to a tax valuation allowance reversal totaling \$107.1 million for the full year. In 2009, we recorded tax benefit of \$13.5 million related primarily to tax refunds in both U.S. and foreign jurisdictions.

In 2011, our existing deferred tax asset valuation allowances related to various state and foreign deferred tax assets decreased by \$13.0 million, primarily associated with our determination that it is more likely than not that the deferred tax assets will be realized. We review all valuation allowances related to deferred tax assets and adjust these reserves as necessary.

As of December 31, 2011, we have federal net operating loss carryforwards of \$28.1 million that expire at various dates from 2026 through 2031 and combined state net operating loss carryforwards of \$244.3 million that expire at various dates from 2012 through 2029. Various foreign subsidiaries have net operating loss carryforwards totaling \$59.2 million that expire at various dates from 2012 through 2021. We have provided valuation allowances of \$13.0 million against certain foreign and state loss carryforwards.

In the fourth quarter of 2010, we determined that it is more likely than not that we will realize the benefit from our U.S. federal and certain state deferred tax assets. During the year, we recorded a \$107.1 million reversal of valuation allowance. This amount is comprised of a \$32.1 million utilization of net operating loss carryforwards in 2010 and a \$75.0 million reversal associated with our determination that it is more likely than not that the deferred tax assets will be realized. At December 31, 2010, we had remaining valuation allowances of \$18.1 million pertaining to various state and foreign jurisdictions. We increased our existing valuation allowances for foreign deferred tax assets by \$0.7 million.

In 2009, we recorded a tax benefit of \$13.5 million related primarily to tax refunds in both U.S. and foreign jurisdictions.

Segment Information

Operating income is the primary financial measure that is reported to the chief operating decision maker for purposes of making decisions about allocating resources to the segment and assessing its performance. Operating income at the segment level does not include: corporate general and administrative costs that are not allocated to segments; intersegment sales and profit eliminations; charges related to specific strategic initiatives, such as the consolidation of operations; restructuring activities, including employee separation costs resulting from personnel reduction programs, plant closure and phase-out costs; executive separation agreements; share-based compensation costs; asset and goodwill impairments; environmental remediation costs for facilities no longer owned or closed in prior years; gains and losses on the divestiture of joint ventures and equity investments; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by the chief operating decision maker. These costs are included in *Corporate and eliminations*.

In 2011, we sold our 50% equity interest in SunBelt, which was a reportable segment in the prior years. As a result, we now have four reportable segments: (1) Global Specialty Engineered Materials; (2) Global Color, Additives and Inks; (3) Performance Products and Solutions; and (4) PolyOne Distribution. Our segments are further discussed in Note 16, *Segment Information*, to the accompanying consolidated financial statements.

Sales and Operating Income — 2011 compared with 2010 and 2010 compared with 2009

	2011 versus 2010				2010 versus 2009		
(Dollars in millions)	2011	2010	2009	Change	% Change	Change	% Change
Sales:							
Global Specialty Engineered Materials	\$ 575.1	\$ 517.4	\$ 402.9	57.7	11.2%	\$ 114.5	28.4%
Global Color, Additives and Inks	544.6	527.4	459.8	17.2	3.3%	67.6	14.7%
Performance Products and Solutions	865.4	776.3	667.7	89.1	11.5%	108.6	16.3%
PolyOne Distribution	996.5	911.9	625.1	84.6	9.3%	286.8	45.9%
Corporate and eliminations	(118.1)	(111.1)	(94.8)	(7.0)	6.3%	(16.3)	(17.2)%
Total Sales	\$2,863.5	\$2,621.9	\$2,060.7	241.6	9.2%	\$ 561.2	27.2%
Operating income (loss):							
Global Specialty Engineered Materials	\$ 45.9	\$ 49.7	\$ 20.6	(3.8)	(7.6)%	\$ 29.1	141.3%
Global Color, Additives and Inks	43.4	37.7	25.2	5.7	15.1%	12.5	49.6%
Performance Products and Solutions	62.4	54.0	33.1	8.4	15.6%	20.9	63.1%
PolyOne Distribution	56.0	42.0	24.8	14.0	33.3%	17.2	69.4%
SunBelt Joint Venture	5.0	18.9	25.5	(13.9)	(73.5)%	(6.6)	(25.9)%
Corporate and eliminations	20.3	(27.7)	7.9	48.0	(173.3)%	(35.6)	(450.6)%
Total operating income	\$ 233.0	\$ 174.6	\$ 137.1	58.4	33.4%	\$ 37.5	27.4%
Operating income as a percentage of sales:							
Global Specialty Engineered Materials	8.0%	9.6%	5.1%	(1.6)% points		4.5 % points	
Global Color, Additives and Inks	8.0%	7.1%	5.5%	0.9 % points		1.6 % points	
Performance Products and Solutions	7.2%	7.0%	5.0%	0.2 % points		2.0 % points	
PolyOne Distribution	5.6%	4.6%	4.0%	1.0 % points		0.6 % points	
Total	8.1%	6.7%	6.7%	1.6 % points		— % points	

Global Specialty Engineered Materials

Sales increased \$57.7 million, or 11.2%, in 2011 compared to 2010. Organic sales increased 2.1% driven by higher market pricing associated with raw material inflation partially offset by volume declines due to a slowdown in the global economy and unfavorable mix. Foreign exchange rates favorably impacted sales by 2.5% and acquisitions increased sales by 6.6%.

While sales increased over the prior year, operating income decreased \$3.8 million in 2011 as compared to 2010 due to unfavorable mix and an increase in selling and administrative costs primarily associated with our investment in commercial and technical resources.

Sales increased \$114.5 million, or 28.4%, in 2010 compared to 2009. Organic sales increased by 29.6% primarily due to improved demand in the electrical and electronics, industrial, transportation and consumer end markets. Currency exchange rates reduced sales by 1.2%.

Operating income increased \$29.1 million in 2010 as compared to 2009 primarily due to increased volumes, improved sales mix and ongoing savings from our Lean Six Sigma initiatives. These items were partially offset by an increase in selling and administrative costs.

Global Color, Additives and Inks

Sales increased \$17.2 million, or 3.3%, in 2011 compared to 2010. Organic sales declined 1.8% as improved mix and increases in market pricing associated with raw material inflation were more than offset by volume declines associated with the slowdown in the global economy and elimination of certain low margin customer accounts. Changes in foreign exchange rates favorably impacted sales by 3.3% and acquisitions increased sales by 1.8%. Due to the timing of the ColorMatrix acquisition, ColorMatrix had a negligible impact to sales.

Operating income increased \$5.7 million in 2011 as compared to 2010 as the benefit of increased sales and improved mix more than offset an increase in selling and administrative costs primarily associated with our investment in commercial and technical resources.

Sales increased \$67.6 million, or 14.7%, in 2010 compared to 2009. Organic sales increased sales 15.4% primarily due to increased demand in most of our end markets, led by the industrial, packaging and transportation end markets. Changes in currency exchange rates reduced sales approximately 0.7%.

Operating income increased \$12.5 million in 2010 as compared to 2009 driven by increased volumes, improved sales mix and ongoing savings from our Lean Six Sigma initiatives. These items were partially offset by an increase in selling and administrative costs.

Performance Products and Solutions

Sales increased \$89.1 million, or 11.5%, in 2011 compared to 2010 driven by higher selling prices associated with raw material inflation, improved product mix and increased volume primarily in the industrial and wire and cable end markets.

Operating income increased \$8.4 million in 2011 compared to 2010 primarily due to increased sales, improved mix and resulting margin expansion.

Sales increased \$108.6 million, or 16.3%, in 2010 compared to 2009. Organic sales increased sales 16.3% led by improvements in the automotive, wire and cable and packaging end markets.

Operating income increased \$20.9 million in 2010 compared to 2009 primarily due to the increased volumes, improved sales mix and ongoing savings from our Lean Six Sigma initiatives.

PolyOne Distribution

Sales increased \$84.6 million, or 9.3%, in 2011 compared to 2010 driven by improved product mix and increased market pricing primarily associated with raw material inflation, partially offset by volume declines as increased volume in healthcare was more than offset by declines in other end markets.

Operating income increased \$14.0 million in 2011 compared to 2010 due to increased sales, improved mix and resulting margin expansion.

PolyOne Distribution sales increased \$286.8 million, or 45.9%, in 2010 compared to 2009 led by new business gains and improvements in industrial, transportation, consumer and healthcare end markets.

Operating income increased \$17.2 million in 2010 compared to 2009 due to the increase in volume and leveraging our commercial and logistics infrastructure. These items were partially offset by an increase in selling and administrative costs.

Corporate and Eliminations

The following table breaks down Corporate and eliminations into its various components for 2011, 2010 and 2009:

(In millions)	Year Ended December 31, 2011	Adjusted Year Ended December 31, 2010	Adjusted Year Ended December 31, 2009
Curtailment of post-retirement health care plan and other (a)	\$ —	\$ —	\$ 40.4
Gains from insurance and legal settlements (b)	3.3	23.9	23.9
Impairment of goodwill (c)	—	—	(5.0)
Environmental remediation costs	(9.7)	(20.5)	(11.7)
Employee separation and plant phase-out	(2.8)	(3.1)	(27.2)
Gain on sale related to investment in equity affiliate (d)	146.3	16.3	2.8
Incentive and share based compensation	(24.3)	(30.3)	(24.2)
Mark-to-market pension adjustment (loss) gain (e)	(83.8)	(9.6)	26.4
All other and eliminations (f)	(8.7)	(4.4)	(17.5)
Total Corporate and eliminations	\$20.3	\$(27.7)	\$ 7.9

(a) In 2009, we amended certain of our post-retirement healthcare and pension plans resulting in curtailment gains of \$40.4 million.

(b) These settlements related to the reimbursement of previously incurred environmental costs and proceeds from workers' compensation insurance claims.

(c) In 2009, we increased our estimated 2008 year-end goodwill impairment charge of \$170.0 million by \$5.0 million.

(d) On February 28, 2011, we sold our 50% equity interest in SunBelt to Olin. Gains of \$146.3 million related to this sale include a \$18.1 million earn-out for 2011 performance. On November 30, 2010, we sold our 50% interest in BayOne, previously part of our Global Color, Additives and Inks, to Bayer MaterialScience LLC. On October 13, 2009, we sold our 50% interest in GPA, previously part of Performance Products and Solutions, to Mexichem Compuestos, S.A. de C.V. resulting in a gain of approximately \$2.8 million in 2009.

(e) We have elected to immediately recognize actuarial gains and losses, after consideration of inventory capitalization, in our operating results in the year in which the gains or losses occur related to our pension and other post-retirement benefit plans.

(f) All other and eliminations is comprised of intersegment eliminations and corporate general and administrative costs that are not allocated to segments.

Liquidity and Capital Resources

Our objective is to finance our business through operating cash flow and the appropriate mix of debt. By diversifying the maturity structure, we avoid concentrations of debt, reducing liquidity risk. We may from time to time seek to retire or purchase our outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. We may also seek to repurchase our outstanding equity securities. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

The following table summarizes our liquidity as of December 31, 2011:

(In millions)	As of December 31 2011
Cash and cash equivalents	\$ 191.9
Revolving credit availability	148.2
Liquidity	\$ 340.1

On December 21, 2011, we entered into a senior secured term loan facility, maturing December 20, 2017, having an aggregate principal amount of \$300.0 million. We used the net proceeds from the term loan to partially fund the acquisition of ColorMatrix.

The interest rate per annum under the term loan is, at PolyOne's option, either LIBOR (subject to a 1.25% floor) or a Prime rate, plus an applicable margin percentage. The applicable margin is variable based upon our leverage ratio being greater than 2.25x. The current LIBOR and Prime rates margin are 3.75% and 2.75%, respectively, per annum. The effective interest rate, including deferred financing costs, on the term loan was 5.7% during 2011.

The term loan agreement contains customary covenants including various financial covenants. The financial covenants include an interest coverage ratio, a maximum leverage ratio, and maximum capital expenditures. We were in compliance with all covenants as of December 31, 2011.

On December 21, 2011, we retired our accounts receivable facility that was set to mature in June 2012 and replaced it with a five-year senior secured revolving credit facility, which includes up to \$300.0 million in revolving loans, subject to a borrowing base with advances against U.S. and Canadian accounts receivable and inventory. We have the option to increase the borrowing capacity under the revolving credit facility to \$350.0 million, subject to our meeting certain requirements and obtaining commitments for such increase.

The interest rates per annum applicable to loans under the revolving credit facility will be, at PolyOne's option, equal to either (i) a base rate or (ii) LIBOR, for one-, two- or three-month interest periods, in each case plus an applicable margin percentage. The margin is variable based upon our quarterly excess availability. The current margin percentage is (i) 1.00% per annum in the case of base rate advances, (ii) 2.00% per annum in the case of LIBOR rate advances.

The agreement governing the revolving credit facility contains customary covenants including maximum capital expenditures and a financial covenant to maintain a minimum fixed charge coverage ratio of 1.1x, which only comes into effect when excess availability falls below 10% of the maximum credit. The revolving credit facility also requires the payment of an unused commitment fee of 0.5% per annum prior to April 1, 2012, and 0.5% subsequent to April 1, 2012 if the average daily balance is less than 50% of the maximum facility and 0.375% per annum if the average daily balance is equal to or greater than 50% of the maximum facility. As of December 31, 2011, we were in compliance with all covenants, there were no outstanding borrowings and we had availability of \$148.2 million under the revolving credit facility.

For additional information about our financing arrangements, see Note 5, *Financing Arrangements*, to the accompanying consolidated financial statements.

As of December 31, 2011, approximately 69% of the Company's cash and cash equivalents reside outside the United States. Repatriation of these funds could be negatively impacted by potential foreign and domestic taxes. Based on current projections, we believe that we will be able to continue to manage and control working capital, discretionary spending and capital expenditures and that cash provided by operating activities, along with available borrowing capacity under our revolving credit facility, should allow us to maintain adequate levels of available capital resources to fund our operations and meet debt service and minimum pension funding requirements for both the short term and long term.

We expect to maintain existing levels of available capital resources and meet our cash requirements in 2012. Expected sources of cash in 2012 include cash from operations, available funding under our revolving credit facility if needed, cash earn-outs from previously owned equity affiliates and proceeds from the sale of previously closed facilities and redundant assets. Expected uses of cash in 2012 include interest payments, cash taxes, contributions to our defined benefit pension plan, dividend payments, potential share repurchases, environmental remediation at inactive and formerly owned sites and capital expenditures. Capital expenditures are currently estimated to be approximately \$50 million to \$60 million in 2012, primarily to support sales growth, our continued investment in recent acquisitions, and other strategic investments.

Cash Flows

The following summarizes our cash flows from operating, investing and financing activities.

(In millions)	2011	2010	2009
Cash provided by (used in):			
Operating Activities	\$ 72.5	\$ 140.8	\$ 229.7
Investing Activities	(422.5)	(1.7)	(26.2)
Financing Activities	163.9	15.7	(25.7)
Effect of exchange rate on cash	(0.1)	0.6	0.6
Net (decrease) increase in cash and cash equivalents	\$ (186.2)	\$ 155.4	\$ 178.4

Operating activities

In 2011, net cash provided by operating activities was \$72.5 million as compared to \$140.8 million in 2010. The decrease in net cash provided by operating activities year-over-year of \$68.3 million is principally related to higher taxes paid during 2011, higher compensation payments in 2011 primarily related to 2010 performance, higher insurance and legal settlements received in the prior year and higher interest income receipts related to notes receivable in the prior year, offset partially by improved working capital.

Excluding ColorMatrix, working capital as a percentage of sales, which we define as accounts receivable, plus inventory, less accounts payable, divided by sales remained consistent at 9.6% for the years ended December 31, 2011 and 2010. Days sales outstanding as of December 31, 2011 and December 31, 2010 was 49.5. We excluded ColorMatrix from our working capital and days sales outstanding calculations as the purchased working capital, including accounts receivable, were brought into our financial statements without the associated sales, at the time of acquisition.

In 2010, net cash provided by operating activities was \$140.8 million as compared to \$229.7 million in 2009. In 2010, working capital increased reflecting our investment in support of our sales growth. We invested in working capital to ensure adequate supply of certain raw materials and to improve our on-time delivery to customers. As a percentage of sales, year over year working capital continued to improve, decreasing from 12.1% for 2009 to 9.6% for 2010. Days sales outstanding at December 31, 2010 was relatively consistent with days sales outstanding at December 31, 2009, increasing slightly from 49.1 to 49.5 due primarily to a change in the mix of our customers' payment terms.

Investing Activities

Net cash used by investing activities during 2011 of \$422.5 million reflects our acquisitions of ColorMatrix for \$486.1 million, net of cash acquired, and Uniplen for \$21.8 million, net of cash acquired, capital expenditures of \$54.1 million, and an earn-out payment of \$0.5 million related to our 2009 acquisition of New England Urethane (NEU). These cash out flows were offset by cash proceeds of \$140.0 million from the sale in our equity investment in SunBelt and other assets.

Net cash used by investing activities during 2010 of \$1.7 million reflects the acquisition of Polimaster and capital expenditures of \$39.5 million, partially offset by cash proceeds of \$19.3 million from the sale of our investment in BayOne, \$7.8 million from the sale our investment in O'Sullivan Films, and collection of \$14.0 million principal on the Excel Polymers note receivable. Capital expenditures primarily related to maintenance spending and an Enterprise Resource System (ERP) implementation in Asia.

Net cash used by investing activities in 2009 reflects \$13.5 million of cash proceeds from the sale of our interest in Geon Polimeros Andinos and \$3.5 million of proceeds from the sale of other assets. Capital expenditures primarily related to maintenance spending and implementing our restructuring initiatives. Business acquisitions, net of cash acquired in 2009 reflects cash paid for our acquisition of NEU.

Capital expenditures are currently estimated to be approximately \$50 million to \$60 million in 2012, primarily to support sales growth, our continued investment in recent acquisitions, and other strategic investments.

Financing Activities

Net cash provided by financing activities of \$163.9 million in 2011 reflects net proceeds from our new term loan of \$285.5 million and exercise of stock awards of \$6.9 million. These cash inflows were offset by payments of \$20.0 million for the repayment of our 6.58% medium-term notes at maturity, \$22.9 million for the early repurchase of our 8.875% senior notes due in 2012, \$0.9 million of extinguishment costs associated with the early repurchase of the 2012 notes, \$73.6 million for the repurchase of outstanding common shares, and dividend payments of \$11.1 million.

Net cash provided by financing activities in 2010 reflects proceeds from the issuance of our 7.375% senior notes due 2020 and the related tender offer by which \$257.1 million aggregate principal amount of our 8.875% senior notes were repurchased. Additionally, we repaid our \$40 million credit facility and \$20 million aggregate principal amount of our 6.52% medium-term notes. In connection with the tender offer, we paid tender premiums and other costs of \$26.4 million, and we paid \$1.4 million of costs associated with the extinguishment of the \$40 million credit facility.

Net cash used by financing activities in 2009 reflects the repayment of short-term debt and our 6.91% medium-term notes.

Long-Term Debt

The following summarizes our debt as of December 31, 2011:

(Dollars in millions)	December 31, 2011 ⁽¹⁾	December 31, 2010 ⁽¹⁾
6.58% medium-term notes due 2011	\$ —	\$ 20.0
8.875% senior notes due 2012	—	22.9
7.500% debentures due 2015	50.0	50.0
Senior secured term loan due 2017	297.0	—
7.375% senior notes due 2020	360.0	360.0
Total long-term debt	\$ 707.0	\$ 452.9
Less current portion	3.0	20.0
Total long-term debt, net of current portion	\$ 704.0	\$ 432.9

⁽¹⁾ Book values include unamortized discounts, where applicable.

Aggregate maturities of long-term debt for the next five years are: 2012 — \$3.0 million; 2013 — \$3.0 million; 2014 — \$3.0 million; 2015 — \$53.0 million; 2016 — \$3.0 million; and thereafter — \$645.0 million.

Concentrations of Credit Risk

Financial instruments, including foreign exchange contracts and trade accounts receivable, subject us to potential credit risk. Concentration of credit risk for trade accounts receivable is limited due to the large number of customers constituting our customer base and their distribution among many industries and geographic locations. We are exposed to credit risk with respect to forward foreign exchange contracts in the event of non-performance by the counter-parties to these financial instruments. We believe that the risk of incurring material losses related to this credit risk is remote. We do not require collateral to support the financial position of our credit risks.

Guarantee of Indebtedness of Others

On February 28, 2011, we sold our 50% equity interest in SunBelt to Olin for \$132.3 million in cash and the assumption by Olin of the obligations under our guarantee of senior secured notes issued by SunBelt of \$42.7 million at the time of sale, \$36.6 million as of December 31, 2011. Until the guarantee is formally assigned to Olin, we remain obligated under the guarantee, although Olin has agreed to indemnify us for amounts that we may be obligated to pay under the guarantee.

Letters of Credit

Our new revolving credit facility makes up to \$50.0 million available for the issuance of letters of credit, \$15.1 million of which was used at December 31, 2011. These letters of credit are issued by the bank in favor of third parties and are mainly related to insurance claims.

Contractual Cash Obligations

The following table summarizes our obligations under long-term debt, operating leases, standby letters of credit, interest obligations, pension and post-retirement obligations, guarantees and purchase obligations as of December 31, 2011:

(In millions)	Payment Due by Period				
	Total	2012	2013 & 2014	2015 & 2016	Thereafter
Contractual Obligations					
Long-term debt ⁽¹⁾	\$ 710.0	\$ 3.0	\$ 6.0	\$ 56.0	\$ 645.0
Operating leases	83.5	22.5	31.5	14.7	14.8
Interest on long-term debt obligations ⁽²⁾	254.0	30.3	60.6	56.9	106.2
Pension and post-retirement obligations ⁽³⁾	192.1	27.8	87.4	44.7	32.2
Purchase obligations ⁽⁴⁾	25.8	14.5	9.5	1.8	—
Total	\$ 1,265.4	\$ 98.1	\$ 195.0	\$ 174.1	\$ 798.2

⁽¹⁾ Total debt includes both the current and long-term portions of debt, excluding original issue discounts of \$3.0 million, as reported in Note 5, *Financing Arrangements*, to the consolidated financial statements.

⁽²⁾ Represents estimated contractual interest payments for fixed-rate debt only. We are not able to estimate reasonably the cash payments for interest associated with variable-rate debt due to the significant estimation required relating to both market interest rates as well as projected principal payments.

⁽³⁾ Pension and post-retirement obligations relate to our U.S. and international pension and other post-retirement plans. The expected payments associated with these plans represent an actuarial estimate of future assumed payments based upon retirement and payment patterns. Due to uncertainties regarding the assumptions involved in estimating future required contributions to our pension and non-pension postretirement benefit plans, including: (i) interest rate levels, (ii) the amount and timing of asset returns, and (iii) what, if any, changes may occur in pension funding legislation, the estimates in the table may differ materially from actual future payments.

⁽⁴⁾ Purchase obligations are primarily comprised of service agreements related to telecommunication, information technology, utilities and other manufacturing plant services and certain capital commitments.

The table also excludes the liability for unrecognized income tax benefits, since we cannot predict with reasonable certainty the timing of cash settlements, if any, with the respective taxing authorities. At December 31, 2011, the gross liability for unrecognized income tax benefits, including interest and penalties, totaled \$15.7 million.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Critical Accounting Policies and Estimates

Effective January 1, 2011, we changed our method of recognizing actuarial gains and losses for pension and other postretirement benefits for all of our defined benefit plans. Historically, we recognized actuarial gains and losses in accumulated other comprehensive income within *Shareholders' Equity* on our consolidated balance sheets on an annual basis and amortized them into our operating results over the average remaining life expectancy of the plan participants for the majority of our U.S. and foreign plans and over the remaining service period of plan participants for certain non-U.S. benefit plans, to the extent such gains and losses were outside of a corridor. Beginning in 2011, we have elected to immediately recognize actuarial gains and losses, after consideration of inventory capitalization, in our operating results in the year in which the gains or losses occur because it is generally preferable to accelerate the recognition of deferred gains and losses into income rather than to delay such recognition. This change will improve the transparency in our operating results by more quickly recognizing the effects of economic and interest rate trends on plan obligations, investments and assumptions. These gains and losses are generally only measured annually as of December 31 and accordingly, will be recorded during the fourth quarter of each year. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 250, *Accounting Changes and Error Corrections*, all prior periods presented in this Annual Report on Form 10-K have been adjusted to apply the new method retrospectively. The majority of our net periodic benefit cost is captured within Corporate and eliminations and accordingly the annual recognition of actuarial gains and losses will be therein. The effect of the change on retained earnings as of January 1, 2009 was a reduction of \$247.8 million, with a corresponding offset to accumulated other comprehensive income. See Note 2, *Change in Accounting Principle*, for a presentation of our operating results before and after the application of this accounting change.

Significant accounting policies are described more fully in Note 1, *Summary of Significant Accounting Policies*, to the accompanying consolidated financial statements. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires us to make estimates and assumptions about future events that affect the amounts reported in our financial statements and accompanying notes. We base our estimates on historical experience and assumptions that we believe are reasonable considering the related facts and circumstances. The application of these critical accounting policies involves the exercise of judgment and use of assumptions for future uncertainties. Accordingly, actual results could differ significantly from these estimates. We believe that the following discussion addresses our most critical accounting policies, which are those that are the most important to the portrayal of our financial condition and results of operations and require our most difficult, subjective and complex judgments. We have reviewed these critical accounting policies and related disclosures with the Audit Committee of our Board of Directors.

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
Pension and Other Post- retirement Plans		
<p>Ÿ We account for our defined benefit pension plans and other post-retirement plans in accordance with FASB ASC Topic 715, <i>Compensation — Retirement Benefits</i>.</p>	<p>Ÿ Market conditions and interest rates significantly affect the value of future assets and liabilities of our pension and post-retirement plans. It is difficult to predict these factors due to the volatility of market conditions.</p> <p>Ÿ To develop our discount rate, we consider the yields of high-quality, fixed-income investments with maturities that correspond to the timing of our benefit obligations.</p> <p>Ÿ To develop our expected return on plan assets, we consider our historical long-term asset return experience, the expected investment portfolio mix of plan assets and an estimate of long-term investment returns. To develop our expected portfolio mix of plan assets, we consider the duration of the plan liabilities and give more weight to equity investments than to fixed-income securities.</p>	<p>Ÿ The weighted average discount rates used to value our pension and other post-retirement liabilities as of December 31, 2011 were 5.11% and 4.51%, respectively. As of December 31, 2011, an increase/decrease in the discount rate of 50 basis points, holding all other assumptions constant, would have increased or decreased pre-tax income and the related pension and post-retirement liability by approximately \$27.5 million. An increase/decrease in the discount rate of 50 basis points as of December 31, 2011 would result in a change of approximately \$1.2 million in net periodic benefit cost.</p> <p>Ÿ The weighted-average expected return on assets was 8.50% for 2011, 2010 and 2009. The expected return on assets is a long-term assumption whose accuracy can only be measured over a long period based on past experience. A variation in the expected return on assets by 50 basis points as of December 31, 2011 would result in a change of approximately \$1.7 million in net periodic benefit cost.</p>
Goodwill and Intangible Assets		
<p>Ÿ Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. We follow the guidance in ASC 350, <i>Intangibles — Goodwill and Other</i>, and test goodwill for impairment at least annually, absent a triggering event that would warrant an impairment assessment. On an ongoing basis, absent any impairment indicators, we perform our goodwill impairment testing as of the first day of October of each year.</p>	<p>Ÿ We have identified our reporting units at the operating segment level or in some cases one level below the operating segment level. Goodwill is allocated to the reporting units based on the estimated fair value at the date of acquisition.</p> <p>Ÿ We estimated fair value using the best information available to us, including market information and discounted cash flow projections also referred to as the income approach.</p> <p>Ÿ The income approach requires us to make assumptions and estimates regarding projected economic and market conditions, growth rates, operating margins and cash expenditures.</p> <p>Ÿ We estimate fair value using the best information available to us, including market information and discounted cash flow projections also referred to as the income approach.</p> <p>Ÿ The income approach requires us to make assumptions and estimates regarding projected economic and market conditions, growth rates, and operating margins.</p> <p>Ÿ We estimate the fair value of tradenames using a "relief from royalty payments" approach. This approach involves two steps: (1) estimating reasonable royalty rate for the tradename and (2) applying this royalty rate to a net sales stream and discounting the resulting cash flows to determine fair value. Fair value is then compared with the carrying value of the tradename.</p>	<p>Ÿ If actual results are not consistent with our assumptions and estimates, we may be exposed to additional goodwill impairment charges.</p> <p>Ÿ Based on our 2011 annual impairment test, the fair value of each of our reporting units exceeded the corresponding carrying value by at least 30%.</p>
<p>Ÿ In connection with the acquisition of ColorMatrix, we identified \$15.9 million of acquired in-process research and development (IPR&D). Identified IPR&D acquired in a business combination is accounted for as an indefinite-lived intangible asset until the project is complete. Upon completion projects are reclassified to technology and amortized over their useful lives.</p>		<p>Ÿ No indicators of impairment were identified since the acquisition of ColorMatrix, December 21, 2011.</p>
<p>Ÿ At December 31, 2011, our balance sheet reflected \$96.3 million of indefinite lived tradename assets, which includes, \$33.2 million associated with the trade name acquired as part of the acquisition of GLS and \$63.1 million associated with trade names acquired as part of the ColorMatrix acquisition.</p>		<p>Ÿ If actual results are not consistent with our assumptions and estimates, we may be exposed to impairment charges related to our indefinite lived tradenames.</p>

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
Income Taxes <p>• We account for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. In addition, deferred tax assets are also recorded with respect to net operating losses and other tax attribute carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when realization of the benefit of deferred tax assets is not deemed to be more likely than not. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.</p> <p>• We recognize net tax benefits under the recognition and measurement criteria of ASC Topic 740, Income Taxes, which prescribes requirements and other guidance for financial statement recognition and measurement of positions taken or expected to be taken on tax returns. We record interest and penalties related to uncertain tax positions as a component of income tax expense.</p>	<p>• The ultimate recovery of certain of our deferred tax assets is dependent on the amount and timing of taxable income that we will ultimately generate in the future and other factors such as the interpretation of tax laws. This means that significant estimates and judgments are required to determine the extent that valuation allowances should be provided against deferred tax assets. We have provided valuation allowances as of December 31, 2011 aggregating \$14.5 million against such assets based on our current assessment of future operating results and these other factors.</p>	<p>• Although management believes that the estimates and judgments discussed herein are reasonable, actual results could differ, which could result in gains or losses that could be material.</p>
Environmental Liabilities <p>• Based upon estimates prepared by our environmental engineers and consultants, we have \$76.2 million accrued at December 31, 2011 to cover probable future environmental remediation expenditures.</p>	<p>• This accrual represents our best estimate of the remaining probable remediation costs based upon information and technology currently available and our view of the most likely remedy. Depending upon the results of future testing, the ultimate remediation alternatives undertaken, changes in regulations, new information, newly discovered conditions and other factors, it is reasonably possible that we could incur additional costs in excess of the amount accrued. However, such additional costs, if any, cannot currently be estimated. Our estimate of this liability may be revised as new regulations or technologies are developed or additional information is obtained. Changes during the past five years have primarily resulted from changes in the estimate of future remediation costs at existing sites and payments made each year for remediation costs that were already accrued.</p>	<p>• If further developments or resolution of these matters are not consistent with our assumptions and judgments, we may need to recognize a significant charge in a future period.</p>

Description	Judgments and Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Share-Based Compensation</p> <p>• We have share-based compensation plans that include non-qualified stock options, incentive stock options, restricted stock, restricted stock units, performance shares, performance units and stock appreciation rights (SARs). See Note 15, <i>Share-Based Compensation</i>, to the accompanying consolidated financial statements for a complete discussion of our stock-based compensation programs.</p> <p>• For SARs granted during 2011 and 2010, the option pricing model used was the Black-Scholes method. We determine the fair value of our SARs granted in 2009 based on a Monte Carlo simulation method.</p> <p>• We determine the fair value of our market-based and performance-based nonvested share awards at the date of grant using generally accepted valuation techniques.</p>	<p>• Option-pricing models and generally accepted valuation techniques require management to make assumptions and to apply judgment to determine the fair value of our awards. These assumptions and judgments include estimating the future volatility of our stock price, future employee turnover rates and risk-free rate of return.</p>	<p>• We do not believe there is a reasonable likelihood there will be a material change in the future estimates or assumptions we use to determine share-based compensation expense. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to changes in share-based compensation expense that could be material.</p>

Future Adoption of Accounting Standards

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2011-04, *"Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS"* (ASU 2011-04). ASU 2011-04 generally provides a uniform framework for fair value measurements and related disclosures between U.S. generally accepted accounting principles and International Financial Reporting Standards. Additional disclosure requirements in the update include: (1) for Level 3 fair value measurements, quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs; (2) for an entity's use of a nonfinancial asset that is different from the asset's highest and best use, the reason for the difference; (3) for financial instruments not measured at fair value but for which disclosure of fair value is required, the fair value hierarchy level in which the fair value measurements were determined; and (4) the disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy. ASU 2011-04 will be effective for interim and annual periods beginning on or after December 15, 2011. We will adopt the provisions of ASU 2011-04 in the first quarter of 2012, and do not believe the adoption of this update will materially impact our financial statements.

In June 2011, the FASB issued Accounting Standards Update No. 2011-05, *"Comprehensive Income (Topic 220): Presentation of Comprehensive Income"* (ASU 2011-05). ASU 2011-05 amends existing guidance by allowing only two options for presenting the components of net income and other comprehensive income: (1) in a single continuous financial statement, statement of comprehensive income or (2) in two separate but consecutive financial statements, consisting of an income statement followed by a separate statement of other comprehensive income. ASU No. 2011-05 requires retrospective application, and it is effective for fiscal years beginning after December 15, 2011. We will adopt the provisions of ASU 2011-05 in the first quarter of 2012, and are currently evaluating which presentation option for the components of net income and other comprehensive income we will use.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks as part of our ongoing business operations, including risks from changes in interest rates on debt obligations and foreign currency exchange rates that could impact our financial condition, results of operations and cash flows. We manage our exposure to these and other market risks through regular operating and financing activities, including the use of derivative financial instruments. We intend to use these derivative financial instruments as risk management tools and not for speculative investment purposes.

Interest rate exposure — Interest on our \$300.0 million term loan is currently based upon LIBOR (subject to a 1.25% floor) plus a margin. Interest on our revolving credit facility is currently based upon LIBOR, plus a margin. All other debt is at fixed rates. There would be no impact on our interest expense or cash flows from either a 10% increase or decrease in market rates of interest on our outstanding variable rate debt as of December 31, 2011, because LIBOR is more than 10% below the 1.25% floor on our term loan and we had no borrowings under our revolving credit facility.

Foreign currency exposure — We enter into intercompany lending transactions that are denominated in various foreign currencies and are subject to financial exposure from foreign exchange rate movement from the date a loan is recorded to the date it is settled or revalued. To mitigate this risk, we enter into foreign exchange contracts, which had a fair value of \$0.1 million at December 31, 2011. Gains and losses on these contracts generally offset gains and losses on the assets and liabilities being hedged.

We face translation risks related to the changes in foreign currency exchange rates. Amounts invested in our foreign operations are translated into U.S. dollars at the exchange rates in effect at the balance sheet date. The resulting translation adjustments are recorded as a component of *Accumulated other comprehensive income (loss)* in the Shareholders' equity section of the accompanying consolidated balance sheets. Net sales and expenses in our foreign operations' foreign currencies are translated into varying amounts of U.S. dollars depending upon whether the U.S. dollar weakens or strengthens against other currencies. Therefore, changes in exchange rates may either positively or negatively affect our net sales and expenses from foreign operations as expressed in U.S. dollars.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S REPORT

The management of PolyOne Corporation is responsible for preparing the consolidated financial statements and disclosures included in this Annual Report on Form 10-K. The financial statements and disclosures included in this Annual Report fairly present in all material respects the financial position, results of operations, shareholders' equity and cash flows of PolyOne Corporation as of and for the year ended December 31, 2011.

Management is responsible for establishing and maintaining disclosure controls and procedures designed to ensure that the information required to be disclosed by the company is captured and reported in a timely manner. Management has evaluated the design and operation of the company's disclosure controls and procedures at December 31, 2011 and found them to be effective.

Management is also responsible for establishing and maintaining a system of internal control over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes policies and procedures that provide reasonable assurance that: PolyOne Corporation's accounting records accurately and fairly reflect the transactions and dispositions of the assets of the company; unauthorized or improper acquisition, use or disposal of company assets will be prevented or timely detected; the company's transactions are properly recorded and reported to permit the preparation of the company's financial statements in conformity with generally accepted accounting principles; and the company's receipts and expenditures are made only in accordance with authorizations of management and the board of directors of the company.

We acquired a controlling interest in ColorMatrix on December 21, 2011, and it represented 23% of our total assets as of December 31, 2011. As the acquisition occurred during the last 12 months, the scope of our assessment of the effectiveness of disclosure controls and procedures does not include ColorMatrix. This exclusion is in accordance with the SEC's general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition.

Management has assessed the effectiveness of PolyOne's internal control over financial reporting as of December 31, 2011 and has prepared Management's Annual Report On Internal Control Over Financial Reporting contained on page 63 of this Annual Report, which concludes that as of December 31, 2011, PolyOne's internal control over financial reporting is effective and that no material weaknesses were identified.

/s/ STEPHEN D. NEWLIN

Stephen D. Newlin
Chairman, President and
Chief Executive Officer

February 17, 2012

/s/ ROBERT M. PATTERSON

Robert M. Patterson
Executive Vice President and
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders PolyOne Corporation

We have audited PolyOne Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). PolyOne Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of ColorMatrix, which is included in the 2011 consolidated financial statements of PolyOne Corporation and constituted 23% of total assets as of December 31, 2011. Our audit of internal control over financial reporting of PolyOne Corporation also did not include an evaluation of the internal control over financial reporting of ColorMatrix.

In our opinion, PolyOne Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of PolyOne Corporation as of December 31, 2011, and 2010, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2011, and our report dated February 17, 2012, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Cleveland, Ohio

February 17, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders PolyOne Corporation

We have audited the accompanying consolidated balance sheets of PolyOne Corporation as of December 31, 2011 and 2010, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of PolyOne Corporation at December 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its method of accounting for recognizing actuarial gains and losses for pension and other post-retirement benefits for all defined benefit plans effective January 1, 2011.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), PolyOne Corporation's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 17, 2012 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Cleveland, Ohio

February 17, 2012

Consolidated Statements of Operations

	Year Ended December 31,		
	2011	Adjusted 2010	Adjusted 2009
(In millions, except per share data)			
Sales	\$2,863.5	\$ 2,621.9	\$ 2,060.7
Cost of sales	2,400.8	2,193.1	1,736.9
Gross margin	462.7	428.8	323.8
Selling and administrative	381.7	296.2	216.9
Impairment of goodwill	—	—	5.0
Income related to equity affiliates	152.0	42.0	35.2
Operating income	233.0	174.6	137.1
Interest expense, net	(33.7)	(31.5)	(34.3)
Premium on early extinguishment of long-term debt	(0.9)	(29.5)	—
Other income (expense), net	0.3	(2.3)	(9.6)
Income before income taxes	198.7	111.3	93.2
Income tax (expense) benefit	(26.1)	51.3	13.5
Net income	\$ 172.6	\$ 162.6	\$ 106.7
Earnings per common share:			
Basic earnings	\$ 1.87	\$ 1.75	\$ 1.15
Diluted earnings	\$ 1.83	\$ 1.69	\$ 1.14
Cash dividends declared per share	\$ 0.16	\$ —	\$ —
Weighted-average shares used to compute earnings per common share:			
Basic	92.2	93.1	92.4
Diluted	94.3	96.0	93.4

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Balance Sheets

(In millions)	December 31,	
	2011	Adjusted 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 191.9	\$ 378.1
Accounts receivable (less allowance of \$4.8 in 2011 and \$4.1 in 2010)	321.0	294.5
Inventories	245.2	211.3
Other current assets	85.4	55.1
Total current assets	843.5	939.0
Property, net	393.6	374.4
Investment in equity affiliates and nonconsolidated subsidiary	—	2.7
Goodwill	396.7	164.1
Other intangible assets, net	342.5	67.8
Deferred income tax assets	8.8	59.7
Other non-current assets	95.4	64.2
Total assets	\$2,080.5	\$ 1,671.9
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 3.0	\$ 20.0
Accounts payable	294.8	269.0
Accrued expenses and other liabilities	144.6	145.8
Total current liabilities	442.4	434.8
Long-term debt	704.0	432.9
Post-retirement benefits other than pensions	18.9	19.4
Pension benefits	203.6	154.5
Other non-current liabilities	123.3	114.3
Commitments and Contingencies (See Note 12)		
Shareholders' equity		
Preferred stock, 40.0 shares authorized, no shares issued	—	—
Common shares, \$0.01 par, 400.0 shares authorized, 122.2 shares issued in 2011 and 2010	1.2	1.2
Additional paid-in capital	1,042.7	1,059.4
Accumulated deficit	(84.9)	(257.5)
Common shares held in treasury, at cost, 33.4 shares in 2011 and 28.3 shares in 2010	(369.4)	(305.6)
Accumulated other comprehensive (loss) income	(1.3)	18.5
Total shareholders' equity	588.3	516.0
Total liabilities and shareholders' equity	\$2,080.5	\$ 1,671.9

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

Consolidated Statements of Cash Flows

(In millions)	Year Ended December 31,		
	2011	Adjusted 2010	Adjusted 2009
Operating activities			
Net income	\$ 172.6	\$ 162.6	\$ 106.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	57.5	55.2	64.8
Deferred income tax (benefit) provision	3.6	(69.0)	5.7
Premium on early extinguishment of long-term debt	0.9	27.8	—
Provision for doubtful accounts	2.0	2.5	3.3
Stock compensation expense	5.4	4.4	2.6
Impairment of goodwill	—	—	5.0
Companies carried at equity interest:			
Income related to equity affiliates	(152.0)	(42.0)	(35.2)
Dividends and distributions received	6.0	24.2	36.5
Changes in assets and liabilities, net of acquisition:			
(Increase) decrease in accounts receivable	5.4	(24.9)	1.3
(Increase) decrease in inventories	4.7	(29.2)	57.4
Increase in accounts payable	13.8	31.9	76.3
(Decrease) in sale of accounts receivable	—	—	(14.2)
Increase (Decrease) in pension and other post-retirement benefits	30.2	(38.0)	(89.1)
(Decrease) Increase in accrued expenses and other	(77.6)	35.3	8.6
Net cash provided by operating activities	72.5	140.8	229.7
Investing activities			
Capital expenditures	(54.1)	(39.5)	(31.7)
Business acquisitions and related deposits, net of cash acquired	(508.4)	(3.3)	(11.5)
Proceeds from sale of investment in equity affiliates and other assets	140.0	41.1	17.0
Net cash used in investing activities	(422.5)	(1.7)	(26.2)
Financing activities			
Change in short-term debt	—	(0.4)	(5.7)
Issuance of long-term debt, net of discounts and debt issuance costs	285.5	353.6	—
Repayment of long-term debt	(42.9)	(317.1)	(20.0)
Purchase of common shares for treasury	(73.6)	—	—
Premium on early extinguishment of long-term debt	(0.9)	(27.8)	—
Cash dividends paid	(11.1)	—	—
Proceeds from the exercise of stock options	6.9	7.4	—
Net cash provided (used) by financing activities	163.9	15.7	(25.7)
Effect of exchange rate changes on cash	(0.1)	0.6	0.6
(Decrease) Increase in cash and cash equivalents	(186.2)	155.4	178.4
Cash and cash equivalents at beginning of year	378.1	222.7	44.3
Cash and cash equivalents at end of year	\$ 191.9	\$ 378.1	\$ 222.7

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

(In millions)	Common Shares			Shareholders' Equity				
	Common Shares	Common Shares Held in Treasury	Total	Common Shares	Additional Paid-in Capital	Accumulated Deficit	Common Shares Held in Treasury	Accumulated Other Comprehensive Income (Loss)
Balance January 1, 2009 – as previously reported	122.2	(29.9)	\$218.3	\$ 1.2	\$ 1,065.0	\$ (279.0)	\$ (323.8)	\$ (245.1)
Cumulative effect of change in accounting principle (Refer to Note 2)	—	—	—	—	—	(247.8)	—	247.8
Balance January 1, 2009—adjusted	122.2	(29.9)	218.3	1.2	1,065.0	(526.8)	(323.8)	2.7
Comprehensive income:								
Net income			106.7			106.7		
Translation adjustment			0.7					0.7
Prior service credit recognized during the year, net of tax of \$0.0			28.5					28.5
Unrealized gain on available-for-sale securities			0.2					0.2
Total comprehensive income			136.1					
Stock-based compensation and benefits and exercise of options		0.2	3.3		0.5		2.8	
Balance December 31, 2009	122.2	(29.7)	\$357.7	\$ 1.2	\$ 1,065.5	\$ (420.1)	\$ (321.0)	\$ 32.1
Comprehensive income:								
Net income			162.6			162.6		
Translation adjustment			(4.3)					(4.3)
Prior service credit recognized during the year, net of tax of \$7.3			(9.3)					(9.3)
Total comprehensive income			149.0					
Stock-based compensation and benefits and exercise of options		1.4	9.3		(6.1)		15.4	
Balance December 31, 2010	122.2	(28.3)	\$516.0	\$ 1.2	\$ 1,059.4	\$ (257.5)	\$ (305.6)	\$ 18.5
Comprehensive income:								
Net income			172.6			172.6		
Translation adjustment			(9.0)					(9.0)
Prior service credit recognized during the year, net of tax of \$6.5			(10.8)					(10.8)
Total comprehensive income			152.8					
Cash dividend declared			(14.6)		(14.6)			
Repurchase of common shares		(6.0)	(73.6)				(73.6)	
Stock-based compensation and benefits and exercise of options		0.9	7.7		(2.1)		9.8	
Balance December 31, 2011	122.2	(33.4)	\$588.3	\$ 1.2	\$ 1,042.7	\$ (84.9)	\$ (369.4)	\$ (1.3)

The accompanying notes to financial statements are an integral part of these statements.

Note 1 — DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Description of Business**

We are a premier provider of specialized polymer materials, services and solutions with operations in specialty polymer formulations, color and additive systems, thermoplastic resin distribution and specialty vinyl resins. Headquartered in Avon Lake, Ohio, we have employees at manufacturing sites and distribution facilities in North America, South America, Europe and Asia. We provide value to our customers through our ability to link our knowledge of polymers and formulation technology with our manufacturing and supply chain to provide value added solutions to designers, assemblers and processors of plastics (our customers). When used in this Annual Report on Form 10-K, the terms "we," "us," "our" and the "Company" mean PolyOne Corporation and its subsidiaries.

Our operations are located primarily in the United States, Europe, Canada, Asia, Mexico, and Brazil. Our operations are reported in four reportable segments: Global Specialty Engineered Materials; Global Color, Additives and Inks; Performance Products and Solutions; and PolyOne Distribution. See Note 16, *Segment Information*, for more information.

Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of PolyOne and its subsidiaries. All majority-owned affiliates over which we have control are consolidated. Investments in affiliates and joint ventures in which our ownership is 50% or less, or in which we do not have control but have the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method. Intercompany transactions are eliminated. Transactions with related parties, including joint ventures, are in the ordinary course of business.

Use of Estimates

Preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with a maturity of less than three months to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

Allowance for Doubtful Accounts

We evaluate the collectability of trade receivables based on a combination of factors. We regularly analyze significant customer accounts and, when we become aware of a specific customer's inability to meet its financial obligations to us, such as in the case of a bankruptcy filing or deterioration in the customer's operating results or financial position, we record a specific allowance for bad debt to reduce the related receivable to the amount we reasonably believe is collectible. We also record bad debt allowances for all other customers based on a variety of factors including the length of time the receivables are past due, the financial health of the customer, economic conditions and historical experience. In estimating the allowances, we take into consideration the existence of credit insurance. If circumstances related to specific customers change, our estimates of the recoverability of receivables could be adjusted further.

Inventories

Inventories are stated at the lower of cost or market using the first-in, first-out (FIFO) method.

Property and Depreciation

Property, plant and equipment is carried at cost, net of depreciation and amortization that is computed using the straight-line method over the estimated useful life of the assets, which ranges from 3 to 15 years for machinery and equipment and up to 40 years for buildings. Computer software is amortized over periods not exceeding 10 years. Property, plant and equipment is generally depreciated on accelerated methods for income tax purposes. We expense repair and maintenance costs as incurred. We capitalize replacements and betterments that increase the estimated useful life of an asset. We capitalize interest expense on major construction and development projects while in progress.

We retain fully depreciated assets in property and accumulated depreciation accounts until we remove them from service. In the case of sale, retirement or disposal, the asset cost and related accumulated depreciation balance is removed from the respective account, and the resulting net amount, less any proceeds, is included as a component of income (loss) from continuing operations in the accompanying consolidated statements of operations.

We account for operating leases under the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 840, *Leases*.

Goodwill and Other Intangible Assets

Goodwill is the excess of the purchase price paid over the fair value of the net assets of the acquired business. Goodwill is tested for impairment at the reporting unit level. Our reporting units have been identified at the operating segment level or in some cases one level below the operating segment level. Goodwill is allocated to the reporting units based on the estimated fair value at the date of acquisition.

Our annual measurement date for testing impairment of goodwill and other indefinite-lived intangibles, including in-process research and development, is October 1st. We completed our testing of impairment on October 1, 2011, noting no impairment. The future occurrence of a potential indicator of impairment would require an interim assessment for some or all of the reporting units prior to the next required annual assessment on October 1, 2012. Refer to Note 19, *Fair Value*, for further discussion of our approach for assessing fair value of goodwill.

Litigation Reserves

FASB ASC Topic 450, *Contingencies*, requires that we accrue for loss contingencies associated with outstanding litigation, claims and assessments for which management has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. We record expense associated with professional fees related to litigation claims and assessments as incurred.

Derivative Financial Instruments

FASB ASC Topic 815, *Derivative and Hedging*, requires that all derivative financial instruments, such as foreign exchange contracts, be recognized in the financial statements and measured at fair value, regardless of the purpose or intent in holding them. We are exposed to foreign currency changes in the normal course of business. We have established policies and procedures that manage this exposure through the use of financial instruments. By policy, we do not enter into these instruments for trading purposes or speculation.

We enter into intercompany lending transactions denominated in various foreign currencies and are subject to financial exposure from foreign exchange rate movement over the term of the loans. To mitigate this risk, we enter into foreign exchange contracts with major financial institutions. These contracts are not treated as hedges and, as a result, are adjusted to fair value, with the resulting gains and losses recognized as other income or expense in the accompanying consolidated statements of operations. Realized and unrealized gains and losses on these contracts offset the foreign exchange gains and losses on the underlying transactions. Our forward contracts have original maturities of one year or less. See Note 18, *Financial Instruments*, for more information.

Pension and Other Post-retirement Plans

We account for our pensions and other post-retirement benefits in accordance with FASB ASC Topic 715, *Compensation — Retirement Benefits*. This standard requires us to (1) recognize the funded status of the benefit plans in our statement of financial position, (2) recognize, as a component of other comprehensive income or net periodic benefit cost, the gains or losses and prior service costs or credits that arise during the period, (3) measure defined benefit plan assets and obligations as of the date of the employer's fiscal year end statement of financial position and (4) disclose additional information in the notes to financial statements about certain effects on net periodic benefit costs for the next fiscal year that arise from delayed recognition of prior service costs or credits and transition assets or obligations. Additionally, on January 1, 2011, we elected to change our method for recognizing actuarial gains and losses for pension and other postretirement benefits. In accordance with FASB Accounting Standards Codification Topic 250, *Accounting Changes and Error Corrections*, all prior periods presented in this Annual Report on Form 10-K have been adjusted to apply the new method retrospectively. See Note 2, *Change in Accounting Principle*, for further discussion.

Accumulated Other Comprehensive (Loss) Income

Accumulated other comprehensive loss at December 31, 2011 and 2010 are as follows:

(In millions)	2011	Adjusted 2010
Foreign currency translation adjustments	\$(17.6)	\$ (8.6)
Transition obligation and prior service costs	16.1	26.9
Unrealized gain in available-for-sale securities	0.2	0.2
	\$ (1.3)	\$ 18.5

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, requires disclosures of the fair value of financial instruments. The estimated fair values of financial instruments were principally based on market prices where such prices were available and, where unavailable, fair values were estimated based on market prices of similar instruments. See Note 18, *Financial Instruments*, for further discussion.

Foreign Currency Translation

Revenues and expenses are translated at average currency exchange rates during the related period. Assets and liabilities of foreign subsidiaries and equity investees are translated using the exchange rate at the end of the period. The resulting translation adjustment is recorded as accumulated other comprehensive income or loss in shareholders' equity. Gains and losses resulting from foreign currency transactions, including intercompany transactions that are not considered permanent investments, are included in *other income (expense)*, *net* in the accompanying consolidated statements of operations.

Revenue Recognition

We recognize revenue when the revenue is realized or realizable and has been earned. We recognize revenue when a firm sales agreement is in place, shipment has occurred and collectability is reasonably assured.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales.

Research and Development Expense

Research and development costs, which were \$36.9 million in 2011, \$33.8 million in 2010 and \$30.2 million in 2009, are charged to expense as incurred.

Environmental Costs

We expense costs that are associated with managing hazardous substances and pollution in ongoing operations on a current basis. Costs associated with the remediation of environmental contamination are accrued when it becomes probable that a liability has been incurred and our proportionate share of the cost can be reasonably estimated.

Equity Affiliates

We account for our investments in equity affiliates under FASB ASC Topic 323, *Investments — Equity Method and Joint Ventures*. We recognize our proportionate share of the income of equity affiliates.

Share-Based Compensation

We account for share-based compensation under the provisions of FASB ASC Topic 718, *Compensation — Stock Compensation*, which requires us to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the accompanying consolidated statements of operations. As of December 31, 2011, we had one active share-based employee compensation plan, which is described more fully in Note 15, *Share-Based Compensation*.

Income Taxes

Deferred tax liabilities and assets are determined based upon the differences between the financial reporting and tax basis of assets and liabilities and are measured using the tax rate and laws currently in effect. In accordance with FASB ASC Topic 740, *Income Taxes*, we evaluate our deferred income taxes to determine whether a valuation allowance should be established against the deferred tax assets or whether the valuation allowance should be reduced based on consideration of all available evidence, both positive and negative, using a "more likely than not" standard.

Note 2 — CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2011, we changed our method of recognizing actuarial gains and losses for pension and other postretirement benefits for all of our defined benefit plans. Historically, we recognized actuarial gains and losses in accumulated other comprehensive income within *Shareholders' Equity* on our consolidated balance sheets on an annual basis and amortized them into our operating results over the average remaining life expectancy of the plan participants for the majority of our U.S. and foreign benefit plans and over the remaining service period of plan participants for a certain non-U.S. benefit plans, to the extent such gains and losses were outside of a corridor. Beginning in 2011 we have elected to immediately recognize actuarial gains and losses, after consideration of inventory capitalization, in our operating results in the year in which the gains or losses occur because it is generally preferable to accelerate the recognition of deferred gains and losses into income rather than to delay such recognition. This change will improve the transparency in our operating results by more quickly recognizing the effects of economic and interest rate trends on plan obligations, investments and assumptions. These gains and losses are generally only measured annually as of December 31 and accordingly, will be recorded during the fourth quarter of each year. In accordance with FASB Accounting Standards Codification Topic 250, *Accounting Changes and Error Corrections*, all prior periods presented in this Annual Report on Form 10-K have been adjusted to apply the new method retrospectively. The majority of our net periodic benefit cost is captured within Corporate and eliminations and accordingly the annual recognition of actuarial gains and losses will be therein. The effect of the change on retained earnings as of January 1, 2009 was a reduction of \$247.8 million, with a corresponding offset to accumulated other comprehensive income.

We have presented the effects of the change in accounting principle on our consolidated financial statements for 2011, 2010 and 2009 below. The following table presents the significant effects of the change in accounting for benefit plans on our historical statements of operations, balance sheet, and statement of cash flows.

Statements of Operations Information

(In millions, except per share data)	Year Ended December 31, 2011		
	Prior Accounting Method	Effect of Accounting Change	As Reported
Cost of sales	\$ 2,399.1	\$ 1.7	\$ 2,400.8
Selling and administrative	309.6	72.1	381.7
Income before income taxes	272.5	(73.8)	198.7
Income tax (expense) benefit	(54.6)	28.5	(26.1)
Net income	\$ 217.9	\$ (45.3)	\$ 172.6
Earnings per common share:			
Basic earnings	\$ 2.36	\$ (0.49)	\$ 1.87
Diluted earnings	\$ 2.31	\$ (0.48)	\$ 1.83

(In millions, except per share data)	Year Ended December 31, 2010		
	Originally Reported	Effect of Accounting Change	As Adjusted
Cost of sales	\$ 2,193.0	\$ 0.1	\$ 2,193.1
Selling and administrative	296.6	(0.4)	296.2
Income before income taxes	111.0	0.3	111.3
Income tax benefit (expense)	51.6	(0.3)	51.3
Net income	\$ 162.6	\$ —	\$ 162.6
Earnings per common share:			
Basic earnings	\$ 1.75	\$ —	\$ 1.75
Diluted earnings	\$ 1.69	\$ —	\$ 1.69

	Year Ended December 31, 2009		
	Originally Reported	Effect of Accounting Change	As Adjusted
(In millions, except per share data)			
Cost of sales	1,738.5	(1.6)	1,736.9
Selling and administrative	272.3	(55.4)	216.9
Income before income taxes	36.2	57.0	93.2
Income tax benefit	13.3	0.2	13.5
Net income	\$ 49.5	\$ 57.2	\$ 106.7
Earnings per common share:			
Basic earnings	\$ 0.54	\$ 0.61	\$ 1.15
Diluted earnings	\$ 0.53	\$ 0.61	\$ 1.14

Consolidated Balance Sheet Information

	December 31, 2011		
	Prior Accounting Method	Effect of Accounting Change	As Reported
(In millions)			
Additional paid-in-capital	\$ 1,057.3	\$ (14.6)	\$ 1,042.7
Retained earnings (accumulated deficit)	136.4	(221.3)	(84.9)
Accumulated other comprehensive (loss) income	(237.2)	235.9	(1.3)

	December 31, 2010		
	Originally Reported	Effect of Accounting Change	As Adjusted
(In millions)			
Accumulated deficit	\$ (66.9)	\$ (190.6)	\$ (257.5)
Accumulated other comprehensive (loss) income	(172.1)	190.6	18.5

Consolidated Statement of Cash Flows Information

	Year Ended December 31, 2011		
	Prior Accounting Method	Effect of Accounting Change	As Reported
(In millions)			
Operating Activities			
Net income	\$ 217.9	\$ (45.3)	\$ 172.6
(Decrease) increase in pensions and other post-retirement benefits	(15.1)	45.3	30.2

	Year Ended December 31, 2010		
	Originally Reported	Effect of Accounting Change	As Adjusted
(In millions)			
Operating Activities			
Net income	\$ 162.6	\$ —	\$ 162.6
(Decrease) increase in pensions and other post-retirement benefits	(38.0)	—	(38.0)

	Year Ended December 31, 2009		
	Originally Reported	Effect of Accounting Change	As Adjusted
(In millions)			
Operating Activities			
Net income	\$ 49.5	\$ 57.2	\$ 106.7
(Decrease) increase in pensions and other post-retirement benefits	(31.9)	(57.2)	(89.1)

Note 3 — BUSINESS COMBINATIONS

On December 21, 2011, PolyOne, pursuant to the terms of an Agreement and Plan of Merger (Merger Agreement) with ColorMatrix Group, Inc. and Audax ColorMatrix Holdings, LLC, acquired all of the equity of ColorMatrix Group, Inc. (ColorMatrix). ColorMatrix is a developer and manufacturer of performance enhancing, additives for plastic products, liquid colorants, and fluoropolymer and silicone colorants, and operates globally with research and development and production facilities in North America, South America, Europe and Asia. The Acquisition reflects our strategy to expand our specialty business and our international presence.

The acquisition date fair value of the consideration transferred, which consisted solely of cash, was \$486.1 million, net of cash acquired of \$1.9 million. The Acquisition was on a debt-free basis. PolyOne funded the purchase price with a combination of cash on hand and net proceeds of \$285.5 from the new senior secured term loan, discussed in Note 5, *Financing Arrangements*. We incurred approximately \$3.3 million of acquisition costs related to this acquisition, which are included within the *selling and administrative* line in our consolidated statement of operations. The amounts of revenue and earnings of ColorMatrix included in the Company's consolidated statements of operations since the acquisition date are immaterial.

The purchase price allocation is preliminary and will be finalized as we complete our assessment of deferred income taxes, acquired property, intangibles, obligations and finalize the working capital set forth in the purchase agreement.

The following table presents the preliminary allocation of purchase price related to the ColorMatrix business as of December 31, 2011.

(In millions)		
Cash and cash equivalents	\$	1.9
Accounts receivables		30.7
Inventories		32.8
Other current assets		7.1
Property, net		25.4
Other non-current assets		1.3
Other intangible assets, net		276.0
Goodwill		225.8
Total assets acquired		601.0
Accounts payable	\$	16.2
Accrued expenses and other liabilities		3.5
Other non-current liabilities		93.3
Total liabilities assumed		113.0
Net assets acquired	\$	488.0

Goodwill is calculated as the excess of the consideration transferred over the net assets recognized and represents the estimated future economic benefits arising from other assets acquired that could not be individually identified and separately recognized. As of December 31, 2011, approximately \$40.7 million of goodwill acquired as part of the acquisition of ColorMatrix is deductible for tax purposes. Goodwill has been allocated to the Global Color, Additives, and Inks operating segment on the basis that the cost identified will primarily benefit this segment of the business.

The Company has preliminarily estimated the fair value of ColorMatrix's identifiable intangible assets as \$276.0 million. The preliminary allocation of identifiable intangible assets is as follows:

(In millions)	Fair Value	Weighted average Remaining Useful Lives
Trade Names	\$ 63.1	Indefinite
Existing Technology	72.1	16 years
Customer Relationships	124.9	25 Years
In-Process Research and Development	15.9	Indefinite
Total Identifiable Intangible Assets	\$ 276.0	

The following unaudited pro forma information reflects our consolidated results of operations as if the acquisition had taken place on January 1, 2010. The unaudited pro forma information is not necessarily indicative of the results of operations that we would have reported had the transaction actually occurred at the beginning of these periods nor its it necessarily indicative of future results. The unaudited pro forma financial information does not reflect the impact of future events that may occur after the acquisition, including, but not limited to, anticipated costs savings from synergies or other operational improvements, and additional revenues, costs, and expenses associated with additional investments in this business.

(In millions)	2011	2010
Net Sales	\$ 3,063.7	\$ 2,811.3
Net Income	175.7	167.8

The unaudited pro forma financial information presented in the table above has been adjusted to give effect to adjustments that are: (1) directly related to the business combination; (2) factually supportable; and (3) expected to have a continuing impact. These adjustments include, but are not limited to, the application of our accounting policies; depreciation and amortization related to fair value adjustments to property, plant, and equipment and intangible assets; and (4) interest expense on acquisition-related debt and the elimination of historical debt.

On October 6, 2011, we entered into an agreement with E.A. Juffali & Brothers Company Limited to form a joint venture that will enable PolyOne to expand its Global Color and Additives business into the Middle East. The new joint venture will be 51% owned by PolyOne, will be based in Jeddah, Saudi Arabia and remains subject to approvals by the government of the Kingdom of Saudi Arabia (Kingdom) and other customary conditions to formation of a company in the Kingdom.

On January 3, 2011, we acquired all outstanding shares of Uniplen, a leading Brazilian producer of specialty engineered materials and distributor of thermoplastics. The Uniplen transaction was completed for a cash purchase price of \$21.8 million with a potential for further consideration payable over three years based on achieving certain performance metrics. This acquisition resulted in \$6.3 million of goodwill and \$2.8 million of identifiable intangible assets. Uniplen's revenues and net income for 2011 are immaterial to our consolidated statement of operations.

On October 1, 2010, we acquired all outstanding shares of Polimaster, a specialty color business in Brazil for a cash purchase price of \$3.3 million paid at closing, resulting in goodwill of \$0.4 million.

On December 23, 2009, we acquired substantially all of the assets of New England Urethane (NEU), a specialty healthcare engineered materials provider, for a cash purchase price of \$11.5 million paid at close and further consideration of \$0.5 million paid during 2011, resulting in goodwill of \$4.5 million and \$5.9 million of identifiable intangible assets.

Note 4 — GOODWILL AND INTANGIBLE ASSETS

The total purchase price associated with acquisitions is allocated to the fair value of assets acquired and liabilities assumed based on their fair values at the acquisition date, with excess amounts recorded as goodwill. The acquisition of ColorMatrix resulted in a preliminary goodwill amount of \$225.8 million being recorded in 2011. The acquisition of Uniplen resulted in \$6.3 million of goodwill being recorded in 2011.

Goodwill as of December 31, 2011 and 2010, and changes in the carrying amount of goodwill by segment was as follows:

(In millions)	Global Specialty Engineered Materials	Global Color, Additives and Inks	Performance Products and Solutions	PolyOne Distribution	Total
Balance at January 1, 2010	\$ 82.4	\$ 72.1	\$ 7.4	\$ 1.6	\$163.5
Acquisitions of businesses	—	0.4	—	—	0.4
Translations and other adjustments	0.2	—	—	—	0.2
Balance at December 31, 2010	\$ 82.6	\$ 72.5	\$ 7.4	\$ 1.6	\$164.1
Acquisitions of businesses	6.3	225.8	—	—	232.1
Translations and other adjustments	0.3	0.2	—	—	0.5
Balance at December 31, 2011	\$ 89.2	\$ 298.5	\$ 7.4	\$ 1.6	\$396.7

Total accumulated goodwill impairment losses were \$203.3 million as of December 31, 2011 and 2010. Of these accumulated impairment losses, \$12.2 million relates to Global Specialty Engineered Materials, \$16.1 million relates to Global Color Additives and Inks, and \$175.0 million relates to Performance Products and Solutions.

At December 31, 2011, PolyOne had \$112.2 million of indefinite-lived other intangible assets that are not subject to amortization, consisting of a trade name of \$33.2 million acquired as part of the 2008 acquisition of GLS Corporation (GLS), trade names of \$63.1 million acquired as part of the acquisition of ColorMatrix and \$15.9 million of in-process research and development (R&D) acquired as part of the ColorMatrix acquisition. Acquired in-process (R&D) is accounted for as an indefinite-lived intangible asset until the project is complete. Upon completion projects are reclassified to technology and amortized over their useful lives. In-process R&D consists of two projects which we expect to be completed within the next two years.

Indefinite and finite-lived intangible assets consisted of the following:

(In millions)	As of December 31, 2011			
	Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	\$ 169.5	\$ (17.7)	\$ 0.7	\$152.5
Sales contracts	11.4	(10.8)	—	0.6
Patents, technology and other	82.0	(4.9)	0.1	77.2
Indefinite-lived trade names	96.3	—	—	96.3
In-process research and development	15.9	—	—	15.9
Total	\$ 375.1	\$ (33.4)	\$ 0.8	\$342.5

(In millions)	As of December 31, 2010			
	Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	\$ 42.2	\$ (14.6)	\$ —	\$27.6
Sales contracts	11.4	(10.6)	—	0.8
Patents, technology and other	9.4	(4.3)	1.1	6.2
Indefinite-lived trade-names	33.2	—	—	33.2
Total	\$ 96.2	\$ (29.5)	\$ 1.1	\$67.8

Amortization of other finite-lived intangible assets for the years ended December 31, 2011, 2010 and 2009 was \$3.8 million, \$3.7 million and \$3.3 million, respectively. As of December 31, 2011, we expect amortization expense on other finite-lived intangibles for the next five years as follows: 2012 — \$13.0 million; 2013 — \$13.0 million; 2014 — \$12.9 million; 2015 — \$12.7 million; and 2016 — \$12.7 million.

Note 5 — FINANCING ARRANGEMENTS

Long-term debt as of December 31 consisted of the following:

(Dollars in millions)	December 31, 2011 ⁽¹⁾	December 31, 2010 ⁽¹⁾
6.58% medium-term notes due 2011	—	20.0
8.875% senior notes due 2012	—	22.9
7.500% debentures due 2015	50.0	50.0
Senior secured term loan due 2017	297.0	—
7.375% senior notes due 2020	360.0	360.0
Total long-term debt	\$ 707.0	\$ 452.9
Less current portion	3.0	20.0
Total long-term debt, net of current portion	\$ 704.0	\$ 432.9

⁽¹⁾ Book values include unamortized discounts, where applicable.

On December 21, 2011, the Company entered into a senior secured term loan facility having an aggregate principal amount of \$300.0 million. We used the net proceeds from the term loan to partially fund the acquisition of ColorMatrix. The term loan was recorded at par value less an unamortized discount of \$3.0 million, which will be amortized over the life of the debt.

The interest rate per annum under the term loan is, at PolyOne's option, either LIBOR (subject to a 1.25% floor) or a Prime rate, plus an applicable margin percentage. The applicable margin is variable based upon our leverage ratio being greater than 2.25x. The current LIBOR and Prime rate margin is 3.75% and 2.75%, respectively, per annum. The effective interest rate, including deferred financing costs, on the term loan was 5.7% during 2011.

The obligations of PolyOne under the term loan are secured by a first lien on certain existing and future property and assets of PolyOne and certain of its U.S. subsidiaries, a 100% pledge of the voting capital stock of PolyOne's U.S. subsidiaries, a 65% pledge of the voting capital stock of PolyOne's direct foreign subsidiaries (subject to certain exceptions), and a second lien on U.S. accounts receivable and inventory. The term loan agreement contains customary covenants including various financial covenants. The financial covenants include an interest coverage ratio, a maximum leverage ratio, and maximum capital expenditures. We were in compliance with all financial covenants as of December 31, 2011.

The term loan includes annual principal payments of \$3.0 million, and the remaining balance matures on December 20, 2017. In addition, subject to certain thresholds and exceptions, PolyOne will be required to prepay the loans outstanding under the term loan with (i) net cash proceeds from non-ordinary course sales of property and assets of PolyOne or any of its subsidiaries, (ii) net cash proceeds from the issuance or incurrence of additional debt of PolyOne or any of its subsidiaries, and (iii) a portion of the amount of its excess cash flow (as defined in the term loan agreement) in any fiscal year.

On December 21, 2011, we retired our accounts receivable facility that was set to mature in June 2012 and replaced it with a five-year senior secured revolving credit facility, which includes up to \$300.0 million in revolving loans, subject to a borrowing base with advances against U.S. and Canadian accounts receivable and inventory. A portion of the revolving credit facility is available for letters of credit and swing line loans of up to \$50.0 million. We have the option to increase the availability under the revolving credit facility to \$350.0 million, subject to our meeting certain requirements and obtaining commitments for such increase.

The obligations of PolyOne and certain of its U.S. subsidiaries under the senior secured revolving credit facility are secured on a first priority basis by U.S. accounts receivable and inventory, and a second priority lien on the assets that secure the term loan facility. The obligations of PolyOne's Canadian subsidiaries, which may be borrowers under the revolving credit facility, are secured by Canadian accounts receivable and inventory as well as the assets that secure the obligations of PolyOne and its U.S. subsidiaries. The interest rates per annum applicable to loans under the revolving credit facility will be, at PolyOne's option, equal to either (i) a base rate or (ii) a LIBOR rate, for one-, two- or three-month interest periods, in each case plus an applicable margin percentage. The margin is variable based upon our quarterly excess availability. The current margin percentage is (i) 1.00% per annum in the case of base rate advances, and (ii) 2.00% per annum in the case of LIBOR rate advances.

The agreement governing the revolving credit facility contains customary covenants including maximum capital expenditures and a financial covenant to maintain a minimum fixed charge coverage ratio of 1.1x, which only comes to effect when excess availability falls below 10% of the maximum credit. The revolving credit facility also requires the payment of an unused commitment fee of 0.5% per annum prior to April 1, 2012, and 0.5% subsequent to April 1, 2012 if the average daily balance is less than 50% of the maximum facility and 0.375% per annum if the average daily balance is equal to or greater than 50% of the maximum facility. As of December 31, 2011, we were in compliance with all covenants, there were no outstanding borrowings, and we had availability of \$148.2 million under the revolving credit facility.

During 2011, we incurred \$12.5 million in debt financing related fees. These costs are included in *Other current and Other non-current assets* and will be amortized over the life of their respective agreements.

In November 2011, we repurchased the aggregate principal of \$22.9 million of our 8.875% senior notes due 2012 at a premium of \$0.9 million.

In September 2010, we issued \$360 million of senior unsecured notes at par that mature in September 2020 and bear interest at 7.375% per annum, payable semi-annually in arrears on March 15th and September 15th of each year. Deferred financing costs of \$7.3 million from the issuance are included in *Other non-current and other current assets* and will be amortized over 10 years, the term of the senior unsecured notes. We used a portion of the net proceeds from the issuance of these notes to repurchase \$257.1 million aggregate principle amount of our 8.875% senior notes due May 2012 at a premium of \$25.7 million. The tender premium, \$0.7 million of other debt extinguishment costs and the write-off of deferred note issuance costs of \$1.7 million are shown within the *Debt extinguishment costs* line in our Consolidated Statement of Operations.

In July 2010, we repaid \$40 million of outstanding borrowings and terminated the related commitments under our \$40 million unsecured revolving and letter of credit facility, which was scheduled to mature on March 20, 2011. Debt extinguishment costs of \$1.4 million related to the early retirement of this debt are shown within the *Debt extinguishment costs* line in our Consolidated Statement of Operations.

In February 2010, we repaid \$20 million aggregate principal amount of our 6.52% medium-term notes.

Aggregate maturities of long-term debt for the next five years are: 2012 — \$3.0 million; 2013 — \$3.0 million; 2014 — \$3.0 million; 2015 — \$53.0 million; 2016 — \$3.0 million; and thereafter — \$645.0 million.

Included in *Interest expense, net* for the years ended December 31, 2011, 2010 and 2009 was interest income of \$0.7 million, \$2.9 million and \$3.2 million respectively. Total interest paid on long-term and short-term borrowings was \$32.0 million in 2011, \$30.3 million in 2010 and \$34.0 million in 2009.

Note 6 — LEASING ARRANGEMENTS

We lease certain manufacturing facilities, warehouse space, machinery and equipment, automobiles and railcars under operating leases. Rent expense was \$21.6 million in 2011, \$22.4 million in 2010 and \$20.6 million in 2009.

Future minimum lease payments under non-cancelable operating leases with initial lease terms longer than one year as of December 31, 2011 were as follows: 2012 — \$22.5 million; 2013 — \$18.0 million; 2014 — \$13.5 million; 2015 — \$8.7 million; 2016 — \$6.0 million; and thereafter — \$14.8 million.

Note 7 — ACCOUNTS RECEIVABLE

Accounts receivable as of December 31 consist of the following:

(In millions)	2011	2010
Trade accounts receivable	\$ 325.8	\$ 135.4
Retained interest in securitized accounts receivable	—	163.2
Allowance for doubtful accounts	(4.8)	(4.1)
Accounts receivable	\$ 321.0	\$ 294.5

The following table details the changes in allowance for doubtful accounts:

(In millions)	2011	2010	2009
Balance at beginning of the year	\$(4.1)	\$(5.9)	\$(6.7)
Provision for doubtful accounts	(2.0)	(2.5)	(3.3)
Accounts written off	1.0	4.1	4.0
Translation and other adjustments	0.3	0.2	0.1
Balance at end of year	\$(4.8)	\$(4.1)	\$(5.9)

Note 8 — INVENTORIES

Components of *Inventories* are as follows:

(In millions)	December 31, 2011	December 31, 2010
At FIFO cost:		
Finished products	\$ 157.4	\$ 129.2
Work in process	2.3	2.4
Raw materials and supplies	85.5	79.7
Inventories	\$ 245.2	\$ 211.3

Note 9 — PROPERTY

Components of *Property, net* are as follows:

(In millions)	December 31, 2011	December 31, 2010
Land and land improvements	\$ 42.3	\$ 43.5
Buildings	287.7	290.0
Machinery and equipment	937.9	909.7
	1,267.9	1,243.2
Less accumulated depreciation and amortization	(874.3)	(868.8)
Property, net	\$ 393.6	\$ 374.4

Depreciation expense was \$53.7 million in 2011, \$51.5 million in 2010 and \$61.5 million in 2009. During 2010 and 2009, we recorded \$0.2 million and \$8.6 million, respectively, of accelerated depreciation related to restructuring.

Note 10 — OTHER BALANCE SHEET LIABILITIES

Other liabilities at December 31, 2011 and 2010 consist of the following:

(In millions)	Accrued Expenses		Non-current Liabilities	
	December 31,		December 31,	
	2011	2010	2011	2010
Employment costs	\$ 82.0	\$ 87.5	\$ 21.7	\$ 23.9
Environmental	12.0	16.2	64.2	71.2
Taxes	16.4	17.1	22.3	8.2
Pension and other post-employment benefits	7.3	8.3	—	—
Interest	8.3	7.8	—	—
Other	18.6	8.9	15.1	11.0
Total	\$ 144.6	\$ 145.8	\$ 123.3	\$ 114.3

Note 11 — EMPLOYEE BENEFIT PLANS

As discussed in Note 2, effective January 1, 2011, we changed our method of recognizing actuarial gains and losses for pension and other postretirement benefits for all of our defined benefit plans and have elected to immediately recognize actuarial gains and losses, after consideration of inventory capitalization, in our operating results in the year in which the gains or losses occur. These gains and losses are generally only measured annually as of December 31 and accordingly, will be recorded during the fourth quarter of each year. In the fourth quarter of 2011, we recognized a pre-tax charge of \$83.8 million related to the actuarial losses during the year. We recognized a pre-tax charge of \$9.6 million and a \$26.4 million pre-tax gain in the fourth quarter of 2010 and 2009, respectively.

We have several pension plans; however, as of December 31, 2011, only certain foreign plans accrue benefits. The plans generally provide benefit payments using a formula that is based upon employee compensation and length of service. All U.S. defined benefit pension plans are frozen, no longer accrue benefits and are closed to new participants.

On January 15, 2009, we adopted amendments to the Geon Pension Plan (Geon Plan) and the Benefit Restoration Plan (BRP). Effective March 20, 2009, the amendments to the Geon Plan and the BRP permanently froze future benefit accruals and provide that participants will not receive credit under the Geon Plan or the BRP for any eligible earnings paid on or after that date. These actions resulted in a curtailment gain of \$19.3 million during 2009.

We also sponsor several unfunded defined benefit post-retirement plans that provide subsidized health care and life insurance benefits to certain retirees and a closed group of eligible employees. On September 1, 2009, we adopted changes to our U.S. post-retirement healthcare plan whereby, effective January 1, 2010, the plan, for certain eligible retirees, were discontinued, and benefits are phased out through December 31, 2012. Only certain employees hired prior to December 31, 1999 are eligible to participate in our subsidized post-retirement health care and life insurance plans. These amendments resulted in a curtailment gain of \$21.1 million and decreased the accumulated pension benefit obligation by \$58.1 million during 2009.

The following tables present the change in benefit obligation, change in plan assets and components of funded status for defined benefit pension and post-retirement health care benefit plans. Actuarial assumptions that were used are also included.

(In millions)	Pension Benefits		Health Care Benefits	
	2011	2010	2011	2010
Change in benefit obligation:				
Projected benefit obligation — beginning of year	\$ 514.4	\$ 498.7	\$ 23.2	\$ 26.6
Service cost	1.6	1.6	—	—
Interest cost	28.3	29.7	1.0	1.2
Actuarial loss (gain)	38.4	24.6	0.4	(0.9)
Participant contributions	—	—	0.8	0.6
Benefits paid	(38.7)	(39.1)	(3.3)	(4.7)
Other	(0.5)	(1.1)	(0.2)	0.4
Projected benefit obligation — end of year	\$ 543.5	\$ 514.4	\$ 21.9	\$ 23.2
Projected salary increases	2.6	2.8	—	—
Accumulated benefit obligation	\$ 540.9	\$ 511.6	\$ 21.9	\$ 23.2
Change in plan assets:				
Plan assets — beginning of year	\$ 354.6	\$ 320.6	\$ —	\$ —
Actual return on plan assets	(15.9)	40.2	—	—
Company contributions	35.6	33.4	2.5	4.1
Plan participants' contributions	—	—	0.8	0.6
Benefits paid	(38.7)	(39.1)	(3.3)	(4.7)
Other	—	(0.5)	—	—
Plan assets — end of year	\$ 335.6	\$ 354.6	\$ —	\$ —
Under-funded status at end of year	\$ (207.9)	\$ (159.8)	\$ (21.9)	\$ (23.2)

Plan assets of \$335.6 million and \$354.6 million as of December 31, 2011 and 2010, respectively, relate to our qualified pension plans that have a projected benefit obligation of \$499.3 million and \$468.3 million as of December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010, we were 67% and 76% funded, respectively, in regards to these plans and their respective projected benefit obligation.

Amounts included in the accompanying consolidated balance sheets are as follows:

(In millions)	Pension Benefits		Health Care Benefits	
	2011	2010	2011	2010
Other non-current assets	\$ —	\$ 0.2	\$ —	\$ —
Current liabilities	4.3	5.0	3.0	3.7
Long-term liabilities	203.6	155.0	18.9	19.5

Amounts recognized in accumulated other comprehensive income (AOCI):

(In millions)	Pension Benefits		Health Care Benefits	
	2011	2010	2011	2010
Prior service loss (credit)	\$ 0.3	\$ 0.5	\$ (17.4)	\$ (34.9)

Change in AOCI:

(In millions)	Pension Benefits		Health Care Benefits	
	2011	2010	2011	2010
AOCI in prior year	\$ 0.5	\$ 1.3	\$ (34.9)	\$ (52.3)
Prior service (cost) credit recognized during year	(0.2)	(0.8)	17.4	17.4
Other adjustments	—	—	0.1	—
AOCI in current year	\$ 0.3	\$ 0.5	\$ (17.4)	\$ (34.9)

As of December 31, 2011 and 2010, we had plans with total projected and accumulated benefit obligations in excess of the related plan assets as follows:

(In millions)	Pension Benefits		Health Care Benefits	
	2011	2010	2011	2010
Projected benefit obligation	\$ 542.8	\$ 509.5	\$ 21.9	\$ 23.2
Accumulated benefit obligation	540.3	511.6	21.9	23.2
Fair value of plan assets	334.9	353.6	—	—

	Pension Benefits		Health Care Benefits	
	2011	2010	2011	2010
Weighted-average assumptions used to determine benefit obligations at December 31:				
Discount rate	5.11%	5.71%	4.51%	5.07%
Rate of compensation increase	—	—	—	—
Assumed health care cost trend rates at December 31:				
Health care cost trend rate assumed for next year	—	—	8.50%	8.50%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	—	—	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	—	—	2019	2018

Assumed health care cost trend rates have an effect on the amounts reported for the health care plans. A one percentage point change in assumed health care cost trend rates would have the following impact:

(In millions)	One Percentage Point Increase		One Percentage Point Decrease	
Effect on total of service and interest cost	\$	0.1	\$	(0.1)
Effect on post-retirement benefit obligation		1.1		(1.1)

An expected return on plan assets of 8.5% will be used to determine the 2012 pension expense. The expected long-term rate of return on pension assets was determined after considering the historical experience of long-term asset returns by asset category, the expected investment portfolio mix by category of asset and estimated future long-term investment returns.

The following table summarizes the components of net period benefit cost that was recognized during each of the years in the three-year period ended December 31, 2011. Actuarial assumptions that were used are also included.

(In millions)	Pension Benefits			Health Care Benefits		
	2011	2010	2009	2011	2010	2009
Components of net periodic benefit costs:						
Service cost	\$ 1.6	\$ 1.6	\$ 1.4	\$ —	\$ —	\$ 0.1
Interest cost	28.3	29.7	30.7	1.0	1.2	4.1
Expected return on plan assets	(29.2)	(26.2)	(21.8)	—	—	—
Amortization of prior service cost	0.2	0.8	0.8	(17.4)	(17.4)	(9.1)
Mark-to-market net losses (gains)	83.4	10.6	(20.0)	0.4	(1.0)	(6.4)
Curtailment gains	—	—	(19.3)	—	—	(21.1)
Other	—	—	—	—	0.2	—
Net periodic benefit cost (gain)	\$ 84.3	\$ 16.5	\$(28.2)	\$(16.0)	\$(17.0)	\$(32.4)

	Pension Benefits			Health Care Benefits		
	2011	2010	2009	2011	2010	2009
Weighted-average assumptions used to determine net periodic benefit cost for the years ended December 31:						
Discount rate	5.71%	6.17%	6.61%	5.07%	5.61%	6.50%
Expected long-term return on plan assets	8.50%	8.50%	8.50%	—	—	—
Rate of compensation increase	—	—	—	—	—	—
Assumed health care cost trend rates at December 31:						
Health care cost trend rate assumed for next year	—	—	—	8.50%	9.25%	9.25%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	—	—	—	5.00%	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	—	—	—	2018	2016	2015

The amounts in accumulated other comprehensive income that are expected to be amortized as net expense (income) during fiscal year 2012 are as follows:

(In millions)	Pension Benefits	Health Care Benefits
Amount of net prior service credit	\$ —	\$ (17.4)

Our pension asset investment strategy is to diversify the asset portfolio among and within asset categories to enhance the portfolio's risk-adjusted return. Our portfolio asset mix considers the duration of plan liabilities, historical and expected returns of the asset investments, and the funded status of the plan. The pension asset allocation is reviewed and actively managed based on the funded status of the plan and current yield environment. As the funded status of the plan increases, the asset allocation is adjusted to decrease the level of risk. Based on the current funded status of the plan, our pension asset investment allocation guidelines are to invest 70% to 85% in equity securities, 10% to 20% in fixed income securities, and 0% to 10% in alternative investments. These alternative investments may include funds of multiple asset investment strategies and funds of hedge funds.

The fair values of pension plan assets at December 31, 2011 and 2010, by asset category, are as follows:

(In millions)	Fair Value of Plan Assets at December 31, 2011				Fair Value of Plan Assets at December 31, 2010			
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Asset category								
Cash and cash equivalents	\$ 16.7	\$ —	\$ —	\$ 16.7	\$ 17.0	\$ —	\$ —	\$ 17.0
Large cap equity funds	27.0	17.0	—	44.0	28.5	16.8	—	45.3
Mid cap equity funds	36.4	—	—	36.4	38.5	—	—	38.5
Small cap equity funds	34.1	—	—	34.1	36.0	—	—	36.0
Global equity funds	50.9	54.2	—	105.1	58.1	59.2	—	117.3
Non-US equity funds	10.5	—	—	10.5	12.6	—	—	12.6
Fixed income funds	24.4	—	—	24.4	39.5	—	—	39.5
Multi-asset mutual fund	32.4	—	—	32.4	25.2	—	—	25.2
Floating rate income fund	32.0	—	—	32.0	21.9	—	—	21.9
Fund of hedge funds	—	—	—	—	—	—	1.3	1.3
Total plan assets	\$ 264.4	\$ 71.2	\$ —	\$ 335.6	\$ 277.3	\$ 76.0	\$ 1.3	\$ 354.6

Large cap equity funds invest in primarily U.S. publicly-traded equity securities of companies with a market capitalization typically in excess of \$10 billion with a focus on growth or value. Mid cap equity funds invest in primarily U.S. publicly-traded equity securities of companies with a market capitalization typically greater than \$2 billion but less than \$10 billion with a focus on growth or value. Small cap equity funds invest in primarily U.S. publicly-traded equity securities of companies with a market capitalization typically less than \$2 billion with a focus on growth or value. Global equity funds invest in publicly-traded equity securities of companies domiciled in the United States, developed international countries, and emerging markets typically with a market capitalization greater than \$2 billion with a focus on growth or value. Non-U.S. Equity funds invest in publicly-traded equity securities domiciled outside the United States. The funds take a core approach (including both growth and value companies), are invested across the capitalization spectrum (including large caps and small caps), and specialize in either the developed markets or the emerging markets. Fixed income funds invest primarily in investment grade fixed income securities. The multi-asset mutual fund strategy is based on a diverse range of investments including, but not limited to, investment grade and high yield bonds, international and emerging market bonds, inflation-indexed bonds, equities and commodities. The floating rate income fund strategy is to invest primarily in a diversified portfolio of first and second lien high-yield senior floating rate loans and other floating rate debt securities.

Included in our Level 3 assets for 2010 is a hold back from the 2009 redemption of our investment in funds of hedge funds. We received the cash during 2011.

The following table is a reconciliation of our beginning and ending balances of our Level 3 assets for 2011 and 2010:

(In millions)	2011	2010
Level 3 plan assets — beginning of year	\$ 1.3	\$ 15.2
Return on plan assets still held at year end	—	—
Return on plan assets sold during the year	—	0.1
Purchases, sales and settlements, net	(1.3)	(14.0)
Level 3 plan assets — end of year	\$ —	\$ 1.3

The estimated future benefit payments for our pension and health care plans are as follows:

(In millions)	Pension Benefits	Health Care Benefits	Medicare Part D Subsidy
2012	\$ 38.1	\$ 2.8	\$ 0.1
2013	37.8	2.1	0.1
2014	37.8	2.0	0.1
2015	39.0	2.0	0.1
2016	38.4	1.9	0.1
2017 through 2021	193.4	7.9	0.5

We currently estimate that 2012 employer contributions will be \$24.2 million to all qualified and nonqualified pension plans and \$2.8 million to all health care benefit plans.

We sponsor a voluntary retirement savings plan (RSP). Under the provisions of this plan, eligible employees receive defined Company contributions of 2% of their eligible earnings plus they are eligible for Company matching contributions based on the first 6% of their eligible earnings contributed to the plan. In addition, we may make discretionary contributions to this plan for eligible employees based on a specific percentage of each employee's compensation.

Following are our contributions to the RSP:

(In millions)	2011	2010	2009
Retirement savings match	\$ 7.1	\$ 6.2	\$ 5.8
Retirement benefit contribution	3.9	3.6	3.7
Total contributions	\$11.0	\$ 9.8	\$ 9.5

Note 12 — COMMITMENTS AND CONTINGENCIES

Environmental — We have been notified by U.S. federal and state environmental agencies and by private parties that we may be a potentially responsible party (PRP) in connection with the investigation and remediation of a number of environmental waste disposal sites. While government agencies frequently assert that PRPs are jointly and severally liable at these sites, in our experience, interim and final allocations of liability costs are generally made based on the relative contribution of waste. We believe that our potential continuing liability with respect to these sites will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. In addition, we initiate corrective and preventive environmental projects of our own to ensure safe and lawful activities at our operations. We believe that compliance with current governmental regulations at all levels will not have a material adverse effect on our financial condition.

In September 2007, we were informed of rulings by the United States District Court for the Western District of Kentucky on several pending motions in the case of Westlake Vinyls, Inc. v. Goodrich Corporation, et al., which had been pending since 2003. The Court held that PolyOne must pay the remediation costs at the former Goodrich Corporation (now Westlake Vinyls, Inc.) Calvert City facility, together with certain defense costs of Goodrich Corporation. The rulings also provided that PolyOne can seek indemnification for contamination attributable to Westlake Vinyls.

The environmental obligation at the site arose as a result of an agreement by our predecessor, The Geon Company, at the time of its spin-off from Goodrich Corporation in 1993, to indemnify Goodrich Corporation for environmental costs at the site. Neither PolyOne nor The Geon Company ever owned or operated the facility. Following the Court rulings, the parties to the litigation entered into settlement negotiations and agreed to settle all claims regarding past environmental costs incurred at the site. These same Court rulings and the settlement agreement provide a mechanism to allocate future remediation costs at the Calvert City facility to Westlake Vinyls, Inc. We will adjust our environmental reserve in the future, consistent with any such future allocation of costs.

Based on estimates prepared by our environmental engineers and consultants, we had accruals totaling \$76.2 million and \$87.4 million as of December 31, 2011 and 2010, respectively, for probable future environmental expenditures relating to previously contaminated sites. These accruals are included in *Accrued expenses* and *Other non-current liabilities* on the accompanying consolidated balance sheets. The accruals represent our best estimate of the remaining probable remediation costs, based upon information and technology that is currently available and our view of the most likely remedy. Depending upon the results of future testing, the ultimate remediation alternatives undertaken, changes in regulations, new information, newly discovered conditions and other factors, it is reasonably possible that we could incur additional costs in excess of the amount accrued at December 31, 2011. However, such additional costs, if any, cannot be currently estimated. Our estimate of this liability may be revised as new regulations or technologies are developed or additional information is obtained. These remediation costs are expected to be paid over the next 30 years.

The following table details the changes in the environmental accrued liabilities:

(In millions)	2011	2010	2009
Balance at beginning of the year	\$ 87.4	\$ 81.7	\$ 85.6
Environmental remediation expenses	9.7	20.5	11.7
Cash payments	(20.8)	(15.1)	(16.3)
Translation and other adjustments	(0.1)	0.3	0.7
Balance at end of year	\$ 76.2	\$ 87.4	\$ 81.7

Included in *Cost of sales* in the accompanying consolidated statements of operations are reimbursements of previously incurred environmental costs of \$3.3 million, \$16.7 million, and \$23.9 million in 2011, 2010 and 2009, respectively.

Guarantees — On February 28, 2011, we sold our 50% equity interest in SunBelt to Olin for \$132.3 million in cash and the assumption by Olin of the obligations under our guarantee of senior secured notes issued by SunBelt of \$42.7 million at the time of sale, \$36.6 million as of December 31, 2011. Until the guarantee is formally assigned to Olin, we remain obligated under the guarantee, although Olin has agreed to indemnify us for amounts that we may be obligated to pay under the guarantee.

Note 13 — OTHER INCOME (EXPENSE), NET

Other expense, net for the years ended December 31, 2011, 2010 and 2009 consist of the following:

(In millions)	2011	2010	2009
Currency exchange gain (loss)	\$ 0.9	\$ (5.6)	\$ (0.1)
Foreign exchange contracts (loss) gain	(1.8)	3.8	(7.9)
Fees and discount on sale of trade receivables	(0.9)	(1.1)	(1.3)
Other income (expense), net	2.1	0.6	(0.3)
Other income (expense), net	\$ 0.3	\$ (2.3)	\$ (9.6)

Note 14 — INCOME TAXES

Income from continuing operations before income taxes is summarized below based on the geographic location of the operation to which such earnings are attributable. Certain foreign operations are branches of PolyOne and are, therefore, subject to United States as well as foreign income tax regulations. As a result, pre-tax income by location and the components of income tax expense by taxing jurisdiction are not directly related.

Income before income taxes for the periods ended December 31, 2011, 2010 and 2009 consists of the following:

(In millions)	2011	2010	2009
Domestic	\$ 148.2	\$ 60.1	\$ 91.3
Foreign	50.5	51.2	1.9
Income before income taxes	\$ 198.7	\$ 111.3	\$ 93.2

A summary of income tax (expense) benefit for the periods ended December 31, 2011, 2010 and 2009 is as follows:

(In millions)	2011	2010	2009
Current:			
Federal	\$ (6.4)	\$ (4.8)	\$ 4.0
State	(1.5)	(0.9)	4.3
Foreign	(14.6)	(12.0)	10.9
Total current	\$ (22.5)	\$ (17.7)	\$ 19.2
Deferred:			
Federal	\$ (18.8)	\$ 71.1	\$ (1.7)
State	13.6	4.5	—
Foreign	1.6	(6.6)	(4.0)
Total deferred	\$ (3.6)	\$ 69.0	\$ (5.7)
Total tax benefit (expense)	\$ (26.1)	\$ 51.3	\$ 13.5

The principal items accounting for the difference in income taxes computed at the U.S. statutory rate for the periods ended December 31, 2011, 2010 and 2009 are as follows:

(In millions)	2011	2010	2009
Computed tax expense at 35% of income before income taxes	\$ (69.5)	\$ (39.0)	\$ (32.6)
State tax, net of federal benefit	(2.7)	(3.5)	1.5
Differences in rates of foreign operations	4.0	1.4	4.6
Changes in valuation allowances	13.0	106.4	38.2
Impact of foreign dividends	—	(11.5)	—
Tax benefits associated with O'Sullivan Engineered Films	29.5	—	—
Recognition of uncertain tax positions	(4.5)	(2.0)	1.2
Other, net	4.1	(0.5)	0.6
Income tax (expense) benefit	\$ (26.1)	\$ 51.3	\$ 13.5

In 2011, we recorded tax benefits associated with our divested investment in O'Sullivan Engineered Films, Inc. of \$29.5 million. We also decreased our existing deferred tax asset valuation allowances related to various state and foreign deferred tax assets by \$13.0 million, primarily associated with our determination that it is more likely than not that the deferred tax assets will be realized. We review all valuation allowances related to deferred tax assets and adjust these reserves as necessary.

In 2010, we recorded an income tax benefit of \$51.3 million primarily related to a tax valuation allowance reversal totaling \$107.1 million for the full year. In 2009, we recorded tax benefits of \$13.5 million related primarily to tax refunds in both U.S. and foreign jurisdictions.

As of December 31, 2011, we have federal net operating loss carryforwards of \$28.1 million that expire at various dates from 2026 through 2031 and combined state net operating loss carryforwards of \$244.3 million that expire at various dates from 2012 through 2029. Various foreign subsidiaries have net operating loss carryforwards totaling \$59.2 million that expire at various dates from 2012 through 2021. We have provided valuation allowances of \$13.0 million against certain foreign and state loss carryforwards.

Components of our deferred tax liabilities and assets as of December 31, 2011 and 2010 were as follows:

(In millions)	2011	2010
Deferred tax liabilities:		
Tax over book depreciation	\$ 39.3	\$ 30.5
Intangibles	104.7	5.0
Equity investments	—	9.6
Other, net	10.2	17.9
Total deferred tax liabilities	\$ 154.2	\$ 63.0
Deferred tax assets:		
Equity investments	\$ 0.5	\$ —
Post-retirement benefits other than pensions	7.3	8.1
Employment cost and pension	72.8	62.5
Environmental	25.9	30.0
Net operating loss carryforwards	25.2	17.4
State taxes	20.5	18.4
Alternative minimum tax credit carryforward	—	13.8
Other, net	16.9	14.9
Total deferred tax assets	\$ 169.1	\$ 165.1
Tax valuation allowance	(14.5)	(18.1)
Net deferred tax assets	\$ 0.4	\$ 84.0

No provision has been made for income taxes on undistributed earnings of consolidated non-U.S. subsidiaries of \$205 million at December 31, 2011 since it is our intention to indefinitely reinvest undistributed earnings of our foreign subsidiaries. It is not practicable to estimate the additional income taxes and applicable foreign withholding taxes that would be payable on the remittance of such undistributed earnings.

We made worldwide income tax payments of \$32.6 million and received refunds of \$1.0 million in 2011. We made worldwide income tax payments of \$9.5 million and \$15.3 million in 2010 and 2009, respectively, and received refunds of \$7.7 million and \$15.5 million in 2010 and 2009, respectively.

As of December 31, 2011, we have a \$14.2 million liability for uncertain tax positions all of which, if recognized, would impact the effective tax rate. We recognize interest and penalties related to uncertain tax positions in the provision for income taxes. As of December 31, 2011, 2010 and 2009 we had accrued \$1.5 million, \$0.9 million, and \$0.6 million of interest and penalties, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Unrecognized Tax Benefits		
(In millions)	2011	2010	2009
Balance as of January 1	\$ 9.9	\$ 8.1	\$ 6.3
Additions based on tax positions related to the current year	3.6	1.6	1.0
Additions for tax positions of prior years	1.3	1.0	7.0
Reductions for tax positions of prior years	(0.6)	—	(6.0)
Settlements and other	—	(0.8)	(0.2)
Balance as of December 31	\$ 14.2	\$ 9.9	\$ 8.1

We are no longer subject to U.S. income tax examinations for periods preceding 2007 and, with limited exceptions, for periods preceding 2004 for both foreign and state and local tax examinations.

Note 15 — SHARE-BASED COMPENSATION

Share-based compensation cost is based on the value of the portion of share-based payment awards that are ultimately expected to vest during the period. Share-based compensation cost recognized in the accompanying consolidated statements of operations for the years ended December 31, 2011, 2010 and 2009 includes compensation cost for share-based payment awards based on the grant date fair value estimated in accordance with the provision of FASB ASC Topic 718, *Compensation — Stock Compensation*. Because share-based compensation expense recognized in the accompanying consolidated statements of operations for the years ended December 31, 2011, 2010 and 2009 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. We estimate forfeitures at the time of grant and revise that estimate, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Equity and Performance Incentive Plans

In May 2010, our shareholders approved the PolyOne Corporation 2010 Equity and Performance Incentive Plan (2010 EPIP). This plan replaced the 2008 Equity and Performance Incentive Plan (2008 EPIP). The 2008 EPIP was frozen upon the approval of the 2010 EPIP. The 2010 EPIP provides for the award of a variety of share-based compensation alternatives, including non-qualified stock options, incentive stock options, restricted stock, restricted stock units (RSUs), performance shares, performance units and stock appreciation rights (SARs). A total of 3.0 million common shares were reserved for grants and awards under the 2010 EPIP. It is anticipated that all share-based grants and awards that are earned and exercised will be issued from shares of PolyOne common shares that are held in treasury.

Share-based compensation is included in *Selling and administrative* in the accompanying consolidated statements of operations. A summary of compensation expense by type of award follows:

(In millions)	2011	2010	2009
Stock appreciation rights	\$ 2.3	\$ 1.9	\$ 1.2
Restricted stock units	3.1	2.5	1.3
Restricted stock awards	—	—	0.1
Total share-based compensation	\$ 5.4	\$ 4.4	\$ 2.6

Stock Appreciation Rights

During the years ended December 31, 2011, 2010 and 2009, the total number of SARs granted were 539,300, 793,200 and 1,411,400, respectively. Awards granted in 2011 and 2010 vest in one-third increments annually over a three-year service period. Awards granted in 2009 vest in one-third increments annually over a three-year service period and upon the achievement of certain stock price targets. SARs have contractual terms ranging from seven to ten years from the date of the grant.

The SARs granted during 2011 and 2010 were valued using the Black- Scholes method as the awards only have time-based vesting requirements. The expected term of SARs granted was determined based on the "simplified method" described in Staff Accounting Bulletin (SAB) Topic 14.D.2, which is permitted if historical exercise experience is not sufficient. The expected volatility was determined based on the average weekly volatility for our common shares for the expected term of the awards. Expected dividend is determined based upon the declared dividend yield at the time the SAR is granted. The risk-free rate of return was based on available yields on U.S. Treasury bills of the same duration as the expected option term. Forfeitures were estimated at 3% per year based on our historical experience.

The SARs granted during 2009 were valued using a Monte Carlo simulation method as the vesting is dependent on the achievement of certain stock price targets. The expected term of options granted was set equal to the midpoint between the vesting and expiration dates for each grant. The expected volatility was determined based on the average weekly volatility for our common shares for the contractual life of the awards. Dividends were not included in this calculation because we did not pay dividends at the time of grant. The risk-free rate of return was based on available yields on U.S. Treasury bills of the same duration as the contractual life of the awards. Forfeitures were estimated at 3% per year based on our historical experience.

The following is a summary of the assumptions related to the grants issued during 2011, 2010 and 2009:

	2011	2010	2009
Expected volatility (weighted-average)	56%	58%	49.7%
Expected dividends	0.0% — 1.17%	—	—
Expected term (in years)	6.0	4.5	4.5 — 5.6
Risk-free rate	2.70% — 2.86%	2.26%	3.25%
Value of SARs granted	\$6.72 — \$8.12	\$3.90	\$0.61 — \$0.68

A summary of SAR activity for 2011 is presented below:

(Shares in thousands, dollars in millions, except per share data)		Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Stock Appreciation Rights	Shares			
Outstanding as of January 1, 2011	4,193	\$ 5.84	4.23 years	\$ 28.3
Granted	539	\$ 14.81		
Exercised	(958)	\$ 5.62		
Forfeited or expired	(40)	\$ 9.34		
Outstanding as of December 31, 2011	3,734	\$ 7.15	4.24 years	\$ 18.1
Vested and exercisable as of December 31, 2011	2,258	\$ 6.30	2.91 years	\$ 11.9

The weighted-average grant date fair value of SARs granted during 2011, 2010 and 2009 was \$8.12, \$3.90, and \$0.65, respectively. The total intrinsic value of SARs exercised during 2011 was \$8.0 million. The total intrinsic value of SARs exercised during 2010 was \$8.9 million and during 2009 was less than \$0.1 million. As of December 31, 2011, there was \$4.0 million of total unrecognized compensation cost related to SARs, which is expected to be recognized over the weighted average remaining vesting period of 15 months.

Restricted Stock Units

Restricted Stock Units (RSUs) represent contingent rights to receive one common share at a future date provided certain vesting criteria are met.

During the years ended December 31, 2011 and 2010, the total number of RSUs granted were 336,300 and 510,700, respectively. These RSUs, which vest over a three-year service period, were granted to executives and other key employees. Compensation expense is measured on the grant date using the quoted market price of our common shares and is recognized on a straight-line basis over the requisite service period.

During 2009, 810,100 RSUs, which vest over a three-year service period and the achievement of certain stock price targets, were granted to executives and other key employees. These RSUs were valued using a Monte Carlo simulation method as the award is dependent on the achievement of certain stock price targets. The expected term of the awards granted was set at three years, consistent with the performance period of the awards. The expected volatility was determined to be 53.3% based on the three-year historical average weekly volatility for our common shares. Dividends were not included in this calculation because we did not pay dividends at the time of grant. The risk-free rate of return was estimated as 1.5% based on available yields on U.S. Treasury bills for three-years as of the grant date of the awards. Forfeitures were estimated at 3% per year based on our historical experience.

As of December 31, 2011, 1.6 million RSUs remain unvested with a weighted-average grant date fair value of \$6.07. Unrecognized compensation cost for RSUs at December 31, 2011 was \$4.6 million, which is expected to be recognized over the weighted average remaining vesting period of 11 months.

Stock Options

Our incentive stock plans previously provided for the award or grant of options to purchase our common shares. Options were granted in 2004 and prior years. Options granted generally became exercisable at the rate of 35% after one year, 70% after two years and 100% after three years. The term of each option does not extend beyond 10 years from the date of grant. All options were granted at 100% or greater of market value (as defined) on the date of the grant.

A summary of option activity in 2011 follows:

(Shares in thousands, dollars in millions, except per share data)		Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options	Shares			
Outstanding as of January 1, 2011	530	\$ 9.59	1.38 years	\$ 1.6
Exercised	(190)	\$ 8.70		
Forfeited or expired	(2)	\$ 12.22		
Outstanding, vested and exercisable as of December 31, 2011	338	\$ 10.84	0.81 years	\$ 0.7

The total intrinsic value of stock options that were exercised during 2011 and 2010 was \$1.1 million and \$1.8 million, respectively. Cash received during 2011 and 2010 for the exercise of stock options was \$1.7 million and \$7.4 million, respectively. No stock options were exercised during 2009.

Note 16 — SEGMENT INFORMATION

A segment is a component of an enterprise whose operating results are regularly reviewed by the enterprise's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating income is the primary measure that is reported to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance. Operating income at the segment level does not include: corporate general and administrative costs that are not allocated to segments; intersegment sales and profit eliminations; charges related to specific strategic initiatives such as the consolidation of operations; restructuring activities, including employee separation costs resulting from personnel reduction programs, plant closure and phase-out costs; executive separation agreements; share-based compensation costs; asset impairments; environmental remediation costs and other liabilities for facilities no longer owned or closed in prior years; gains and losses on the divestiture of joint ventures and equity investments; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by the chief operating decision maker. These costs are included in *Corporate and eliminations*.

Effective January 1, 2011, we changed our method of recognizing actuarial gains and losses for pension and other postretirement benefits for all of our defined benefit plans to immediately recognize actuarial gains and losses, after consideration of inventory capitalization, in our operating results in the year in which the gains or losses. These gains and losses are generally only measured annually as of December 31 and accordingly, will be recorded during the fourth quarter of each year. The majority of PolyOne's net periodic benefit cost is reported within Corporate and eliminations in its operating segments results. The impact associated with the accounting change is reflected entirely within Corporate and eliminations and the annual recognition of ongoing actuarial gains and losses will be reflected within Corporate and eliminations.

Segment assets are primarily customer receivables, inventories, net property, plant and equipment, and goodwill. Intersegment sales are generally accounted for at prices that approximate those for similar transactions with unaffiliated customers. *Corporate and eliminations* includes cash, sales of accounts receivable, retained assets and liabilities of discontinued operations, and other unallocated corporate assets and liabilities. The accounting policies of each segment are consistent with those described in Note 1, *Summary of Significant Accounting Policies*. The following is a description of each of our four reportable segments and SunBelt, a previous reportable segment that was sold during 2011.

Global Specialty Engineered Materials

Global Specialty Engineered Materials is a leading provider of custom plastic formulations, compounding services and solutions for processors of thermoplastic materials across a wide variety of markets and end-use applications. Our product portfolio, which we believe to be one of the most diverse in our industry, includes standard and custom formulated high-performance polymer compounds that are manufactured using thermoplastic compounds and elastomers, which are then combined with advanced polymer additive, reinforcement, filler, colorant and/or biomaterial technologies. Our compounding expertise enables us to expand the performance range and structural properties of traditional engineering-grade thermoplastic resins. Global Specialty Engineered Materials has plants, sales and service facilities located throughout North America, Europe and Asia, and with the acquisition of Uniplen Indústria de Polímeros Ltda. (Uniplen) on January 3, 2011, we further extended our global capabilities to South America. Our product development and application reach is further enhanced by the capabilities of our Engineered Materials Solutions Centers in the United States, Germany, and China, which produce and evaluate prototype and sample parts to help assess end-use performance and guide product development. Our manufacturing capabilities are targeted at meeting our customers' demand for speed, flexibility and critical quality.

Global Color, Additives and Inks

Global Color, Additives and Inks is a leading provider of specialized color and additive concentrates as well as inks and latexes. Color and additive products include an innovative array of colors, special effects and performance-enhancing and eco-friendly solutions. When combined with non pre-colored base resins, our colorants help customers achieve a wide array of specialized colors and effects that are targeted at the demands of today's highly design-oriented consumer and industrial end markets. Our additive masterbatches encompass a wide variety of performance enhancing characteristics and are commonly categorized by the function that they perform, such as UV stabilization, anti-static, chemical blowing, antioxidant and lubricant, and processing enhancement. Our colorant and additives masterbatches are used in a broad range of plastics, including those used in food and medical packaging, transportation, building products, pipe and wire and cable markets. We also provide custom-formulated liquid systems that meet a variety of customer needs and chemistries, including vinyl, natural rubber and latex, polyurethane and silicone. Products include proprietary inks and latexes for diversified markets including recreational and athletic apparel, construction and filtration, outdoor furniture and healthcare. Global Color, Additives and Inks has plants, sales and service facilities located throughout North America, Europe, Asia and South America.

On December 21, 2011, the Company completed the acquisition of all of the outstanding equity interests of ColorMatrix for \$486.1 million, net of cash acquired, on a debt-free basis. ColorMatrix is highly specialized developer and manufacturer of performance enhancing additives, liquid colorants, and fluoropolymer and silicone colorants. On October 1, 2010, we acquired Polimaster, further extending our global capabilities to South America. Finally, prior to the disposition on November 30, 2010, we had a 50% interest in BayOne, a joint venture between PolyOne and Bayer Corporation, which sells liquid polyurethane systems into many of the same markets. The equity earnings from BayOne are included in Global Color, Additives and Inks' results.

Performance Products and Solutions

Performance Products and Solutions is an industry leader offering an array of products and services for vinyl coating, molding and extrusion processors principally in North America. Our product offerings include: vinyl compounds, vinyl resins, and specialty coating materials based largely on vinyl. We believe that Geon Performance Materials is the leading North American vinyl compounder, and the Geon name carries strong brand recognition. These products are sold to manufacturers of plastic parts and consumer-oriented products. We also offer a wide range of services including materials testing and component analysis, custom compound development, colorant and additive services, design assistance, structural analyses, process simulations and extruder screw design. Vinyl is utilized across a broad range of applications in building and construction, wire and cable, consumer and recreation markets, transportation, packaging and healthcare. This segment also includes Producer Services, which offers contract manufacturing services to resin producers and polymer marketers. As a strategic and integrated supply chain partner, Producer Services offers resin producers a way to develop custom products for niche markets by using our process technology expertise and multiple manufacturing platforms.

PolyOne Distribution

Our PolyOne Distribution business distributes more than 3,500 grades of engineering and commodity grade resins, including PolyOne-produced compounds, to the North American and Asia markets. These products are sold to over 5,700 custom injection molders and extruders who, in turn, convert them into plastic parts that are sold to end-users in a wide range of industries. Representing over 20 major suppliers, we offer our customers a broad product portfolio, just-in-time delivery from multiple stocking locations and local technical support.

SunBelt Joint Venture

Our SunBelt Joint Venture consisted entirely of our 50% equity interest in SunBelt, which was sold to Olin Corporation on February 28, 2011. SunBelt, a producer of chlorine and caustic soda, was a partnership with Olin Corporation. Most of the chlorine manufactured by SunBelt is used to produce PVC resin. Caustic soda is sold on the merchant market to customers in the pulp and paper, chemical, building and construction and consumer products industries.

Financial information by reportable segment is as follows:

Year Ended December 31, 2011 (In millions)	Sales to External Customers	Intersegment Sales	Total Sales	Operating Income (Loss)	Depreciation and Amortization	Capital Expenditures	Total Assets
Global Specialty Engineered Materials	\$ 540.2	\$ 34.9	\$ 575.1	\$ 45.9	\$ 14.8	\$ 9.2	\$ 349.7
Global Color, Additives and Inks	542.2	2.4	544.6	43.4	18.9	14.7	913.3
Performance Products and Solutions	789.0	76.4	865.4	62.4	20.0	16.6	287.0
PolyOne Distribution	992.1	4.4	996.5	56.0	0.7	0.2	183.5
SunBelt Joint Venture	—	—	—	5.0	—	—	—
Corporate and eliminations	—	(118.1)	(118.1)	20.3	3.1	13.4	347.0
Total	\$ 2,863.5	\$ —	\$ 2,863.5	\$ 233.0	\$ 57.5	\$ 54.1	\$ 2,080.5

Year Ended December 31, 2010 (In millions)	Sales to External Customers	Intersegment Sales	Total Sales	Operating Income (Loss)	Depreciation and Amortization	Capital Expenditures	Total Assets
Global Specialty Engineered Materials	\$ 485.2	\$ 32.2	\$ 517.4	\$ 49.7	\$ 13.6	\$ 7.4	\$ 346.3
Global Color, Additives and Inks	524.7	2.7	527.4	37.7	15.8	16.7	338.1
Performance Products and Solutions	703.5	72.8	776.3	54.0	19.8	9.2	287.5
PolyOne Distribution	908.5	3.4	911.9	42.0	1.2	0.3	159.8
SunBelt Joint Venture	—	—	—	18.9	0.2	—	3.2
Corporate and eliminations	—	(111.1)	(111.1)	(27.7)	4.6	5.9	537.0
Total	\$ 2,621.9	\$ —	\$ 2,621.9	\$ 174.6	\$ 55.2	\$ 39.5	\$ 1,671.9

Year Ended December 31, 2009 (In millions)	Sales to External Customers	Intersegment Sales	Total Sales	Operating Income (Loss)	Depreciation and Amortization	Capital Expenditures	Total Assets
Global Specialty Engineered Materials	\$ 379.1	\$ 23.8	\$ 402.9	\$ 20.6	\$ 13.2	\$ 5.3	\$ 324.1
Global Color, Additives and Inks	458.0	1.8	459.8	25.2	15.8	11.9	344.7
Performance Products and Solutions	600.5	67.2	667.7	33.1	22.3	11.5	282.6
PolyOne Distribution	623.1	2.0	625.1	24.8	1.3	0.3	152.9
SunBelt Joint Venture	—	—	—	25.5	0.3	—	2.0
Corporate and eliminations	—	(94.8)	(94.8)	7.9	11.9	2.7	309.7
Total	\$ 2,060.7	\$ —	\$ 2,060.7	\$ 137.1	\$ 64.8	\$ 31.7	\$ 1,416.0

Earnings of equity affiliates are included in the related segment's operating income and the investment in equity affiliates is included in the related segment's assets. Gains and losses related to divestiture of equity investments are reflected in *Corporate and eliminations*. Amounts related to equity affiliates are as follows:

(In millions)	2011	2010	2009
Earnings of equity affiliates:			
Global Color, Additives and Inks	\$ —	\$ 2.6	\$ 2.2
Performance Products and Solutions	—	—	0.5
SunBelt Joint Venture	5.7	23.1	29.7
Subtotal	5.7	25.7	32.4
Corporate and eliminations	146.3	16.3	2.8
Total	\$152.0	\$42.0	\$35.2

Our sales are primarily to customers in the United States, Europe, Canada, South America and Asia, and the majority of our assets are located in these same geographic areas. Following is a summary of sales and long-lived assets based on the geographic areas where the sales originated and where the assets are located:

(In millions)	2011	2010	2009
Net sales:			
United States	\$1,847.7	\$1,727.2	\$1,308.3
Europe	506.0	464.7	393.7
Canada	259.9	222.9	192.1
Asia	196.3	193.5	160.7
South America	42.2	1.6	—
Other	11.4	12.0	5.9
Long-lived assets:			
United States	\$ 235.9	\$ 237.8	\$ 252.8
Europe	94.8	88.3	97.4
Canada	5.9	5.5	5.0
Asia	42.0	38.5	34.8
South America	12.3	1.6	—
Other	2.7	2.7	2.4

Note 17 — WEIGHTED-AVERAGE SHARES USED IN COMPUTING EARNINGS PER SHARE

(In millions)	2011	2010	2009
Weighted-average shares — basic:	92.2	93.1	92.4
Plus dilutive impact of stock options and stock awards	2.1	2.9	1.0
Weighted-average shares — diluted:	94.3	96.0	93.4

Basic earnings per common share is computed as net income available to common shareholders divided by the weighted average basic shares outstanding. Diluted earnings per common share is computed as net income available to common shareholders divided by the weighted average diluted shares outstanding.

Outstanding stock awards and options with exercise prices greater than the average price of the common shares are anti-dilutive and are not included in the computation of diluted earnings per share. The number of anti-dilutive options and awards was 0.5 million, 1.0 million, and 5.3 million at December 31, 2011, 2010 and 2009, respectively.

Note 18 — FINANCIAL INSTRUMENTS

The estimated fair values of financial instruments were principally based on market prices where such prices were available and, where unavailable, fair values were estimated based on market prices of similar instruments. The fair value of short-term foreign exchange contracts is based on exchange rates at December 31, 2011 and classified as a Level 2 fair value measurement within the fair value hierarchy.

The following table summarizes the contractual amounts of our foreign exchange contracts as of December 31, 2011 and 2010. Foreign currency amounts are translated at exchange rates as of December 31, 2011 and 2010, respectively. The "Buy" amounts represent the U.S. dollar equivalent of commitments to purchase currencies, and the "Sell" amounts represent the U.S. dollar equivalent of commitments to sell currencies.

Currency (In millions)	December 31, 2011		December 31, 2010	
	Buy	Sell	Buy	Sell
U.S. dollar	\$ 18.1	\$ —	\$ 56.9	\$ —
Euro	—	18.1	—	52.7
British pound	—	—	—	4.2

The carrying amounts and fair values of our financial instruments as of December 31, 2011 and 2010 are as follows:

(In millions)	2011		2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	\$ 191.9	\$ 191.9	\$ 378.1	\$ 378.1
Long-term debt				
Medium-term notes	—	—	20.0	20.1
8.875% senior notes	—	—	22.9	24.2
7.500% debentures	50.0	52.3	50.0	52.8
7.375% senior notes	360.0	374.4	360.0	374.4
Senior secured term	297.0	297.0	—	—
Foreign exchange contracts	0.1	0.1	(0.4)	(0.4)

Note 19 — FAIR VALUE

The fair value of financial assets and liabilities are measured on a recurring or non-recurring basis. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. In determining fair value of financial assets and liabilities, we use various valuation techniques. The availability of inputs observable in the market varies from instrument to instrument and depends on a variety of factors including the type of instrument, whether the instrument is actively traded, and other characteristics particular to the transaction. For many financial instruments, pricing inputs are readily observable in the market, the valuation methodology used is widely accepted by market participants, and the valuation does not require significant management discretion. For other financial instruments, pricing inputs are less observable in the market and may require management judgment.

We assess the inputs used to measure fair value using a three-tier hierarchy. The hierarchy indicates the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments in active markets and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, foreign currency exchange rates, commodity rates and yield curves. Level 3 inputs are not observable in the market and include management's own judgments about the assumptions market participants would use in pricing the asset or liability.

In accordance with the provisions of FASB ASC Topic 350, *Intangibles — Goodwill and Other*, we assess the fair value of goodwill on an annual basis. The implied fair value of goodwill is determined based on significant unobservable inputs, as summarized below, accordingly, these inputs fall within Level 3 of the fair value hierarchy. No impairment charges were included in 2011 or 2010. In the first quarter of 2009, a \$5.0 million impairment was recorded as we finalized our impairment analysis from 2008.

We use an income approach, to estimate the fair value of our reporting units. The income approach uses a reporting unit's projection of estimated operating results and cash flows that is discounted using a weighted-average cost of capital that is determined based on current market conditions. The projection uses management's best estimates of economic and market conditions over the projected period including growth rates in sales, costs and number of units, estimates of future expected changes in operating margins and cash expenditures. Other significant estimates and assumptions include terminal value growth rates, terminal value margin rates, future capital expenditures and changes in future working capital requirements. We validate our estimates of fair value under the income approach by comparing the values to fair value estimates using a market approach. The market approach is used to estimate fair value by applying sales and earnings multiples (derived from comparable publicly-traded companies with similar investment characteristics of the reporting unit) to the reporting unit's operating performance. Finally, we consider the implied control premium and conclude whether the implied control premium is reasonable based on other recent market transactions.

Indefinite-lived intangible assets consist of a trade name acquired as part of the January 2008 acquisition of GLS, trade names acquired as part of the December 2011 acquisition of ColorMatrix, and in-process research and development acquired as part of the ColorMatrix acquisition. Indefinite-lived intangible assets are tested for impairment annually at the same time we test goodwill for impairment. Due to the timing of the acquisition, ColorMatrix intangible assets were not tested for impairment during 2011. The fair value of the GLS trade name is calculated using a "relief from royalty payments" methodology. This approach involves two steps (1) estimating reasonable royalty rates for the tradename and (2) applying this royalty rate to a net sales stream and discounting the resulting cash flows to determine fair value. This fair value is then compared with the carrying value of the tradename. Other finite-lived intangible assets, which consist primarily of customer relationships, sales contracts, patents and technology are amortized over their estimated useful lives. The remaining useful lives range up to 25 years.

Note 20 — FINANCIAL INFORMATION OF EQUITY AFFILIATES

The results of operations of SunBelt, a manufacturer and marketer of chlorine and caustic soda, were included in the SunBelt Joint Venture operating segment through the date of disposition of our equity interest in SunBelt. On February 28, 2011, we sold our 50% equity interest in SunBelt to Olin for \$132.3 million in cash, the assumption by Olin of the obligations under our guarantee of senior secured notes issued by SunBelt of \$42.7 million at the time of sale, \$36.6 million as of December 31, 2011, and potential annual earn-out payments for the three fiscal years ending December 31, 2011, 2012 and 2013, if SunBelt meets certain performance targets. We remain obligated under the guarantee, until the guarantee is formally assigned to Olin, although Olin has agreed to indemnify us for amounts that we may be obligated to pay under the guarantee.

We recorded a pre-tax gain of \$128.2 million, net of associated transaction costs, within *Income related to equity affiliates* for the sale of our equity interest in SunBelt for the year ended December 31, 2011. Additionally, we recorded a \$18.1 million pre-tax gain associated with the estimated first year earn-out of SunBelt for the year-ended December 31, 2011. This gain was based upon SunBelt's 2011 operating results and payment is expected during the first quarter of 2012.

Summarized financial information for SunBelt follows:

(In millions)	Two Months Ended February 28, 2011	2010	2009
SunBelt:			
Net sales	\$ 30.5	\$ 157.3	\$ 167.4
Operating income	\$ 12.7	\$ 53.9	\$ 67.6
Partnership income as reported by SunBelt	\$ 11.5	\$ 46.2	\$ 59.4
PolyOne's ownership of SunBelt	50%	50%	50%
Earnings of equity affiliate recorded by PolyOne	\$ 5.7	\$ 23.1	\$ 29.7

Summarized balance sheet as of December 31:

	2010
Current assets	\$ 21.2
Non-current assets	78.7
Total assets	99.9
Current liabilities	21.3
Non-current liabilities	73.1
Total liabilities	94.4
Partnership interest	\$ 5.5

On November 30, 2010, we sold our interest in BayOne for cash proceeds of \$19.3 million and recorded a pre-tax gain of \$16.3 million in the fourth quarter 2010 results of operations. Through its disposition on November 30, 2010, we owned 50% of BayOne Urethane Systems, L.L.C. (BayOne), which was included in Global Color, Additives and Inks. On October 13, 2009, we sold our interest in Geon Polimeros Andinos (GPA) for cash proceeds of \$13.5 million and recorded a pre-tax gain of \$2.8 million in the fourth quarter 2009 results of operations. Through its disposition on October 13, 2009, the former GPA equity affiliate was included in Performance Products and Solutions.

Note 21 — SHAREHOLDERS' EQUITY

In August 2008, our Board of Directors approved a stock repurchase program authorizing us, to repurchase up to 10.0 million of our common shares, in the open market or in privately negotiated transactions. On October 11, 2011, PolyOne's Board of Directors increased the common share repurchase authorization amount by 5.25 million. We purchased 6.0 million shares at an aggregate price of \$73.6 million under these authorizations in 2011. 8.0 million shares remain available for repurchase as of December 31, 2011.

Note 22 — SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

(In millions, except per share data)	2011 Quarters				Adjusted 2010 Quarters			
	Fourth ⁽⁷⁾	Third	Second	First ⁽⁶⁾	Fourth ⁽⁵⁾	Third ⁽⁴⁾	Second ⁽³⁾	First ⁽²⁾
Sales	\$ 640.4	\$ 735.8	\$ 768.8	\$ 718.5	\$ 617.8	\$ 680.8	\$ 692.9	\$ 630.4
Gross Margin	96.8	114.0	129.2	122.7	87.0	111.3	126.8	103.7
Operating (loss) income	(39.8)	42.5	50.5	179.8	29.8	47.2	63.9	33.7
Net income	12.3	21.6	28.5	110.2	89.9	3.6	48.1	21.0
Earnings per common share:								
Basic earnings ⁽¹⁾	\$ 0.14	\$ 0.24	\$ 0.31	\$ 1.17	\$ 0.96	\$ 0.04	\$ 0.52	\$ 0.23
Diluted earnings ⁽¹⁾	\$ 0.13	\$ 0.23	\$ 0.30	\$ 1.14	\$ 0.92	\$ 0.04	\$ 0.50	\$ 0.22

⁽¹⁾ Per share amounts for the quarter and the full year have been computed separately. The sum of the quarterly amounts may not equal the annual amounts presented because of differences in the average shares outstanding during each period.

⁽²⁾ Included for the first quarter 2010 are gains of \$3.2 million from legal settlements.

⁽³⁾ Included for the second quarter 2010 are gains of \$18.4 million from insurance and legal settlements.

⁽⁴⁾ Included the third quarter 2010 are debt extinguishment costs of \$29.4 million.

⁽⁵⁾ Included the fourth quarter 2010 are: 1) gains of \$2.3 million from insurance settlements, 2) a gain of \$16.3 million related to the sale of our 50% interest in BayOne, 3) a mark-to-market pension loss adjustment of \$9.6 million, and 4) a tax benefit of \$90.3 million, comprised of \$15.3 million fourth quarter utilization of net operating loss carryforwards and a \$75 million reversal of our valuation allowance.

⁽⁶⁾ Included for the first quarter 2011 are gains of \$128.2 million from the sale of our equity interest in SunBelt.

⁽⁷⁾ Included for the fourth quarter 2011 are: 1) gains for the SunBelt earn-out of \$18.1 million, 2) mark-to-market pension and other post-retirement benefit losses of \$83.8 million, 3) a \$8.9 million tax benefit primarily associated with the reversal of valuation allowances, and 4) a tax benefit of \$29.5 related to our investment in O'Sullivan Engineered Films.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES**Disclosure controls and procedures**

PolyOne's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the design and operation of PolyOne's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of December 31, 2011. We acquired a controlling interest in ColorMatrix on December 21, 2011. As of December 31, 2011, ColorMatrix constituted 23% of our total assets for the year then ended. As the ColorMatrix acquisition occurred during the last 12 months, the scope of our assessment of the effectiveness of PolyOne's disclosure controls and procedures does not include ColorMatrix. This exclusion is in accordance with the SEC's general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures are effective as of December 31, 2011.

Management's annual report on internal control over financial reporting

The following report is provided by management in respect of PolyOne's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934):

1. PolyOne's management is responsible for establishing and maintaining adequate internal control over financial reporting.
2. PolyOne's management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of internal control over financial reporting. Management believes that the COSO framework is a suitable framework for its evaluation of financial reporting because it is free from bias, permits reasonably consistent qualitative and quantitative measurements of PolyOne's internal control over financial reporting, is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of PolyOne's internal control over financial reporting are not omitted and is relevant to an evaluation of internal control over financial reporting.
3. We acquired a controlling interest in ColorMatrix on December 21, 2011. As of December 31, 2011, ColorMatrix constituted 23% of our total assets for the year then ended. As the ColorMatrix acquisition occurred during the last 12 months, the scope of our assessment of the effectiveness of PolyOne's internal control over financial reporting does not include ColorMatrix. This exclusion is in accordance with the SEC's general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of acquisition. Management has assessed the effectiveness of PolyOne's internal control over financial reporting as of December 31, 2011 and has concluded that such internal control over financial reporting is effective. There were no material weaknesses in internal control over financial reporting identified by management.
4. Ernst & Young LLP, who audited the consolidated financial statements of PolyOne for the year ended December 31, 2011, also issued an attestation report on PolyOne's internal control over financial reporting under Auditing Standard No. 5 of the Public Company Accounting Oversight Board. This attestation report is set forth on page 31 of this Annual Report on Form 10-K and is incorporated by reference into this Item 9A.

Changes in internal control over financial reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information regarding PolyOne's directors, including the identification of the audit committee and the audit committee financial expert, is incorporated by reference to the information contained in PolyOne's Proxy Statement with respect to the 2012 Annual Meeting of Shareholders (2012 Proxy Statement). Information concerning executive officers is contained in Part I of this Annual Report on Form 10-K under the heading "Executive Officers of the Registrant."

The information regarding Section 16(a) beneficial ownership reporting compliance is incorporated by reference to the material under the heading "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2012 Proxy Statement.

The information regarding any changes in procedures by which shareholders may recommend nominees to PolyOne's Board of Directors is incorporated by reference to the information contained in the 2012 Proxy Statement.

PolyOne has adopted a code of ethics that applies to its principal executive officer, principal financial officer and principal accounting officer. PolyOne's code of ethics is posted under the Investor Relations tab of its website at www.polyone.com. PolyOne will post any amendments to, or waivers of, its code of ethics that apply to its principal executive officer, principal financial officer and principal accounting officer on its website.

ITEM 11. EXECUTIVE COMPENSATION

The information regarding executive officer and director compensation is incorporated by reference to the information contained in the 2012 Proxy Statement.

The information regarding compensation committee interlocks and insider participation and the compensation committee report is incorporated by reference to the information contained in the 2012 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information about our equity compensation plans is incorporated by reference to the information contained in the 2012 Proxy Statement.

The information regarding security ownership of certain beneficial owners and management is incorporated by reference to the information contained in the 2012 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information regarding certain relationships and related transactions and director independence is incorporated by reference to the information contained in the 2012 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information regarding fees paid to and services provided by PolyOne's independent registered public accounting firm during the fiscal years ended December 31, 2011 and 2010 and the pre-approval policies and procedures of the audit committee is incorporated by reference to the information contained in the 2012 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) Financial Statements:

The following consolidated financial statements of PolyOne Corporation are included in Item 8:

Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009

Consolidated Balance Sheets at December 31, 2011 and 2010

Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2011, 2010 and 2009

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules:

The following financial statements of subsidiaries not consolidated and 50% or less owned entities, as required by Item 15(c) are incorporated by reference to Exhibit 99.1 to this Annual Report on Form 10-K:

Consolidated financial statements of SunBelt Chlor Alkali Partnership as of February 28, 2011, December 31, 2010 and December 31, 2009.

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable and, therefore, omitted.

(a)(3) Exhibits.

Exhibit No.	Exhibit Description
2.1†	Purchase Agreement, dated as of February 28, 2011, by and among PolyOne Corporation, 1997 Chloralkali Venture, LLC, Olin Corporation and Olin SunBelt II, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed March 3, 2011, SEC File No. 1-16091).
2.2†	Agreement and Plan of Merger, dated as of September 30, 2011, among PolyOne Corporation, 2011 ColorNewton Inc., ColorMatrix Group, Inc., and Audax ColorMatrix Holdings, LLC (Incorporated by reference to Exhibit 2.1 to PolyOne Corporation's current report on Form 8-K filed on October 5, 2011, SEC File No. 1-16091).
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, SEC File No. 1-16091)
3.2	Amendment to the Second Article of the Articles of Incorporation, as filed with the Ohio Secretary of State, November 25, 2003 (incorporated by reference to Exhibit 3.1a to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, SEC File No. 1-16091)
3.3	Regulations (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 17, 2009, SEC File No. 1-16091)
4.1	Indenture, dated as of December 1, 1995, between the Company and NBD Bank, as trustee (incorporated by reference to Exhibit 4.3 to The Geon Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, SEC File No. 1-11804)
4.2	Indenture, dated as of September 24, 2010, between the Company and Wells Fargo Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, SEC File No. 1-16091)
4.3	First Supplemental Indenture, dated as of September 24, 2010, between the Company and Wells Fargo Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report Form 10-Q for the quarter ended September 30, 2010, SEC File No. 1-16091)
10.1	Credit Agreement, dated as of December 21, 2011, by and among PolyOne Corporation, Bank of America, N.A. as Administrative Agent, the other Lenders party thereto, Wells Fargo Bank, National Association, as Syndication Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, both as Joint-Lead Arrangers and Joint-Book Managers.
10.2	Credit Agreement, dated as of December 21, 2011, by and among PolyOne Corporation, PolyOne Canada Inc. the other subsidiaries of PolyOne Corporation party thereto as borrowers or guarantors, the Lenders party thereto, Wells Fargo Capital Finance, LLC, as Administrative and Collateral Agent, Bank of America, N.A. and U.S. Bank National Association, as Syndication Agents, PNC Bank, National Association and Key Bank, N.A., as Documentation Agents, and Wells Fargo Capital Finance, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, both as Joint Lead Arrangers and Bookrunners.
10.3+	Form of Award Agreement under the 2010 Equity and Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, SEC File No. 1-16091).
10.4+	PolyOne Corporation 2010 Equity and Performance Incentive Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8, Registration Statement No. 333-166775, filed on May 12, 2010)
10.5+	PolyOne Senior Executive Annual Incentive Plan (effective January 1, 2011) (incorporated by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A, SEC File No. 1-16091, filed on March 29, 2010)
10.6+	Form of Grant of Restricted Stock Units under the 2010 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-16091)
10.7+	Form of Grant of Stock-Settled Stock Appreciation Rights under the 2010 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-16091)
10.8+	Form of Grant of Performance Units under the 2010 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-16091)
10.9+	Form of Award Agreement for Stock Appreciation Rights (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 11, 2005, SEC File No. 1-16091)
10.10+	1999 Incentive Stock Plan, as amended and restated through August 31, 2000 (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, SEC File No. 1-16091)
10.11+	2000 Stock Incentive Plan (incorporated by reference to Annex D to Amendment No. 3 to The Geon Company's Registration Statement on Form S-4, Registration Statement No. 333-37344, filed on July 28, 2000)
10.12+	Amended and Restated Benefit Restoration Plan (Section 401(a)(17)) (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)
10.13+	Strategic Improvement Incentive Plan (incorporated by reference to Exhibit 10.9b to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, SEC File No. 1-16091)
10.14+	2005 Equity and Performance Incentive Plan (amended and restated by the Board as of July 21, 2005) (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, SEC File No. 1-16091)

Exhibit No.	Exhibit Description
10.15+	Amended and Restated Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, SEC File No. 1-16091)
10.16+	Form of Management Continuity Agreement (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)
10.17+	Schedule of Executives with Management Continuity Agreements
10.18+	Amended and Restated PolyOne Supplemental Retirement Benefit Plan (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)
10.19+	Amended and Restated Letter Agreement, dated as of July 16, 2008, between the Company and Stephen D. Newlin, originally effective as of February 13, 2006 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, SEC File No. 1-16091)
10.20	Amended and Restated Collateral Trust Agreement, dated as of June 6, 2006, between the Company, as grantor, and U.S. Bank Trust National Association, as collateral trustee (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 8, 2006, SEC File No. 1-16091)
10.21	Assumption of Liabilities and Indemnification Agreement, dated March 1, 1993, amended and restated by Amended and Restated Assumption of Liabilities and Indemnification Agreement, dated April 27, 1993 (incorporated by reference to Exhibit 10.14 to The Geon Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, SEC File No. 1-11804)
10.22	Unconditional and Continuing Guaranty, between the Company and Olin Corporation and Sunbelt Chlor Alkali Partnership (incorporated by reference to Exhibit 10(c) to The Geon Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, SEC File No. 1-11804)
10.23	Asset Contribution Agreement — PVC Partnership (Geon) (incorporated by reference to Exhibit 10.3 to The Geon Company's Current Report on Form 8-K filed on May 13, 1999, SEC File No. 1-11804)
10.24+	Form of Award Agreement for Stock-Settled Stock Appreciation Rights (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, SEC File No. 1-16091)
10.25	Sale and Agreement, by and among PolyOne Corporation, Occidental Chemical Corporation, and their representative affiliates party thereto, dated as of July 6, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, SEC File No. 1-16091)
10.26+	PolyOne Corporation 2008 Equity and Performance Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's proxy statement on Schedule 14A (SEC File No. 1-16091), filed on March 25, 2008).
10.27+	Form of Award Agreement for Restricted Stock Units (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, SEC File No. 1-16091)
10.28+	Form of Award Agreement for Stock-Settled Stock Appreciation Rights (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, SEC File No. 1-16091)
10.29+	First Amendment to The Geon Company Section 401(a)(17) Benefit Restoration Plan (December 31, 2007 Restatement) (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, SEC File No. 1-16091)
10.30+	Amendment No. 1 to the PolyOne Supplemental Retirement Benefit Plan (As Amended and Restated Effective December 31, 2007) (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, SEC File No. 1-16091)
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10.36+	Amendment No. 2 to the PolyOne Supplemental Retirement Benefit Plan (As Amended and Restated Effective December 31, 2007) (incorporated by reference to Exhibit 10.51 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, SEC File No. 1-16091)
21.1	Subsidiaries of the Company

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- + Indicates management contract or compensatory plan, contract or arrangement in which one or more directors or executive officers of the Registrant may be participants
- † The exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K and will be provided to the Securities and Exchange Commission upon request.
- * XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

POLYONE CORPORATION

February 17, 2012

By: /s/ ROBERT M. PATTERSON
Robert M. Patterson
Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated and on the dates indicated.

Signature and Title

<u>/s/ STEPHEN D. NEWLIN</u> Stephen D. Newlin	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	Date: February 17, 2012
<u>/s/ ROBERT M. PATTERSON</u> Robert M. Patterson	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	Date: February 17, 2012
<u>/s/ J. DOUGLAS CAMPBELL</u> J. Douglas Campbell	Director	Date: February 17, 2012
<u>/s/ CAROL A. CARTWRIGHT</u> Carol A. Cartwright	Director	Date: February 17, 2012
<u>/s/ RICHARD H. FEARON</u> Richard H. Fearon	Director	Date: February 17, 2012
<u>/s/ GREGORY J. GOFF</u> Gregory J. Goff	Director	Date: February 17, 2012
<u>/s/ GORDON D. HARNETT</u> Gordon D. Harnett	Director	Date: February 17, 2012
<u>/s/ RICHARD A. LORRAINE</u> Richard A. Lorraine	Director	Date: February 17, 2012
<u>/s/ EDWARD J. MOONEY</u> Edward J. Mooney	Director	Date: February 17, 2012
<u>/s/ WILLIAM H. POWELL</u> William H. Powell	Director	Date: February 17, 2012
<u>/s/ FARAH M. WALTERS</u> Farah M. Walters	Director	Date: February 17, 2012
<u>/s/ WILLIAM A. WULFSOHN</u> William A. Wulfsohn	Director	Date: February 17, 2012

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
2.1†	Purchase Agreement, dated as of February 28, 2011, by and among PolyOne Corporation, 1997 Chloralkali Venture, LLC, Olin Corporation and Olin SunBelt II, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed March 3, 2011, SEC File No. 1-16091).
2.2†	Agreement and Plan of Merger, dated as of September 30, 2011, among PolyOne Corporation, 2011 ColorNewton Inc., ColorMatrix Group, Inc., and Audax ColorMatrix Holdings, LLC (Incorporated by reference to Exhibit 2.1 to PolyOne Corporation's current report on Form 8-K filed on October 5, 2011, SEC File No. 1-16091).
3.1	Articles of Incorporation (incorporated by reference to Exhibit 3(i) to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, SEC File No. 1-16091)
3.2	Amendment to the Second Article of the Articles of Incorporation, as filed with the Ohio Secretary of State, November 25, 2003 (incorporated by reference to Exhibit 3.1a to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003, SEC File No. 1-16091)
3.3	Regulations (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on July 17, 2009, SEC File No. 1-16091)
4.1	Indenture, dated as of December 1, 1995, between the Company and NBD Bank, as trustee (incorporated by reference to Exhibit 4.3 to The Geon Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, SEC File No. 1-11804)
4.2	Indenture, dated as of September 24, 2010, between the Company and Wells Fargo Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, SEC File No. 1-16091)
4.3	First Supplemental Indenture, dated as of September 24, 2010, between the Company and Wells Fargo Bank, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report Form 10-Q for the quarter ended September 30, 2010, SEC File No. 1-16091)
10.1	Credit Agreement, dated as of December 21, 2011, by and among PolyOne Corporation, Bank of America, N.A. as Administrative Agent, the other Lenders party thereto, Wells Fargo Bank, National Association, as Syndication Agent, and Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, both as Joint-Lead Arrangers and Joint-Book Managers.
10.2	Credit Agreement, dated as of December 21, 2011, by and among PolyOne Corporation, PolyOne Canada Inc. the other subsidiaries of PolyOne Corporation party thereto as borrowers or guarantors, the Lenders party thereto, Wells Fargo Capital Finance, LLC, as Administrative and Collateral Agent, Bank of America, N.A. and U.S. Bank National Association, as Syndication Agents, PNC Bank, National Association and Key Bank, N.A., as Documentation Agents, and Wells Fargo Capital Finance, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, both as Joint Lead Arrangers and Bookrunners.
10.3+	Form of Award Agreement under the 2010 Equity and Performance Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, SEC File No. 1-16091).
10.4+	PolyOne Corporation 2010 Equity and Performance Incentive Plan (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8, Registration Statement No. 333-166775, filed on May 12, 2010)
10.5+	PolyOne Senior Executive Annual Incentive Plan (effective January 1, 2011) (incorporated by reference to Appendix B to the Company's definitive proxy statement on Schedule 14A, SEC File No. 1-16091, filed on March 29, 2010)
10.6+	Form of Grant of Restricted Stock Units under the 2010 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-16091)
10.7+	Form of Grant of Stock-Settled Stock Appreciation Rights under the 2010 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-16091)
10.8+	Form of Grant of Performance Units under the 2010 Long-Term Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2010, SEC File No. 1-16091)
10.9+	Form of Award Agreement for Stock Appreciation Rights (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 11, 2005, SEC File No. 1-16091)
10.10+	1999 Incentive Stock Plan, as amended and restated through August 31, 2000 (incorporated by reference to Exhibit 10.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000, SEC File No. 1-16091)
10.11+	2000 Stock Incentive Plan (incorporated by reference to Annex D to Amendment No. 3 to The Geon Company's Registration Statement on Form S-4, Registration Statement No. 333-37344, filed on July 28, 2000)

Exhibit No.	Exhibit Description
10.12+	Amended and Restated Benefit Restoration Plan (Section 401(a)(17)) (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)
10.13+	Strategic Improvement Incentive Plan (incorporated by reference to Exhibit 10.9b to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001, SEC File No. 1-16091)
10.14+	2005 Equity and Performance Incentive Plan (amended and restated by the Board as of July 21, 2005) (incorporated by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2005, SEC File No. 1-16091)
10.15+	Amended and Restated Deferred Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, SEC File No. 1-16091)
10.16+	Form of Management Continuity Agreement (incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)
10.17+	Schedule of Executives with Management Continuity Agreements
10.18+	Amended and Restated PolyOne Supplemental Retirement Benefit Plan (incorporated by reference to Exhibit 10.15 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2007, SEC File No. 1-16091)
10.19+	Amended and Restated Letter Agreement, dated as of July 16, 2008, between the Company and Stephen D. Newlin, originally effective as of February 13, 2006 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008, SEC File No. 1-16091)
10.20	Amended and Restated Collateral Trust Agreement, dated as of June 6, 2006, between the Company, as grantor, and U.S. Bank Trust National Association, as collateral trustee (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on June 8, 2006, SEC File No. 1-16091)
10.21	Assumption of Liabilities and Indemnification Agreement, dated March 1, 1993, amended and restated by Amended and Restated Assumption of Liabilities and Indemnification Agreement, dated April 27, 1993 (incorporated by reference to Exhibit 10.14 to The Geon Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1996, SEC File No. 1-11804)
10.22	Unconditional and Continuing Guaranty, between the Company and Olin Corporation and Sunbelt Chlor Alkali Partnership (incorporated by reference to Exhibit 10(C) to The Geon Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, SEC File No. 1-11804)
10.23	Asset Contribution Agreement — PVC Partnership (Geon) (incorporated by reference to Exhibit 10.3 to The Geon Company's Current Report on Form 8-K filed on May 13, 1999, SEC File No. 1-11804)
10.24+	Form of Award Agreement for Stock-Settled Stock Appreciation Rights (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, SEC File No. 1-16091)
10.25	Sale and Agreement, by and among PolyOne Corporation, Occidental Chemical Corporation, and their representative affiliates party thereto, dated as of July 6, 2007 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, SEC File No. 1-16091)
10.26+	PolyOne Corporation 2008 Equity and Performance Incentive Plan (incorporated herein by reference to Appendix A to the Registrant's proxy statement on Schedule 14A (SEC File No. 1-16091), filed on March 25, 2008).
10.27+	Form of Award Agreement for Restricted Stock Units (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008, SEC File No. 1-16091)
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CREDIT AGREEMENT

Dated as of December 21, 2011

among

POLYONE CORPORATION,

as the Borrower,

BANK OF AMERICA, N.A.,
as Administrative Agent,

and

The Other Lenders Party Hereto

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Syndication Agent

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED and WELLS FARGO
SECURITIES, LLC,

as Joint-Lead Arranger and Joint-Book Managers

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CREDIT AGREEMENT

This CREDIT AGREEMENT (“Agreement”) is entered into as of December 21, 2011, among POLYONE CORPORATION, an Ohio corporation (the “Borrower”), each lender from time to time party hereto (collectively, the “Lenders” and individually, a “Lender”), and BANK OF AMERICA, N.A., as Administrative Agent.

PRELIMINARY STATEMENTS:

Pursuant to the Agreement and Plan of Merger made as of September 30, 2011 (the “Merger Agreement”) between the Borrower, 2011 ColorNewton, Inc., a Delaware corporation and wholly-owned subsidiary of the Borrower (the “Merger Sub”), ColorMatrix Group, Inc., a Delaware corporation (the “Acquired Business”) and Audax ColorMatrix Holdings, LLC, the Borrower has agreed to consummate a merger (the “Merger”) pursuant to which the Acquired Business will merge with the Merger Sub and will be the surviving corporation (the “Surviving Corporation”) and a wholly owned subsidiary of the Borrower.

The Borrower has requested that the Lenders provide a term loan facility, and the Lenders have indicated their willingness to lend on the terms and subject to the conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

“1997 Guaranty” means the Borrower’s guaranty dated December 22, 1997 of the Series G Notes.

“1997 Guaranty Documents” means, collectively, the 1997 Guaranty, the Series G Notes and the 1997 Guaranty Collateral Documents.

“1997 Guaranty Collateral Documents” mean, any security agreement and other “collateral document” that is executed by a Loan Party for the benefit of the holders of Series G Notes solely to the extent required by and under the terms of the 1997 Guaranty.

“2006 Guarantee and Agreement” means the Guarantee and Agreement dated June 6, 2006, among the Borrower, Citicorp USA, Inc., as administrative agent, and the other financial institutions named therein.

“2015 Note Intercreditor Agreement” means the 2015 Note Intercreditor Agreement dated as of the date hereof between the Administrative Agent and the 2015 Notes Trustee and acknowledged by the Borrower.

“2015 Notes” means the 7.50% Debentures due 2015 issued by the Borrower.

“2015 Note Trustee” means The Bank of New York Mellon Trust Company, N.A., in its capacity as trustee for the 2015 Notes.

“2015 Notes Documents” means, collectively, the 2015 Notes and the 2015 Notes Collateral Documents.

“2015 Notes Collateral Documents” means, any security agreement and other “collateral document” that is executed by a Loan Party for the benefit of the holders of the 2015 Notes solely to the extent required by and under the terms of the 2015 Notes.

“2020 Notes” means the 7.375% Senior Notes due 2020 issued by the Borrower.

“ABL Agent” means the administrative agent under the ABL Facility.

“ABL Credit Agreement” means the Credit Agreement dated as of the date hereof among the Borrower, PolyOne Canada Inc., a federally incorporated Canadian corporation, the Subsidiaries of the Borrower from time to time party thereto, Wells Fargo Bank, National Association, as administrative agent thereunder, and the other agents and lenders party thereto as it may be amended or refinanced in accordance with the terms of the Intercreditor Agreement.

“ABL Facility” means the secured loans made and letters of credit issued under the ABL Loan Documents.

“ABL Lender” means a lender under the ABL Credit Agreement.

“ABL Loan Documents” means the “Loan Documents” (as defined in the ABL Credit Agreement).

“Account Control Agreement” has the meaning specified in the Security Agreement.

“Acknowledgment” means the Acknowledgment dated as of the date hereof executed by the Administrative Agent on behalf of itself and the other Secured Parties in favor of the holders of the Series G Notes.

“Acquired Business” has the meaning specified in the Preliminary Statements.

“Acquired Business Audited Financial Statements” means the audited consolidated balance sheet of the Acquired Business and its Subsidiaries for the fiscal year ended December 31, 2010, and the related consolidated statements of operations, cash flow and shareholders’ equity for such fiscal year of the Acquired Business and its Subsidiaries, including the notes thereto.

“Acquired Business Material Adverse Effect” means an event, occurrence, or development that has had or would reasonably be expected to have a material adverse effect upon the financial condition, operating results, business or assets of the Acquired Business and its subsidiaries taken as a whole, except any adverse effect related to or resulting from (a)

general business or economic conditions affecting the industry in which the Acquired Business or any of its subsidiaries operates, (b) national or international political or social conditions, including the engagement by the United States in hostilities or the escalation thereof, whether or not pursuant to the declaration of a national emergency or war, or the occurrence or the escalation of any military or terrorist attack upon the United States, or any of its territories, possessions, or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (c) financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (d) changes in GAAP, (e) changes in Law, Orders or other binding directives issued by any Governmental Body, (f) the taking of any action contemplated by the Merger Agreement (including Section 5.03 thereof) or the other agreements contemplated thereby or the announcement of the Merger Agreement, the other agreements contemplated thereby or the transactions contemplated thereby, or (g) any matter set forth in the disclosure schedules, delivered to the Lead Arrangers on September 30, 2011, to the Merger Agreement to the extent the magnitude of such matter being disclosed is apparent from such disclosure, provided that any effect in excess of such disclosed magnitude shall be considered for purposes of determining whether a Acquired Business Material Adverse Effect has occurred; *provided*, that in the case of clauses (a), (b), (c), (d) or (e), such changes shall not be excluded to the extent that such changes have a materially disproportionate effect on the Acquired Business and its subsidiaries, taken as a whole, compared with other companies in the industry in which the Acquired Business or any of its subsidiaries operate. As used within the definition of the term “Acquired Business Material Adverse Effect”: (w) “GAAP” means United States generally accepted accounting principles as in effect on the date hereof, applied in a manner consistent with the Acquired Business’ past practice; (x) “Governmental Body” means any federal, state, local, municipal, foreign or other government or quasi-governmental authority or any department, agency, commission, board, subdivision, bureau, agency, instrumentality, court or other tribunal of any of the foregoing; (y) “Law” means any foreign, federal, state or local law, statute, code, ordinance, rule or regulation of any Governmental Body; and (z) “Order” means any order, injunction, judgment, decree, ruling, writ or arbitration award of a Governmental Body.

“Acquired Indebtedness” means Indebtedness of a Restricted Subsidiary acquired after the Closing Date and Indebtedness assumed in connection with the acquisition of assets, in each case pursuant to a Permitted Acquisition, which Indebtedness existed at the time of such Permitted Acquisition and was not created in contemplation of such event.

“Acquisition” has the meaning specified in the definition of “Permitted Acquisition.”

“Administrative Agent” means Bank of America, N.A. in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“Administrative Agent’s Office” means the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrower and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in substantially the form of Exhibit D-2 or any other form approved by the Administrative Agent.

“Affiliate” means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Commitments” means the Commitments of all the Lenders.

“Agreement” means this Credit Agreement.

“Agreement Currency” has the meaning specified in Section 10.18.

“Applicable Percentage” means with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Facility represented by (i) on or prior to the Closing Date, such Lender’s Commitment at such time and (ii) thereafter, the principal amount of such Lenders’ Loans at such time. The initial Applicable Percentage of each Lender in respect of the Facility is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

“Applicable Rate” means (a) from the Closing Date to the date on which the Administrative Agent receives a Compliance Certificate pursuant to Section 6.02(a) for the fiscal quarter ending June 30, 2012, 2.75% per annum for Base Rate Loans and 3.75% per annum for Eurodollar Rate Loans and (b) thereafter, the applicable percentage per annum set forth below determined by reference to the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 6.02(a):

Applicable Rate

<u>Pricing Level</u>	<u>Consolidated Leverage Ratio</u>	<u>Eurodollar Rate</u>	<u>Base Rate</u>
1	Greater than 2.25x	3.75%	2.75%
2	Less than or equal to 2.25x	3.50%	2.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(a); *provided, however*, that upon the request of the Required Lenders Pricing Level 1 shall apply in respect of the Facility (i) if a Compliance Certificate is not delivered when due in accordance with such Section, then, as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and in each case shall remain in effect until the date on which such Compliance Certificate is delivered and (ii) as of the first Business Day after an Event of Default under Article VIII shall have occurred and be continuing and the Administrative Agent has notified the Borrower that Pricing Level 1 pricing applies, and shall continue to so apply to but excluding the date on which such Event of Default shall cease to be continuing (and thereafter the Level otherwise determined in accordance with this definition shall apply).

Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.08(b).

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignee Group” means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit D-1 or any other form approved by the Administrative Agent.

“Attributable Indebtedness” means, on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease or other agreement or instrument were accounted for as a Capitalized Lease and (c) all Synthetic Debt of such Person.

“Audited Financial Statements” means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended December 31, 2010, and the related consolidated statements of income or operations, shareholders’ equity and cash flows for such fiscal year of the Borrower and its Subsidiaries, including the notes thereto.

“Available Amount” means, on any date, an amount equal to (a) 50% of the Consolidated Net Income for all fiscal quarters of the Borrower for which Consolidated Net Income is positive and that have ended after the Closing Date (commencing with the fiscal quarter ending on December 31, 2011) and prior to such date for which financial statements shall have been delivered to the Administrative Agent pursuant to Section 6.01(a) or 6.01(b) (treated as one continuous accounting period), less 100% of the Consolidated Net Income for all fiscal quarters of the Borrower for which Consolidated Net Income is negative and that have ended after the Closing Date (commencing with the fiscal quarter ending on December 31, 2011) and prior to such date for which financial statements shall have been delivered to the Administrative Agent pursuant to Section 6.01(a) or 6.01(b) (treated as one continuous accounting period), minus (b) the portion of the Available Amount previously utilized pursuant to Sections 7.03(q), 7.06(g) and/or Section 7.15.

“Bank of America” means Bank of America, N.A. and its successors.

“Base Rate” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, (c) the Eurodollar Rate plus 1.00% and (d) 2.25%. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic

conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Borrower” has the meaning specified in the introductory paragraph hereto.

“Borrower Materials” has the meaning specified in Section 6.02.

“Borrowing” means a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, the state where the Administrative Agent’s Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day that is also a London Banking Day.

“Canadian Maximum Credit” has the meaning specified in the ABL Credit Agreement.

“Capital Expenditures” means, with respect to any Person for any period, any expenditure in respect of the purchase or other acquisition of any fixed or capital asset (excluding (i) normal replacements and maintenance which are properly charged to current operations (ii) any such expenditure to the extent constituting a Permitted Acquisition or made with the proceeds of any Disposition (so long as such proceeds are applied (or committed to be applied pursuant to a written purchase order or contract) within one year of such sale), (iii) expenditures made from insurance proceeds or condemnation awards, and (iv) expenditures that are accounted for as capital expenditures of such Person and that are actually paid for by a non-Affiliate third party).

“Capitalized Leases” means all leases that have been or should be, in accordance with GAAP, recorded as capitalized leases, *provided* that “Capitalized Leases” shall not include any former operating leases which are treated as capital leases solely as a result of any change in GAAP described in the Proposed Accounting Standard Update to Leases (Topic 840) dated August 17, 2010 or similar change, in each case after the date of this Agreement.

“Cash Equivalents” means any of the following Investments: (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States is pledged in support thereof) maturing not more than one year after the date of acquisition; (ii) time deposits in and certificates of deposit of any Eligible Bank, *provided* that such Investments have a maturity date not more than two years after date of acquisition and that the weighted average life to maturity of all such Investments is one year or less from the respective dates of acquisition; (iii) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (i) above entered into with any Eligible Bank; (iv) direct obligations issued by any state of the United States or any political subdivision or public instrumentality thereof, *provided* that such Investments mature, or are subject to tender at the option of the holder thereof, within 365

days after the date of acquisition and, at the time of acquisition, have a rating of at least A from S&P or A-2 from Moody's (or an equivalent rating by any other nationally recognized rating agency); (v) commercial paper of any Person other than an Affiliate of the Borrower and other than structured investment vehicles, *provided* that such Investments have one of the two highest ratings obtainable from either S&P or Moody's and mature within 180 days after the date of acquisition; (vi) overnight and demand deposits in and bankers' acceptances of any Eligible Bank and demand deposits in any bank or trust company to the extent insured by the Federal Deposit Insurance Corporation against the Bank Insurance Fund; (vii) money market funds substantially all of the assets of which comprise Investments of the types described in clauses (i) through (vi); (viii) instruments equivalent to those referred to in clauses (i) through (vi) above or funds equivalent to those referred to in clause (vii) above denominated in U.S. dollars, Euros or any other foreign currency comparable in credit quality and tenor to those referred to in such clauses and customarily used by corporations for cash management purposes in jurisdictions outside the United States to the extent reasonably required in connection with any business conducted by any Restricted Subsidiary organized in such jurisdiction, all as determined in good faith by the Borrower; and (ix) investments with guaranteed principal approved by the board of directors of the Borrower, including investments in GE Interest Plus. "*Eligible Bank*" means a Lender or any Affiliate of a Lender or such other bank or trust company that (i) is licensed, chartered or organized and existing under the laws of the United States of America or Canada, or any state, territory, province or possession thereof, (ii) as of the time of the making or acquisition of an Investment in such bank or trust company, has combined capital and surplus in excess of \$500.0 million and (iii) the senior Indebtedness of which is rated at least "A-2" by Moody's or at least "A" by S&P.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"CERCLIS" means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Code.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which:

(a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of 30% or more of the equity securities of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such “person” or “group” has the right to acquire pursuant to any option right); or

(b) during any period of 12 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or

(c) a “change of control” or any comparable term under, and as defined in, the ABL Credit Agreement, the 1997 Guaranty, the 2015 Notes, the 2020 Notes or other Indebtedness outstanding in an aggregate principal amount in excess of the Threshold Amount shall have occurred.

“Closing Date” means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

“Closing Date Representations” means collectively, the Specified Representations and such of the representations made by or with respect to the Acquired Business in the Merger Agreement as are material to the interests of the Lenders, but only to the extent that the Borrower has the right to terminate its obligations under the Merger Agreement or decline to consummate the Merger as a result of a breach or inaccuracy of such representations in the Merger Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Collateral” means all of the “Collateral” and “Mortgaged Property” referred to in the Collateral Documents and all of the other property that is or is intended under the terms of the Collateral Documents to be subject to Liens in favor of the Administrative Agent for the benefit of the Secured Parties.

“Collateral Documents” means, collectively, the Security Agreement, the Intellectual Property Security Agreement, each Account Control Agreement and Securities Account Control Agreement, Security Agreement Supplements, the Mortgages, each of the mortgages, collateral assignments, intellectual property security agreement supplements, security agreements, pledge agreements or other similar agreements delivered to the Administrative Agent pursuant to Section 6.12, and each of the other agreements, instruments or documents that creates or purports to create a Lien in favor of the Administrative Agent for the benefit of the Secured Parties.

“Commitment” means, as to each Lender, its obligation to make Loans to the Borrower pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender’s name on Schedule 2.01 under the caption “Commitment” or opposite such caption in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

“Committed Loan Notice” means a notice of (a) a Borrowing, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, pursuant to Section 2.02(a), which, if in writing, shall be substantially in the form of Exhibit A.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Consolidated Current Assets” means, with respect to any Person and its Restricted Subsidiaries on a consolidated basis, all assets that, in accordance with GAAP, would be classified as current assets on the consolidated balance sheet of such Person, after deducting appropriate and adequate reserves therefrom in each case in which a reserve is proper in accordance with GAAP, but excluding cash, Cash Equivalents and Swap Contracts to the extent that the mark-to-market Swap Termination Value would be reflected as an asset on the consolidated balance sheet of such Person.

“Consolidated Current Liabilities” means, with respect to any Person and its Restricted Subsidiaries on a consolidated basis, all liabilities in accordance with GAAP that would be classified as current liabilities on the consolidated balance sheet of such Person, but excluding the current portion of Indebtedness (including the Swap Termination Value of any Swap Contracts) to the extent reflected as a liability on the consolidated balance sheet of such Person.

“Consolidated EBITDA” means, at any date of determination, an amount equal to Consolidated Net Income of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period plus (a) the following to the extent deducted in calculating such Consolidated Net Income: (i) Consolidated Interest Charges, (ii) the provision for Federal, state, local and foreign income taxes payable, (iii) depreciation and amortization expense, (iv) other non-recurring expenses reducing such Consolidated Net Income, of which cash items do not to exceed 3% of Consolidated EBITDA for such Measurement Period

(as certified by a Responsible Officer and calculated without taking into account any of the addbacks for cash items set forth in this clause (iv)), (v) non-cash compensation expense in respect of stock option plans, restricted stock and other employee equity compensation plans, (vi) non-cash goodwill or other intangible asset impairment charges and write-offs of goodwill and other intangible assets, in each case, pursuant to ASC 350 or any similar rule announced by the Financial Accounting Standards Board, (vii) fees and expenses (including without limitation, prepayment fees and expenses associated with the repayment, redemption or discharge of any indebtedness of the Acquired Business) incurred in connection with (A) if incurred prior to or within 90 days after the Closing Date, the Transaction, or (B) this Agreement and the other Loan Documents related to amendments and waivers thereof, including any legal fees in connection therewith, (viii) non-cash restructuring charges, (ix) non-cash effects of changes in accounting principles, (x) losses from asset sales not in the ordinary course of business, (xi) non-cash losses on the early extinguishment of Indebtedness, (xii) non-cash purchase accounting charges required by ASC 805 or any similar rule announced by the Financial Accounting Standards Board, (xiii) non-cash unrealized losses and charges with respect to Swap Contracts, including such losses and charges which arise from foreign currency losses, (xiv) other non-cash items to the extent such non-cash items are not accruals for future payments, (xv) foreign currency translation losses, (xvi) non-recurring cash costs and expenses relating to the assimilation and integration of the Acquired Business incurred on or prior to February 28, 2013 in an aggregate amount not to exceed \$5,000,000, and (xvii) environmental remediation costs and expenses not to exceed \$7,000,000 per fiscal year (*provided* that any portion of such amount that is not used in a particular fiscal year may be carried over to succeeding fiscal years) related to the Remediation Properties (in each case, of or by the Borrower and its Restricted Subsidiaries for such Measurement Period); and minus (b) the following to the extent included in calculating such Consolidated Net Income: (i) Federal, state, local and foreign income tax credits; (ii) interest income, (ii) any gains from asset sales not in the ordinary course of business, (iii) non-cash effects of changes in accounting principles, (iv) non-cash gains on the early extinguishment of Indebtedness, (v) non-cash unrealized gains with respect to Swap Contracts, (vi) other non-cash income or gains, and (vii) foreign currency translation gains (in each case of or by the Borrower and its Restricted Subsidiaries for such Measurement Period).

“Consolidated Funded Indebtedness” means, as of any date of determination, for the Borrower and its Restricted Subsidiaries on a consolidated basis, without duplication, the sum of (i) Indebtedness of the type described in clauses (a), (d), (f) and (g) of the definition of “Indebtedness”, (ii) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clause (i) above of Persons other than the Borrower or any Restricted Subsidiary, and (c) all Indebtedness of the types referred to in clauses (i) and (ii) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Borrower or a Restricted Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Borrower or such Restricted Subsidiary or would not appear on the consolidated balance sheet of such Person.

“Consolidated Interest Charges” means, for any Measurement Period, the consolidated interest expense of such Person, whether paid or accrued (including capitalized interest), with respect to Consolidated Funded Indebtedness, excluding, to the extent related to the Transaction, all prepayment of any original issue discount and all upfront and arrangement fees due and

payable on the Closing Date and all prepayment fees and expenses associated with the repayment, redemption or discharge of any indebtedness of the Acquired Business.

“Consolidated Interest Coverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated EBITDA to (b) Consolidated Interest Charges, in each case, of the Borrower and its Subsidiaries on a consolidated basis for the most recently completed Measurement Period.

“Consolidated Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period.

“Consolidated Net Income” means, at any date of determination, the net income (or loss) of the Borrower and its Restricted Subsidiaries on a consolidated basis for the most recently completed Measurement Period; *provided* that Consolidated Net Income shall exclude (a) extraordinary gains and extraordinary losses (and any associated tax benefits or costs) for such Measurement Period, (b) gains or losses in respect of Dispositions (net of fees and expenses relating to the transaction giving rise thereto), on an after-tax basis and (c) the net income of any Subsidiary during such Measurement Period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Organization Documents or any agreement, instrument or Law applicable to such Subsidiary during such Measurement Period, except that the Borrower’s equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Consolidated Net Income.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Extension” means a Borrowing.

“Debt Rating” means, as of any date of determination, the rating as determined by either S&P or Moody’s of the Borrower’s non-credit-enhanced, senior unsecured long-term debt.

“Debtor Relief Laws” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means an interest rate equal to (i) the Base Rate plus (ii) the Applicable Rate, if any, applicable to Base Rate Loans under the Facility plus (iii) 2% per annum; *provided, however*, that with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum.

“Defaulting Lender” means, subject to Section 2.12(b), any Lender that, as determined by the Administrative Agent, (a) has failed to perform any of its funding obligations hereunder, including in respect of its Loans within one Business Days of the date required to be funded by it hereunder, (b) has notified the Borrower, or the Administrative Agent or any Lender that it does not intend to comply with its funding obligations or has made a public statement to that effect with respect to its funding obligations hereunder or generally under other agreements in which it commits to extend credit, (c) has failed, within one Business Days after request by the Administrative Agent, to confirm in a manner satisfactory to the Administrative Agent that it will comply with its funding obligations, or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or a custodian appointed for it, or (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

“Deposit Account” means any deposit account (as that term is defined in the UCC).

“Disposition” or “Dispose” means the sale, transfer, license, lease or other disposition (including any sale and leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

“Disqualified Equity Interests” means any Equity Interest which, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof (other than solely for Equity Interests which are not otherwise Disqualified Equity Interests), in whole or in part, (c) provides for the scheduled payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Maturity Date.

“Dollar” and “\$” mean lawful money of the United States.

“Domestic Subsidiary” means any Subsidiary that is organized under the laws of any political subdivision of the United States.

“Eligible Assignee” means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii), (v) and (vi) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

“Environmental Laws” means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“Environmental Liability” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“Environmental Permit” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification to the Borrower or any ERISA Affiliate that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to

terminate a Pension Plan, or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 or 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

“Eurodollar Rate” means, for any Interest Period with respect to a Eurodollar Rate Loan, the rate per annum equal to equal to the greater of (a) 1.25% and (b) (i) the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or such other commercially available source providing quotations of BBA LIBOR as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two London Banking Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period or (ii) if such rate is not available at such time for any reason, the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America’s London Branch to major banks in the London interbank eurodollar market at their request at approximately 11:00 a.m. (London time) two London Banking Days prior to the commencement of such Interest Period.

“Eurodollar Rate Loan” means a Loan that bears interest at a rate based on the Eurodollar Rate.

“Event of Default” has the meaning specified in Section 8.01.

“Excess Cash Flow” means, for any fiscal year, Consolidated Net Income *plus* any non-cash charges deducted in calculating Consolidated Net Income *plus* the reversal, during such fiscal year, of any reserve established pursuant to clause (c) or (d) below, *minus*, without duplication:

- (a) scheduled principal payments in respect of Indebtedness of the Borrower or any Restricted Subsidiary, in each case made with Internally Generated Cash during such fiscal year;
- (b) Capital Expenditures made with Internally Generated Cash during such fiscal year;
- (c) Capital Expenditures that the Borrower or any of its Restricted Subsidiaries shall, during such fiscal year, become obligated to make but that are not made during such fiscal year;
- (d) the amount of cash income Taxes actually paid in such period (or that will be paid within six months after the last day of such fiscal year and for which reserves, to

the extent required by GAAP, have been established) to the extent they exceed the amount of Tax expense deducted in determining Consolidated Net Income for such period;

(e) decrease (as a negative amount) in the Net Working Capital for such period;

(f) increase in the Net Working Capital for such period;

(g) any cash items of expense not deducted in calculating Consolidated Net Income;

(h) any non-cash gains to the extent included in the calculation of Consolidated Net Income;

(i) cash contributions to Pension Plans made in such period; and

(j) amounts paid in cash for, and fees and expenses incurred in connection with, the Juffali Investment or any Permitted Acquisition after the date hereof (whether or not successful).

“Excluded Subsidiary” means (a) any CFC if the pledge of its assets or more than 65% of its voting shares in favor of the Administrative Agent would result in adverse tax consequences to the Borrower, (b) any Subsidiary of a CFC, (c) any Subsidiary that is a disregarded entity for United States federal income tax purposes and holds no material assets except the Equity Interests of a CFC, and (d) each Immaterial Subsidiary.

“Excluded Taxes” means, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) taxes imposed on or measured, by its revenue, net income (however denominated), net assets, capital or net worth and franchise taxes imposed on it in lieu of net income taxes thereof, by the jurisdiction (or any political subdivision thereof) (i) under the Laws of which such recipient is organized, (ii) in which its principal office is located or, in the case of any Foreign Lender, in which its principal Lending Office is located, (b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which the Borrower is located, (c) any U.S. federal backup withholding tax that is required by the Code to be withheld from amounts payable to a Lender that has failed to comply with clause (A) of Section 3.01(e)(ii), (d) in the case of a Foreign Lender, any United States federal withholding tax that (i) is required to be imposed on amounts payable to such Foreign Lender pursuant to the Laws in force at the time such Foreign Lender becomes a party hereto (or designates a new Lending Office) or (ii) is attributable to such Foreign Lender’s failure or inability (other than as a result of a Change in Law after the date such Foreign Lender became a party hereto) to comply with clause (B) of Section 3.01(e), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new Lending Office (or assignment), to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 3.01(a)(ii) or 3.01(c), (e) in the case of a Foreign Lender, any United States federal withholding taxes imposed on amounts payable to such Foreign Lender as a result of such Foreign Lender’s failure to comply with FATCA to establish a complete exemption from

withholding thereunder, and (f) any Taxes that would not have been imposed but for a present or former connection other than as a result of the Loan Documents or taking any action contemplated thereunder between the Lender or Administrative Agent, as the case may be, and the jurisdiction imposing such taxes.

“Existing Credit Agreement” means the Amended and Restated Credit Agreement, dated as of April 4, 2007, by and among The ColorMatrix Corporation, ColorMatrix UK Holdings Ltd., certain of their affiliates, the lenders party thereto, General Electric Capital Corporation, as US Agent and GE Corporate Finance SAS, as European Agent, and the other agreements, documents and instruments executed in connection therewith.

“Existing Securitization Facility” means the Second Amended and Restated Receivables Purchase Agreement, dated as of June 26, 2007, by and among PolyOne Funding Corporation, as seller, the Borrower, as servicer, the banks and other financial institutions party thereto, as purchasers and Citicorp U.S.A, Inc., as agent, and the other agreements, documents and instruments executed in connection therewith.

“Existing Subordinated Loan Agreement” means the Senior Subordinated Loan Agreement, dated as of April 4, 2007, by and among The ColorMatrix Corporation, ColorMatrix UK Holdings, Ltd., the other credit parties thereto, OFS Agency Services, LLC, as US Agent and European Agent and the lenders party thereto.

“Facility” means, at any time, (a) on or prior to the Closing Date, the Aggregate Commitments at such time and (b) thereafter, the aggregate principal amount of the Loans of all Lenders outstanding at such time.

“FASB ASC” means the Accounting Standards Codification of the Financial Accounting Standards Board.

“FATCA” means Sections 1471, 1472, 1473 and 1474 of the Code, the United States Treasury Regulations promulgated thereunder and published guidance with respect thereto.

“Federal Funds Rate” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

“Fee Letter” means the letter agreement, dated September 30, 2011, among the Borrower, the Administrative Agent and the Lead Arrangers.

“Foreign Lender” means any Lender that is organized under the Laws of a jurisdiction other than that in which the Borrower is resident for tax purposes. For purposes of this

definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

“FRB” means the Board of Governors of the Federal Reserve System of the United States.

“Fund” means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“GAAP” means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“Governmental Authority” means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guarantee” means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guarantors” means, collectively, the Subsidiaries of the Borrower listed on Schedule 1.01(a) and each other Subsidiary of the Borrower that shall be required to execute and deliver a guaranty or guaranty supplement pursuant to Section 6.12.

“Guaranty” means, collectively, the Guaranty made by the Guarantors in favor of the Secured Parties, substantially in the form of Exhibit E, together with each other guaranty and guaranty supplement delivered pursuant to Section 6.12.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Immaterial Subsidiary” means any subsidiary of the Borrower set forth on Schedule 1.01(b) (as may be amended from time to time by notice from the Borrower to the Administrative Agent), *provided* that any Subsidiary designated as an Immaterial Subsidiary (a) did not, as of the last day of the fiscal quarter of the Borrower most recently ended, have assets with a value in excess of 3.0% of total assets or revenues representing in excess of 3.0% of total revenues of the Borrower and its Subsidiaries, in each case, on a consolidated basis as of such date, and (b) taken together with all Immaterial Subsidiaries as of the last day of the fiscal quarter of the Borrower most recently ended, did not have assets with a value in excess of 7.50% of total assets or revenues representing in excess of 7.50% of total revenues of the Borrower and its Subsidiaries, in each case, on a consolidated basis as of such date; *provided further* that any Subsidiary designated as an Immaterial Subsidiary shall not conduct either manufacturing or sales activities.

“Incurrence Test” means, as of any date of determination, (a) on a Pro Forma Basis after giving effect to the proposed transaction, (i) the Consolidated Interest Coverage Ratio of the Borrower for the four Fiscal Quarter period most recently ended for which the Borrower shall have delivered, or shall have been required to deliver, financial statements in accordance with Section 6.01, shall be at least 0.25x higher than the Consolidated Interest Coverage Ratio for the applicable period set forth in Section 7.11(a) (i.e. if the required ratio in Section 7.11(a) is 4.00 to 1.00, the requirement for purposes of determining the permissibility of the proposed transaction shall be 4.25 to 1.00) and (ii) the Consolidated Leverage Ratio of the Borrower for the four Fiscal Quarter period most recently ended for which the Borrower shall have delivered, or shall have been required to deliver, financial statements in accordance with Section 6.01, shall be at least 0.25x lower than the Consolidated Leverage Ratio for the applicable period set forth in Section 7.11(b) (i.e. if the required ratio in Section 7.11(b) is 3.50 to 1.00, the requirement for purposes of determining the permissibility of the proposed transaction shall be 3.25 to 1.00), and (b) the Liquidity of the Loan Parties will be greater than or equal to the Liquidity Threshold.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds (other than surety or similar bonds), debentures, notes, loan agreements or other similar instruments;

(b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) the Swap Termination Value of any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than (i) current trade accounts payable in the ordinary course of business and (ii) earnouts or similar obligations unless and until such earnouts are earned);

(e) indebtedness of others (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) all Attributable Indebtedness in respect of Capitalized Leases and Synthetic Lease Obligations of such Person and all Synthetic Debt of such Person;

(g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in cash, Cash Equivalents or other "Indebtedness" in respect of any Disqualified Equity Interest in such Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and

(h) all Guarantees of such Person in respect of any of the foregoing (but specifically excluding the 1997 Guaranty (other than for purposes of Section 8.01(e))).

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person.

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Intellectual Property Security Agreement" has the meaning specified in Section 4.01(a)(v).

“Intercompany Subordination Agreement” means the Intercompany Subordination Agreement to be executed and delivered by each Subsidiary of the Borrower that is not a Loan Party, substantially in the form attached hereto as Exhibit I.

“Intercreditor Agreement” means the Intercreditor Agreement dated as of the date hereof between the Administrative Agent and the ABL Agent and acknowledged by the Borrower.

“Interest Payment Date” means, (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date of the Facility; *provided, however*, that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan the last Business Day of each March, June, September and December and the Maturity Date of the Facility.

“Interest Period” means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Borrower in its Committed Loan Notice or such other period that is twelve months or less requested by the Borrower and consented to by all the Lenders; *provided* that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date.

“Internally Generated Cash” means any cash of the Borrower or any of its Subsidiaries that is not generated from a Disposition, the issuance or incurrence of Indebtedness, the issuance or sale of Equity Interests or any contribution to the capital of the Borrower or such Subsidiary.

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit or all or substantially all of the business of, such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“Involuntary Disposition” means any involuntary loss, damage or destruction of property, or any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property.

“IRS” means the United States Internal Revenue Service.

“Joint Venture” means any Person in which the Borrower or any Subsidiary owns any Equity Interests other than a Wholly Owned Subsidiary.

“Judgment Currency” has the meaning specified in Section 10.18.

“Juffali Investment” means an initial Investment in the amount of approximately \$2,500,000 made by the Borrower and/or its Subsidiaries in that certain joint venture with E.A. Juffali & Brothers Company Limited, together with any additional Investments made by the Borrower and/or its Subsidiaries in such joint venture in an amount not to exceed \$20,000,000 in the aggregate.

“Junior Indebtedness” means any unsecured or Subordinated Indebtedness and the 1997 Guaranty, the 2015 Notes and the 2020 Notes.

“Laws” means, collectively, all international, foreign, Federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lead Arrangers” mean Merrill Lynch, Pierce, Fenner & Smith, Incorporated and Wells Fargo Securities, LLC, in their capacity as the joint lead arrangers and joint bookrunning managers.

“Lender” means at any time, (a) on or prior to the Closing Date, any Lender that has a Commitment at such time and (b) at any time after the Closing Date, any Lender that holds Loans at such time.

“Lending Office” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“Liquidity” means, at any time, (a) lower of (i) (x) \$300,000,000 (or, if an increase option has been exercised under the ABL Credit Agreement, the aggregate revolver commitments under the ABL Credit Agreement) *minus* (y) all reserves against the U.S. Maximum Credit and Canadian Maximum Credit then in effect under the ABL Credit Agreement and (ii) the Borrowing Base (as defined in the ABL Credit Agreement) *minus* (b) the sum of (i) outstanding revolver loans under the ABL Facility, (ii) 103% of the then maximum available amount to be drawn under all letters of credit issued under the ABL Facility, and (iii) all reserves against (x) the Borrowing Base or (y) the Maximum Credit, as applicable and then in effect under the ABL Credit Agreement, *plus* (c) the total unrestricted cash and Cash Equivalents of the Borrower and its Restricted Subsidiaries.

“Liquidity Threshold” means \$150,000,000.

“Loan” means an extension of credit by a Lender to the Borrower under Article II.

“Loan Documents” means, collectively, (a) this Agreement, (b) the Notes, (c) the Guaranty, (d) the Collateral Documents, (e) the Fee Letter, (f) the Intercreditor Agreement, (g) the Perfection Certificate, (h) 2015 Note Intercreditor Agreement, (i) the Acknowledgment and (j) the Intercompany Subordination Agreement.

“Loan Parties” means, collectively, the Borrower and each Guarantor.

“London Banking Day” means any day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under the Loan Documents, taken as a whole, or of the ability of any Loan Party to perform its obligations under the Loan Documents to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“Material Real Property” means fee owned real property with a fair market value in excess of \$5,000,000.

“Maturity Date” means December 20, 2017; *provided, however*, that, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Measurement Period” means, at any date of determination, the most recently completed four fiscal quarters of the Borrower, *provided* that for purposes of determining the Consolidated Interest Coverage Ratio, (a) Consolidated Interest Charges for the fiscal quarter ended March 31, 2012 shall equal Consolidated Interest Charges for such fiscal quarter multiplied by four; (b) Consolidated Interest Charges for the fiscal quarter ended June 30, 2012 shall equal Consolidated Interest Charges for the two fiscal quarters then ended multiplied by two; and (c) Consolidated Interest Charges for the fiscal quarter ended September 30, 2012 shall equal Consolidated Interest Charges for the three fiscal quarters then ended multiplied by 4/3.

“Merger” has the meaning specified in the Preliminary Statements.

“Merger Agreement” has the meaning specified in the Preliminary Statements.

“Merger Documents” means the Merger Agreement, together with any schedules and exhibits thereto and any escrow agreement executed in connection therewith.

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Mortgage” has the meaning specified in Section 4.01(a)(iv).

“Mortgaged Property” means the real property that is owned by any Loan Party on the Closing Date listed on Schedule 4.01(a)(iv), and any Material Real Property acquired after the Closing Date.

“Mortgage Policy” has the meaning specified in Schedule 4.01(a)(iv).

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Pension Plan which has two or more contributing sponsors (including the Borrower or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” means the aggregate cash or Cash Equivalents received by any Loan Party or any Restricted Subsidiary in respect of any Disposition, issuance of Indebtedness or Involuntary Disposition (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received), net of (a) reasonable and customary fees and expenses associated in connection therewith (including, without limitation, legal, accounting and investment banking fees, sales commissions and placement fees), (b) taxes paid or payable as a result thereof, (c) in the case of any Disposition or any Involuntary Disposition, the amount necessary to retire any Indebtedness secured by a Lien permitted under Section 7.01 on the related property (including, without limitation, prepayment premiums and/or penalties thereon), (d) in the case of any Disposition, any portion of such proceeds deposited in an escrow account pursuant to documentation relating to a Disposition (*provided* that such amounts shall be treated as Net Cash Proceeds upon their release from such escrow account to such Loan Party or such Subsidiary) and (e) in the case of any Disposition, any portion of any such proceeds which the Borrower determines in good faith should be reserved for post-closing adjustments and indemnities; it being understood that “Net Cash Proceeds” shall include, without limitation, any cash or Cash Equivalents received upon the sale or other Disposition of any non-cash consideration received by any Loan Party or any Subsidiary in any Disposition, Debt Issuance or Involuntary Disposition.

“Net Working Capital” means, with respect to any Person and its Restricted Subsidiaries on a consolidated basis, Consolidated Current Assets *minus* Consolidated Current Liabilities.

“Non-Loan Party” means, any Subsidiary of the Borrower or any other Loan Party that is not a Loan Party.

“Note” means a promissory note made by the Borrower in favor of a Lender, evidencing Loans made by such Lender, substantially in the form of Exhibit B.

“NPL” means the National Priorities List under CERCLA.

“Obligations” means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party of any proceeding under any Debtor Relief Laws naming such Loan Party as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

“OFAC” means the Office of Foreign Assets Control of the U.S. Treasury Department.

“Organization Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

“Other Taxes” means all present or future stamp or documentary taxes or any other excise or property taxes, similar charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

“Outstanding Amount” means, on any date, the aggregate outstanding principal amount of Loans after giving effect to any borrowings and prepayments or repayments of Loans occurring on such date.

“Participant” has the meaning specified in Section 10.06(d).

“Patriot Act” has the meaning specified in Section 10.17.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth

in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Sections 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA) (including a Multiple Employer Plan but excluding a Multiemployer Plan) that is maintained or is contributed to by the Borrower and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the Pension Funding Rules.

“Perfection Certificate” shall mean that certain perfection certificate dated December 21, 2011, executed and delivered by each Loan Party in favor of the Administrative Agent for the benefit of the Secured Parties, and each other Perfection Certificate (which shall be substantially in the form of the Perfection Certificate with such modifications as are reasonably satisfactory to the Borrower and the Administrative Agent) executed and delivered by the applicable Loan Party in favor of the Administrative Agent for the benefit of the Secured Parties contemporaneously with the execution and delivery of each Security Agreement Supplement executed in accordance with Section 3.5 of the Security Agreement, in each case, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time in accordance with this Agreement.

“Permitted Acquisitions” means the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person (other than a Subsidiary), or the purchase or other acquisition (whether by means of a merger, consolidation, or otherwise) by a Person or its Subsidiaries of all (other than directors’ qualifying shares) of the Equity Interests of any other Person (other than a Subsidiary) (any such transaction an “Acquisition”); *provided that:*

(a) as of the date of any such Acquisition after giving effect thereto, no Event of Default shall exist or have occurred and be continuing,

(b) the Acquisition shall be with respect to an operating company or division or line of business that engages in a line of business substantially similar, reasonably related or incidental to, or a reasonable extension of, the business that Borrower and its Subsidiaries are engaged in,

(c) in the case of any Acquisition of Equity Interests, the board of directors (or other comparable governing body) of the Person to be acquired shall have duly approved such Acquisition and such Person shall not have announced that it will oppose such Acquisition or shall not have commenced any action which alleges that such Acquisition will violate applicable law,

(d) in the case of any Acquisition that involves aggregate consideration in excess of \$35,000,000, the Administrative Agent shall have received not less than ten Business Days prior to the anticipated closing date of the proposed Acquisition prior written notice of the proposed Acquisition, and including the (i) parties to such Acquisition, (ii) the proposed date and amount of the Acquisition, (iii) description of the assets or shares to be acquired and (iv) the total purchase price for the assets to be

purchased and the terms of payment of such purchase price), together with copies of the acquisition agreement and other material documents relative to the proposed Acquisition,

(e) any such newly-created or acquired Subsidiary shall comply with the requirements of Section 6.12;

(g) the total cash consideration paid by or on behalf of the Borrower and its Subsidiaries for such Acquisition, when aggregated with the total cash consideration paid by or on behalf of the Borrower and its Subsidiaries for all other Acquisitions made by the Borrower and its Subsidiaries, shall not exceed \$50,000,000; *provided* that the foregoing limitation on acquisition consideration shall not apply to any Permitted Acquisition, if the Borrower shall be in compliance with the Incurrence Test; and *provided, further*, that the aggregate consideration for all such Acquisitions of Persons by entities that are not Loan Parties or do not become Loan Parties following the consummation of such Acquisition shall not exceed \$100,000,000;

(h) immediately after giving effect to such Acquisition, (i) the Borrower and its Subsidiaries shall be in Pro Forma Compliance with all of the covenants set forth in Section 7.11, such compliance to be determined on the basis of the financial information most recently delivered to the Administrative Agent and the Lenders pursuant to Section 6.01(a) or (b) as though such purchase or other acquisition had been consummated as of the first day of the fiscal period covered thereby and (ii) the representations and warranties contained in the Loan Documents shall be true and correct in all material respects as if made as of the date of such Acquisition (except to the extent such representations and warranties relate to an earlier specified date); and

(i) in the case of any Acquisition involving cash consideration in excess of \$35,000,000, the Borrower shall have delivered to the Administrative Agent and each Lender, at least five Business Days prior to the date on which any such purchase or other acquisition is to be consummated, a certificate of a Responsible Officer, in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, certifying that all of the requirements set forth in this definition of Permitted Acquisition have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition.

“Permitted Encumbrances” has the meaning specified in the Mortgages.

“Permitted Liens” has the meaning specified in Section 7.01.

“Permitted Protest” means the right of the Borrower or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien), or rental payment, provided that (a) a reserve with respect to such obligation is established on the Borrower’s or its Subsidiaries’ books and records in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by the Borrower or its Subsidiary, as applicable, in good faith, and (c) the Administrative Agent is satisfied that, while any such protest is pending, there

will be no impairment of the enforceability, validity, or priority of any of the Administrative Agent's Liens.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan but excluding a Multiple Employer Plan or a Multiemployer Plan), maintained for employees of the Borrower or any ERISA Affiliate and to which the Borrower or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“Platform” has the meaning specified in Section 6.02.

“Pledged Debt” mean all indebtedness from time to time owed to a Grantor (as such term is defined in the Security Agreement).

“Pledged Securities” has the meaning specified in the Security Agreement.

“Pro Forma Basis” means, with respect to compliance with any test or covenant hereunder, that all Specified Transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant, and giving effect to any cost savings, expenses and other items projected by the Borrower in good faith which would otherwise be accounted for as an adjustment pursuant to Article 11 of Regulation S-X under the Securities Act of 1933, as amended, which are reasonably factually supportable and certified by a Responsible Officer.

“Pro Forma Compliance” means, in respect of a Specified Transaction, that such Specified Transaction and the following transactions in connection therewith (to the extent applicable) shall be deemed to have occurred as of the first day of the applicable period of measurement in such covenant: (a) income statement items (whether positive or negative) attributable to the property or Person, if any, subject to such Specified Transaction, (i) in the case of a Disposition of all or substantially all Equity Interests in any Restricted Subsidiary of the Borrower or any division, product line, or facility used for operations of the Borrower or any of its Restricted Subsidiaries, shall be excluded, and (ii) in the case of any Acquisition, any cost savings, expenses and other items projected by the Borrower in good faith which would otherwise be accounted for as an adjustment pursuant to Article 11 of Regulation S-X under the Securities Act of 1933, as amended, which are reasonably factually supportable and certified by a Responsible Officer shall be included, (b) any retirement of Indebtedness, and (c) any Indebtedness incurred or assumed by the Borrower or any of its Restricted Subsidiaries in connection therewith and if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination.

“Pro Forma Financial Statements” has the meaning specified in Section 4.01(a)(x).

“Projections” means the Borrower's forecasted (a) balance sheets, (b) profit and loss statements, and (c) cash flow statements, all prepared on a basis consistent with the Borrower's

historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

“Public Lender” has the meaning specified in Section 6.02.

“Quarterly Payment Date” means the last Business Day of each March, June, September and December.

“Refinancing Indebtedness” means Indebtedness arising after the date hereof issued in exchange for, or the proceeds of which are used to extend, refinance, replace or substitute for other Indebtedness to the extent permitted hereunder so long as:

(a) the Refinancing Indebtedness shall have a weighted average life to maturity and a final maturity equal to or greater than the weighted average life to maturity and the final maturity, respectively, of the Indebtedness being extended, refinanced, replaced, or substituted for,

(b) the Refinancing Indebtedness shall rank in right of payment no more senior than, and be at least as subordinated (if already subordinated) to, the Obligations as the Indebtedness being extended, refinanced, replaced or substituted for,

(c) the Refinancing Indebtedness will not have any obligors who were not obligors in respect of the Indebtedness being extended, refinanced, replaced or substituted for,

(d) the negative covenants (including financial covenants) and collateral (if any), of any such Refinancing Indebtedness are no less favorable in any material respect to the Loan Parties or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended, taken as a whole (and if secured, such Refinancing Indebtedness shall be subject to intercreditor terms no less favorable to the Agent and the Lenders than the terms of the then existing intercreditor arrangement, if any,

(e) such Indebtedness shall be at rates and with fees or other charges that do not exceed the then applicable market rates, and

(f) the principal amount of such Refinancing Indebtedness shall not exceed the principal amount of the Indebtedness so extended, refinanced, replaced or substituted for (plus the amount of reasonable refinancing fees and expenses incurred in connection therewith outstanding on the date of such event).

“Register” has the meaning specified in Section 10.06(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person’s Affiliates.

“Remediation Properties” means the real properties listed on Schedule 1.01(c).

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Required Lenders” means, as of any date of determination, Lenders holding more than 50% of the Facility on such date; *provided* that the portion of the Facility held by any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Responsible Officer” means the chief executive officer, president, chief financial officer, treasurer, assistant treasurer or controller of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of the Borrower, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, defeasance, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to the Borrower’s stockholders, partners or members (or the equivalent of any thereof).

“Restricted Subsidiary” means each Subsidiary of the Borrower that is not an Unrestricted Subsidiary.

“Retired Notes” means the 8.875% Senior Notes due May 1, 2012.

“Revolving Loan Debt” shall have the meaning specified in the Intercreditor Agreement.

“Sanctioned Entity” means (a) a country or a government of a country, (b) an agency of the government of a country, (b) an organization directly or indirectly controlled by a country or its government, or (c) a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

“Sanctioned Person” means a person named on the list of Specially Designated Nationals maintained by OFAC.

“S&P” means Standard & Poor’s Ratings Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and any successor thereto.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Secured Parties” means, collectively, the Administrative Agent, the Lenders, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05, each Secured Swap Counterparty and the other Persons the Obligations owing to which are or are purported to be secured by the Collateral under the terms of the Collateral Documents.

“Secured Swap Counterparty” has the meaning specified in the Security Agreement.

“Securities Account” means a securities account (as that term is defined in the UCC).

“Securities Account Control Agreement” has the meaning specified in the Security Agreement.

“Security Agreement” has the meaning specified in Section 4.01(a)(iii).

“Security Agreement Supplement” has the meaning specified in the Security Agreement.

“Specified Representations” means the representations set forth in Sections 5.01, 5.02, 5.04(a) and (b), 5.14, 5.16, 5.17, 5.18 and 5.19.

“Specified Transaction” means any incurrence or repayment of Indebtedness (other than for working capital purposes) or Investment that results in a Person becoming a Subsidiary or any Disposition that results in a Restricted Subsidiary ceasing to be a Subsidiary of the Borrower, or any Investment constituting an Acquisition, in each case not in the ordinary course of business.

“Series G Notes” mean the Secured Senior Notes due 2017, Series G issued by the Sunbelt Chlor Alkali Partnership pursuant to the terms of several Note Purchase Agreements, each dated as of December 22, 1997.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, taking into account any right of reimbursement, contribution or similar right available to such Person from other Persons, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Subordinated Indebtedness” means any Indebtedness that is contractually subordinated in right of payment to the Obligations.

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Borrower.

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“Synthetic Debt” means, with respect to any Person as of any date of determination thereof, all obligations of such Person in respect of transactions entered into by such Person that are intended to function primarily as a borrowing of funds (including any minority interest transactions that function primarily as a borrowing) but are not otherwise included in the definition of “Indebtedness” or as a liability on the consolidated balance sheet of such Person and its Subsidiaries in accordance with GAAP.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property (including sale and leaseback transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, similar fees or other similar charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Threshold Amount” means \$35,000,000.

“Total Outstandings” means the aggregate Outstanding Amount of all Loans.

“Transaction” means, collectively, (a) the consummation of the Merger, (b) the entering into by the Loan Parties and their applicable Subsidiaries of the ABL Loan Documents, (c) the entering into by the Loan Parties and their applicable Subsidiaries of the Loan Documents to which they are or are intended to be a party, (d) payment in full of all amounts due under the Existing Credit Agreement, the Existing Securitization Facility, the Existing Subordinated Loan Agreement and the Retired Notes and termination of all Liens securing obligations under the Existing Credit Agreement, the Existing Securitization Facility and/or the Retired Notes, (e) termination of the 2006 Guarantee and Agreement, and (f) the payment of the fees and expenses incurred in connection with the consummation of the foregoing.

“Type” means, with respect to a Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

“UCC” means the Uniform Commercial Code as in effect in the State of New York; *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“United States” and “U.S.” mean the United States of America.

“Unrestricted Subsidiary” means (1) any Subsidiary of the Borrower designated by the Borrower as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent; *provided*, that the Borrower shall only be permitted to so designate a Subsidiary as an Unrestricted Subsidiary after the Closing Date and so long as (a) no Event of Default has occurred and is continuing or would result therefrom, (b) immediately after giving effect to such designation, the Borrower shall be in *Pro Forma Compliance* with the financial covenants set forth in Section 7.11, (c) such Unrestricted Subsidiary shall be capitalized (to the extent capitalized by the Borrower or any of its Restricted Subsidiaries) through Investments as permitted by, and in compliance with, Section 7.03, (d) without duplication of clause (c), any assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall be treated as Investments pursuant to Section 7.03, (e) such Subsidiary shall have been or will promptly be designated an “unrestricted subsidiary” (or otherwise not be subject to the covenants) under the ABL Facility, the 1997 Guaranty, the 2015 Notes and the 2020 Notes, if applicable, and (f) the Borrower shall have delivered to the Administrative Agent an officer’s certificate executed by a Responsible Officer of the Borrower, certifying compliance with the requirements of preceding clauses (a) through (e), and containing the calculations and

information required by the preceding clause (b), and (2) any subsidiary of an Unrestricted Subsidiary. The Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary for purposes of this Agreement (each, a “Subsidiary Redesignation”); *provided*, that (i) no Event of Default has occurred and is continuing or would result therefrom, (ii) immediately after giving effect to such Subsidiary Redesignation, the Borrower shall be in *Pro Forma Compliance* with the financial covenants set forth in Section 7.11 and (iii) the Borrower shall have delivered to the Administrative Agent an officer’s certificate executed by a Responsible Officer of the Borrower, certifying compliance with the requirements of preceding clauses (i) and (ii), and containing the calculations and information required by the preceding clause (ii); *provided, further*, that no Unrestricted Subsidiary that has been designated as a Restricted Subsidiary pursuant to a Subsidiary Redesignation may again be designated as an Unrestricted Subsidiary.

“U.S. Maximum Credit” has the meaning specified in the ABL Credit Agreement.

“Wholly Owned Subsidiary” means any Person 100% of whose Equity Interests are at the time owned by the Borrower directly or indirectly through other Persons 100% of whose Equity Interests are at the time owned, directly or indirectly, by the Borrower.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law, rule or regulation shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law, rule or regulation and any reference to any law or regulation shall, unless otherwise specified, refer to such law, rule or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms. Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Indebtedness of the Borrower and its Subsidiaries shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio, covenant (including, without limitation, Section 7.02(e)) or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); *provided* that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. No consent or amendment fee shall be required to be paid to any Lender in connection with an amendment contemplated by this Section 1.03(b).

1.04 Rounding. Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 Currency Equivalents Generally. Any amount specified in this Agreement (other than in Articles II and IX) or any of the other Loan Documents to be in Dollars shall also include the equivalent of such amount in any currency other than Dollars, such equivalent amount thereof in the applicable currency to be determined by the Administrative Agent at such time on

the basis of the Spot Rate (as defined below) for the purchase of such currency with Dollars. For purposes of this Section 1.06, the “Spot Rate” for a currency means the rate determined by the Administrative Agent to be the rate quoted by the Person acting in such capacity as the Spot Rate for the purchase by such Person of such currency with another currency through its principal foreign exchange trading office at approximately 11:00 a.m. on the date two Business Days prior to the date of such determination; *provided* that the Administrative Agent may obtain such Spot Rate from another financial institution designated by the Administrative Agent if the Person acting in such capacity does not have as of the date of determination a spot buying rate for any such currency.

ARTICLE II THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 The Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make a single loan to the Borrower on the Closing Date in an amount not to exceed such Lender’s Commitment. The Borrowing shall consist of Loans made simultaneously by the Lenders in accordance with their respective Commitments. Amounts borrowed under this Section 2.01 and repaid or prepaid may not be reborrowed. Loans may be Base Rate Loans or Eurodollar Rate Loans as further provided herein.

2.02 Borrowings, Conversions and Continuations of Loans. (a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower’s irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans; *provided, however*, that if the Borrower wishes to request Eurodollar Rate Loans having an Interest Period other than one, two, three or six months in duration as provided in the definition of “Interest Period,” the applicable notice must be received by the Administrative Agent not later than 11:00 a.m. four Business Days prior to the requested date of such Borrowing, conversion or continuation, whereupon the Administrative Agent shall give prompt notice to the Lenders of such request and determine whether the requested Interest Period is acceptable to all of them. Not later than 11:00 a.m., three Business Days before the requested date of such Borrowing, conversion or continuation, the Administrative Agent shall notify the Borrower (which notice may be by telephone) whether or not the requested Interest Period has been consented to by all the Lenders. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof. Each Committed Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the

Borrower fails to specify a Type of Loans in a Committed Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the Loans shall be converted to a Base Rate Loan. Any such automatic conversion to Base Rate Loan shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any such Committed Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Committed Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to a Base Rate Loan described in Section 2.02(a). Each Lender shall make the amount of its Loans available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.01, the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of an Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loan may be converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten Interest Periods in effect.

2.03 Prepayments. (a) Optional. (i) The Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay Loans in whole or in part without premium or penalty (subject to clause (ii) of this Section 2.03(a)); *provided* that (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans; (B) any prepayment of Eurodollar Rate Loans shall be in a principal amount of \$5,000,000 or a whole multiple of \$1,000,000 in excess thereof; and (C) any prepayment of Base Rate Loans shall be in a principal amount of \$500,000 or a whole multiple of \$100,000 in excess thereof or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date and amount of such prepayment and the

Type(s) of Loans to be prepaid and, if Eurodollar Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's ratable portion of such prepayment (based on such Lender's Applicable Percentage). If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. Each prepayment of the outstanding Loans pursuant to this Section 2.03(a) shall be applied to the principal repayment installments thereof as directed by the Borrower, and each such prepayment shall be paid to the Lenders in accordance with their respective Applicable Percentages.

(ii) Notwithstanding the foregoing, to the extent the Borrower makes a prepayment of Loans pursuant to this Section 2.03(a) or Section 2.03(b)(iii) below, with the proceeds of Indebtedness, then if any such prepayment occurs on or prior to the first anniversary of the Closing Date, the Borrower shall pay a premium of 1% of the aggregate principal amount of such Loans prepaid.

(b) Mandatory. (i) Except as otherwise provided in Section 6.6(a)(iv)(B) of the ABL Credit Agreement (as in effect on the date hereof), within five Business Days (or on such later date, if any, as shall be in accordance with Section 6.6(a)(iv)(B) of the ABL Credit Agreement (as in effect on the date hereof)) after financial statements have been delivered pursuant to Section 6.01(a) (commencing with the fiscal year ended 2012) and the related Compliance Certificate has been delivered pursuant to Section 6.02(a), the Borrower shall prepay an aggregate principal amount of Loans equal to the excess (if any) of (A) 50% (as may be adjusted pursuant to the proviso below) of Excess Cash Flow for the fiscal year covered by such financial statements over (B) the aggregate principal amount of Loans prepaid pursuant to Section 2.03(a); *provided*, that such percentage shall be reduced to 25% or 0% if the Consolidated Leverage Ratio as of the last day of the relevant fiscal year was less than 2:25:1.00 or 1.50:1.00, respectively.

(ii) (A) If (x) the Borrower or any of its Restricted Subsidiaries Disposes of any property (other than any Disposition of any property permitted by Section 7.05(a), (b), (c), (d), (h), (i), (l), (o), (p) or (q) or, except to the extent set forth therein, (n) (collectively, "Excluded Dispositions") or (y) any Involuntary Disposition occurs, which results in the realization or receipt by the Borrower or such Restricted Subsidiary of Net Cash Proceeds in excess for any such Disposition or series of related Dispositions of \$10,000,000 or in excess during any fiscal year for all such Dispositions of \$50,000,000, the Borrower shall cause to be prepaid on or prior to the date which is ten Business Days after the date of the realization or receipt of such Net Cash Proceeds an aggregate principal amount of Loans in an amount equal to 100% of all Net Cash Proceeds received; *provided* that no such prepayment shall be required pursuant to this Section 2.03(b)(ii)(A) if, on or prior to such date, the Borrower shall have given written notice to the Administrative Agent of its intention to reinvest or cause to be reinvested all or a portion of such Net Cash Proceeds in accordance with Section 2.03(b)(ii)(B) (which election may only be made if no Event of Default has occurred and is then continuing).

(B) With respect to any Net Cash Proceeds realized or received with respect to any Disposition (other than any Excluded Disposition), at the option of the Borrower, and so long as no Event of Default shall have occurred and be continuing, the Borrower may use all or any portion of such Net Cash Proceeds to acquire, maintain, develop, construct, improve, upgrade or repair assets useful for its business (including for making Acquisitions) within (i) 365 days of the receipt of such Net Cash Proceeds or (ii) if the Borrower enters into a legally binding commitment to use such Net Cash Proceeds to acquire, maintain, develop, construct, improve, upgrade or repair assets useful for its business within 365 days after receipt of such Net Cash Proceeds, within 545 days after receipt of such Net Cash Proceeds; *provided further* that if any Net Cash Proceeds are not so used within the time period set forth above in this Section 2.03(b)(i)(B) or are no longer intended to be so used at any time after delivery of a notice of such election, an amount equal to any such Net Cash Proceeds shall be promptly applied to the prepayment of the Loans as set forth in this Section 2.03.

(iii) Upon the incurrence or issuance by the Borrower or any of its Restricted Subsidiaries of any Indebtedness (other than Indebtedness expressly permitted to be incurred or issued pursuant to Section 7.02), the Borrower shall prepay an aggregate principal amount of Loans equal to 100% of all Net Cash Proceeds received therefrom immediately upon receipt thereof by the Borrower or such Restricted Subsidiary (such prepayments to be applied as set forth in clause (iv) below).

(iv) Each prepayment of Loans pursuant to the foregoing provisions of this Section 2.03(b) shall be applied ratably to the principal repayment installments thereof.

2.04 Termination or Reduction of Commitments. The Aggregate Commitments shall be automatically and permanently reduced to zero on the date of the Borrowing.

2.05 Repayment of Loans. On each Quarterly Payment Date, beginning with the Quarterly Payment Date in March 2012, the Borrower shall repay to the Administrative Agent for the ratable account of the Lenders the principal amount of Loans then outstanding in an amount equal to 0.25% of the aggregate initial principal amounts of all Loans theretofore borrowed by the Borrower pursuant to Section 2.01 (which amount shall be reduced as a result of application of prepayments in accordance with the order of priority set forth in Sections 2.03(a) or (b), as applicable). The remaining unpaid principal amount of the Loans and all other Obligations under or in respect of the Loans shall be due and payable in full, if not earlier in accordance with this Agreement, on the Maturity Date and in any event shall be in an amount equal to the aggregate principal amount of all Loans outstanding on such date.

2.06 Interest. (a) Subject to the provisions of Section 2.06(b), (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of (A) the Eurodollar Rate for such Interest Period plus (B) the Applicable Rate; and (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the sum of (A) the Base Rate plus (B) the Applicable Rate.

(b) While any Event of Default set forth in Sections 8.01(a) and (f) exists, the Borrower shall pay interest on (i) the principal amount of all of its outstanding Loans hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate (ii) and all other outstanding amounts (other than principal) hereunder that are not paid when due at a fluctuating interest rate per annum at all times equal to the Default Rate. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand, and (iii) accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.07 Fees. (a) The Borrower shall pay to the Lead Arrangers and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(b) The Borrower shall pay to the Lenders such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.08 Computation of Interest and Fees; Retroactive Adjustments of Applicable Rate. (a) All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, *provided* that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.10(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Borrower or for any other reason, the Borrower or the Lenders determine that (i) the Consolidated Leverage Ratio as calculated by the Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Leverage Ratio would have resulted in higher pricing for such period, the Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, automatically and without further action by the Administrative Agent or any Lender), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit

the rights of the Administrative Agent or any Lender, as the case may be, under Section 2.06(b) or under Article VIII. The Borrower's obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

2.09 Evidence of Debt. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender to the Borrower made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note, which shall evidence such Lender's Loans in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

2.10 Payments Generally; Administrative Agent's Clawback. (a) General. All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected on computing interest or fees, as the case may be; *provided, however*, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Loans to be made in the next succeeding calendar month, such payment shall be made on the immediately preceding Business Day.

(b) (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative

Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrower; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the Borrower prior to the time at which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure

of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) Insufficient Funds. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, toward payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, toward payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

2.11 Sharing of Payments by Lenders. If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of (a) Obligations due and payable to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations due and payable to such Lender at such time to (ii) the aggregate amount of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time) of payments on account of the Obligations due and payable to all Lenders hereunder and under the other Loan Documents at such time obtained by all the Lenders at such time or (b) Obligations owing (but not due and payable) to such Lender hereunder and under the other Loan Documents at such time in excess of its ratable share (according to the proportion of (i) the amount of such Obligations owing (but not due and payable) to such Lender at such time to (ii) the aggregate amount of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time) of payment on account of the Obligations owing (but not due and payable) to all Lenders hereunder and under the other Loan Documents at such time obtained by all of the Lenders at such time then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of Obligations then due and payable to the Lenders or owing (but not due and payable) to the Lenders, as the case may be, *provided that*:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (A) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (B) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant,

other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

2.12 Defaulting Lenders. (a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. That Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 10.01.

(ii) Reallocation of Payments. Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of that Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise, and including any amounts made available to the Administrative Agent by that Defaulting Lender pursuant to Section 10.08), shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by that Defaulting Lender to the Administrative Agent hereunder; *second*, as the Borrower may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which that Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third*, if so determined by the Administrative Agent and the Borrower, to be held in a non-interest bearing deposit account and released in order to satisfy obligations of that Defaulting Lender to fund Loans under this Agreement; *fourth*, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; *fifth*, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against that Defaulting Lender as a result of that Defaulting Lender's breach of its obligations under this Agreement; and *sixth*, to that Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.12(a), (ii) shall be deemed paid to and redirected by that Defaulting Lender, and each Lender irrevocably consents hereto.

(b) Defaulting Lender Cure. If the Borrower, the Administrative Agent agree in writing in their sole discretion that a Defaulting Lender should no longer be deemed to be a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein, that Lender will, to the extent applicable, purchase that portion of outstanding Loans of the other

Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the committed Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon that Lender will cease to be a Defaulting Lender; *provided* that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE III TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes. (a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes. (i) Any and all payments by or on account of any obligation of the Borrower hereunder or under any other Loan Document shall to the extent permitted by applicable Laws be made free and clear of and without reduction or withholding for any Taxes. If, however, applicable Laws require the Borrower or the Administrative Agent to withhold or deduct any Tax, such Tax shall be withheld or deducted in accordance with such Laws as determined by the Borrower or the Administrative Agent, as the case may be, upon the basis of the information and documentation to be delivered pursuant to subsection (e) below.

(ii) If the Borrower or the Administrative Agent shall be required by the Code or other applicable Laws to withhold or deduct any Taxes, including withholding taxes imposed by a Governmental Authority, from any payment, then (A) the Administrative Agent shall withhold or make such deductions as are determined by the Administrative Agent to be required based upon the information and documentation it has received pursuant to subsection (e) below, (B) the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with the Code or other applicable Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by the Borrower shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Borrower. Without limiting the provisions of subsection (a) above, the Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Tax Indemnifications. (i) Without limiting the provisions of subsection (a) or (b) above, the Borrower shall, and does hereby indemnify the Administrative Agent and each Lender and shall make payment in respect thereof within 10 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) withheld or deducted by the Borrower or the Administrative Agent or paid by the Administrative Agent, such Lender, as the case may be, and any penalties and interest arising therefrom or with respect

thereto (other than any penalties and interest attributable to the gross negligence or willful misconduct of the Administrative Agent or any Lender, as determined in a final, non-appealable judgment by a court of competent jurisdiction), whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The Borrower shall also, and does hereby, indemnify the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, for any amount which a Lender for any reason fails to pay indefeasibly to the Administrative Agent as required by clause (ii) of this subsection. A certificate as to the amount of any such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(ii) Without limiting the provisions of subsection (a) or (b) above, each Lender shall, and does hereby, indemnify the Borrower and the Administrative Agent, and shall make payment in respect thereof within 10 days after demand therefor, against any and all Taxes and any and all related losses, claims, liabilities, penalties, interest and expenses (including the fees, charges and disbursements of any counsel for the Borrower or the Administrative Agent) incurred by or asserted against the Borrower or the Administrative Agent by any Governmental Authority as a result of the failure by such Lender, as the case may be, to deliver, or as a result of the inaccuracy, inadequacy or deficiency of, any documentation required to be delivered by such Lender, as the case may be, to the Borrower or the Administrative Agent pursuant to subsection (e). Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii). The agreements in this clause (ii) shall survive the resignation and/or replacement of the Administrative Agent, any assignment of rights by, or the replacement of, a Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all other Obligations.

(d) Evidence of Payments. Upon request by the Borrower or the Administrative Agent, as the case may be, after any payment of Taxes by the Borrower or the Administrative Agent to a Governmental Authority as provided in this Section 3.01, the Borrower shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Borrower or the Administrative Agent, as the case may be.

(e) Status of Lenders; Tax Documentation. (i) Each Lender shall deliver to the Borrower and to the Administrative Agent, at the time it becomes a party to this Agreement or when reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Laws or by the taxing authorities of any jurisdiction and such other reasonably requested information as will permit the Borrower or the Administrative Agent, as the case may be, to determine (A) whether or not payments made hereunder or under any other Loan Document are subject to Taxes, (B) if applicable, the required rate of withholding or deduction, and (C) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes in respect of all payments to be

made to such Lender by the Borrower pursuant to this Agreement or otherwise to establish such Lender's status for withholding tax purposes in the applicable jurisdiction.

(ii) Without limiting the generality of the foregoing, if the Borrower is resident for tax purposes in the United States,

(A) any Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent executed originals of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable Laws or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements; and

(B) each Foreign Lender that is entitled under the Code or any applicable treaty to an exemption from or reduction of withholding tax with respect to payments hereunder or under any other Loan Document shall deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the request of the Borrower or the Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(I) executed originals of Internal Revenue Service Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party,

(II) executed originals of Internal Revenue Service Form W-8ECI,

(III) executed originals of Internal Revenue Service Form W-8IMY and all required supporting documentation,

(IV) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 881(c) of the Code, (x) a certificate to the effect that such Foreign Lender is not (A) a "bank" within the meaning of section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in section 881(c)(3)(C) of the Code and (y) executed originals of Internal Revenue Service Form W-8BEN, or

(V) executed originals of any other form prescribed by applicable Laws as a basis for claiming exemption from or a reduction in United States Federal withholding tax together with such supplementary documentation as may be prescribed by applicable Laws to permit the

Borrower or the Administrative Agent to determine the withholding or deduction required to be made.

(C) If a payment made to a Foreign Lender would be subject to United States federal withholding tax imposed by FATCA if such Foreign Lender fails to comply with the applicable reporting requirements of FATCA, such Foreign Lender shall deliver to the Administrative Agent and the Borrower any documentation required under any Law or reasonably requested by the Administrative Agent or the Borrower sufficient for the Administrative Agent or the Borrower to comply with their obligations under FATCA and to determine that such Foreign Lender has complied with such applicable reporting requirements.

(iii) Each Lender shall promptly (A) notify the Borrower and the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction, and (B) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws of any jurisdiction that the Borrower or the Administrative Agent make any withholding or deduction for taxes from amounts payable to such Lender. Notwithstanding anything to the contrary in this Section, no Lender shall be required to deliver any documentation that it is not legally eligible to deliver.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender, or have any obligation to pay to any Lender, any refund of Taxes withheld or deducted from funds paid for the account of such Lender. If the Administrative Agent or any Lender, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section, it shall pay to the Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses (including any loss or gain realized in the conversion of such funds from or to another currency) incurred by the Administrative Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), *provided* that the Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

3.02 Illegality. If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge

interest rates based upon the Eurodollar Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 Inability to Determine Rates. If the Required Lenders determine that for any reason in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof that (a) Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan, (b) adequate and reasonable means do not exist for determining the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or (c) the Eurodollar Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to such Lenders of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Lender. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Costs. (a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement);

(ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement or any Eurodollar Rate Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense affecting this Agreement or Eurodollar Rate Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Rate Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender, or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrower will pay to such Lender, as the case may be, such additional amount or amounts as will compensate such Lender, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, *provided* that the Borrower shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise); or

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower;

including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05, each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Mitigation Obligations; Replacement of Lenders. Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

3.07 Survival. All of the Borrower's obligations under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, and resignation of the Administrative Agent.

ARTICLE IV CONDITIONS PRECEDENT TO CREDIT EXTENSION

4.01 Conditions of Credit Extension. The obligation of each Lender to make its Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Administrative Agent and each of the Lenders:

- (i) executed counterparts of this Agreement and the Guaranty;
- (ii) a Note executed by the Borrower in favor of each Lender requesting a Note at least two Business Days prior to the Closing Date;
- (iii) subject to the final paragraph of this Section 4.01, a security agreement, in substantially the form of Exhibit F (together with each other security agreement and

security agreement supplement delivered pursuant to Section 6.12, in each case as amended, the “Security Agreement”), duly executed by each Loan Party, together with:

(A) certificates representing the Pledged Securities referred to therein accompanied by undated stock powers executed in blank and instruments evidencing the Pledged Debt indorsed in blank,

(B) proper financing statements, duly prepared for filing under the Uniform Commercial Code or other applicable Law in all jurisdictions necessary in order to perfect and protect the Liens created under the Security Agreements (in the circumstances and to the extent required under such Security Agreements), covering the Collateral described in the Security Agreement,

(C) completed requests for information, dated on or before the date of the initial Credit Extension, listing all effective financing statements filed in the jurisdictions referred to in clause (B) above that name any Loan Party as debtor, together with copies of such other financing statements,

(D) evidence of the completion of all other actions, recordings and filings of or with respect to the Security Agreement that the Administrative Agent may deem necessary in order to perfect the Liens created thereby (or evidence that such actions, recordings and filings shall be completed concurrently with the initial borrowing under the Facility),

(E) the Account Control Agreements and the Securities Account Control Agreement, in each case as referred to in, and required pursuant to, the Security Agreement and duly executed by the appropriate parties, and

(F) evidence that all other actions that the Administrative Agent may deem necessary or desirable in order to perfect the Liens created under the Security Agreement has been taken (or shall be taken concurrently with the initial borrowing under the Facility) (including receipt of duly executed payoff letters, UCC-3 termination statements and consent agreements); and

(iv) subject to the final paragraph of this Section 4.01, deeds of trust, trust deeds, deeds to secure debt, and mortgages, in substantially the form of Exhibit G (with such changes as may be satisfactory to the Administrative Agent and its counsel to account for local law matters) and covering the properties listed on Schedule 4.01(a)(iv) (together with the Assignments of Leases and Rents referred to therein and each other mortgage delivered pursuant to Section 6.12, in each case as amended, the “Mortgages”), duly executed by the appropriate Loan Party, together with the items set forth on Schedule 4.01(a)(iv).

(v) subject to the last paragraph of this Section 4.01, an intellectual property security agreement, in substantially the form of Exhibit H (together with each other intellectual property security agreement and intellectual property security agreement supplement delivered pursuant to Section 6.12, in each case as amended, the “Intellectual Property Security Agreement”), duly executed by each Loan Party, together with

evidence that all action that the Administrative Agent may deem necessary in order to perfect the Liens created under the Intellectual Property Security Agreement has been taken (or evidence that such actions, recordings and filings shall be completed concurrently with the initial borrowing under the Facility);

(vi) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to be a party;

(vii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect;

(viii) a favorable opinion of Jones Day, counsel to the Loan Parties, addressed to the Administrative Agent and each Lender, in form and substance reasonably satisfactory to the Administrative Agent;

(ix) a favorable opinion of (A) Lewis Brisbois Bisgaard & Smith LLP, local counsel to the Loan Parties in Nevada and (B) Levett Rockwood P.C., local counsel to the Loan Parties in Connecticut, in each case, addressed to the Administrative Agent and each Lender, in form and substance reasonably satisfactory to the Administrative Agent;

(x) (A) (1) the consolidated balance sheet of each of the Borrower and the Acquired Business as of the end of fiscal year ending December 31, 2010 and related consolidated statements of operations, cash flows and shareholders' equity, accompanied by an unqualified report thereon of Ernst & Young, with respect to the Borrower and its subsidiaries and McGladrey, with respect to the Acquired Business and its subsidiaries and (2) an unaudited balance sheet and related statements of operations and cash flows of each of the Borrower and of the Acquired Business for each fiscal quarter ending more than 45 days prior to the Closing Date and for the elapsed period of the 2011 fiscal year and for the comparable periods of the prior fiscal year (the "Quarterly Financial Statements"); and (B) the Lead Arrangers shall have received pro forma balance sheet and related statement of operations of the Borrower for fiscal year 2010 and for the latest four-quarter period ending with the latest fiscal quarter covered by the Quarterly Financial Statements in each case after giving effect to the Transaction (the "Pro Forma Financial Statements"), promptly after the historical financial statements for such periods are available;

(xi) forecasts prepared by management of income statements for each month for the twelve months following the Closing Date and balance sheets, income statements

and cash flow statements for each year on an annual basis commencing with the first fiscal year following the Closing Date for the term of the Facility;

(xii) certificates attesting to the Solvency of the Borrower and its Subsidiaries, taken as a whole, after giving effect to the Transaction, from the Borrower's chief financial officer;

(xiii) evidence that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect, together with the certificates of insurance, naming the Administrative Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be and as required under the Loan Documents, under all insurance policies maintained with respect to the assets and properties of the Loan Parties that constitutes Collateral;

(xiv) a Committed Loan Notice relating to the Borrowing;

(xv) certified copies of each of the Merger Documents, duly executed by the parties thereto;

(xvi) a certificate of merger or other confirmation satisfactory to the Lenders of the consummation of the Merger from the Secretary of State of the State of Delaware; and

(xvii) copies of the ABL Loan Documents, which shall be in full force and effect and all conditions to the extension of credit thereunder shall have been satisfied.

(b) (i) All fees required to be paid to the Administrative Agent and the Lead Arrangers on or before the Closing Date shall have been paid and (ii) all fees required to be paid to the Lenders on or before the Closing Date shall have been paid (or, in each case, shall be paid concurrently with the initial borrowing under the Facility).

(c) the Borrower shall have paid (or shall be paid concurrently with the initial borrowing under the Facility) the reasonable fees and expenses of the Administrative Agent, the Lead Arrangers and the Lenders (including, without limitation, fees and reasonable out-of-pocket expenses of counsel to the Administrative Agent and the Lead Arrangers), in each case that have been invoiced two (2) Business Days prior to the Closing Date (and which shall include reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it).

(d) the Merger shall have been consummated, or shall be consummated substantially concurrently with the initial borrowing under the Facility, in accordance with the Merger Agreement and without giving effect to any amendments thereto or waivers thereof that are materially adverse to the Lenders (in their capacity as such) without the consent of the Lead Arrangers (it being understood that a reduction in the acquisition consideration in excess of 10% shall be deemed materially adverse).

(e) on the Closing Date, after giving effect to the Merger and the other Transactions, neither the Borrower nor any of its Subsidiaries shall have any outstanding Indebtedness for borrowed money other than the Facility and other Indebtedness permitted by Section 7.02.

(f) since December 31, 2010, there has not occurred an Acquired Business Material Adverse Effect.

(g) the Administrative Agent shall have received, at least five days prior to the Closing Date, all documentation and other information required by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act, to the extent such information is requested by the Administrative Agent at least ten days prior to the Closing Date.

(h) the accuracy (x) in all material respects (or in all respects where qualified by materiality or material adverse effect), with respect to the Borrower and its subsidiaries (before and after giving effect to the Merger), of the Specified Representations and (y) with respect to the Acquired Business and its subsidiaries (before and after giving effect to the Merger), the Closing Date Representations.

(i) The Intercreditor Agreement, the 2015 Note Intercreditor Agreement and the Acknowledgment shall have been duly executed and delivered by each party thereto, and shall be in full force and effect.

(j) The Intercompany Subordination Agreement shall have been duly executed and delivered by each Domestic Subsidiary that is not a Loan Party, and shall be in full force and effect.

Without limiting the generality of the provisions of the last paragraph of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

Notwithstanding anything to the contrary in this Section 4.01, to the extent that any Collateral (or the creation or perfection of any security interest therein), in each case intended to be made or granted (determined in accordance with the principles set forth in Section 6.12), is not or cannot be made or granted on the Closing Date (other than (i) Uniform Commercial Code lien searches, (ii) the pledge and perfection of collateral with respect to which a lien may be perfected upon the Closing Date solely by the filing of financing statements under the Uniform Commercial Code and (iii) the pledge and perfection of security interests in the Equity Interests of each Domestic Subsidiary of a Loan Party (other than an Excluded Subsidiary) in each case with respect to which a Lien may be perfected upon the Closing Date by the delivery of a stock certificate to the extent such Equity Interests are evidenced by a stock certificate) after use by the Borrower of commercially reasonable efforts to do so or without undue burden or expense, then the provision of any such Collateral (or creation or perfection of a security interest therein) shall not constitute a condition precedent to the Credit Extensions, but shall be required to be delivered within the time periods specified in Section 6.17. It is acknowledged and agreed that the Collateral Documents set forth in Section 6.17 shall not be provided on the Closing Date but

shall be delivered within the periods specified in Section 6.17 (or such longer period as the Administrative Agent, in its discretion, shall have agreed).

ARTICLE V
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

5.01 Existence, Qualification and Power. Each Loan Party (a) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite corporate or other organizational power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party and consummate the Transactions contemplated hereby, and (c) is duly qualified and is licensed and, as applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

5.02 Authorization; No Conflict. (a) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary corporate or organizational action on the part of such Loan Party.

(b) Neither the execution and delivery of this Agreement or the other Loan Documents by any Loan Party nor the consummation of the Transactions, contemplated or compliance with the terms and provisions hereof or thereof by any of them will conflict with, constitute a default under or result in (a) any breach of (i) the terms and conditions of the certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement or other Organization Documents of any Loan Party or (ii) any Law or any material agreement or instrument or order, writ, judgment, injunction or decree to which any Loan Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which it is subject, except where such conflict or default would not individually or in the aggregate reasonably be expected to have a Material Adverse Effect or (b) the creation or enforcement of any Lien, charge or encumbrance whatsoever upon any property (now or hereafter acquired) of any Loan Party or any of its Subsidiaries (other than Liens granted under the Loan Documents or permitted under Section 7.01).

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document or for the consummation of the transactions contemplated thereby, (b) the grant by any Loan Party of the Liens granted by it pursuant to the Collateral Documents, or (c) the perfection of the Liens created under the Collateral Documents (including the first priority nature thereof to the extent required by the Loan Documents) except (i) for those registrations, exemptions, orders,

authorizations, consents, approvals, notices or other actions that have been made, obtained, given or taken, (ii) filings and recordings with respect to the Collateral to be made, or otherwise delivered to Administrative Agent for filing and/or recordation, as of the Closing Date, or (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make would not reasonably be expected to have a Material Adverse Effect.

5.04 Binding Effect. (a) Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) The Liens in the Collateral granted to the Administrative Agent for the benefit of the Lenders pursuant to the Collateral Documents constitute, to the extent required by the Collateral Documents, first priority Liens, subject only to Permitted Encumbrances, Permitted Liens or other liens permitted by the Loan Documents. Except for filings contemplated on the Closing Date or such later date as is contemplated by this Agreement and the Collateral Documents, no filings will be required to perfect such Liens.

(c) [Reserved].

(d) As of the closing date, the inventory and equipment (other than vehicles or equipment out for repair) of the Borrower and the other Loan Parties are not stored with a bailee, warehouseman, or similar party other than those identified on Schedule 5.04(d), and are otherwise located only at, or in-transit between or to, the locations identified on Schedule 5.04(d).

5.05 Financial Statements; No Material Adverse Effect. (a) (i) The Borrower Audited Financial Statements (A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (B) fairly present in all material respects the financial condition of the Borrower and its Subsidiaries (before giving effect to the Acquisition) as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (C) show all material indebtedness and other liabilities, direct or contingent, of the Borrower and its Subsidiaries (before giving effect to the Acquisition) as of the date thereof, including liabilities for taxes, material commitments and Indebtedness, in each case to the extent required by GAAP.

(ii) To the knowledge of the Borrower, the Acquired Business Audited Financial Statements (A) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (B) fairly present in all material respects the financial condition of the Acquired Business and its Subsidiaries (before giving effect to the Acquisition) as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby.

(b) The unaudited consolidated balance sheet of the Borrower and its Subsidiaries dated September 30, 2011, and the related consolidated statements of operations, shareholders' equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

(d) The Pro Forma Financial Statements fairly present in all material respects the consolidated pro forma financial condition of the Borrower and its Subsidiaries as at such date and the consolidated pro forma results of operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with GAAP.

(e) The consolidated forecasted balance sheet and statements of income and cash flows of the Borrower and its Subsidiaries delivered prior to the Closing Date or pursuant to Section 6.01(c) were prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed by the Borrower to be reasonable at the time such forecasted information was prepared.

5.06 Litigation. (a) There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Subsidiaries that (i) purport to affect or pertain to this Agreement, any other Loan Document, any Merger Document or the consummation of the Transaction or (ii) has or, if adversely determined, would reasonably be expected to have, a Material Adverse Effect.

5.07 No Default. Neither the Borrower nor any of its Restricted Subsidiaries is in default under or with respect to, or a party to, any Contractual Obligation, which default would, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property; Liens; Investments. (a) Each of the Loan Parties and its Restricted Subsidiaries has (i) good record and marketable legal and insurable fee simple title, subject only to Permitted Encumbrances, Liens permitted by the Loan Documents and other Liens acceptable to Administrative Agent, to (in the case of fee interests in real property), (ii) valid leasehold interests, subject only to Permitted Encumbrances, Liens permitted by the Loan Documents and other Liens acceptable to Administrative Agent, in (in the case of leasehold interests in real or personal property), and (iii) good and marketable title, to (in the case of all other personal property), all of their respective assets except (other than with respect to Material Real Property) for minor defects in title that do not materially interfere with such Loan Party's or Subsidiary's ability to conduct its business and to utilize such assets for their intended purposes

and except (other than with respect to Material Real Property) where the failure to have such title or other property interests described above would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Schedule 5.08(b) sets forth as of the Closing Date a complete and accurate list of all real property owned by each Loan Party, showing as of the date hereof the street address, county or other relevant jurisdiction, state, record owner and book value (or, if available, fair market value) thereof.

(c) Schedule 5.08(c) sets forth as of the Closing Date a complete and accurate list of all leases and subleases of real property, where Collateral having value in excess of \$100,000 is located, under which the Borrower or any other Loan Party is the lessee or comparable party, showing as of the date hereof the street address, county or other relevant jurisdiction, state, lessor and lessee.

5.09 Environmental Compliance. (a) The Borrower conducts in the ordinary course of business a review of the effect of existing Environmental Laws relating to remedial obligations and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrower has reasonably concluded that such effect of existing Environmental Laws relating to remedial obligations and claims alleging potential liability or responsibility for violation of any Environmental Law could not, individually or in the aggregate, net of reserves, reasonably be expected to have a Material Adverse Effect.

(b) Except where such status or condition would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect: (i) none of the properties currently or, to the knowledge of the Loan Parties, formerly owned or operated by any Loan Party or any of its Subsidiaries is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; (ii) there are no and have never been any underground or above ground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any Loan Party or any of its Subsidiaries or, to the best of the knowledge of the Loan Parties, on any property formerly owned or operated by any Loan Party or any of its Subsidiaries; (iii) there is no asbestos or asbestos-containing material on any property currently owned or operated by any Loan Party or any of its Subsidiaries; (iv) Hazardous Materials have not been released, discharged or disposed of on any property currently owned or operated by any Loan Party or any of its Subsidiaries; (v) neither any Loan Party nor any of its Subsidiaries is undertaking, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law; and (vi) all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently owned or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner that would not reasonably be expected to result in liability to any Loan Party.

5.10 Insurance. The properties of the Loan Parties are insured with financially sound insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates.

5.11 Taxes. All material federal, state, local and other tax returns required to have been filed with respect to each Loan Party and each Restricted Subsidiary of each Loan Party have been filed (or extensions have been obtained), and payment or adequate provision has been made for the payment of all taxes, fees, assessments and other governmental charges which have or may become due pursuant to said returns or to assessments received, except to the extent that such taxes, fees, assessments and other charges are being contested in good faith by appropriate proceedings diligently conducted and for which such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made.

5.12 ERISA Compliance. (a) Each Plan is in compliance with the applicable provisions of ERISA, the Code and other Federal or state laws, except where any failure to so comply would not reasonably be expected to result in a Material Adverse Effect. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the Internal Revenue Service. To the knowledge of the Borrower, nothing has occurred that would prevent or cause the loss of such tax qualified status except where any such occurrence would not reasonably be expected to have a Material Adverse Effect.

(b) There are no pending or, to the knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) Except as set forth in Schedule 5.12, hereto, (i) no ERISA Event has occurred, and neither the Borrower nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event; (ii) the Borrower and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained in respect of any Pension Plan; and (iii) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA with respect to any Pension Plan, except, with respect to subsections (i) through (iii) above, as could not, in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.13 Subsidiaries; Equity Interests; Loan Parties. (a) As of the Closing Date, the Borrower has no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.13, and as of the Closing Date all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by a Loan Party in the amounts

specified on Part (a) of Schedule 5.13 free and clear of all Liens except those created under the Collateral Documents and Permitted Liens.

5.14 Margin Regulations; Investment Company Act. (a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. No part of the proceeds of the Loans will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates the provisions of Regulation T, U or X of the FRB.

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940 or is subject to regulation under the Investment Company Act.

5.15 Disclosure. All factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about the Borrower’s industry) furnished by or on behalf of the Borrower or its Subsidiaries in writing to Administrative Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement or the other Loan Documents, and all other such factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about Borrower’s industry) hereafter furnished by or on behalf of the Borrower or its Subsidiaries in writing to the Administrative Agent or any Lender will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and will not omit to state any material fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. The Projections delivered to Administrative Agent on October 17, 2011 represent, and as of the date on which any other Projections are delivered to the Administrative Agent, such additional Projections represent, Borrower’s good faith estimate, on the date such Projections are delivered, of the Borrower and its Subsidiaries’ future performance for the periods covered thereby based upon assumptions believed by the Borrower to be reasonable at the time of the delivery thereof to the Administrative Agent (it being understood that such Projections are subject to uncertainties and contingencies, many of which are beyond the control of the Borrower and its Subsidiaries, that no assurances can be given that such Projections will be realized, and that actual results may differ in a material manner from such Projections).

5.16 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (ii) the failure to comply therewith, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

5.17 Solvency. (a) The Borrower and its Subsidiaries, on a consolidated basis, are Solvent.

(b) No transfer of property is being made by any Loan Party and no obligation is being incurred by any Loan Party in connection with the Transactions with the intent to hinder, delay, or defraud either present or future creditors of such Loan Party.

5.18 Patriot Act. To the extent applicable, the Borrower and each of its Subsidiaries is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (b) the Patriot Act. No part of the proceeds of the Loans made hereunder will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

5.19 OFAC. Neither the Borrower nor any of its Subsidiaries is in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC. Neither the Borrower nor any of its Subsidiaries (i) is a Sanctioned Person or a Sanctioned Entity, (ii) has its assets located in Sanctioned Entities, or (iii) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. No proceeds of any Loan made hereunder will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

5.20 Merger. (a) The Merger shall have been consummated, or shall be consummated substantially concurrently with the initial borrowing under the Facility, in accordance with the Merger Agreement. The Merger Agreement is the legally valid and binding obligation of the Borrower, and is enforceable against the Borrower in accordance with its terms, in each case, except (i) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors' rights and (ii) the availability of the remedy of specific performance or injunctive or other equitable relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(b) As of the Closing Date, all requisite approvals by Governmental Authorities having jurisdiction over the Borrower and, to the Borrower's knowledge, the seller, with respect to the Merger, have been obtained (including filings or approvals required under the Hart-Scott-Rodino Antitrust Improvements Act), except for any approval the failure to obtain would not reasonably be expected to have a Material Adverse Effect.

ARTICLE VI AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation shall remain unpaid or unsatisfied (other than contingent indemnification Obligations

as to which no claim has been made) the Borrower shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, 6.03 and 6.11) cause each Restricted Subsidiary to:

6.01 Financial Statements. Deliver to the Administrative Agent, in form and detail reasonably satisfactory to the Administrative Agent:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year (excluding comparisons to the Acquired Business financial statements for any fiscal year ending prior to 2012), all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit;

(b) as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year (excluding comparisons to the Acquired Business financial statements for any fiscal year ending prior to 2012), all in reasonable detail, certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes; and

(c) as soon as available, but in any event at least 60 days after the end of each fiscal year of the Borrower, forecasts prepared by management of the Borrower, in form reasonably satisfactory to the Administrative Agent, of consolidated balance sheets and statements of income or operations and cash flows of the Borrower and its Subsidiaries on a monthly basis for the immediately following fiscal year (including the fiscal year in which the Maturity Date for the Facility occurs).

As to any information contained in materials furnished pursuant to Section 6.02(c), the Borrower shall not be separately required to furnish such information under Section 6.01(a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in Sections 6.01(a) and (b) above at the times specified therein.

6.02 Certificates; Other Information. Deliver to the Administrative Agent, in form and detail reasonably satisfactory to the Administrative Agent:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Borrower;

(b) promptly after the same are publicly available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Borrower, and copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(c) promptly after the furnishing thereof, copies of any non-routine statement or report furnished to any holder of debt securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to Section 6.01 or any other clause of this Section 6.02;

(d) together with the delivery of each Compliance Certificate pursuant to Section 6.02(a), a report setting forth any changes to Schedules 5.08(b) and 5.08(c), if applicable;

(e) promptly after the assertion or occurrence thereof, notice of any action or proceeding against or of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that (i) would reasonably be expected to have a Material Adverse Effect or (ii) could cause any property described in the Mortgages to be subject to any restrictions on ownership, occupancy or transferability under any Environmental Law;

Documents required to be delivered pursuant to Section 6.01(a) or (b) or Section 6.02(c) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); *provided* that: (i) upon the written request of the Administrative Agent, the Borrower shall deliver paper copies of such documents to the Administrative Agent for any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Borrower shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 6.02(a) to the Administrative Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Borrower hereby acknowledges that (a) the Administrative Agent and/or the Lead Arrangers will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Borrower or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Borrower hereby agrees that so long as the Borrower is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (w) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent, the Lead Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to the Borrower or its securities for purposes of United States Federal and state securities laws (*provided, however*, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Lead Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information."

6.03 Notices. Promptly notify the Administrative Agent:

(a) upon any Responsible Officer becoming aware of the occurrence of any Default;

(b) upon any Responsible Officer becoming aware of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(c) upon any Responsible Officer becoming aware of the occurrence of any ERISA Event that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(d) of any material change in accounting policies or financial reporting practices by any Loan Party or any Subsidiary thereof;

(e) of the (i) occurrence of any Disposition of property or assets for which the Borrower is required to make a mandatory prepayment pursuant to Section 2.03(b)(ii), and (ii) incurrence or issuance of any Indebtedness for which the Borrower is required to make a mandatory prepayment pursuant to Section 2.03(b)(iii); and

(f) upon any Responsible Officer becoming aware of any announcement by Moody's or S&P of any change or possible change in a Debt Rating.

Each notice pursuant to Section 6.03 (other than Section 6.03(e) or (f)) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the

occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its material obligations and liabilities, unless the same are being contested or disputed in good faith by appropriate proceedings diligently conducted and adequate reserves to the extent required in accordance with GAAP are being maintained by the Borrower or such Subsidiary or except to the extent the failure to pay any such obligation or liability will not constitute an Event of Default hereunder.

6.05 Preservation of Existence, Etc. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 7.04 or 7.05; *provided, however*, that the Borrower may consummate the Merger; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 Maintenance of Properties. (a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof except, in the case of both clauses (a) and (b) where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of the Borrower, insurance with respect to its properties (real and personal) and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance compatible with the following standards) as are customarily carried under similar circumstances by such other Persons. If any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the National Flood Insurance Act of 1968 (as now or hereafter in effect or successor act thereto), then the Borrower shall, or shall cause each Loan Party to (i) maintain, or cause to be maintained, with a financially sound insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations and (ii) deliver to the Administrative Agent evidence of such, and (b) all such insurance with respect to any Collateral shall name the Administrative Agent as mortgagee or loss payee (in the case of property insurance with respect to Collateral) or additional insured, as its interests may arise, on behalf of the Secured Parties (in the case of liability insurance).

6.08 Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction

or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect.

6.09 Books and Records. Maintain proper books of record and account, in which full, true and correct entries in conformity in all material respects with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

6.10 Inspection Rights. Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, in each case subject to Section 10.07, all at the expense of the Borrower as provided below and subject to Section 10.04 hereof, at such reasonable times during normal business hours and upon reasonable advance notice to the Borrower; *provided* that excluding any such visits and inspections during the continuation of an Event of Default, only the Administrative Agent on behalf of the Lenders may exercise rights under this Section 6.10 and the Administrative Agent shall not exercise such rights more often than two (2) times during any calendar year absent the existence of an Event of Default and only one (1) such time shall be at the Borrowers' expense; *provided, further*, that when an Event of Default has occurred and is continuing, the Administrative Agent or any such Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and upon reasonable advance notice. The Administrative Agent and the Lenders shall give the Borrower the opportunity to participate in any discussions with the Borrower's accountants.

6.11 Use of Proceeds. Use the proceeds of the Credit Extensions to finance the Transaction and for general corporate purposes not in contravention of any Law or of any Loan Document.

6.12 Covenant to Guarantee Obligations and Give Security. (a) Upon the formation or acquisition of any new direct or indirect Subsidiary (other than any Excluded Subsidiary or an Unrestricted Subsidiary) by any Loan Party, then the Borrower shall, at the Borrower's expense:

(i) within 30 days after such formation or acquisition (or such later date as permitted by Administrative Agent in its sole discretion), cause such Subsidiary to duly execute and deliver to the Administrative Agent a guaranty or guaranty supplement, in form and substance satisfactory to the Administrative Agent, guaranteeing the other Loan Parties' obligations under the Loan Documents,

(ii) within 30 days after such formation or acquisition (or such later date as permitted by Administrative Agent in its sole discretion), furnish to the Administrative Agent a description of the real properties of such Subsidiary, in detail reasonably satisfactory to the Administrative Agent,

(iii) within 60 days after such formation or acquisition (or such later date as permitted by Administrative Agent in its sole discretion), cause such Subsidiary to duly execute and deliver to the Administrative Agent deeds of trust, trust deeds, deeds to secure debt and/or mortgages for any Material Real Property, Account Control Agreements and Securities Account Control Agreements as required under the Security Agreement, Security Agreement Supplements, intellectual property security agreement supplements and other security and pledge agreements, specified by and in form and substance reasonably satisfactory to the Administrative Agent (including delivery of all Pledged Interests in and of such Subsidiary, and other instruments of the type specified in Section 4.01(a)), securing payment of all the Obligations of such Subsidiary under the Loan Documents and constituting Liens on all such owned real and personal properties, subject to Permitted Encumbrances, Liens permitted by the Loan Documents and other Liens acceptable to Administrative Agent (it being understood that no leasehold mortgages or deeds of trust need be granted with respect to any leased real property),

(iv) within 30 days after such formation or acquisition (or such later date as permitted by Administrative Agent in its sole discretion), cause such Subsidiary to take whatever action (including the recording of mortgages, the filing of Uniform Commercial Code financing statements, the giving of notices and the endorsement of notices on title documents) may be necessary or reasonably advisable in the opinion of the Administrative Agent to vest in the Administrative Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties, subject to Permitted Encumbrances, Liens permitted under the Loan Documents and other Liens acceptable to the Administrative Agent, purported to be subject to the deeds of trust, trust deeds, deeds to secure debt and/or mortgages for any Material Real Property, Account Control Agreements and Securities Account Control Agreements as required under the Security Agreement, Security Agreement Supplements, intellectual property security agreement supplements and security and pledge agreements delivered pursuant to this Section 6.12,

(v) within 60 days after such formation or acquisition (or such later date as permitted by Administrative Agent in its sole discretion), deliver to the Administrative Agent, upon the request of the Administrative Agent in its sole discretion, a signed copy of a favorable opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties in form and substance reasonably satisfactory to the Administrative Agent as to the matters contained in clauses (i), (iii) and (iv) above, and as to such other matters as the Administrative Agent may reasonably request, in each case consistent with Section 4.01(a),

(vi) as promptly as practicable after such formation or acquisition, deliver, upon the request of the Administrative Agent in its sole discretion, to the Administrative Agent with respect to any Material Real Property owned or held by the entity that is the subject of such formation or acquisition, title reports and other reports consistent with Schedule 4.01(a)(iv), each in scope, form and substance reasonably satisfactory to the Administrative Agent, *provided, however*, that to the extent that any Loan Party or any of its Subsidiaries shall have otherwise received any of the foregoing items with respect to

such real property, such items shall, promptly after the receipt thereof, be delivered to the Administrative Agent.

Upon any Subsidiary's ceasing to be an Immaterial Subsidiary, the Borrower shall take and shall cause such Subsidiary to take each of the actions set forth in this clause (a) within the time periods set forth herein, measured from the date on which such Subsidiary ceased to be an Immaterial Subsidiary.

(b) Upon the acquisition of (x) any Material Real Property by any Loan Party or (y) any material personal property by any Loan Party, if such personal property shall not already be subject to a perfected Lien in favor of the Administrative Agent for the benefit of the Lenders, the relevant Loan Party shall give notice of such acquisition to the Administrative Agent and shall, if requested by the Administrative Agent or the Required Lenders, cause such assets to be subjected to a Lien securing such Loan Party's Obligations and will take such actions as shall be reasonably necessary or reasonably requested by the Administrative Agent to grant and perfect or record such Lien.

(c) Notwithstanding the foregoing, (i) the Administrative Agent shall not take a security interest in or Lien, or require any of the items it is entitled to require or request pursuant to this Section 6.12 or other similar items with respect to those assets as to which the Administrative Agent shall determine, in its reasonable discretion, that the cost of obtaining such Lien (including any mortgage, stamp, intangibles or other similar Tax, title insurance or similar items) exceeds the practical benefit to the Secured Parties of the security afforded thereby, and (ii) Liens required to be granted pursuant to this Section 6.12, and actions required to be taken, including to perfect such Liens, shall be subject to exceptions and limitations consistent with those set forth in the Collateral Documents as in effect on the Closing Date (to the extent appropriate in the applicable jurisdiction).

(d) At any time upon request of the Administrative Agent, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent may deem necessary in obtaining the full benefits of, or (as applicable) in perfecting and preserving the Liens of, such guaranties, deeds of trust, trust deeds, deeds to secure debt, mortgages, leasehold deeds of trust, Security Agreement Supplements, intellectual property security agreement supplements and other security and pledge agreements entered into pursuant to this Agreement.

6.13 Compliance with Environmental Laws. Comply, and cause all lessees and other Persons operating or occupying its properties to comply, in all material respects, with all applicable Environmental Laws and Environmental Permits; obtain and renew all Environmental Permits necessary for its operations and properties; and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all Environmental Laws; *provided, however*, that neither the Borrower nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

6.14 Further Assurances. Promptly upon the reasonable request of the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to carry out more effectively the purposes of the Loan Documents.

6.15 Designation as Senior Debt. Designate all Obligations as “Designated Senior Indebtedness” under, and defined in, all Subordinated Indebtedness of the Borrower or any of its Subsidiaries.

6.16 Rated Credit Facility; Corporate Ratings. Use commercially reasonable efforts to maintain a rating of the Facilities by each of S&P and Moody’s.

6.17 Post-Closing Matters. Execute and deliver the documents and complete the tasks set forth on Schedule 6.17, in each case within the time limits specified on such schedule (unless the Administrative Agent, in its discretion, shall have agreed to any particular longer period).

6.18 Preparation of Environmental Reports. If the Required Lenders have a reasonable basis to believe, based on information that is publicly available or provided to the Administrative Agent or the Lenders, that a material Environmental Liability has arisen at or in connection with any Mortgaged Property, then at the written request of the Required Lenders, the Borrower shall cause to be prepared an environmental site assessment report for any such Mortgaged Property described in such request, prepared by an environmental consulting firm reasonably acceptable to the Administrative Agent, indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance, removal or remedial action required under any applicable Environmental Law in connection with any Hazardous Materials on such properties.

ARTICLE VII NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (other than contingent indemnification Obligations as to which no claim has been made), the Borrower shall not, nor shall it permit any Restricted Subsidiary to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following (collectively, “Permitted Liens”):

(a) Liens under the Loan Documents;

(b) Liens existing on the date hereof and listed on Schedule 7.01(b) securing Indebtedness or other obligations in effect on the date hereof or any Refinancing Indebtedness in respect thereof;

(c) Liens for unpaid taxes, assessments or similar charges not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, which proceedings (or orders entered into in connection with such proceedings) have the effect of preventing the forfeiture or sale of the property subject to any such Lien, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP and which proceedings have the effect of preventing the forfeiture or sale of the property subject to such Lien;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising by operation of law in the ordinary course of business which are not overdue for a period of more than 30 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) pledges or deposits of cash in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(f) deposits of cash to secure the performance of bids, trade contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety and appeal bonds, performance bonds, completion guarantees, and other obligations of a like nature incurred in the ordinary course of business and obligations in respect of letters of credit that have been posted to secure payment of such items;

(g) easements, rights-of-way, survey exceptions, restrictions (including zoning restrictions), covenants, licenses, municipal regulations, reservations of oil, gas and mineral rights, encroachments, protrusions or other minor title deficiencies, and other similar encumbrances which do not materially adversely affect the conduct of the business of the applicable Person or the ownership of its properties and which could not individually or in the aggregate reasonably be expected to materially adversely affect the value of said properties or materially impair their use in the operation of the business of the applicable Person;

(h) Liens securing judgments for the payment of money not constituting an Event of Default under Section 8.01(h);

(i) Liens securing Indebtedness permitted under Section 7.02(e); *provided* that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness (except that individual financings of equipment may be cross-collateralized with other financings provided by the same lender) and (ii) the Indebtedness secured thereby consists only of the Indebtedness that was incurred to acquire, lease, construct, replace, repair or improve such property;

(j) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,

(k) Liens solely on any cash earnest money deposits made by Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to a

Permitted Acquisition and Liens consisting of any agreement to Dispose of assets in a Disposition permitted hereunder;

(l) Liens in favor of the ABL Agent in and on the assets and properties of Borrowers and Guarantors that constitute Collateral, to secure the Indebtedness permitted under Section 7.02(b); *provided* that, such Liens are at all times subject to the terms of the Intercreditor Agreement;

(m) Liens on the Collateral for the benefit of (i) the 2015 Note Trustee, that equally and ratably secure the obligations under the 2015 Notes to the extent required under the terms of the 2015 Note Indenture, at all times subject to the terms of the 2015 Note Intercreditor Agreement and (ii) holders of the Series G Notes that equally and ratably secure the obligations under, and solely to the extent required under, the terms of the 1997 Guaranty and in any event not to exceed the sum of (x) \$42,700,000 less (y) any payment of principal made on account of the Series G Notes or received by any holder of a Series G Note, from time to time, from and after the date of this Agreement;

(n) non-exclusive licenses and sublicenses of tangible or intangible assets (including real property and intellectual property) in the ordinary course of business and that do not materially interfere with the business of the Borrower and its Subsidiaries;

(o) Liens (i) of a collecting bank arising under Section 4-208 of the Uniform Commercial Code on the items in the course of collection and (ii) in favor of a banking or other financial institution arising as a matter of law encumbering deposits or other funds or assets maintained with a financial institution (including the right of set off) and that are within the general parameters customary in the banking industry, including, without limitation, customary liens for customary fees and expenses relating to the operation and maintenance of such deposits and (iii) consisting of rights of setoff related to, or Liens on cash subject to, pooling arrangements in connection with cash management;

(p) (i) Liens granted in the ordinary course of business securing the financing of insurance premiums or (ii) non-recourse reimbursement obligations with respect to existing life insurance policies or Liens in respect of, and extending solely to, the cash surrender value of existing life insurance policies (*provided* that the obligations secured thereby shall be recourse only to such policies);

(q) Liens existing on property at the time of its acquisition or existing on the property of any Person at the time such Person becomes a Restricted Subsidiary, in each case after the date hereof (other than Liens on the Equity Interests of any Person that becomes a Restricted Subsidiary); *provided* that (i) such Lien was not created in contemplation of such acquisition or such Person becoming a Restricted Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and after-acquired property subjected to a Lien pursuant to terms existing at the time of such acquisition), and (iii) the Indebtedness secured thereby (or, as applicable, Refinancing Indebtedness thereof) is permitted under Section 7.02(i);

(r) Liens arising from precautionary UCC financing statement filings (or similar filings under other applicable Law) in connection with operating leases, consignment of goods or similar types of transactions;

(s) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale or purchase of goods entered into by the Borrower or any of the Restricted Subsidiaries in the ordinary course of business;

(t) any interest or title of a lessor, sublessor, licensor or sublicensor under any leases, subleases, licenses or sublicenses of tangible assets entered into by the Borrower or any Restricted Subsidiary in the ordinary course of business;

(u) Liens on assets of Restricted Subsidiaries that are not Loan Parties to the extent Indebtedness secured thereby is permitted under Section 7.02(h);

(v) Liens securing obligations made under Swap Contracts that constitute Revolving Loan Debt for the purposes of the Intercreditor Agreement and are permitted by Section 7.02(m); *provided* that, at all times, such Liens, and the obligations securing them, shall be subject to the terms of the Intercreditor Agreement;

(w) other Liens securing Indebtedness or other obligations permitted hereunder that do not exceed \$50,000,000 at any time outstanding;

(x) Liens securing Indebtedness of a Restricted Subsidiary owed to and held by the Borrower or a Restricted Subsidiary thereof that is permitted under Section 7.03(c) (ii);

(y) options, put and call arrangements, rights of first refusal and similar rights relating to Investments in joint ventures, partnerships and the like permitted under Section 7.03; and

(x) Liens on Collateral of the Acquired Business or its Subsidiaries existing on the Closing Date and securing Indebtedness under the Existing Credit Agreement that has been paid in full on the Closing Date; *provided* that such Liens are terminated as soon as practicable on or after the Closing Date.

Notwithstanding anything to the contrary and except as permitted under clause (a) of this Section 7.01, the Borrower shall not, nor shall it permit any Restricted Subsidiary to, directly or indirectly create, incur, assume or suffer to exist any Lien (other than a Lien under (x) clause (a) of this Section 7.01 and (y) so long as such Lien is subject to the Intercreditor Agreement and the 2015 Note Intercreditor Agreement, as applicable, clause (l) and clause (m)(i) of this Section 7.01 and solely to the extent required to equally and ratably secure the 1997 Guaranty in accordance with the terms thereof clause (m)(ii) of this Section 7.01) upon (i) the Equity Interest of any Immaterial Subsidiary or any Joint Venture and (ii) Indebtedness of a Non-Loan Party that is owed to a Loan Party.

7.02 Indebtedness. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness, subject to the terms of the Intercreditor Agreement, under any ABL Loan Document and any Refinancing Indebtedness in respect thereof;

(c) Indebtedness outstanding on the date hereof and listed on Schedule 7.02 and any Refinancing Indebtedness in respect thereof;

(d) Guarantees by the Borrower or any Restricted Subsidiary in respect of Indebtedness of the Borrower or such Restricted Subsidiary otherwise permitted hereunder; *provided* that (A) no Guarantee by any Restricted Subsidiary that is not a Loan Party of any Indebtedness of a Loan Party shall be permitted unless such Restricted Subsidiary shall have also provided a Guarantee of the Obligations substantially on the terms set forth in the applicable Guaranty; (B) if the Indebtedness being Guaranteed is subordinated to the Obligations, such Guarantee shall be subordinated to the Guarantee of the Obligations on terms at least as favorable to the Lenders as those contained in the subordination provisions of such Indebtedness and (C) with respect to any Guarantee by the Borrower or any Loan Party in respect of Indebtedness of a Restricted Subsidiary that is not a Loan Party, such Guarantee is permitted under Section 7.03 (other than Section 7.03(e));

(e) Indebtedness in respect of Capitalized Leases, Synthetic Lease Obligations and purchase money obligations to finance the purchase, lease, construction, replacement, repair or improvement of personal or real property within the limitations set forth in Section 7.01(i) and any Refinancing Indebtedness in respect thereof; *provided, however*, that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed \$35,000,000;

(f) Indebtedness permitted by Section 7.03(c) consisting of intercompany loans and advances; *provided*, that (i) in the case of Section 7.03(c)(ii)(C), such Indebtedness is subject to the terms of the Intercompany Subordination Agreement and (ii) in the case of Section 7.03(c)(ii)(D), such Indebtedness is not subject to any Lien other than Liens permitted by Section 7.01(a);

(g) contingent liabilities in respect of any indemnification obligation, adjustment of purchase price, or similar obligation of Borrower or the applicable Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions or Dispositions permitted under Section 7.05;

(h) other Indebtedness of Restricted Subsidiaries that are not Loan Parties in an aggregate principal amount (for all such Persons) not in excess of \$100,000,000 at any time outstanding;

(i) Acquired Indebtedness in an amount not to exceed \$50,000,000 outstanding at any one time and any Refinancing Indebtedness in respect of such Indebtedness,

(j) Indebtedness incurred in the ordinary course of business under customs, stay, performance, surety, statutory, and appeal bonds and completion guarantees (or obligations in respect of letters of credit related thereto),

(l) Indebtedness consisting of insurance premium financing in the ordinary course of business;

(m) the incurrence by any Loan Party or its Subsidiaries of Indebtedness under Swap Contracts that are incurred for the bona fide purpose of hedging the interest rate, commodity, or foreign currency risks associated with any Loan Party's and its Subsidiaries' operations and not for speculative purposes;

(n) Indebtedness representing deferred compensation to employees of the Borrower or any Restricted Subsidiary;

(o) Indebtedness (including obligations in respect of letters of credit or bank guarantees or similar instruments) incurred by the Borrower or any Restricted Subsidiary constituting reimbursement obligations in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance; *provided* that upon the drawing of such letters of credit or the incurrence of such Indebtedness with respect to reimbursement obligations regarding workers' compensation claims, such obligations are reimbursed within 30 days following such drawing or incurrence;

(p) Indebtedness and other obligations in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management or treasury services arrangements and deposit accounts;

(q) Indebtedness evidenced by the 2015 Notes in an aggregate outstanding principal amount not to exceed \$50,000,000 and any Refinancing Indebtedness with respect thereto;

(r) Indebtedness evidenced by the 2020 Notes in an aggregate outstanding principal amount not to exceed \$360,000,000 and any Refinancing Indebtedness with respect thereto;

(s) Indebtedness evidenced by the 1997 Guaranty in an aggregate outstanding principal amount not to exceed \$42,700,000 the sum of (x) \$42,700,000 less (y) any payment of principal made on account of the Series G Notes or received by any holder of a Series G Note, from time to time, from and after the date of this Agreement;

(t) unsecured Indebtedness of any Loan Party owing to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) incurred in connection with the repurchase by such Loan Party of the Equity Interests of such Loan Party that has been issued to such Persons, so long as the aggregate amount of all such Indebtedness outstanding at any one time does not exceed \$2,000,000;

(u) unsecured Indebtedness (including Subordinated Indebtedness) of the Borrower or any other Loan Party so long as the Loan Parties shall be in compliance with the Incurrence Test, and *provided* that (i) such Indebtedness is not scheduled to mature prior to the date that is ninety-one (91) days after the Maturity Date, (ii) no Event of Default shall have occurred and be continuing or would exist immediately after giving effect to such incurrence, (iii) shall be entered into on terms and conditions, including covenants, defaults and remedy provisions, which are, in the good faith judgment of a Responsible Officer of the Borrower, not more restrictive in any material respect, taken as a whole, to the Borrower and its Restricted Subsidiaries than this Agreement and shall have no financial maintenance covenants, (iv) the documentation with respect to any such Indebtedness shall contain no mandatory prepayment, repurchase or redemption provisions except with respect to change of control and asset sale

offers that are customary for the type of Indebtedness issued and (v) if such Indebtedness is owed to a seller of assets, it is expressly subordinated to the prior payment in full in cash of the obligations on terms reasonably acceptable to the Administrative Agent; and

(v) Guarantees of PolyOne International Finance Company in respect of Indebtedness otherwise permitted under this Agreement of any Subsidiary that is not a Loan Party.

7.03 Investments. Make any Investments, except:

(a) Investments held by the Borrower and its Subsidiaries in the form of cash equivalents;

(b) advances to officers, directors and employees of the Borrower and Subsidiaries in an aggregate amount not to exceed \$5,000,000 at any time outstanding, for travel, entertainment, relocation packages and analogous ordinary business purposes;

(c) (i) Investments by the Borrower and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, and (ii) additional Investments by (A) a Loan Party in another Loan Party, (B) a Non-Loan Party in another Non-Loan Party, (C) a Non-Loan Party in a Loan Party so long as any such Investment taking the form of a loan or advance is subject to the terms of the Intercompany Subordination Agreement, and (D) a Loan Party in a Non-Loan Party, *provided*, that, as to any such Investment under this clause (D) the aggregate amount of all such Investments after the date hereof shall not exceed \$100,000,000;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Guarantees permitted by Section 7.02;

(f) Investments existing on the date hereof (other than those referred to in Section 7.03(c)(i)) and set forth on Schedule 7.03;

(g) Permitted Acquisitions;

(h) Investments in the ordinary course of business consisting of (i) endorsements for collection or deposit or (ii) customary trade arrangements with customers;

(i) Investments (including debt obligations and Equity Interests) received in connection with (x) the bankruptcy or reorganization of any Person and in settlement of obligations of, or disputes with, any Person arising in the ordinary course of business and upon foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment and (y) the non-cash proceeds of any Disposition permitted by Section 7.05;

(j) Investments by the Borrower and its Restricted Subsidiaries, consisting of loans and advances to any direct or indirect parent of the Borrower, if the Borrower or any other Restricted Subsidiary would otherwise be permitted to make a Restricted Payment in such

amount (*provided* that the amount of any such Investment shall also be deemed to be a Restricted Payment under the appropriate paragraph of Section 7.06 for all purposes of this Agreement);

(k) advances of payroll payments to employees in the ordinary course of business;

(l) Guarantees by the Borrower or any Restricted Subsidiary of leases (other than Capitalized Leases) or of other obligations that do not constitute Indebtedness, in each case entered into in the ordinary course of business;

(m) Investments to the extent the consideration paid therefor consists of Equity Interests other than Disqualified Equity Interests of the Borrower;

(n) Investments of a Restricted Subsidiary acquired after the Closing Date or of an entity merged into the Borrower or merged into or consolidated with a Restricted Subsidiary after the Closing Date, in each case, (i) to the extent such acquisition, merger or consolidation was or is permitted under this Section 7.03 or Section 7.04 (other than Section 7.04(e)) and (ii) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, consolidation or amalgamation and were in existence on the date of such acquisition, merger, consolidation or amalgamation;

(o) other Investments by the Borrower or any Restricted Subsidiary in an aggregate amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed (x) \$75,000,000 (minus Restricted Payments pursuant to clause (x) of Section 7.06(g) and prepayments of Junior Indebtedness pursuant to clause (x) of Section 7.15(c), in each case, prior to or on the date of determination) plus (y) the Available Amount (plus any returns of capital actually received by the respective investor in respect of investments theretofore made by it pursuant to this paragraph (m)); *provided* that, with respect to any Investment made pursuant to clause (y), the Borrower shall be in compliance with the Incurrence Test;

(p) advances made in connection with purchases of goods or services in the ordinary course of business, including advances to suppliers;

(q) deposits of cash made in the ordinary course of business to secure performance of operating leases;

(r) deposits of cash for leases, utilities, worker's compensation and similar matters in the ordinary course of business;

(s) Investments resulting from entering into (1) cash management or treasury services or arrangements or cash pooling arrangements, or (2) Swap Contracts solely to the extent permitted pursuant to Section 7.02(m);

(t) to the extent constituting Investments, Liens, Indebtedness, Dispositions, Restricted Payments and purchases and repayments of Indebtedness otherwise permitted by this Agreement;

(v) the Juffali Investment; *provided* that such Investment occurs within 36 months of the Closing Date;

(w) promissory notes from an Excluded Subsidiary payable to a Loan Party in exchange for Equity Interests transferred to such Excluded Subsidiary pursuant to a Disposition permitted by Section 7.05(s); and

(x) Investments in Immaterial Subsidiaries or Unrestricted Subsidiaries in an aggregate amount not to exceed \$2,500,000 in any fiscal year in connection with environmental remediation costs and expenses incurred by such Subsidiaries.

7.04 Fundamental Changes. Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that:

(a) any Subsidiary may merge, consolidate, amalgamate or liquidate with or into (i) the Borrower, *provided* that the Borrower shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries, including any such merger, consolidation, or amalgamation, the purpose of which is to change the jurisdiction of the Borrower or any Subsidiary so long as the Borrower remains organized under the laws of a state within the United States and the Loan Parties comply with the Collateral Documents, *provided* that when any Loan Party is merging with another Subsidiary, such Loan Party shall be the continuing or surviving Person;

(b) any Loan Party may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Borrower or to another Loan Party;

(c) any Subsidiary that is not a Loan Party may dispose of all or substantially all its assets (including any Disposition that is in the nature of a liquidation) to (i) another Subsidiary that is not a Loan Party or (ii) to a Loan Party;

(d) the Borrower and its Subsidiaries may consummate the Merger;

(e) the Borrower and its Subsidiaries may enter to any merger, consolidation, or amalgamation or effect Dispositions in order to effect any corporate reorganization, *provided* that in the case of a merger, consolidation or amalgamation involving a Loan Party, a Loan Party must be the survivor of such merger, consolidation or amalgamation;

(f) in connection with any Acquisition permitted under Section 7.03, any Subsidiary of the Borrower may merge into or consolidate with any other Person or permit any other Person to merge into or consolidate with it; *provided* that (i) the Person surviving such merger shall be a Subsidiary of the Borrower and (ii) in the case of any such merger to which any Loan Party (other than the Borrower) is a party, such Loan Party is the surviving Person; and

(g) the Borrower and its Subsidiaries may consummate any Dispositions permitted by Section 7.05.

7.05 Dispositions. Make any Disposition, except:

(a) Dispositions of obsolete or worn out property, equipment and Dispositions of other assets no longer necessary or required for operation of business (including insignificant or immaterial parcels of real property), whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions of cash and Cash Equivalents and Dispositions of inventory in the ordinary course of business;

(c) Dispositions of assets to the extent that (i) such property is exchanged for credit against the purchase price of replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(d) Dispositions of property by any Subsidiary to the Borrower or to a wholly-owned Subsidiary; *provided* that if the transferor of such property is a Guarantor, the transferee thereof must either be the Borrower or a Guarantor and to the extent of any Lien of the Collateral Agent with respect to such property prior to its sale or other disposition, the Lien of the Collateral Agent on such property shall continue in all respects and shall not be deemed released or terminated as a result of such Disposition, and the Borrower and Guarantors shall execute and deliver such agreements, documents and instruments as Agent may request with respect thereto;

(e) Dispositions permitted by Section 7.04;

(f) the sale or discount, in each case without recourse, of Accounts arising in the ordinary course of business, but only in connection with the compromise or collection thereof;

(g) any Involuntary Disposition;

(h) the leasing, subleasing or non-exclusive licensing or sublicensing of tangible and intangible assets (or an assignment of a lease or license or sublease of assets) of any Loan Party in the ordinary course of business and which do not materially interfere with the business of the Borrower and the Restricted Subsidiaries, taken as a whole;

(i) the abandonment or other disposition of Intellectual Property in the ordinary course of business consistent with past practices that is not material and is no longer used or useful in the business of the Borrower, or its Subsidiaries;

(k) the making of a Restricted Payment or an Investment that in each case is permitted to be made pursuant to this Agreement;

(l) the Dispositions of the real property listed on Schedule 7.05;

(m) Dispositions by the Borrower and its Subsidiaries not otherwise permitted under this Section 7.05; *provided* that (i) at the time of such Disposition, no Event of Default shall exist or would result from such Disposition, (ii) the aggregate consideration for all dispositions pursuant to this clause (m) shall not exceed \$75,000,000, (iii) the purchase price for such asset shall be paid to the Borrower or such Subsidiary at the time of such Disposition at least 75% in cash; *provided* that the limitation in clause (i) shall not apply if the Borrower shall be in

compliance with the Incurrence Test and (iv) the Net Cash Proceeds of such Disposition shall be applied to prepay Loans to the extent required pursuant to Section 2.03(b)(ii);

(n) Dispositions by the Borrower or any Restricted Subsidiary of property pursuant to any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a “Sale and Lease-Back Transaction”); *provided* that (i) the lease contemplated by such Sale and Lease-Back Transaction is executed within 270 days of the sale of such property, and (ii) all Net Cash Proceeds resulting from the Disposition pursuant to this Section 7.05(n) of property with a fair market value in excess of \$25,000,000 shall be applied to prepay Loans pursuant to Section 2.03(b)(ii);

(o) any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in the ordinary course of business;

(p) the termination of any Swap Contract;

(q) any other Disposition of property by the Borrower or any Restricted Subsidiary for consideration not in excess of \$1,000,000;

(r) sales of interests in or assets of Unrestricted Subsidiaries; and

(s) Dispositions by a Loan Party of any Equity Interests held in a first tier Subsidiary that is organized under the Laws of a jurisdiction other than the United States, to a Restricted Subsidiary (including any Excluded Subsidiary) whose Equity Interests are the subject of a pledge in favor of the Administrative Agent on behalf of the Lenders pursuant to the Loan Documents.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, except that:

(a) each Restricted Subsidiary may make Restricted Payments to a any Loan Party or other Restricted Subsidiary;

(b) the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in Equity Interests (other than Disqualified Equity Interest) of such Person;

(c) the Borrower and each Subsidiary may purchase, redeem or otherwise acquire its common Equity Interests with the proceeds received from the substantially concurrent issue of new common Equity Interests;

(d) any Subsidiary of Borrower may pay or make distributions to Borrower that are used to make substantially contemporaneous payments to, and the Borrower may make payments to, repurchase or redeem Equity Interests and options to purchase Equity Interests of Borrower held by officers, directors or employees or former officers, directors or employees (or their

transferees, estates or beneficiaries under their estates) of the Borrower pursuant to any management equity subscription agreement, employee agreement or stock option agreement or other agreement with such officer, director or employee or former officer, director or employee; *provided*, that, the aggregate cash consideration paid for all such payments, repurchases or redemptions shall not in any fiscal year of the Borrower exceed \$2,000,000;

(e) the Borrower may repurchase its Equity Interests to the extent such repurchase is deemed to occur upon (i) the non-cash exercise of stock options to the extent such Equity Interests represents a portion of the exercise price of such options and (ii) the withholding of a portion of such Equity Interests to pay taxes associated therewith,

(f) the purchase of fractional shares of Equity Interests of the Borrower arising out of stock dividends, splits or combinations or business combinations;

(g) so long as (x) no Default shall have occurred and be continuing or would result therefrom, and (y) immediately after giving effect to the making of such Restricted Payment, the Borrower and its Subsidiaries shall be in compliance, on a Pro Forma Basis, with the covenants set forth in Section 7.11, in addition to the foregoing Restricted Payments, the Borrower and the Restricted Subsidiaries may make additional Restricted Payments in any fiscal year in an aggregate amount that does not exceed the sum of (x) \$75,000,000 (minus Investments pursuant to clause (x) of Section 7.03(g) and prepayments of Junior Indebtedness pursuant to clause (x) of Section 7.15(c)), in each case prior to or on the date of determination) and (y) the Available Amount; *provided* that the Borrower shall be in compliance with the Incurrence Test; and

(h) to the extent constituting a Restricted Payment, any transaction permitted by Sections 7.04 or 7.05.

7.07 Change in Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the date hereof or any business substantially related or incidental thereto.

7.08 Transactions with Affiliates. Directly or indirectly enter into any transaction of any kind with any Affiliate of the Borrower, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favorable to the Borrower or such Subsidiary as would be obtainable by the Borrower or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, except for (a) any employment, consulting, severance or compensation arrangement or agreement, employee benefit plan or arrangement, officer or director indemnification agreement or any similar arrangement or other compensation arrangement entered into by the Borrower or any of its Subsidiaries in the ordinary course of business and payments, issuance of securities or awards pursuant thereto, and including the grant of stock options, restricted stock, stock appreciation rights, phantom stock awards or similar rights to employees and directors in each case approved by the Board of Directors of the Borrower or such Subsidiary, (b) transactions exclusively between or among Loan Parties (or any entity becoming a Loan Party after the consummation of such transaction), and transactions exclusively between or among Subsidiaries (or any entity becoming a Subsidiary after the consummation of such transaction) of the Borrower that are not

Loan Parties, *provided* that such transactions are not otherwise prohibited by this Agreement and (c) transactions between the Borrower and Altona Properties Pty Ltd.

7.09 Burdensome Agreements. Enter into any Contractual Obligation (other than this Agreement, any other Loan Document, the ABL Documents, or documents governing the 1997 Guaranty, the 2015 Notes and the 2020 Notes) that (a) limits the ability (i) of any Subsidiary to make Restricted Payments to the Borrower or any Guarantor or to otherwise transfer property to or invest in the Borrower or any Guarantor, (ii) of any Subsidiary to Guarantee the Indebtedness of the Borrower or (iii) of the Borrower or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person; *provided*, that this Section 7.09 shall not prohibit (i) restrictions contained in any agreement in effect (x) on the date hereof and set forth on Schedule 7.09 and (y) to the extent Contractual Obligations permitted by clause (x) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any Refinancing Indebtedness in respect of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of the restrictions described in clause (a) or (b) that are contained in such Contractual Obligation, (ii) are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary pursuant to a Permitted Acquisition, so long as such Contractual Obligations were not entered into in contemplation of such Person becoming a Restricted Subsidiary, (iii) customary restrictions that arise in connection with any Disposition permitted by Section 7.05 on the assets that are the subject of such Disposition pending the consummation thereof, (iv) are customary provisions in joint venture agreements and other similar agreements applicable to joint ventures permitted under Section 7.03, (v) any restrictions imposed by any agreement related to Indebtedness permitted by Section 7.02(t) or Permitted Refinancing thereof, to the extent such restrictions are not more restrictive, taken as a whole, than the restrictions contained in this Agreement and in any event permit guarantees by the Loan Parties of, and Liens on the Collateral securing, the Obligations, (vi) are customary restrictions contained in leases, subleases or licenses otherwise permitted hereby so long as such restrictions only relate to the assets subject thereto, (vii) comprise restrictions or Liens imposed by any agreement relating to secured Indebtedness permitted pursuant to Section 7.02(e) to the extent that such restrictions apply only to the property or assets securing such Indebtedness or (viii) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest.

7.10 Use of Proceeds. Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.11 Financial Covenants. (a) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the last day of any Measurement Period to be less than the ratio set forth below opposite such fiscal quarter:

<u>Four Fiscal Quarters Ending</u>	<u>Minimum Consolidated Interest Coverage Ratio</u>
Closing Date through December 31, 2012	4.00:1.00
March 31, 2013 through December 31, 2013	4.25:1.00
March 31, 2014 and each fiscal quarter thereafter	4.50:1.00

(b) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio of the last day of any Measurement Period set forth below to be greater than the ratio set forth below opposite such period:

<u>Four Fiscal Quarters Ending</u>	<u>Maximum Consolidated Leverage Ratio</u>
Closing Date through December 31, 2012	3.50:1.00
March 31, 2013 through December 31, 2013	3.25:1.00
March 31, 2014 through December 31, 2014	3.00:1.00
March 31, 2015 through December 31, 2015	2.75:1.00
March 31, 2016 and each fiscal quarter thereafter	2.50:1.00

7.12 Capital Expenditures. Make or become legally obligated to make any Capital Expenditure, except for Capital Expenditures not exceeding, in the aggregate for the Borrower and its Restricted Subsidiaries during each fiscal year set forth below, the amount set forth opposite such fiscal year:

<u>Fiscal Year</u>	<u>Amount</u>
Closing Date to December 31, 2011	\$25,000,000
2012	\$90,000,000
2013	\$75,000,000
2014	\$65,000,000
2015 and thereafter	\$60,000,000

; *provided, however*, that so long as no Default has occurred and is continuing or would result from such expenditure, any portion of any amount set forth above, if not expended in the fiscal year for which it is permitted above, may be carried over for expenditure in the next following fiscal year; and *provided, further*, if any such amount is so carried over, it will be deemed used in the applicable subsequent fiscal year before the amount set forth opposite such fiscal year above.

7.13 Amendments of Certain Documents. Amend or otherwise modify (a) any of its Organization Documents in a manner materially adverse to the Administrative Agent and the Lenders taken as a whole (as determined in good faith by the Borrower) and (b) any term or condition of any Merger Document or Junior Indebtedness in any manner materially adverse to the interests of the Administrative Agent and the Lenders taken as a whole (as determined in good faith by the Borrower).

7.14 Accounting Changes. Make any change in (a) its accounting policies or reporting practices, except as required by GAAP, or (b) its fiscal year.

7.15 Prepayments, Etc. of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Junior Indebtedness (it being understood that regularly scheduled payments shall be permitted), except (a) the refinancing thereof with proceeds of Refinancing Indebtedness, (b) the conversion of Junior Indebtedness into Equity Interests, (c) prepayments of Junior Indebtedness but only so long as no Default shall have occurred and be continuing or would result therefrom and in an amount that does not exceed the sum of (x) \$75,000,000 (minus Investments pursuant to clause (x) of Section 7.03(o) and Restricted Payments pursuant to clause (x) of Section 7.06(g), in each case prior to or on the date of determination) and (y) the Available Amount, so long as before and after giving effect to such prepayment pursuant to this clause (y), the Borrower is in compliance with the Incurrence Test and (d) so long as no Default shall have occurred and be continuing or would result therefrom, prepayments of the 2015 Notes.

7.16 Designation of Senior Debt. Designate any Indebtedness (other than the Indebtedness under the Loan Documents and the ABL Credit Agreement) of the Borrower or any of its Subsidiaries as “Designated Senior Debt” (or any similar term) under, and as defined in, any Subordinated Indebtedness.

7.17 1997 Guaranty, 2015 Notes and 2020 Notes. (a) Enter into or consent to or acknowledge any amendment, modification, restatement, change or refinancing of (i) the 1997 Guaranty or any of the other 1997 Guaranty Documents, (ii) the 2015 Notes or any of the other 2015 Notes Documents or the (iii) 2020 Notes, in each case, other than to (x) terminate such document or agreement or any obligation thereunder or (y) terminate, release or make less restrictive to the Borrower or any Restricted Subsidiary any term, provision, covenant, security interest or lien thereof.

(b) Permit or cause any 1997 Guaranty Collateral Document or any 2015 Notes Collateral Document to have a term, provision, covenant, security interest, lien or other encumbrance that is more restrictive to any Loan Party than those in any similar Collateral Document.

(c) Permit any Subsidiary or any Joint Venture that is not a Loan Party to execute or become obligated under any of the 1997 Guaranty Documents or 2015 Notes Documents.

(d) Permit or give rise to any Indebtedness or obligation that will require the granting of a security interest, lien or other encumbrance to holders of the 2020 Notes.

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower or any other Loan Party fails to (i) pay when and as required to be paid herein, any amount of principal of any Loan, or (ii) pay within three days after the same becomes due, any interest on any Loan, or any fee due hereunder, or (iii) pay within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants. (i) The Borrower or any Restricted Subsidiary fails to perform or observe any term, covenant or agreement contained in any of Section 6.03, 6.05, or Article VII; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in Section 8.01(a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the earlier of (i) a Responsible Officer of such Loan Party becoming aware of such default or (ii) receipt by such Loan Party of notice from the Administrative Agent or any Lender of such default; or

(d) Representations and Warranties. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party or any Restricted Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause (whether or not exercised), with the giving of notice if required, such Indebtedness to be demanded or to become due or to be purchased, repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to purchase, repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; *provided* that this clause (e) shall not apply to secured Indebtedness that becomes due (and is paid in full and otherwise discharged within five Business Days of initially becoming due) as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness or (ii) notwithstanding clause (i) above, a breach, a default or an event of

default under any of the 1997 Guaranty Documents that would permit any holder of any of the Series G Notes or any agent or trustee on behalf of any holder of any of the Series G Notes (A) to commence an action or proceeding against or exercise any right or remedy against any Loan Party or any Restricted Subsidiary or any asset or property of any Loan Party or any Restricted Subsidiary or (B) to make a demand on any Loan Party or any Restricted Subsidiary to purchase, repurchase, defease or redeem (automatically or otherwise), or offer to purchase, repurchase, prepay, defease or redeem any and all amounts owing under the 1997 Guaranty or the Series G Notes; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Restricted Subsidiary (other than any Immaterial Subsidiary) thereof institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party or any Restricted Subsidiary thereof becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party or any Restricted Subsidiary thereof (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has been notified of the potential claim and does not dispute or decline coverage), or (ii) any one or more final judgments other than for the payment of money, that have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of ten (10) consecutive days at any time after the entry of any such judgment, order, or award during which the same is not discharged, satisfied, vacated, or bonded pending appeal, or (C) a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) Except as is not reasonably expected to result in a Material Adverse Effect, an ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its

withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. The validity or enforceability of any material provision of any Loan Document, shall at any time for any reason (other than the failure of the Administrative Agent to file UCC-1 financing statements or maintain possession of stock certificates that have been delivered to it and other than as a result of any transaction permitted by this Agreement or after the satisfaction of the Obligations) cease to be in full force and effect or be declared to be null and void, or any Loan Party or its Subsidiaries purport to revoke, terminate or rescind any provision of any Loan Document, or a proceeding shall be commenced by a Loan Party or its Subsidiaries, or by any Governmental Authority having jurisdiction over a Loan Party or its Subsidiaries, seeking to establish the invalidity or unenforceability thereof, or a Loan Party or its Subsidiaries shall deny that such Loan Party or its Subsidiaries has any liability or obligation purported to be created under any Loan Document; or

(k) Change of Control. There occurs any Change of Control; or

(l) Collateral and Other Documents. Any Collateral Document shall fail or cease to create a valid and perfected and, except to the extent set forth in the Intercreditor Agreement, and to the extent Permitted Liens have priority, first priority Lien on the Collateral purported to be covered thereby (except as a result of a transaction permitted by this Agreement or with respect to Collateral with a collective fair market value of less than the Threshold Amount) or the subordination provisions contained in any agreement related to any Subordinated Debt shall cease to be in full force and effect or to give Agent or Lenders the rights, powers and privileges purported to be created thereby; or

(m) Forfeiture of Collateral. The indictment by any Governmental Authority, or any indictment threatened in writing by any Governmental Authority of any Loan Party of which any Loan Party or Agent receives notice, as to which there is a reasonable possibility of an adverse determination, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against such Loan Party, in each case pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (i) any of the Collateral having a value in excess of the Threshold Amount or (ii) any other property of any Loan Party which is necessary or material to the conduct of its business.

8.02 Remedies upon Event of Default. If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, (a) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower and (b) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law;

provided, however, that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans shall automatically terminate, the unpaid principal amount of all

outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including fees, charges and disbursements of counsel to the respective Lenders) arising under the Loan Documents and amounts payable under Article III, ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and other Obligations arising under the Loan Documents, ratably among the Lenders in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting unpaid principal of the Loans, ratably among the Lenders in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the payment of all other Obligations of the Loan Parties owing under or in respect of the Loan Documents that are due and payable to the Administrative Agent and the other Secured Parties on such date, ratably based upon the respective aggregate amounts of all such Obligations owing to the Administrative Agent and the other Secured Parties on such date; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

ARTICLE IX ADMINISTRATIVE AGENT

9.01 Appointment and Authority. (a) Each of the Lenders hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and the Borrower shall not have rights as a third party beneficiary of any of such provisions.

(b) The Administrative Agent shall also act as the “collateral agent” under the Loan Documents, and each of the Lenders hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as “collateral agent” and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent), shall be entitled to the benefits of all provisions of this Article IX and Article X (including Section 10.04(c)), as though such co-agents, sub-agents and attorneys-in-fact were the “collateral agent” under the Loan Documents) as if set forth in full herein with respect thereto.

9.02 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), *provided* that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

(d) The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or

percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower or a Lender.

(e) The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (v) the value or the sufficiency of any Collateral, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

9.06 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of

any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders appoint a successor Administrative Agent meeting the qualifications set forth above; *provided* that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (a) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (b) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

9.07 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Syndication Agent, Bookrunners or Lead Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be

due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.07 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.07 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender to authorize the Administrative Agent to vote in respect of the claim of any Lender or in any such proceeding.

9.10 Collateral and Guaranty Matters. Each of the Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Commitments and payment in full of all Obligations (other than contingent indemnification obligations), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or any Disposition that is not prohibited hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing in accordance with Section 10.01;

(b) to release any Guarantor from its obligations under the Guaranty if such Person becomes an Unrestricted or Immaterial Subsidiary or ceases to be a Subsidiary as a result of a transaction permitted hereunder; and

(c) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(i) or in connection with a Permitted Encumbrance that is entered into in the ordinary course of business and is not a Disposition.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Guaranty pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Administrative Agent will, at the Borrower's reasonable expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Collateral Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Guaranty, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

ARTICLE X
MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; *provided, however*, that no such amendment, waiver or consent shall:

(a) waive any condition set forth in Section 4.01, without the written consent of each Lender;

(b) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender;

(c) postpone any date fixed by this Agreement or any other Loan Document for any scheduled payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) hereunder or under such other Loan Document without the written consent of each Lender entitled to such scheduled payment;

(d) reduce the principal of, or the rate of interest specified herein on, any Loan or any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to such amount; *provided, however*, that only the consent of the Required Lenders shall be necessary to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest at the Default Rate;

(e) change (i) Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written consent of each Lender or (ii) the order of application of any reduction in the Commitments or any prepayment of Loans;

(f) change any provision of this Section 10.01 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder without the written consent of each Lender;

(g) release all or substantially all of the Collateral in any transaction or series of related transactions, without the written consent of each Lender;

(h) release all or substantially all of the value of the Guaranty, without the written consent of each Lender, except to the extent the release of any Subsidiary from the Guaranty is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone); or

(i) impose any greater restriction on the ability of any Lender to assign any of its rights or obligations hereunder without the written consent of the Required Lenders;

and *provided, further*, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

10.02 Notices; Effectiveness; Electronic Communications. (a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower or the Administrative Agent, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in subsection (b) below shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, *provided* that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; *provided, however*, that in no event shall any Agent Party have any liability to the Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Borrower and the Administrative Agent may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Borrower and the Administrative Agent. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i)

an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the “Private Side Information” or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender’s compliance procedures and applicable Law, including United States Federal and state securities Laws, to make reference to Borrower Materials that are not made available through the “Public Side Information” portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal or state securities laws.

(e) Reliance by Administrative Agent and Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Committed Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies; Enforcement. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders; *provided, however*, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.11), or (c) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and *provided, further*, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 and (ii) in

addition to the matters set forth in clauses (b) and (c) of the preceding proviso and subject to Section 2.11, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders.

10.04 Expenses; Indemnity; Damage Waiver. (a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent in each relevant jurisdiction, in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out-of-pocket expenses incurred by the Administrative Agent, Syndication Agent, Bookrunners, Lead Arrangers or any Lender (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and the Lenders), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans; *provided* that in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one transaction counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), Syndication Agent, Bookrunners, Lead Arrangers each Lender and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of counsel for any Indemnitees), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party or any of the Borrower’s or such Loan Party’s directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto, **IN ALL CASES**,

WHETHER OR NOT CAUSED BY OR ARISING, IN WHOLE OR IN PART, OUT OF THE COMPARATIVE, CONTRIBUTORY OR SOLE NEGLIGENCE OF THE INDEMNITEE; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction; *provided* further that with respect to each claim (or related series of claims), in the case of charges of outside counsel, such payment shall be limited to the fees, disbursements and other charges of (x) one counsel, (y) if reasonably necessary (as determined by the Administrative Agent), one local counsel in each relevant jurisdiction and (z) if reasonably necessary (as determined by the Administrative Agent), regulatory and specialist counsel (and, in each case, in the case of an actual or a potential conflict of interest, (A) one additional counsel for each affected person (or group of persons) and (B) if necessary, one local, regulatory and/or specialist counsel for each affected person (or group of persons) in any relevant jurisdiction.

(c) Reimbursement by Lenders. To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to the Administrative Agent (or any sub-agent thereof), or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12.

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Aggregate Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns. (a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 10.06(b), (ii) by way of participation in accordance with the provisions of Section 10.06(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.06(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans at the time owing to it); *provided* that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment (i) in connection with the initial syndication of the Commitments held by Bank of America, N.A. and Wells Fargo

Bank, N.A. and (ii) of the entire remaining amount of the assigning Lender's Commitment under any Facility and the Loans at the time owing to it under such Facility or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); *provided, however*, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) except in the case of an assignment in connection with the initial syndication of the commitments held by Bank of America, N.A. and Wells Fargo Bank, N.A., the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; *provided* that the Borrower shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof; and

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Loan to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; *provided, however*, that the Administrative Agent may, in its sole discretion, elect to waive such processing and

recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) **No Assignment to Certain Persons.** No such assignment shall be made (A) to the Borrower or any of the Borrower's Affiliates or Subsidiaries, or (B) to any Defaulting Lender or any of its Subsidiaries, or any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural person.

(vi) **Certain Additional Payments.** In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrower and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05 and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.06(d).

(c) **Register.** The Administrative Agent, acting solely for this purpose as an agent of the Borrower (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a

register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. In addition, the Administrative Agent shall maintain on the Register information regarding the designation, and revocation of designation, of any Lender as a Defaulting Lender. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower’s Affiliates or Subsidiaries) (each, a “Participant”) in all or a portion of such Lender’s rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans; *provided* that (i) such Lender’s obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender’s rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 10.06(b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, *provided* such Participant agrees to be subject to Section 2.11 as though it were a Lender.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower’s prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; *provided* that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

10.07 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, trustees, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from any Loan Party or any Subsidiary thereof relating to any Loan Party or any Subsidiary thereof or their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party or any Subsidiary thereof, *provided* that, in the case of information received from a Loan Party or any such Subsidiary after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including United States Federal and state securities Laws.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or

any other Loan Document and although such obligations of the Borrower may be contingent or unmatured or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender and its Affiliates may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such setoff and application, *provided* that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.10 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this Agreement.

10.11 Survival of Representations and Warranties. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

10.12 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or

impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 10.12, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, then such provisions shall be deemed to be in effect only to the extent not so limited.

10.13 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, INCLUDING WITH RESPECT TO COLLATERAL, AGAINST THE BORROWER OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW

10.14 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.15 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent and the Lead Arrangers are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Lead Arrangers, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent and the Lead Arrangers are and have been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) neither the Administrative Agent nor the Lead Arrangers have any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and the Lead Arrangers and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent nor the Lead Arrangers have any obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent and the Lead Arrangers with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

10.16 Electronic Execution of Assignments and Certain Other Documents. The words “execution,” “signed,” “signature,” and words of like import in any Assignment and Assumption or in any amendment or other modification hereof (including waivers and consents) shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.17 USA PATRIOT Act. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Patriot Act”), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable “know your customer” an anti-money laundering rules and regulations, including the Patriot Act.

10.18 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrower in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the “Judgment Currency”) other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the “Agreement Currency”), be discharged only to the extent that on the business day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from the Borrower in the Agreement Currency, the Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to the Borrower (or to any other Person who may be entitled thereto under applicable law).

10.19 Intercreditor Agreement, the 2015 Note Intercreditor Agreement and the Acknowledgment.

(a) Each Lender grants the Administrative Agent the power to enter into the Intercreditor Agreement and to bind such Lender to the provisions thereof. Notwithstanding anything herein to the contrary, the Lien and security interest granted pursuant to this Agreement and the exercise of any right or remedy hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Agreement, the terms of the Intercreditor Agreement shall govern and control except as expressly set forth in the Intercreditor Agreement. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, all rights and remedies of the Administrative Agent (and the other Secured Parties) with respect to the “Revolving Loan Priority Collateral” (as defined in the Intercreditor Agreement) shall be subject to the terms of the Intercreditor Agreement, and until the “Discharge of Revolving Loan Debt” (as defined in the Intercreditor Agreement), any obligation of any Loan Party thereunder or under any other Loan Document with respect to the delivery or control of any Revolving Loan Priority Collateral, the novation of any lien on any certificate of title, bill of lading or other document, the giving of any notice to any bailee or other Person, the provision of voting rights or the obtaining of any consent of any Person, in each case in connection with any Revolving Loan Priority Collateral, shall be deemed to be satisfied if such Loan Party, as applicable, complies with the requirements of the similar provision of the applicable “Revolving Loan Documents” (as defined in the Intercreditor Agreement). Until the Discharge of Revolving Loan Debt, the delivery of any Revolving Loan Priority Collateral to the “Revolving Loan Agent” (as defined in the Intercreditor Agreement) pursuant to the Revolving Loan Documents shall satisfy any delivery requirement hereunder or under any other Loan Document.

(b) Each Lender grants the Administrative Agent the power to enter into the 2015 Note Intercreditor Agreement and to bind such Lender to the provisions thereof. Notwithstanding anything herein to the contrary, the Lien and security interest granted pursuant to this Agreement and the exercise of any right or remedy hereunder are subject to the provisions of the 2015 Note Intercreditor Agreement.

(c) Each Lender grants the Administrative Agent the power to enter into the Acknowledgment and to bind such Lender to the provisions thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

POLYONE CORPORATION

By: /s/ Daniel O'Bryon
Name: Daniel O'Bryon
Title: Treasurer

[Signature Page – Credit Agreement]

BANK OF AMERICA, N.A.,
as Administrative Agent

By: /s/ DeWayne D. Rosse
Name: DeWayne D. Rosse
Title: Agency Management Officer

[Signature Page – Credit Agreement]

BANK OF AMERICA, N.A., as a Lender

By: /s/ William M. Bulger, Jr.

Name: William M. Bulger, Jr.

Title: Vice President

[Signature Page – Credit Agreement]

FORM OF COMMITTED LOAN NOTICE

Date: _____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement dated as of November [•], 2011 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Credit Agreement,” the terms defined in the Credit Agreement being used herein as therein defined), among PolyOne Corporation, an Ohio corporation, (the “Borrower”), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.

The undersigned hereby requests (select one):

_____ A Borrowing of Loans _____ A conversion or continuation of Loans

1. On _____ (must be a Business Day).
2. In the amount of \$ _____.
3. Comprised of _____.
[Type of Loan requested]
4. For Eurodollar Rate Loans: with an Interest Period of _____ months.

BORROWER:**POLYONE CORPORATION,**
an Ohio corporation

By: _____

Name:

Title:

FORM OF TERM NOTE

FOR VALUE RECEIVED, POLYONE CORPORATION, an Ohio corporation (“Borrower”), hereby promises to pay to _____ or its registered assigns (the “Lender”), in accordance with the provisions of the Credit Agreement (as hereinafter defined), the principal amount of the Loans made by the Lender to the Borrower under that certain Credit Agreement dated as of November [•], 2011 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Credit Agreement”; the terms defined therein being used herein as therein defined), among the Borrower, the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent for the Lenders.

The Borrower promises to pay interest on the unpaid principal amount of the Loan from the date of such Loan until such principal amount is paid in full, at such interest rates and at such times as provided in the Credit Agreement. All payments of principal and interest shall be made to the Administrative Agent for the account of the Lender in Dollars in immediately available funds to the Administrative Agent’s Office in accordance with the terms of the Credit Agreement. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Note is one of the Notes referred to in the Credit Agreement, is entitled to the benefits thereof and may be prepaid in whole or in part subject to the terms and conditions provided therein. This Note is also entitled to the benefits of the Guaranty and is secured by the Collateral. Upon the occurrence and continuation of one or more of the Events of Default specified in the Credit Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable, all as provided in the Credit Agreement. The Loan made by the Lender may be evidenced by a loan account or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Loan and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of intent to accelerate, notice of acceleration, notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

- *Signature Page to Follow* -

Exhibit B – Page 1
Form of Term Note

BORROWER:

POLYONE CORPORATION,
an Ohio corporation

By: _____
Name:
Title:

FORM OF COMPLIANCE CERTIFICATE

(Pursuant to Section 6.02(a) of the Credit Agreement)

Financial Statement Date: _____, ____

To: Bank of America, N.A., as Administrative Agent

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement dated as of November [•], 2011 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Credit Agreement”; the terms defined therein being used herein as therein defined), among PolyOne Corporation, an Ohio corporation (the “Borrower”), the various financial institutions that are, or may from time to time become, parties thereto (each individually a “Lender,” and collectively, the “Lenders”), and Bank of America, N.A., as Administrative Agent for the Lenders (the “Administrative Agent”).

The undersigned Responsible Officer hereby certifies as of the date hereof that he is a Responsible Officer of the Borrower, and that, as such, he is authorized to execute and deliver this Certificate to the Administrative Agent on the behalf of the Borrower, and that:

*[Use following paragraph 1 for fiscal **year-end** financial statements]*

1. Attached hereto as Exhibit A is a consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended [___], 201[___], and the related consolidated statements of income or operations, changes in shareholders’ equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year,¹ all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of [•]², which report and opinion have been prepared in accordance with generally accepted auditing standards and shall not be subject to any “going concern” or like qualification or exception or any qualification or exception as to the scope of such audit.

*[Use following paragraph 1 for fiscal **quarter-end** financial statements]*

1. Attached hereto as Exhibit A is a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of the fiscal quarter ended [_____] and the related consolidated statements of income or operations, changes in shareholders’ equity, and cash flows for such

¹ Excluding comparisons to the Acquired Business financial statements for any fiscal year ending prior to 2012.

² To be an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders.

fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year,³ all in reasonable detail. Such financial statements fairly present the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

2. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Borrower during the accounting period covered by such financial statements.

[select one:]

3. [To the best knowledge of the undersigned, as of the date hereof, no Default has occurred and is continuing.]

—or—

3. [To the best knowledge of the undersigned, the following is a list of each Default that has occurred and is continuing as of the date hereof, and its nature and status:]

4. To the best knowledge of the undersigned, the Borrower and each of its Subsidiaries are in compliance with their notice and reporting obligations the Security Agreement to which they are parties [add if applicable: except as follows: _____].

5. Attached hereto as Exhibit B are the forecasts required to be delivered pursuant to Section 6.01(c) of the Credit Agreement.⁴

6. [Attached hereto as Schedule 1 is a calculation of the Consolidated Leverage Ratio as of the end of the most recent Measurement Period, which calculation is true and accurate on and as of the date of this Certificate.]

7. Attached hereto as Schedule 1 is a calculation of the Capital Expenditures as of the end of the most recent Fiscal Year, which calculation is true and accurate on and as of the date of this Certificate.

³ Excluding comparisons to the Acquired Business financial statements for any fiscal year ending prior to 2012.

⁴ This is an annual requirement.

8. Attached hereto as Schedule 1 is a calculation of the Consolidated Interest Coverage Ratio as of the end of the most recent Measurement Period, which calculation is true and accurate on and as of the date of this Certificate.

9. [Attached hereto as Schedule 2 are changes to Schedules 5.08(b) and 5.08(c).]

[Signature Page to Follow]

Exhibit C – Page 3
Form of Compliance Certificate

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of _____, ____.

POLYONE CORPORATION,
an Ohio corporation

By: _____
Name:
Title:

Schedule 1 to Compliance Certificate

For the Quarter/Year ended _____, _____ (“Statement Date”)

(\$ in 000’s)

I. Section 7.11 (a) – Consolidated Interest Coverage Ratio.

- A. Consolidated EBITDA for Measurement Period ending on above date (“Subject Period”): \$_____
1. Consolidated Net Income for Subject Period: \$_____
 2. Consolidated Interest Charges for Subject Period: \$_____
 3. Provision for income taxes payable for Subject Period: \$_____
 4. Depreciation and amortization expenses for Subject Period: \$_____
 5. Non-recurring reductions of Consolidated Net Income for Subject Period (of which cash items do not exceed 3% of Consolidated EBITDA for Subject Period and calculated without taking into account any of the addbacks set forth in this clause 5)⁵: \$_____
 6. Non-cash compensation expense in respect of stock option plans, restricted stock and other employee equity compensation plans for Subject Period:
 7. Non-cash goodwill or other intangible asset impairment charges and write-offs of goodwill and other intangible assets, in each case, pursuant to ASC 350 or any similar rule announced by the Financial Accounting Standards Board for Subject Period:
 8. Fees and expenses incurred prior to or within 90 days after the Closing Date in connection with the Transaction for Subject Period:⁶
 9. Fees and expenses incurred in connection with amendments and waivers of the Credit Agreement and the other Loan Documents for Subject Period, including any legal fees in connection therewith:

⁵ Requires certification by a Responsible Officer.

⁶ Must be incurred on or prior to 90 days after the Closing Date.

-
- 10 Non-cash restructuring charges for Subject Period:
 - 11 Non-cash effects of changes in accounting principles for Subject Period:
 - 12 Losses from asset sales not in the ordinary course of business for Subject Period:
 - 13 Non-cash losses on the early extinguishment of Indebtedness for Subject Period:
 - 14 Non-cash purchase accounting charges required by ASC 805 or any similar rule announced by the Financial Accounting Standards Board for Subject Period:
 - 15 Non-cash unrealized losses and charges with respect to Swap Contracts for Subject Period, including such losses and charges that arise from foreign currency losses:
 - 16 Other non-cash items to the extent such non-cash items are not accruals for future payments for Subject Period:
 - 17 Foreign currency translation losses for Subject Period:
 - 18 Non-recurring cash costs and expenses relating to the assimilation and integration of the Acquired Business for Subject Period:⁷
 - 19 Environmental remediation costs and expenses related to the Remediation Properties for Subject Period: ⁸
 - 20 Income taxes credits for Subject Period:
 - 21 Interest income for Subject Period:
 - 22 Any gains from asset sales not in the ordinary course of business for Subject Period:

⁷ Must be incurred on or prior to February 28, 2013 and not to exceed an aggregate amount of \$5,000,000.

⁸ Not to exceed \$7,000,000 per fiscal year; *provided* that any portion of such amount that is not used in a particular fiscal year may be carried over to succeeding fiscal years.

- 23 Non-cash effects of changes in accounting principles for Subject Period:
- 24 Non-cash gains on the early extinguishment of Indebtedness for Subject Period:
- 25 Non-cash unrealized gains with respect to Swap Contracts for Subject Period:
- 26 Other non-cash income or gains for Subject Period:
- 27 Foreign currency translation gains (in each case of or by the Borrower and its Restricted Subsidiaries) for Subject Period:
- 28 Consolidated EBITDA (Lines I.A.1 + 2 + 3 + 4 + 5 + 6 + 7 + 8 + 9 +10 +11 + 12 +13 + 14 +15 + 16 + 17 + 18 + 19 - 20 - 21 - 22 - 23 - 24 - 25 - 26 - 27): \$ _____

B. Consolidated Interest Charges for Subject Period: \$ _____

C. Consolidated Interest Coverage Ratio (Line I.A.28 ÷ Line I.B): _____ to 1

Minimum required:

<u>Four Fiscal Quarters Ending</u>	<u>Minimum Consolidated Interest Coverage Ratio</u>
Closing Date through December 31, 2012	4.00:1.00
March 31, 2013 through December 31, 2013	4.25:1.00
March 31, 2014 and each fiscal quarter thereafter	4.50:1.00

II. Section 7.11 (b) – Consolidated Leverage Ratio.

A. Consolidated Funded Indebtedness at Statement Date \$ _____

B. Consolidated EBITDA for Subject Period (Line I.A.28 above): \$ _____

C. Consolidated Leverage Ratio (Line II.A ÷ Line II.B): _____ to 1

Maximum permitted:

<u>Four Fiscal Quarters Ending</u>	<u>Maximum Consolidated Leverage Ratio</u>
Closing Date through December 31, 2012	3.50:1.00
March 31, 2013 through December 31, 2013	3.25:1.00
March 31, 2014 through December 31, 2014	3.00:1.00
March 31, 2015 through December 31, 2015	2.75:1.00
March 31, 2016 and each fiscal quarter thereafter	2.50:1.00

III. Section 7.12 — Capital Expenditures.

- A. Capital Expenditures made during fiscal year to date: \$_____
- B. Capital Expenditures that could have made during prior fiscal year but which were not made (\geq \$_____): \$_____
- C. Maximum permitted Capital Expenditures
(\$_____ + Line III.B): \$_____
- D. Excess (deficient) for covenant compliance
(Line III.C – III.A):⁹ \$_____

⁹ Amount in III.B. may not be carried forward to the next subsequent fiscal year.

**FORM OF
ASSIGNMENT AND ASSUMPTION**

[separately attached]

Form of Assignment and Assumption

**FORM OF
ASSIGNMENT AND ASSUMPTION**

This Assignment and Assumption (the “Assignment and Assumption”) is dated as of the Effective Date set forth below and is entered into by and between [the][each] Assignor identified in item 1 below ([the][each, an] “Assignor”) and [the][each] Assignee identified in item 2 below ([the][each, an] “Assignee”). [It is understood and agreed that the rights and obligations of [the Assignors][the Assignees] hereunder are several and not joint.] Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the “Credit Agreement”), receipt of a copy of which is hereby acknowledged by [the][each] Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, [the][each] Assignor hereby irrevocably sells and assigns to [the Assignee][the respective Assignees], and [the][each] Assignee hereby irrevocably purchases and assumes from [the Assignor][the respective Assignors], subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of [the Assignor’s][the respective Assignors’] rights and obligations in [its capacity as a Lender][their respective capacities as Lenders] under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of [the Assignor][the respective Assignors] under the Loan, and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of [the Assignor (in its capacity as a Lender)][the respective Assignors (in their respective capacities as Lenders)] against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned by [the][any] Assignor to [the][any] Assignee pursuant to clauses (i) and (ii) above being referred to herein collectively as [the][an] “Assigned Interest”). Each such sale and assignment is without recourse to [the][any] Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by [the][any] Assignor.

1. Assignor[s]: _____

[Assignor [is] [is not] a Defaulting Lender]

2. Assignee[s]: _____

[for each Assignee, indicate [Affiliate][Approved Fund] of [identify Lender]

3.

Borrower:

PolyOne Corporation
4.

Administrative Agent:

Bank of America, N.A., as the administrative agent under the Credit Agreement
5.

Credit Agreement:

Credit Agreement dated as of November [•], 2011 (as amended, restated, extended, supplemented or otherwise modified in writing from time to time, the “Agreement;” the terms defined therein being used herein as therein defined), among PolyOne Corporation (the “Borrower”), the Lenders from time to time party thereto, and Bank of America, N.A., as Administrative Agent.
6.

Assigned Interest[s]:

Assignor[s] ¹⁰	Assignee[s] ¹¹	Aggregate Amount of Commitment/Loans for all Lenders ¹²	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/ Loans ¹³	CUSIP Number
		\$	\$	%	
		\$	\$	%	
		\$	\$	%	

[7. Trade Date: _____]¹⁴

[Page break]

¹⁰

List each Assignor, as appropriate

¹¹

List each Assignee, as appropriate.

¹²

Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.

¹³

Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

¹⁴

To be completed if the Assignor(s) and the Assignee(s) intend that the minimum assignment amount is to be determined as of the Trade Date.

Effective Date: _____, 20____ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE[S]
[NAME OF ASSIGNEE]

By: _____
Title:

[NAME OF ASSIGNEE]

By: _____
Title:

[Consented to and]¹⁵ Accepted:

BANK OF AMERICA, N.A.,
as Administrative Agent

¹⁵ To be added only if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

By: _____
Title:

[Consented to:]¹⁶

POLYONE CORPORATION

By: _____
Title:

¹⁶ To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor[s]. [The][Each] Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of [the][the relevant] Assigned Interest, (ii) [the] [such] Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Lender; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee[s]. [The][Each] Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all the requirements to be an assignee under Section 10.06(b)(iii), (v) and (vi) of the Credit Agreement (subject to such consents, if any, as may be required under Section 10.06(b) (iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of [the][the relevant] Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is sophisticated with respect to decisions to acquire assets of the type represented by the Assigned Interest and either it, or the Person exercising discretion in making its decision to acquire the Assigned Interest, is experienced in acquiring assets of such type, (v) it has received a copy of the Credit Agreement, and has received or has been accorded the opportunity to receive copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it deems appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, (vi) it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Assignment and Assumption and to purchase [the][such] Assigned Interest, and (vii) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by [the][such] Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, [the][any] Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of [the][each] Assigned Interest (including payments of principal, interest, fees and other amounts) to [the][the relevant] Assignor for amounts which have accrued to but excluding the Effective Date and to [the][the relevant] Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

FORM OF
ADMINISTRATIVE QUESTIONNAIRE

I. Borrower Name: PolyOne Corporation
\$300,000,000 Term Loan B

II. Legal Name of Lender for Signature Page: _____

III. Domestic Address: _____

IV. Eurodollar Address: _____

V. Contact Information:

	<u>Credit Contact</u>	<u>Operations Contact</u>	<u>Legal Counsel</u>
Name:	_____	_____	_____
Title:	_____	_____	_____
Address:	_____	_____	_____
	_____	_____	_____
Telephone:	_____	_____	_____
Facsimile:	_____	_____	_____
E:Mail Address	_____	_____	_____
	<u>Secondary Credit Contact</u>	<u>Secondary Operations Contact</u>	<u>Draft Documentation Contact</u>
Name:	_____	_____	_____
Title:	_____	_____	_____
Address:	_____	_____	_____
	_____	_____	_____
Telephone:	_____	_____	_____
Facsimile:	_____	_____	_____
E Mail Address	_____	_____	_____

VI. Lender’s Fed Wire Payment Instructions:

Pay to:

(Name of Lender)

(ABA#)

(City/State)

(Account #)

(Account Name)

(Attention)

VII. Lender’s Standby L/C Fed Wire Payment Instructions (if applicable):

Pay to:

(Name of Lender)

(ABA#)

(City/State)

(Account #)

(Account Name)

(Attention)

VIII. Organizational Structure:

Type of Entity:

Lender’s Tax ID:

IX. Name of Authorized Officer:

Name:

Signature:

Date:

X. Bank of America Contact Information:

	<u>Credit Contact</u>	<u>Operations Contact</u>	<u>Secondary Operations Contact</u>
Name:			
Title:			
Address:			
Telephone:			
Facsimile:			
E Mail Address			

X. Bank of America Payment Instructions:

Pay to: Sent under separate cover

PLEASE RETURN COMPLETED LENDER’S INFORMATION AND TAX FORM TO:

FORM OF GUARANTY
[separately attached]

GUARANTY

dated as of

December 21, 2011,

among

THE GUARANTORS IDENTIFIED HEREIN

and

BANK OF AMERICA, N.A.,

as Administrative Agent

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Exhibits

Exhibit I Form of Guaranty Supplement

This GUARANTY, dated as of December 21, 2011, is executed and delivered by the Guarantors identified herein in favor of BANK OF AMERICA, N.A., as administrative agent for the Secured Parties (in such capacity, together with its successors and assigns, if any, in such capacity, “Administrative Agent”).

WHEREAS, PolyOne Corporation (the “Borrower”), the Administrative Agent and the lending institutions listed therein have entered into that certain Credit Agreement, dated as of December 21, 2011 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”);

WHEREAS, the Guarantors are affiliates and/or subsidiaries of the Borrower, will derive substantial benefits from the extension of credit to the Borrower pursuant to the Credit Agreement; and

WHEREAS, in order to induce the Secured Parties to enter into the Credit Agreement and the other Loan Documents and to extend the loans and other financial accommodations to the Borrower pursuant to the Credit Agreement, and in consideration thereof, and in consideration of any loans or other financial accommodations heretofore or hereafter extended by the Secured Parties to the Borrower and the Guarantors pursuant to the Loan Documents, the Guarantors have agreed to guaranty the Guaranteed Obligations.

NOW, THEREFORE, in consideration of the foregoing, each Guarantor hereby jointly and severally agrees as follows:

ARTICLE XI

DEFINITIONS

11.01 Credit Agreement.

(a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings specified in the Credit Agreement.

(b) The rules of construction specified in Section 1.4 of the Credit Agreement also apply to this Agreement.

11.02 Other Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

“**Agreement**” means this Guaranty.

“**Borrower**” has the meaning assigned to such term in the recitals to this Agreement.

“**Claiming Party**” has the meaning assigned to such term in Section 3.02.

“**Contributing Party**” has the meaning assigned to such term in Section 3.02.

“**Credit Agreement**” has the meaning assigned to such term in the recitals to this Agreement.

“**Guarantors**” means (a) the Guarantors identified in the preamble to this Agreement and (b) each other Restricted Subsidiary that becomes a party to this Agreement as a Guarantor after the Closing Date; sometimes referred to herein individually as a “Guarantor”.

“**Guaranteed Obligations**” has the meaning assigned to such term in Section 2.01.

“**Guaranty Supplement**” means an instrument substantially in the form of Exhibit I hereto.

“**Insolvency Proceeding**” shall mean, means any proceeding commenced by or against any Person under any provision of any Debtor Relief Law or under any other provincial, state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“**Lenders**” means, individually and collectively, each of the lenders identified on the signature pages to the Credit Agreement, and shall include any other Person made a party to the Credit Agreement as a Lender in accordance with the provisions thereof (together with their respective successors and assigns).

“**Obligations**” means the “Obligations” as defined in the Credit Agreement.

“**Paid in Full**” or “**Payment in Full**” means the payment in full in cash (or cash collateralization in accordance with the terms of the Credit Agreement) of all Guaranteed Obligations other than Guaranteed Obligations consisting of contingent indemnification obligations for which no claim has been made and the full and final termination of any commitment to extend any financial accommodations under the Credit Agreement and any other Loan Document.

ARTICLE XII

GUARANTY

12.01 Guaranty.

(a) Each Guarantor absolutely and unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, (i) the due and punctual payment of the Obligations of the Borrower (the “**Guaranteed Obligations**”), when and as the same shall become due and payable, in each case, whether such Guaranteed Obligations are now existing or hereafter incurred under, arising out of any Loan Document, whether for principal, interest (including all interest that accrues after the commencement of any Insolvency Proceeding irrespective of whether a claim therefor is allowed in such case or proceeding), fees, expenses or otherwise, and also includes any and all expenses (including reasonable counsel fees and expenses) incurred by the Administrative Agent or the Lenders (or

any of them) in enforcing any rights under this Agreement, and whether at stated maturity or earlier, by reason of acceleration, demand, mandatory prepayment or otherwise in accordance herewith or with any other Loan Documents and (ii) the punctual and faithful performance, keeping, observance, and fulfillment by the Borrower of all of the agreements, conditions, covenants, and obligations of the Borrower contained in the Credit Agreement and under each of the other Loan Documents. Without limiting the generality of the foregoing, Guaranteed Obligations shall include all amounts that constitute part of the Guaranteed Obligations and would be owed by the Borrower to the Administrative Agent or the Lenders under any Loan Document but for the fact that they are unenforceable or not allowable, including due to the existence of a bankruptcy, reorganization or similar proceeding involving the Borrower or any other guarantor. Each of the Guarantors further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee notwithstanding any extension or renewal of any Guaranteed Obligation.

(b) Each Guarantor hereby agrees that it is directly, jointly and severally with each other Guarantor and any other guarantor of the Guaranteed Obligations, liable to Administrative Agent, for the Secured Parties, that the obligations of each Guarantor hereunder are independent of the obligations of the Borrower or any other Guarantor, and that a separate action may be brought against the Guarantor, whether such action is brought against the Borrower or any other Guarantor or whether the Borrower or any other guarantor is joined in such action.

(c) To the fullest extent permitted by applicable Law, each Guarantor waives presentment to, demand of payment from and protest to the Borrower or any other Guarantor of any of the Guaranteed Obligations and any all notices in connection therewith, and also waives (i) notice of acceptance of its guarantee, (ii) notice of protest for nonpayment, (iii) notice of any loans or other financial accommodations made or extended under the Credit Agreement, or the creation or existence of any Guaranteed Obligations, (iv) notice of the amount of the Guaranteed Obligations, subject, however, to Guarantors' right to make inquiry of Administrative Agent to ascertain the amount of the Guaranteed Obligations at any reasonable time, (v) notice of any adverse change in the financial condition of any Loan Party or of any other fact that might increase such Guarantor's risk hereunder, (vi) notice of any Default or Event of Default under any of the Loan Documents, and (vii) all other notices (except if such notice is specifically required to be given to such Guarantor under this Agreement or any other Loan Documents to which such Guarantor is a party) and demands to which Guarantor might otherwise be entitled.

12.02 Guaranty of Payment. Each of the Guarantors further agrees that its guaranty hereunder constitutes a guaranty of payment when due and not of collection. Each Guarantor hereby agrees that its liability hereunder shall be immediate and shall not be contingent upon the exercise or enforcement by any Secured Party of whatever remedies they may have against the Borrower or any other Guarantor, or the enforcement of any lien or realization upon any security by any Secured Party. Each Guarantor hereby agrees that any release which may be given by Administrative Agent to the Borrower or any other Guarantor, or with respect to any property or asset subject to a Lien, shall not release such Guarantor. Each Guarantor consents and agrees that no Secured Party shall be under any obligation to marshal

any property or assets of any Borrower or any other Guarantor in favor of such Guarantor, or against or in payment of any or all of the Guaranteed Obligations.

12.03 No Limitations.

(a) Except for termination of a Guarantor's obligations hereunder as expressly provided in Section 4.12, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor hereunder shall not be discharged or impaired or otherwise affected by: (i) the failure of the Administrative Agent or any other Secured Party to assert any claim or demand or to enforce any right or remedy under the provisions of any Loan Document or otherwise; (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, any Loan Document or any other agreement, including with respect to any other Guarantor under this Agreement; (iii) the release of any security held by the Administrative Agent or any other Secured Party for the Guaranteed Obligations; (iv) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations; or (v) any other act or omission that may or might in any manner or to any extent vary the risk of any Guarantor or otherwise operate as a discharge of any Guarantor as a matter of Law or equity (other than the Payment in Full of all the Guaranteed Obligations). Each Guarantor expressly authorizes the Secured Parties to take and hold security for the payment and performance of the Guaranteed Obligations, to exchange, waive or release any or all such security (with or without consideration), to enforce or apply such security and direct the order and manner of any sale thereof in their sole discretion or to release or substitute any one or more other guarantors or obligors upon or in respect of the Guaranteed Obligations, all without affecting the obligations of any Guarantor hereunder.

(b) Without limiting the generality of any other waiver or other provision set forth in this Agreement, each Guarantor hereby also agrees that Administrative Agent's right to enforce this Agreement is absolute and is not contingent upon the genuineness, validity or enforceability of the Guaranteed Obligations or any of the Loan Documents. Each Guarantor agrees that Administrative Agent's rights under this Agreement shall be enforceable even if the Borrower had no liability at the time of execution of the Loan Documents or the Guaranteed Obligations are unenforceable in whole or in part, or the Borrower ceases to be liable with respect to all or any portion of the Guaranteed Obligations.

(c) To the fullest extent permitted by applicable Law, each Guarantor hereby waives any right to revoke this Agreement as to future Guaranteed Obligations. If such a revocation is effective notwithstanding the foregoing waiver, each Guarantor acknowledges and agrees that (i) no such revocation shall be effective until written notice thereof has been received by Administrative Agent, (ii) no such revocation shall apply to any Guaranteed Obligations in existence on the date of receipt by Administrative Agent of such written notice (including any subsequent continuation, extension, or renewal thereof, or change in the interest rate, payment terms, or other terms and conditions thereof), (iii) no such revocation shall apply to any

Guaranteed Obligations made or created after such date to the extent made or created pursuant to a legally binding commitment of any of the Secured Parties in existence on the date of such revocation, (iv) no payment by any Guarantor, the Borrower, or from any other source, prior to the date of Administrative Agent's receipt of written notice of such revocation shall reduce the maximum obligation of any Guarantor hereunder, and (v) any payment by the Borrower or from any source other than such Guarantor subsequent to the date of such revocation shall first be applied to that portion of the Guaranteed Obligations as to which the revocation is effective and which are not, therefore, guaranteed hereunder, and to the extent so applied shall not reduce the maximum obligation of such Guarantor hereunder.

(d) To the fullest extent permitted by applicable Law, each Guarantor waives any defense based on or arising out of any defense of the Borrower or any other Loan Party or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any Borrower or any other Loan Party, other than the Payment in Full of all the Guaranteed Obligations. The Administrative Agent and the other Secured Parties may in accordance with the terms of the Loan Documents, at their election, foreclose on any security for the Guaranteed Obligations held by one or more of them by one or more judicial or nonjudicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Guaranteed Obligations, make any other accommodation with the Borrower or any other Loan Party or exercise any other right or remedy available to them against the Borrower or any other Loan Party, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been Paid in Full. To the fullest extent permitted by applicable Law, each Guarantor waives any defense arising out of any such election even though such election operates, pursuant to applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other Loan Party, as the case may be, or any security.

12.04 Reinstatement. If the incurrence or payment of the Guaranteed Obligations or the obligations of Guarantors under this Agreement by any Guarantor or the transfer by any Guarantor to Administrative Agent of any property of any Guarantor should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (collectively, a "Voidable Transfer"), and if any Secured Party is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that any Secured Party is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of such Person related thereto, the liability of Guarantors automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

12.05 Agreement To Pay; Subrogation. In furtherance of the foregoing and not in limitation of any other right that the Administrative Agent or any other Secured Party has at Law or in equity against any Guarantor by virtue hereof, upon the failure of the Borrower or other Guarantor to pay any Guaranteed Obligation when and as the same shall

become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, or the failure of the Borrower to perform, keep, observe, or fulfill any other obligation referred to in clause (a)(ii) of Section 2.01 of this Agreement in the manner provided in the Credit Agreement or any other Loan Document, each Guarantor immediately shall cause, as applicable, such payment in respect of the Guaranteed Obligations to be made or such obligation to be performed, kept, observed, or fulfilled. Upon payment by any Guarantor of any sums to the Administrative Agent as provided above, all rights of such Guarantor against the Borrower or other Guarantor arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subject to Article III.

12.06 Information. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and each other Guarantor's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Administrative Agent or the other Secured Parties will have any duty to advise such Guarantor of information known to it or any of them regarding such circumstances or risks. Each Guarantor agrees that each Secured Party's books and records showing the amount of the Guaranteed Obligations shall be admissible in evidence in any action or proceeding, and shall be binding upon such Guarantor and conclusive for the purpose of establishing the amount of the Guaranteed Obligations absent manifest error.

ARTICLE XIII

INDEMNITY, SUBROGATION AND SUBORDINATION

13.01 Indemnity and Subrogation. In addition to all such rights of indemnity and subrogation as the Guarantors may have under applicable Law (but subject to Section 3.03), the Borrower agrees that in the event a payment of an obligation shall be made by any Guarantor under this Agreement, the Borrower shall indemnify such Guarantor for the full amount of such payment and such Guarantor shall be subrogated to the rights of the Person to whom such payment shall have been made to the extent of such payment.

13.02 Contribution and Subrogation. Each Guarantor (a "**Contributing Party**") agrees (subject to Section 3.03) that, in the event a payment shall be made by any other Guarantor hereunder in respect of any Guaranteed Obligation and such other Guarantor (the "**Claiming Party**") shall not have been fully indemnified by the Borrower as provided in Section 3.01, the Contributing Party shall indemnify the Claiming Party in an amount equal to the amount of such payment, in each case multiplied by a fraction of which the numerator shall be the net worth of the Contributing Party on the date hereof and the denominator shall be the aggregate net worth of all the Contributing Parties together with the net worth of the Claiming Party on the date hereof (or, in the case of any Guarantor becoming a party hereto pursuant to Section 4.13, the date of the Guaranty Supplement hereto executed and delivered by such Guarantor). Any Contributing Party making any payment to a Claiming Party pursuant to this Section 3.02 shall be subrogated to the rights of such Claiming Party to the extent of such payment. Each Guarantor recognizes and acknowledges that the rights to contribution arising hereunder shall constitute an asset in favor of the party entitled to such

contribution. In this connection, each Guarantor has the right to waive, to the fullest extent permitted by applicable law, its contribution right against any other Guarantor to the extent that after giving effect to such waiver such Guarantor would remain solvent, in the determination of the Administrative Agent.

13.03 Subordination. Notwithstanding any provision of this Agreement to the contrary, until the Guaranteed Obligations have been Paid in Full, each Guarantor hereby postpones and agrees not to exercise any of its rights under Sections 3.01 and 3.02 and all other rights of indemnity, contribution or subrogation under applicable Law or otherwise against the Borrower or such other Guarantor; provided, that, if, in contravention of the foregoing, any amount shall be paid to such Guarantor on account of such subrogation rights at any time prior to the Payment in Full of the Guaranteed Obligations, such amount shall be held in trust for the benefit of the Administrative Agent who shall hold them for the benefit of the Secured Parties and shall forthwith be paid to the Administrative Agent to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, pursuant to Section 2.3(b) of the Credit Agreement. No failure on the part of the Borrower or any Guarantor to make the payments required by Sections 3.01 and 3.02 (or any other payments required under applicable Law or otherwise) shall in any respect limit the obligations and liabilities of any Guarantor with respect to its obligations hereunder, and each Guarantor shall remain liable for the full amount of the obligations of such Guarantor hereunder.

ARTICLE XIV

MISCELLANEOUS

14.01 Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.02 of the Credit Agreement. All communications and notices hereunder to any Guarantor shall be given to it in care of the Borrower as provided in Section 10.02 of the Credit Agreement.

14.02 Waivers; Amendment.

(a) No failure the Administrative Agent or any other Secured Party to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. No waiver of any provision of this Agreement or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 4.02, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time. No notice or

demand on any Guarantor in any case shall entitle any Guarantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Administrative Agent and the Guarantor or Guarantors with respect to which such waiver, amendment or modification is to apply, subject to any consent required in accordance with Section 10.01 of the Credit Agreement.

14.03 Fees and Expenses; Indemnification; Payment Generally.

(a) The parties hereto agree that each Secured Party shall be entitled to reimbursement of its reasonable out-of-pocket expenses incurred hereunder and indemnity for its actions in connection herewith as provided in Section 10.4 of the Credit Agreement, respectively.

(b) Any such amounts payable as provided hereunder shall be additional Guaranteed Obligations secured hereby and by the other Loan Documents. The provisions of this Section 4.03 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan Document, the consummation of the transactions contemplated hereby, the repayment of any of the Guaranteed Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent or any other Secured Party. All amounts due under this Section 4.03 shall be payable not later than ten (10) Business Days after written demand therefor.

(c) Each Guarantor represents and warrants that it is organized and resident in the United States of America. Each Guarantor shall make all payments hereunder without setoff or counterclaim and free and clear of and without deduction for any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, compulsory loans, restrictions or conditions of any nature now or hereafter imposed or levied by any jurisdiction or any political subdivision thereof or taxing or other authority therein unless such Guarantor is compelled by law to make such deduction or withholding. If any such obligation (other than one arising with respect to taxes based on or measured by the income or profits of a Secured Party) is imposed upon such Guarantor with respect to any amount payable by it hereunder, such Guarantor will pay to each of the affected Secured Parties, on the date on which such amount is due and payable hereunder, such additional amount in U.S. dollars as shall be necessary to enable the Secured Parties to receive the same net amount which the Secured Parties would have received on such due date had no such obligation been imposed upon such Guarantor. Each Guarantor will deliver promptly to the Secured Parties certificates or other valid vouchers for all taxes or other charges deducted from or paid with respect to payments made by such Guarantor hereunder. The obligations of each of the Guarantors under this paragraph shall survive the payment in full of the Guaranteed Obligations and termination of this Guaranty.

14.04 Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of any Guarantor or the Administrative Agent that are contained in this Agreement shall bind and

inure to the benefit of their respective successors and assigns. No party hereto may assign any of its rights or obligations hereunder except as permitted pursuant to the Credit Agreement.

14.05 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Secured Parties and shall survive the execution and delivery of the Loan Documents and the making of any Loans regardless of any investigation made by any Lender or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended under the Credit Agreement, and shall continue in full force and effect until the Guaranteed Obligations are Paid in Full.

14.06 Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire agreement among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other means of electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

14.07 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14.08 Right of Set-Off. If an Event of Default shall have occurred and be continuing, each Secured Party and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Secured Party or any such Affiliate to or for the credit or the account of any Guarantor against any and all of the obligations of such Guarantor now or hereafter existing under this Agreement or any other Loan Document to such Secured Party, irrespective of whether or not such Secured Party shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Guarantor may be contingent or unmatured or are owed to a branch or office of such Secured Party different from the branch or office holding such deposit or obligated on

such indebtedness. The rights of each Secured Party and its respective Affiliates under this Section 4.08 are in addition to other rights and remedies (including other rights of setoff) that such Secured Party or its respective Affiliates may have.

14.09 Governing Law; Jurisdiction; Venue; Waiver of Jury Trial; Consent to Service of Process.

(a) The terms of Sections 10.13 and 10.14 of the Credit Agreement with respect to governing law, submission of jurisdiction, venue and waiver of jury trial are incorporated herein by reference, *mutatis mutandis*, and the parties hereto agree to such terms.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 4.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by Law.

14.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

14.11 Guaranty Absolute. To the fullest extent permitted by Law, all rights of the Administrative Agent hereunder and all obligations of each Guarantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Credit Agreement, any other Loan Document, any agreement with respect to any of the Guaranteed Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee guaranteeing all or any of the Guaranteed Obligations or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Guarantor in respect of the Guaranteed Obligations or this Agreement (other than the Payment in Full of all of the Guaranteed Obligations).

14.12 Termination or Release.

(a) This Agreement and the Guarantees made herein shall terminate with respect to all Guaranteed Obligations when all the outstanding Guaranteed Obligations have been Paid in Full.

(b) If applicable, a Guarantor shall be released of its obligations under this Agreement in accordance with Section 9.10(b) of the Credit Agreement.

14.13 Additional Guarantors. Pursuant to Section 6.12 of the Credit Agreement, upon (x) the formation or acquisition of any new direct or indirect Restricted Subsidiary (other than an Excluded Subsidiary) by any Loan Party or the designation in

accordance with the terms of the Credit Agreement of any existing direct or indirect Unrestricted Subsidiary as a Restricted Subsidiary or (y) any Subsidiary ceasing to constitute an Immaterial Subsidiary, the Borrower shall, in each case at the Borrower's expense, cause such Restricted Subsidiary to enter into this Agreement. Upon execution and delivery by the Administrative Agent and a Restricted Subsidiary of a Guaranty Supplement, such Restricted Subsidiary shall become a Guarantor hereunder with the same force and effect as if originally named as a Guarantor herein. The execution and delivery of any such instrument shall not require the consent of any other Loan Party hereunder. The rights and obligations of each Loan Party hereunder shall remain in full force and effect notwithstanding the addition of any new Loan Party as a party to this Agreement.

14.14 Limitation on Guaranteed Obligations. Each Guarantor and each Secured Party (by its acceptance of the benefits of this Agreement) hereby confirms that it is its intention that this Agreement not constitute a fraudulent transfer or conveyance for purposes of any Laws related to bankruptcy or insolvency laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (including the Bankruptcy Code of the United States, the Uniform Fraudulent Conveyance Act or any similar Federal or state law). To effectuate the foregoing intention, each Guarantor and each Secured Party (by its acceptance of the benefits of this Agreement) hereby irrevocably agrees that the Guaranteed Obligations owing by such Guarantor under this Agreement shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such Laws and after giving effect to any rights to contribution and/or subrogation pursuant to any agreement providing for an equitable contribution and/or subrogation among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

14.15 Continuing Guaranty. This guaranty is a continuing guaranty of payment, and shall apply to all Guaranteed Obligations whenever arising.

14.16 Consent to Certain Provisions. Each Guarantor will comply with all covenants in the Loan Documents applicable to it as a Restricted Subsidiary or Loan Party even if it is not a signatory to the applicable Loan Document.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

GUARANTORS:

GLS INTERNATIONAL INC.

By: _____

Name:

Title:

[Signature Page – Guaranty]

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Page – Guaranty]

NEU SPECIALTY ENGINEERED
MATERIALS, LLC

By: _____
Name:
Title:

[Signature Page – Guaranty]

By: _____
Name:
Title:

By: _____
Name:
Title:

[Signature Page – Guaranty]

By: _____

Name:

Title:

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By: _____
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[Signature Page – Guaranty]

By: _____
Name:
Title:

[Signature Page – Guaranty]

BORROWER:

POLYONE CORPORATION

By: _____
Name:
Title:

[Signature Page – Guaranty]

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

[Signature Page – Guaranty]

SUPPLEMENT NO. ___ dated as of [•], to the Guaranty, dated as of December 21, 2011, among the Guarantors identified therein and BANK OF AMERICA, N.A., as Administrative Agent (the “**Guaranty**”).

A. Reference is made to the Credit Agreement, dated as of December 21, 2011, by and among PolyOne Corporation, a Delaware corporation (the “**Borrower**”), Bank of America, N.A., as Administrative Agent and the lending institutions from time to time party thereto (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”).

B. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement and the Guaranty.

C. The Guarantors have entered into the Guaranty in order to induce the Lenders to make Loans and the Issuing Lenders to issue Letters of Credit. Section 4.13 of the Guaranty provides that additional Restricted Subsidiaries of the Borrower may become Guarantors under the Guaranty by execution and delivery of an instrument in the form of this Supplement. The undersigned Restricted Subsidiary (the “**New Subsidiary**”) is executing this Supplement in accordance with the requirements of the Credit Agreement to become a Guarantor under the Guaranty in order to induce the Lenders to make Loans, in each case, pursuant to the terms of the Credit Agreement, and as consideration for Loans previously made.

Accordingly, the Administrative Agent and the New Subsidiary agree as follows:

SECTION 1. In accordance with Section 4.13 of the Guaranty, the New Subsidiary by its signature below becomes a Guarantor under the Guaranty with the same force and effect as if originally named therein as a Guarantor and the New Subsidiary hereby (a) agrees to all the terms and provisions of the Guaranty applicable to it as a Guarantor thereunder and (b) represents and warrants that the representations and warranties made by it as a Guarantor thereunder are true and correct on and as of the date hereof. In furtherance of the foregoing, the New Subsidiary, as security for the payment and performance in full of the Guaranteed Obligations does hereby, for the benefit of the Secured Parties, their successors and assigns, irrevocably, absolutely and unconditionally guaranty, jointly with the other Guarantors and severally, the due and punctual payment and performance of the Guaranteed Obligations as set forth in the Guaranty. Each reference to a “Guarantor” in the Guaranty shall be deemed to include the New Subsidiary. The Guaranty is hereby incorporated herein by reference.

SECTION 2. The New Subsidiary represents and warrants to the Administrative Agent and the other Secured Parties that this Supplement has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 3. This Supplement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Supplement shall become

effective when the Administrative Agent shall have received a counterpart of this Supplement that bears the signature of the New Subsidiary and the Administrative Agent has executed a counterpart hereof. Delivery of an executed signature page to this Supplement by facsimile transmission or other means of electronic transmission shall be as effective as delivery of a manually signed counterpart of this Supplement.

SECTION 4. Except as expressly supplemented hereby, the Guaranty shall remain in full force and effect.

SECTION 5. **THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

SECTION 6. In case any one or more of the provisions contained in this Supplement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and in the Guaranty shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties hereto shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 7. All communications and notices hereunder shall be in writing and given as provided in Section 4.01 of the Guaranty.

IN WITNESS WHEREOF, the New Subsidiary and the Administrative Agent have duly executed this Supplement to the Guaranty as of the day and year first above written.

[NAME OF NEW SUBSIDIARY]

By: _____
Name:
Title:

BANK OF AMERICA, N.A.,
as Administrative Agent,

By: _____

Name:

Title:

FORM OF SECURITY AGREEMENT

[separately attached]

SECURITY AGREEMENT

By

POLYONE CORPORATION,

and

THE OTHER PLEDGORS PARTY HERETO

and

BANK OF AMERICA, N.A.,
as Administrative Agent

Dated as of December 21, 2011

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EXHIBIT 6	Form of Trademark Security Agreement
SCHEDULE I	Intercompany Notes
SCHEDULE C	Copyrights
SCHEDULE P-1	Patents
SCHEDULE P-2	Pledged Securities
SCHEDULE T	Trademarks
SCHEDULE 3.3	Filing Offices
SCHEDULE 3.4(a)	Instruments and Tangible Chattel Paper
SCHEDULE 3.4(b)	Deposit Accounts; Banks
SCHEDULE 3.4(c)	Securities Accounts and Commodities Accounts
SCHEDULE 3.4(d)	Electronic Chattel Paper and Transferable Records
SCHEDULE 3.4(f)	Commercial Tort Claims
SCHEDULE 4.5	Inventory and Equipment Locations

THIS AGREEMENT IS SUBJECT TO THE PROVISIONS OF THE INTERCREDITOR
ARRANGEMENTS (AS DEFINED BELOW). IN THE EVENT OF ANY INCONSISTENCY
BETWEEN THE TERMS OF THIS AGREEMENT AND THE TERMS OF ANY OF THE
INTERCREDITOR ARRANGEMENTS, THE TERMS OF SUCH APPLICABLE INTERCREDITOR
ARRANGEMENT.

SECURITY AGREEMENT

This SECURITY AGREEMENT dated as of December 21, 2011 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this “Agreement”) made by the Pledgors listed on the signature pages hereof and those additional entities that hereafter become parties hereto by executing the form of Security Agreement Supplement attached hereto as Exhibit 3 (the “Pledgors” and each, a “Pledgor”), in favor of BANK OF AMERICA, N.A., in its capacity as administrative and collateral agent pursuant to the Credit Agreement (as hereinafter defined), as pledgee, assignee and secured party (in such capacities and together with any successors and assigns in such capacities, the “Administrative Agent”).

R E C I T A L S :

A. The PolyOne Corporation (the “Borrower”), the Administrative Agent and the lending institutions listed therein have, in connection with the execution and delivery of this Agreement, entered into that certain Credit Agreement, dated as of December 21, 2011 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”).

B. Each Guarantor has, pursuant to the Guaranty, unconditionally guaranteed the Obligations.

C. Each Pledgor will receive substantial benefits from the execution, delivery and performance of the obligations under the Credit Agreement and the other Loan Documents and each is, therefore, willing to enter into this Agreement.

D. This Agreement is given by each Pledgor in favor of the Administrative Agent for the benefit of the Secured Parties to secure the payment and performance of all of the Obligations.

F. It is a condition to the obligations of the Secured Parties to make financial accommodations to Borrower and the Guarantors as provided for in the Credit Agreement and the other Loan Documents that each Pledgor execute and deliver the applicable Loan Documents, including this Agreement.

A G R E E M E N T:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Pledgor and the Administrative Agent hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions.

(a) Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC; provided that in any event, the following terms shall have the meanings assigned to them in the UCC:

“Accounts”; “Bank”; “Chattel Paper”; “Commercial Tort Claim”; “Commodity Account”; “Commodity Contract”; “Commodity Intermediary”; “Documents”; “Electronic Chattel Paper”; “Entitlement Order”; “Equipment”; “Financial Asset”; “Fixtures”; “Goods”; “Inventory”; “Letter-of-Credit Rights”; “Letters of Credit”; “Money”; “Payment Intangibles”; “Records”; “Securities Account”; “Securities Intermediary”; “Security Entitlement”; “Supporting Obligations”; and “Tangible Chattel Paper.”

(b) Terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement. Sections 1.2 and 1.4 of the Credit Agreement shall apply herein *mutatis mutandis*.

(c) The following terms shall have the following meanings:

“2015 Note Intercreditor Agreement” shall have the meaning assigned to such term in the Credit Agreement.

“ABL Agent” shall have the meaning assigned to such term in the Credit Agreement.

“ABL Facility” shall have the meaning assigned to such term in the Credit Agreement.

“Account Control Agreements” shall mean, collectively, the Deposit Account Control Agreement, the Securities Account Control Agreement and the Commodity Account Control Agreement.

“Account Debtor” shall mean each person who is obligated on a Receivable or Supporting Obligation related thereto.

“Acknowledgment” shall have the meaning assigned to such term in the Credit Agreement.

“Activation Instruction” shall have the meaning assigned to such term in Section 3.4(b)(ii) hereof.

“Administrative Agent” shall have the meaning assigned to such term in the Preamble hereof.

“After-Acquired IP Collateral” shall have the meaning assigned to such term in Section 6.4 hereof.

“Agreement” shall have the meaning assigned to such term in the Preamble hereof.

“Books” shall mean books and records (including each Pledgor’s Records indicating, summarizing, or evidencing such Pledgor’s assets (including the Collateral) or liabilities, each Pledgor’s Records relating to such Pledgor’s business operations or financial condition, and each Pledgor’s goods or General Intangibles related to such information).

“Borrower” shall have the meaning assigned to such term in the Preamble hereof.

“Cash Dominion Event” shall have the meaning assigned to such term in the ABL Facility.

“Cash Equivalents” shall have the meaning assigned to such term in the Credit Agreement.

“Collateral” shall have the meaning assigned to such term in Section 2.1 hereof.

“Collateral Support” shall mean all property (real or personal) assigned, hypothecated or otherwise securing any Collateral and shall include any security agreement or other agreement granting a lien or security interest in such real or personal property.

“Collections” shall mean all cash, checks, notes, instruments, and other items of payment (including insurance proceeds, cash proceeds of asset sales, rental proceeds, and tax refunds).

“Commodity Account Control Agreement” shall mean a control agreement in a form that is reasonably satisfactory to the Administrative Agent establishing the Administrative Agent’s Control with respect to any Commodity Account.

“Computer Software” shall mean, all computer software, programs and databases (including, without limitation, source code, object code and all related applications and data files), firmware and documentation and materials relating thereto, together with any and all maintenance rights, service rights, programming rights, hosting rights, test rights, improvement rights, renewal rights and indemnification rights and any substitutions, replacements, improvements, error corrections, updates and new versions of any of the foregoing.

“Contracts” shall mean, collectively, with respect to each Pledgor, the Merger Agreement, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Pledgor and any third party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

“Control” shall mean (i) in the case of each Deposit Account, “control,” as such term is defined in Section 9-104 of the UCC, (ii) in the case of any Security Entitlement, “control,” as such term is defined in Section 8-106 of the UCC, and (iii) in the case of any Commodity Contract, “control,” as such term is defined in Section 9-106 of the UCC.

“Controlled Account Bank” shall have the meaning assigned to such term in Section 3.4(b)(i) hereof.

“Copyrights” shall mean, collectively, with respect to each Pledgor, all copyrights (whether statutory or common law, whether established or registered in the United States or any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished), including copyrights in Computer Software and all copyright registrations and applications made by such Pledgor, including those listed on Schedule C to this Agreement, in each case, whether now owned or hereafter created or acquired by or assigned to such Pledgor, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor’s use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof and amendments thereto, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

“Copyright Security Agreement” shall mean an agreement substantially in the form of Exhibit 4 hereto.

“Credit Agreement” shall have the meaning assigned to such term in Recital A hereof.

“Deposit Account Control Agreement” shall mean an agreement in a form that is reasonably satisfactory to the Administrative Agent establishing the Administrative Agent’s Control with respect to any Deposit Account.

“Deposit Accounts” shall mean, collectively, with respect to each Pledgor, all “deposit accounts” as such term is defined in the UCC.

“Distributions” shall mean, collectively, with respect to each Pledgor, all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed to such Pledgor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

“Excluded Accounts” shall have the meaning assigned to such term in Section 3.4(b)(i) hereof.

“Excluded Property” shall mean (a) voting Equity Interest in excess of 65% of the voting Equity Interest of any CFC (whether directly, indirectly through a pledge of the voting Equity Interest of an entity that is treated as a disregarded entity for federal income tax purposes and substantially all of the assets of which consist of the voting Equity Interest of one or more of such CFCs, or a combination thereof), and (b)(i) fee-owned Real Property other than Material Real Property and any leasehold interest, (ii) commercial tort claims with a value of less than \$250,000, (iii) any governmental licenses or State or local franchises, charters and authorizations, in each case, to the extent that the grant of a security interest therein would violate or invalidate such governmental licenses or State or local franchises, charters and authorizations, (iv) pledges and security interests prohibited or restricted by applicable law (including any requirement to obtain the consent of any governmental authority or third party), (v) shares in joint ventures, partnerships or non-wholly-owned Subsidiaries which cannot be pledged without third parties’ consent or the assets owned by any of the foregoing, (vi) agreements, licenses or leases to the extent that by their terms such agreements, licenses or leases prohibit such security interests or such security interest would create a right of termination in favor of any other party thereto (including any requirement to obtain the consent of any third party), (vii) margin stock, and (viii) any intent to use trademark application to the extent and for so long as creation by a Pledgor of a security interest therein would result in the loss by such Pledgor of any material rights therein; provided, that, (A) in case of each of clauses (iii) through (vii) above, such property and assets shall be excluded from Collateral only to the extent that the restrictions on security interests are enforceable after giving effect to the applicable anti-assignment provisions of the UCC (and/or other applicable law which may render such anti-assignment provisions null and void and ineffective), (B) proceeds and receivables of Excluded Property shall be deemed Collateral and the assignment of proceeds and receivables of Excluded Property shall be expressly deemed effective under the UCC, notwithstanding the foregoing and (c) the security interest shall attach to the property and assets identified in clause (b) above immediately and automatically at such time as any applicable condition described in clause (b) ceases to exist, and, to the extent severable, shall in any event attach to all rights in respect of such property and assets that are not subject to such applicable condition described in clause (b) above.

“Foreign Subsidiary” shall mean a Subsidiary that is organized under the laws of a jurisdiction other than the United States or any state thereof or the District of Columbia.

“General Intangibles” shall mean, collectively, with respect to each Pledgor, all “general intangibles,” as such term is defined in the UCC, of such Pledgor and, in any event, shall include (i) all of such Pledgor’s rights, title and interest in, to and under all Contracts and insurance policies (including all rights and remedies relating to monetary damages, including indemnification rights and remedies, and claims for damages or other relief pursuant to or in respect of any Contract), (ii) all know-how and warranties relating to any of the Collateral or the Mortgaged Property, (iii) any and all other rights, claims, choses-in-action and causes of action of such Pledgor against any other person and the benefits of any and all collateral or other security given by any other person in connection therewith, (iv) all guarantees, endorsements and

indemnifications on, or of, any of the Collateral or any of the Mortgaged Property, (v) all lists, books, records, correspondence, ledgers, printouts, files (whether in printed form or stored electronically), tapes and other papers or materials containing information relating to any of the Collateral or any of the Mortgaged Property, including all customer or tenant lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, appraisals, recorded knowledge, surveys, studies, engineering reports, test reports, manuals, standards, processing standards, performance standards, catalogs, research data, computer and automatic machinery software and programs and the like, field repair data, accounting information pertaining to such Pledgor's operations or any of the Collateral or any of the Mortgaged Property and all media in which or on which any of the information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data, (vi) all licenses, consents, permits, variances, certifications, authorizations and approvals, however characterized, now or hereafter acquired or held by such Pledgor, including building permits, certificates of occupancy, environmental certificates, industrial permits or licenses and certificates of operation and (vii) all rights to reserves, deferred payments, deposits, refunds, indemnification of claims and claims for tax or other refunds against any Governmental Authority.

“Goodwill” shall mean, collectively, with respect to each Pledgor, the goodwill connected with such Pledgor's business including all goodwill connected with (i) the use of and symbolized by any Trademark or, as applicable, any other trademark licensed to such Pledgor pursuant to an Intellectual Property License, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Pledgor's business.

“Hedging Agreement” shall mean, (a) an agreement relating to any swap, cap, floor, collar, option, forward, cross right or obligation, or combination thereof or similar transaction, with respect to interest rate, foreign exchange, currency, commodity, credit or equity risk, and (b) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or the value of foreign currencies.

“Insolvency Proceeding” shall mean, any proceeding commenced by or against any Person under any provision of any Debtor Relief Law or under any other provincial, state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Instruments” shall mean, collectively, with respect to each Pledgor, all “instruments,” as such term is defined in Article 9, rather than Article 3, of the UCC, and shall include all promissory notes, drafts, bills of exchange or acceptances.

“Intellectual Property Collateral” shall mean, collectively, the Patents, Trademarks, Copyrights, Intellectual Property Licenses and Goodwill.

“Intellectual Property Licenses” shall mean, collectively, with respect to each Pledgor, all license agreements with any other party with respect to any Patent, Trademark or Copyright or any other patent, trademark or copyright, whether such Pledgor is a licensor or licensee, under any such license agreement, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements or violations thereof, (iii) rights, if any, granted to such Pledgor pursuant to such license agreements to sue for past, present and future infringements or violations of any patents, trademarks or copyrights licensed to such Pledgor and (iv) other rights, if any, granted to such Pledgor pursuant to such license agreements to use, exploit or practice any patents, trademarks or copyrights licensed to such Pledgor.

“Intercreditor Agreement” shall have the meaning assigned to such term in the Credit Agreement.

“Intercreditor Arrangements” shall mean, collectively, the Intercreditor Agreement and the 2015 Note Intercreditor Agreement.

“Intercompany Notes” shall mean, with respect to each Pledgor, all intercompany notes described in Schedule I to this Agreement and intercompany notes hereafter acquired by such Pledgor and all certificates, instruments or agreements evidencing such intercompany notes, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

“Investment Property” shall mean a security, whether certificated or uncertificated, Security Entitlement, Securities Account, Commodity Contract or Commodity Account, excluding, however, the Securities Collateral.

“Patents” shall mean, collectively, with respect to each Pledgor, all patents and patent applications and registrations owned by or assigned to, such Pledgor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), including those set forth on Schedule P-1 to this Agreement, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor’s use of any such patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Patent Security Agreement” shall mean an agreement substantially in the form of Exhibit 5 hereto.

“Perfection Certificate” shall have the meaning assigned to such term in the Credit Agreement.

“Permitted Liens” shall have the meaning assigned to such term in the Credit Agreement.

“Pledge Amendment” shall have the meaning assigned to such term in Section 5.1 hereof.

“Pledged Deposit Accounts” means each Deposit Account any Pledgor at any time opens or maintains, other than (A) Excluded Accounts or (B) Deposit Accounts the daily balance of which does not at any time exceed \$1,000,000 for any such account or \$5,000,000 for all such accounts.

“Pledged Securities” shall mean, collectively, with respect to each Pledgor, (i) all issued and outstanding Equity Interests set forth on Schedule P-2 to this Agreement as being owned by such Pledgor, and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such issuer acquired by such Pledgor (including by issuance), together with all rights, privileges, authority and powers of such Pledgor relating to such Equity Interests in each such issuer or under any Organization Document of each such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Pledgor in the entries on the books of any financial intermediary pertaining to such Equity Interests, (ii) all Equity Interests of any issuer, which Equity Interests are hereafter acquired by such Pledgor (including by issuance) and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such issuer acquired by such Pledgor (including by issuance), together with all rights, privileges, authority and powers of such Pledgor relating to such Equity Interests or under any Organization Document of any such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Pledgor in the entries on the books of any financial intermediary pertaining to such Equity Interests, from time to time acquired by such Pledgor in any manner, and (iii) all Equity Interests issued in respect of the Equity Interests referred to in clause (i) or (ii) upon any consolidation or merger of any issuer of such Equity Interests; provided, that, Pledged Securities shall not include Pledged Securities that otherwise constitute Excluded Property; provided, further that Pledgors shall not be required to deliver to the Administrative Agent certificates representing Equity Interest of any Immaterial Subsidiary and Joint Ventures so long as there exists no other Lien upon the Equity Interest of any such Immaterial Subsidiary or Joint Venture other than a lien permitted by Section 7.01(a) of the Credit Agreement (and for the avoidance of doubt the Administrative Agent’s Liens shall extend to Equity Interest of all Immaterial Subsidiaries and Joint Ventures), subject to the terms of the Intercreditor Agreement, Section 7.01(l) of the Credit Agreement, subject to the terms of the 2015 Note Intercreditor Agreement, Section 7.01(m)(i) of the Credit Agreement and subject to and in accordance with the terms of the Acknowledgment and Section 7.01(m)(ii) of the Credit Agreement, holders of the Series G Notes.

“Pledgor” shall have the meaning assigned to such term in the Preamble hereof.

“Proceeds” shall have the meaning assigned to such term in Section 2.1.

“Receivables” shall mean all (i) Accounts, (ii) Chattel Paper, (iii) Payment Intangibles, (iv) General Intangibles, (v) Instruments and (vi) other rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, regardless of how classified under the UCC together with all of Pledgors’ rights, if any, in any goods or other property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Records relating thereto.

“Records” means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

“Registered” means issued by, registered with, renewed by or the subject of a pending application before any Governmental Authority or Internet domain name registrar.

“Revolving Loan Priority Collateral” shall have the meaning assigned to such term in the Intercreditor Agreement.

“Secured Hedge Agreement” means a Hedge Agreement with a Secured Swap Counterparty the purpose of which is to hedge interest rates in respect of the Loans.

“Secured Swap Counterparty” means each Person that is a “Lender” under and as defined in the ABL Facility at the time it enters into a Secured Hedge Agreement, in its capacity as a counterparty to such Secured Hedge Agreement.

“Securities Account Control Agreement” shall mean an agreement in a form that is reasonably satisfactory to the Administrative Agent establishing the Administrative Agent’s Control with respect to any Securities Account.

“Security Agreement Supplement” shall mean an agreement substantially in the form of Exhibit 3 hereto.

“Securities Collateral” shall mean, collectively, the Pledged Securities, the Intercompany Notes and the Distributions.

“Secured Parties” shall have the meaning assigned to such term in the Credit Agreement.

“Trademarks” shall mean, collectively, with respect to each Pledgor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URL’s), domain names, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Pledgor and all registrations and applications for the foregoing (whether statutory or common law and whether established or registered in the United States or any other country or any political subdivision thereof), including those set forth on Schedule T to this Agreement, together with any and all (i) rights and privileges arising under applicable law with respect to such Pledgor’s use of any trademarks, (ii) reissues, continuations,

extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

“Trademark Security Agreement” shall mean an agreement substantially in the form of Exhibit 6 hereto.

“UCC” shall mean the Uniform Commercial Code as in effect from time to time in the State of New York; provided, that, at any time, if by reason of mandatory provisions of law, any or all of the perfection or priority of the Administrative Agent’s and the Secured Parties’ security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term “UCC” shall mean the Uniform Commercial Code as in effect, at such time, in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

“Voting Stock” shall mean, with respect to any person, any class or classes of Equity Interests pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors of such person.

SECTION 1.2 Interpretation. The rules of interpretation specified in the Credit Agreement (including Section 1.02 thereof) shall be applicable to this Agreement.

SECTION 1.3 Perfection Certificate. The Administrative Agent and each Secured Party agree that the Perfection Certificate and all descriptions of Collateral, schedules, amendments and supplements thereto are and shall at all times remain a part of this Agreement.

ARTICLE II

GRANT OF SECURITY AND OBLIGATIONS

SECTION 2.1 Grant of Security Interest. As collateral security for the payment and performance in full of all the Obligations, each Pledgor hereby pledges and grants to the Administrative Agent for the benefit of the Secured Parties, a lien on and security interest in all of the right, title and interest of such Pledgor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the “Collateral”):

- (i) all Accounts;
- (ii) all Equipment, Goods, Inventory and Fixtures;
- (iii) all Documents, Instruments and Chattel Paper;

- (iv) all Securities Collateral;
- (v) all Investment Property;
- (vi) all Intellectual Property Collateral;
- (vii) all General Intangibles;
- (viii) all Money, all Cash Equivalents and all Deposit Accounts;
- (ix) all Supporting Obligations;
- (x) all Commercial Tort Claims, including those set forth on Schedule 3.4(f) hereto;
- (xi) Letters of Credit and Letter of Credit Rights;
- (xii) all Books and Records relating to the Collateral; and

(xiii) to the extent not covered by clauses (i) through (xii) of this sentence, all other personal property of such Pledgor, whether tangible or intangible, and all of the proceeds (as such term is defined in the UCC) and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance or Commercial Tort Claims covering or relating to any or all of the foregoing, and any and all Accounts, Books, Chattel Paper, Deposit Accounts, Equipment, Fixtures, General Intangibles, Inventory, Investment Property, Securities Collateral, Instruments, Documents, Supporting Obligations, Money, Intellectual Property Collateral or other tangible or intangible property resulting from the sale, lease, license, exchange, collection, or other disposition of any of the foregoing, the proceeds of any award in condemnation with respect to any of the foregoing, any rebates or refunds, whether for taxes or otherwise, and all proceeds of any such proceeds, or any portion thereof or interest therein, and the proceeds thereof, and all proceeds of any loss of, damage to, or destruction of the above, whether insured or not insured, and, to the extent not otherwise included, any indemnity, warranty, or guaranty payable by reason of loss or damage to, or otherwise with respect to any of the foregoing (the “Proceeds”). Without limiting the generality of the foregoing, the term “Proceeds” includes whatever is receivable or received when Investment Property, Securities Collateral or proceeds are sold, exchanged, collected, or otherwise disposed of, whether such disposition is voluntary or involuntary, and includes proceeds of any indemnity or guaranty payable to any Pledgor or Administrative Agent from time to time with respect to any of the Investment Property.

Notwithstanding anything to the contrary contained in clauses (i) through (xii) above, the security interest created by this Agreement shall not extend to, and the term “Collateral” shall not include, any Excluded Property.

SECTION 2.2 Security for Obligations. The security interest created hereby secures the payment and performance of the Obligations, whether now existing or arising hereafter. Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts which constitute part of the Obligations and would be owed by Pledgors, or any of them, to the Administrative Agent, any of the other Secured Parties or any of them.

SECTION 2.3 Filings. (i) Each Pledgor hereby irrevocably authorizes the Administrative Agent at any time and from time to time to file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including (i) whether such Pledgor is an organization, the type of organization and any organizational identification number issued to such Pledgor, (ii) any financing or continuation statements or other documents without the signature of such Pledgor where permitted by law, including the filing of a financing statement describing the Collateral as “all now existing or hereafter arising or acquired property and assets of the Pledgor, wherever located” and (iii) in the case of a financing statement filed as a fixture filing or covering Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Collateral relates. Each Pledgor agrees to provide all information described in the immediately preceding sentence to the Administrative Agent promptly upon request by the Administrative Agent.

(a) Each Pledgor hereby further authorizes the Administrative Agent to file filings with the United States Patent and Trademark Office or United States Copyright Office (or any successor office or any similar office in any other country), including this Agreement, the Copyright Security Agreement, the Patent Security Agreement and the Trademark Security Agreement, or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Pledgor hereunder, without the signature of such Pledgor, and naming such Pledgor, as debtor, and the Administrative Agent, as secured party.

ARTICLE III

PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL

SECTION 3.1 Delivery of Certificated Securities Collateral. Except as expressly set forth on Schedule 6.17 of the Credit Agreement with respect to post-Closing Date deliverables, each Pledgor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been

delivered to the Administrative Agent in suitable form for transfer by delivery or accompanied by duly executed instruments of transfer or assignment in blank and that the Administrative Agent has a perfected first priority security interest therein. Each Pledgor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Pledgor after the date hereof shall promptly (but in any event within ten (10) days after receipt thereof by such Pledgor) be delivered to and held by or on behalf of the Administrative Agent pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Administrative Agent. The Administrative Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Administrative Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, upon the occurrence and during the continuance of an Event of Default, the Administrative Agent shall have the right at any time to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations.

SECTION 3.2 Perfection of Uncertificated Securities Collateral. Except as expressly set forth on Schedule 6.17 of the Credit Agreement with respect to post-Closing Date deliverables, each Pledgor represents and warrants that the Administrative Agent has a perfected first priority security interest in all uncertificated Pledged Securities pledged by it hereunder that are in existence on the date hereof. Each Pledgor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Pledgor shall, to the extent permitted by applicable law, (i) cause the issuer to execute and deliver to the Administrative Agent an acknowledgment of the pledge of such Pledged Securities substantially in the form of Exhibit 1 hereto with such modifications as are reasonably satisfactory to the Administrative Agent and such Pledgor, (ii) if necessary or desirable to perfect a security interest in such Pledged Securities, cause such pledge to be recorded on the equityholder register or the books of the issuer, execute any customary pledge forms or other documents necessary or appropriate to complete the pledge and give the Administrative Agent the right to transfer such Pledged Securities under the terms hereof, and (iii) after the occurrence and during the continuance of any Event of Default, upon request by the Administrative Agent, (A) cause the Organization Documents of each such issuer that is a Subsidiary of the Borrower to be amended to provide that such Pledged Securities shall be treated as “securities” for purposes of the UCC and (B) cause such Pledged Securities to become certificated and delivered to the Administrative Agent in accordance with the provisions of Section 3.1.

SECTION 3.3 Financing Statements and Other Filings; Maintenance of Perfected Security Interest. Except as expressly set forth on Schedule 6.17 of the Credit Agreement with respect to post-Closing Date deliverables, each Pledgor represents and warrants that all financing statements, agreements, instruments and other documents necessary to perfect the security interest granted by it to the Administrative Agent in respect of the Collateral have been delivered to the Administrative Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule 3.3 to this Agreement. Each Pledgor agrees that at the sole cost and

expense of the Pledgors, such Pledgor will maintain the security interest created by this Agreement in the Collateral as a perfected first priority security interest subject to Permitted Liens.

SECTION 3.4 Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Administrative Agent to enforce, the Administrative Agent's security interest in the Collateral, each Pledgor represents and warrants (as to itself) as follows and agrees, in each case at such Pledgor's own expense, to take the following actions with respect to the following Collateral:

(a) **Instruments and Tangible Chattel Paper.** As of the date hereof, no amounts payable under or in connection with any of the Collateral are evidenced by any Instrument or Tangible Chattel Paper other than such Instruments and Tangible Chattel Paper listed in Schedule 3.4(a) to this Agreement. Each Instrument and each item of Tangible Chattel Paper listed in Schedule 3.4(a) to this Agreement has been properly endorsed, assigned and delivered to the Administrative Agent, accompanied by instruments of transfer or assignment duly executed in blank. If any amount then payable under or in connection with any of the Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, and such amount, together with all amounts payable evidenced by any Instrument or Tangible Chattel Paper not previously delivered to the Administrative Agent exceeds \$1,000,000 in the aggregate for all Pledgors, the Pledgor acquiring such Instrument or Tangible Chattel Paper shall promptly (but in any event within ten (10) days after receipt thereof) endorse, assign and deliver the same to the Administrative Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Administrative Agent may from time to time specify.

(b) **Deposit Accounts.**

(i) As of the date hereof, no Pledgor has any Deposit Accounts (other than segregated Deposit Accounts constituting (and the balance of which consists solely of funds set aside in connection with) payroll funding accounts, accounts maintained for contributions to health and benefit plans, withholding accounts, fiduciary accounts or any accounts maintained outside the United States (collectively, "Excluded Accounts")) other than the accounts listed in Schedule 3.4(b) to this Agreement. As of the date hereof, no Pledgor has executed any Account Control Agreement with respect to any Deposit Account, Securities Account or Commodity Account. The Administrative Agent has a first priority security interest in each pledged Securities Account and Commodity Account, which security interest is perfected by Control (the Administrative Agent shall have Control upon the execution and delivery of a Account Control Agreement (which for the avoidance of doubt must be executed and delivered not later than the date set forth in Schedule 6.17 to the Credit Agreement)). Each Pledgor shall establish and maintain cash management services of a type and on terms reasonably satisfactory to Administrative Agent (which cash management services as established and maintained on the date hereof are reasonably satisfactory to Administrative Agent) at one or more of the banks set forth on Schedule 3.4(b) to this Agreement (each a "Controlled Account Bank"), and shall take reasonable steps to ensure that its cash management system (including, the remittance of payments by such Pledgor's Account Debtors and the deposit of Collections of such Pledgor) into Deposit Accounts at a Controlled Account Bank) shall continue to operate, in all material respects, in a manner as it does on the date hereof. Except with respect to the Certificate of Deposit number 406231 of Parent maintained at Bank of America, N.A., no Pledgor shall grant Control of any Deposit Account to any person other than the Administrative Agent, the ABL Agent (subject to the terms

of the Intercreditor Agreement), as otherwise permitted by the other Intercreditor Arrangement and subject to and in accordance with the Acknowledgment and Section 7.01(m)(ii) of the Credit Agreement, holders of the Series G Notes.

(ii) Each Pledgor shall establish and maintain Deposit Account Control Agreements for each Pledged Deposit Account with Administrative Agent and the applicable Controlled Account Bank, in form and substance reasonably acceptable to the Administrative Agent not later than the date and time set forth in Schedule 6.17 to the Credit Agreement. Each such Deposit Account Control Agreement shall provide, among other things, unless otherwise agreed to in writing by the Administrative Agent that (A) the Controlled Account Bank will comply with any instructions originated by Administrative Agent directing the disposition of the funds in such Deposit Account without further consent by the applicable Pledgor, (B) the Controlled Account Bank waives, subordinates, or agrees not to exercise any rights of setoff or recoupment or any other claim against the applicable Deposit Account other than for payment of its service fees and other charges directly related to the administration of such Deposit Account and for returned checks or other items of payment, and (C) upon the instruction of the Administrative Agent (an "Activation Instruction"), the Controlled Account Bank will forward by daily sweep all amounts in the applicable Deposit Account to the Agent's Account. Administrative Agent agrees not to issue an Activation Instruction with respect to the Deposit Accounts unless a Cash Dominion Event, a Default or an Event of Default has occurred and is continuing at the time such Activation Instruction is issued.

(iii) So long as no Cash Dominion Event, Default or Event of Default has occurred and is continuing, the Pledgors may add or replace a Controlled Account Bank or Deposit Account; provided, that, (A) the Borrower shall provide Administrative Agent with prompt written notice of any such new Controlled Account Bank or Deposit Account that is a Pledged Deposit Account, and (B) within thirty (30) days (or such longer period as Administrative Agent may agree in writing in its sole discretion) of opening such new Deposit Account that is a Pledged Deposit Account, the applicable Pledgor and such applicable Controlled Account Bank shall have executed and delivered to the Administrative Agent a Deposit Account Control Agreement.

(c) Securities Accounts and Commodity Accounts. (i) As of the date hereof, no Pledgor has any Securities Accounts or Commodity Accounts other than those listed in Schedule 3.4(c) to this Agreement. The Administrative Agent has a first priority security interest in each pledged Securities Account and Commodity Account, which security interest is perfected by Control. No Pledgor shall hereafter establish and maintain any Securities Account or Commodity Account with any Securities Intermediary or Commodity Intermediary unless as promptly as practicable after the establishment thereof such Securities Intermediary or Commodity Intermediary, as the case may be, and such Pledgor shall have duly executed and delivered a Account Control Agreement with respect to such Securities Account or Commodity Account, as the case may be. The requirement in the preceding sentence shall not apply to any Securities Account or Commodity Account the daily balance of which does not exceed \$1,000,000 for any such account or \$1,000,000 for all such accounts. Each Pledgor shall accept any cash and Investment Property in trust for the benefit of the Administrative Agent and within one (1) Business Day of actual receipt thereof, deposit any and all cash and Investment Property received by it into a Deposit Account or Securities Account subject to Administrative Agent's Control. The Administrative Agent agrees with each Pledgor that the Administrative Agent shall not give any Entitlement Orders or instructions or directions to any issuer of uncertificated securities, Securities Intermediary or Commodity Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Pledgor, unless a Cash Dominion Event or

an Event of Default has occurred and is continuing or, after giving effect to any such investment and withdrawal rights, would occur. Each Pledgor agrees that once the Administrative Agent sends an instruction or notice to a Securities Intermediary or Commodity Intermediary exercising its Control over any Securities Account and Commodity Account such Pledgor shall not give any instructions or orders with respect to such Securities Account and Commodity Account including, without limitation, instructions for investment, distribution or transfer of any Investment Property or financial asset maintained in such Securities Account or Commodity Account. No Pledgor shall grant Control over any Investment Property to any person other than the Administrative Agent, the ABL Agent (subject to the terms of the Intercreditor Agreement), as otherwise permitted by the other Intercreditor Arrangement and subject to and in accordance with the Acknowledgment and Section 7.01(m)(ii) of the Credit Agreement, holders of the Series G Notes.

(ii) As between the Administrative Agent and the Pledgors, the Pledgors shall bear the investment risk with respect to the Investment Property and Pledged Securities, and the risk of loss of, damage to, or the destruction of the Investment Property and Pledged Securities, whether in the possession of, or maintained as a Security Entitlement or deposit by, or subject to the Control of, the Administrative Agent, a Securities Intermediary, a Commodity Intermediary, any Pledgor or any other person.

(d) Electronic Chattel Paper and Transferable Records. As of the date hereof, no amount under or in connection with any of the Collateral is evidenced by any Electronic Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction) other than such Electronic Chattel Paper and transferable records listed in Schedule 3.4(d) to this Agreement. If any amount payable under or in connection with any of the Collateral shall be evidenced by any Electronic Chattel Paper or any transferable record, the Pledgor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Administrative Agent thereof and shall take such action as is reasonably necessary to grant the Administrative Agent control of such Electronic Chattel Paper under Section 9-105 of the UCC or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The requirement in the preceding sentence shall not apply to the extent that such amount, together with all amounts payable evidenced by Electronic Chattel Paper or any transferable record in which the Administrative Agent has not been vested control within the meaning of the statutes described in the immediately preceding sentence, does not exceed \$1,000,000 in the aggregate for all Pledgors. The Administrative Agent agrees with such Pledgor that the Administrative Agent will arrange, pursuant to procedures satisfactory to the Administrative Agent and so long as such procedures will not result in the Administrative Agent's loss of control, for the Pledgor to make alterations to the Electronic Chattel Paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless a Cash Dominion Event or an Event of Default has occurred and is continuing or would occur after taking into account any action by such Pledgor with respect to such Electronic Chattel Paper or transferable record.

(e) Letter-of-Credit Rights. If the Pledgors (or any of them) are or become the beneficiary of Letters of Credit having a face amount or value of \$1,000,000 or more in the

aggregate, then the applicable Pledgor or Pledgors shall promptly (and in any event within ten (10) Business Days after becoming a beneficiary), notify Administrative Agent thereof and, promptly (and in any event within twelve (12) Business Days) after request by Administrative Agent, enter into an agreement with Administrative Agent, to the extent applicable, the ABL Agent and the issuer or confirming bank with respect to Letter-of-Credit Rights assigning such Letter-of-Credit Rights to Administrative Agent and directing all payments thereunder to Agent's Account, all in form and substance satisfactory to Administrative Agent.

(f) Commercial Tort Claims. As of the date hereof, no Pledgor has any Commercial Tort Claims having a value, or involving an asserted claim, that exceed \$250,000 in amount, except as set forth on Schedule 3.4(f) to this Agreement. If the Pledgors (or any of them) obtain Commercial Tort Claims having a value, or involving an asserted claim, in the amount of \$250,000 or more in the aggregate for all Commercial Tort Claims, then the applicable Pledgor or Pledgors shall promptly (and in any event within ten (10) Business Days of obtaining such Commercial Tort Claim), notify Administrative Agent upon incurring or otherwise obtaining such Commercial Tort Claims and, promptly (and in any event within twelve (12) Business Days) after request by Administrative Agent, amend Schedule 3.4(f) to this Agreement to describe such Commercial Tort Claims in a manner that reasonably identifies such Commercial Tort Claims and which is otherwise reasonably satisfactory to Administrative Agent, and hereby authorizes the filing of additional financing statements or amendments to existing financing statements describing such Commercial Tort Claims, and agrees to do such other acts or things deemed necessary or desirable by Administrative Agent to give Administrative Agent a first priority, perfected security interest in any such Commercial Tort Claim.

(g) Real Property; Fixtures. Each Pledgor covenants and agrees that upon the acquisition of any fee interest in Material Real Property it will promptly (and in any event within five (5) Business Days of acquisition) notify Administrative Agent of the acquisition of such Real Property and will grant to Administrative Agent, for the benefit of the Secured Parties, within sixty (60) days of such acquisition, a first priority Mortgage on each fee interest in Material Real Property now or hereafter owned by such Pledgor and shall deliver documentation required by Schedule 4.01(a)(iv) to the Credit Agreement and such other documentation and opinions, in form and substance satisfactory to Administrative Agent, in connection with the grant of such Mortgage as Administrative Agent shall reasonably request, including title insurance policies, financing statements, fixture filings and environmental audits and such Pledgor shall pay all recording costs, intangible taxes and other fees and costs (including reasonable attorneys fees and expenses) incurred in connection therewith.

SECTION 3.5 Joinder of Additional Pledgors. The Pledgors shall cause each Subsidiary of the Borrower (other than an Excluded Subsidiary) which, from time to time, after the date hereof shall be required to pledge any assets to the Administrative Agent for the benefit of the Secured Parties pursuant to the provisions of the Credit Agreement, (a) to execute and deliver to the Administrative Agent (i) a Security Agreement Supplement substantially in the form of Exhibit 3 hereto and (ii) a Perfection Certificate, in each case, within thirty (30) days of the date on which it was acquired or created or (b) in the case of a Foreign Subsidiary required to pledge any assets to the Administrative Agent, to execute and deliver to the Administrative Agent such documentation as the Administrative Agent shall reasonably request and, in each case with respect to clauses (a) and (b) above, upon such execution and delivery, such Subsidiary shall constitute a "Pledgor" for all purposes hereunder with the same force and effect as if originally named as a Pledgor herein. The execution and delivery of such Security Agreement

Supplement shall not require the consent of any Pledgor hereunder. The rights and obligations of each Pledgor hereunder shall remain in full force and effect notwithstanding the addition of any new Pledgor as a party to this Agreement.

SECTION 3.6 Supplements; Further Assurances. Each Pledgor shall take such further actions, and execute and/or deliver to the Administrative Agent such additional financing statements, amendments, assignments, agreements, supplements, powers and instruments, as the Administrative Agent may in its reasonable judgment deem necessary or appropriate in order to create, perfect, preserve and protect the security interest in the Collateral as provided herein and the rights and interests granted to the Administrative Agent hereunder, to carry into effect the purposes hereof or better to assure and confirm the validity, enforceability and priority of the Administrative Agent's security interest in the Collateral or permit the Administrative Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral, including the filing of financing statements, continuation statements and other documents (including this Agreement) under the Uniform Commercial Code (or other similar laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Account Control Agreements, all in form reasonably satisfactory to the Administrative Agent and in such offices (including the United States Patent and Trademark Office and the United States Copyright Office) wherever required by law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Administrative Agent hereunder, as against third parties, with respect to the Collateral. Without limiting the generality of the foregoing, each Pledgor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Administrative Agent from time to time upon reasonable request by the Administrative Agent such lists, schedules, descriptions and designations of the Collateral, copies of warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments as the Administrative Agent shall reasonably request. If an Event of Default (or with respect to Collateral for which a Cash Dominion Event) has occurred and is continuing, the Administrative Agent may institute and maintain, in its own name or in the name of any Pledgor, such suits and proceedings as the Administrative Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and reasonable expense of the Pledgors.

SECTION 3.7 Agent's Right to Perform Contracts, Exercise Rights, etc. Upon the occurrence and during the continuance of an Event of Default, subject to the terms of the Intercreditor Arrangements, as applicable, Administrative Agent (or its designee) (a) shall have the right, subject to the terms and conditions of such Intellectual Property Licenses, to exercise any Pledgor's rights under Intellectual Property Licenses (including the right to use any patents, trademarks and copyrights licensed to such Pledgor pursuant to such Intellectual Property Licenses in connection with the enforcement of Administrative Agent's rights hereunder, including the right to prepare for sale and sell any and all Inventory and Equipment now or hereafter owned by any Pledgor and now or hereafter covered by such licenses, and (b) shall

have the right to request that any Equity Interests that is pledged hereunder be registered in the name of Administrative Agent or any of its nominees.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

Each Pledgor represents, warrants and covenants as follows:

SECTION 4.1 Title. Except for the security interest granted to the Administrative Agent for the benefit of the Secured Parties pursuant to this Agreement and Permitted Liens, such Pledgor owns and has rights and, as to Collateral acquired by it from time to time after the date hereof, will own and have rights in each item of Collateral pledged by it hereunder, free and clear of any and all Liens or claims of others.

SECTION 4.2 Validity of Security Interest. The security interest in and Lien on the Collateral granted to the Administrative Agent for the benefit of the Secured Parties hereunder constitutes (a) a legal and valid security interest in all the Collateral securing the payment and performance of the Obligations, and (b) a perfected security interest in all the Collateral (except that solely with respect to the Collateral that is listed on Schedule 6.17, the Administrative Agent for the benefit of the Secured Parties shall have a perfected security interest in such Collateral upon the completion of only those actions that are expressly set forth on such Schedule 6.17 with respect to such Collateral). The security interest and Lien granted to the Administrative Agent for the benefit of the Secured Parties pursuant to this Agreement in and on the Collateral will at all times constitute a perfected, continuing security interest therein, prior to all other Liens on the Collateral subject to Permitted Liens.

SECTION 4.3 Defense of Claims; Transferability of Collateral. Each Pledgor shall, at its own cost and reasonable expense, defend title to the Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Administrative Agent and the priority thereof against all claims and demands of all persons, at its own cost and expense, at any time claiming any interest therein adverse to the Administrative Agent or any other Secured Party other than Permitted Liens. There is no agreement, order, judgment or decree, and no Pledgor shall enter into any agreement or take any other action, that would restrict the transferability of any of the material Collateral or otherwise materially impair or conflict with such Pledgor's obligations or the rights of the Administrative Agent hereunder.

SECTION 4.4 Other Financing Statements. It has not filed, nor authorized any third party to file (nor will there be), any valid or effective financing statement (or similar statement, instrument of registration or public notice under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Collateral, except such as have been filed in favor of the Administrative Agent pursuant to this Agreement or in favor of any holder of a Permitted Lien with respect to such Permitted Lien or financing statements. No Pledgor shall execute, authorize or permit to be filed in any public office any financing statement (or similar statement, instrument of registration or public notice under the law of any jurisdiction) relating to

any Collateral, except financing statements and other statements and instruments filed or to be filed in respect of and covering the security interests granted by such Pledgor to any holder of Permitted Liens.

SECTION 4.5 Location of Inventory and Equipment. No Pledgor will keep any Inventory and Equipment (other than vehicles, Inventory and Equipment out for repair or in-transit) other than at locations identified on Schedule 4.5 and their chief executive offices; provided, that, (a) with respect to any location where Inventory or Equipment of the Pledgors with a value in excess of \$250,000 is or is to be located, the Borrower shall provide written notice to the Administrative Agent not less than ten (10) days prior to the date on which such Inventory or Equipment is moved to such new location, (b) such new location is within the continental United States, (c) the aggregate amount of all Inventory at locations where the Administrative Agent has not received such notice shall not exceed \$250,000 collectively for all Pledgors and (d) at the time of such written notification, the Borrower (and the applicable Pledgor) uses its commercially reasonable efforts to provide the Administrative Agent a collateral access agreement with respect thereto.

SECTION 4.6 Due Authorization and Issuance. All of the Pledged Securities existing on the date hereof have been, and to the extent any Pledged Securities are hereafter issued, such Pledged Securities will be, upon such issuance, duly authorized, validly issued and fully paid and non-assessable to the extent applicable.

SECTION 4.7 Collateral. All information set forth herein, including the schedules hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Secured Party, including the Perfection Certificate and the schedules thereto, in connection with this Agreement, in each case, relating to the Collateral, is accurate and complete in all material respects. As of the date hereof, the Collateral described on the schedules to this Agreement, the Credit Agreement and the Perfection Certificate constitutes all of the property of such type of Collateral owned or held by the Pledgors, except, that, the trade names and business names described on such schedules constitute, to the knowledge of such Pledgors, all of the trade names and business names owned or held by the Pledgors.

SECTION 4.8 Insurance. In the event that the proceeds of any insurance claim are paid to any Pledgor after the Administrative Agent has exercised its right to foreclose after an Event of Default, such Net Cash Proceeds shall be held in trust for the benefit of the Administrative Agent and immediately after receipt thereof shall be paid to the Administrative Agent for application in accordance with the Credit Agreement.

SECTION 4.9 Chief Executive Office; Change of Name; Jurisdiction of Organization-. No Pledgor will effect any change (i) to its legal name, (ii) in the location of any Pledgor's chief executive office, (iii) except as expressly permitted under the Credit Agreement, in its identity or organizational structure, (iv) in its organizational identification number, if any, or (v) in its jurisdiction of organization (in each case, including, except as expressly permitted under the Credit Agreement, by merging with or into any other entity, reorganizing, dissolving, liquidating, reorganizing or organizing in any other jurisdiction), unless it shall have given the Administrative Agent prior written notice of such change and clearly describing such change and

providing such other information in connection therewith as the Administrative Agent may reasonably request not less than ten (10) days prior to the date thereof (or such shorter period agreed to by the Administrative Agent). Each Pledgor agrees to promptly provide the Administrative Agent with certified Organizational Documents reflecting any of the changes described in the preceding sentence, to the extent applicable and at the request of the Administrative Agent take all action necessary to maintain the perfection and priority of the security interest of the Administrative Agent for the benefit of the Secured Parties in the Collateral.

ARTICLE V

CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1 Pledge of Additional Securities Collateral. Each Pledgor shall, upon obtaining any Pledged Securities or Intercompany Notes (with an aggregate principal amount exceeding \$1,000,000) of any person required to be pledged hereunder or under the Credit Agreement, accept the same in trust for the benefit of the Administrative Agent and promptly (but in any event within thirty (30) days after receipt thereof) deliver to the Administrative Agent a pledge amendment, duly executed by such Pledgor, in substantially the form of Exhibit 2 hereto (each, a “Pledge Amendment”), and the certificates and other documents required under Section 3.1 and Section 3.2 hereof in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities or Intercompany Notes. Each Pledgor hereby authorizes the Administrative Agent to attach each Pledge Amendment to this Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to the Administrative Agent shall for all purposes hereunder be considered Collateral.

SECTION 5.2 Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) Each Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other document evidencing the Obligations; provided, that, no Pledgor shall in any event exercise such rights in any manner which could reasonably be expected to have a Material Adverse Effect.

(ii) Each Pledgor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions, but only if and to the extent made in accordance with the provisions of the Credit Agreement.

(b) [Reserved.]

(c) Upon the occurrence and during the continuance of any Event of Default, upon written notice from the Administrative Agent:

(i) All rights of each Pledgor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.2(a)(i) hereof shall immediately cease, and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights.

(ii) All rights of each Pledgor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 5.2(a)(ii) hereof shall immediately cease and all such rights shall thereupon become vested in the Administrative Agent, which shall thereupon have the sole right to receive and hold as Collateral such Distributions.

(d) Each Pledgor shall, at its sole cost and expense, from time to time execute and deliver to the Administrative Agent appropriate instruments as the Administrative Agent may reasonably request in order to permit the Administrative Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 5.2(c)(i) hereof and to receive all Distributions which it may be entitled to receive under Section 5.2(c)(ii) hereof.

(e) All Distributions which are received by any Pledgor contrary to the provisions of Section 5.2(a)(ii) hereof shall be received in trust for the benefit of the Administrative Agent, shall be segregated from other funds of such Pledgor and shall promptly be paid over to the Administrative Agent as Collateral in the same form as so received (with any necessary endorsement).

SECTION 5.3 Defaults, etc. Each Pledgor hereby represents and warrants that (i) such Pledgor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which such Pledgor is a party relating to the Pledged Securities pledged by it, and such Pledgor is not in violation of any other provisions of any such agreement to which such Pledgor is a party, or otherwise in default or violation thereunder, (ii) no Securities Collateral pledged by such Pledgor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Pledgor by any person with respect thereto, and (iii) as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Organization Documents and certificates representing such Pledged Securities that have been delivered to the Administrative Agent) which evidence any Pledged Securities of such Pledgor.

SECTION 5.4 Certain Agreements of Pledgors As Issuers and Holders of Equity Interests.

(a) In the case of each Pledgor which is an issuer of Securities Collateral, such Pledgor agrees to be bound by the terms of this Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Pledgor which is a partner, shareholder or member, as the case may be, in a partnership, limited liability company or other entity, such Pledgor hereby consents to the extent required by the applicable Organization Document to the pledge by each other Pledgor, pursuant to the terms hereof, of the Pledged Securities in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Pledged Securities to the Administrative Agent or its nominee and to the substitution of the Administrative Agent or its nominee as a substituted partner, shareholder or member in such partnership, limited liability company or other entity with all the rights, powers and duties of a general partner, limited partner, shareholder or member, as the case may be.

(c) No Pledgor shall make or consent to any amendment or other modification or waiver with respect to any Pledged Securities or Organization Document related thereto, or enter into any agreement or permit to exist any restriction with respect to any Pledged Securities if the same is prohibited pursuant to the Loan Documents.

(d) Each Pledgor agrees that it will cooperate with Administrative Agent in obtaining all necessary approvals and making all necessary filings under federal, state, local, or foreign law to effect the perfection of the security interest on the Pledged Securities or to effect any sale or transfer thereof.

(e) As to all Pledged Securities comprising of limited liability company or partnership interests, issued under any Organization Documents related thereto, each Pledgor hereby covenants that the Pledged Securities issued pursuant to such agreement (i) are not and shall not be dealt in or traded on securities exchanges or in securities markets, (ii) do not and will not constitute investment company securities, and (iii) are not and will not be held by such Pledgor in a securities account. In addition, none of the Organization Documents related to the Pledged Securities comprising of limited liability company or partnership interests provide or shall provide that such Pledged Securities are securities governed by Article 8 of the Uniform Commercial Code as in effect in any relevant jurisdiction.

ARTICLE VI

CERTAIN PROVISIONS CONCERNING INTELLECTUAL PROPERTY COLLATERAL

SECTION 6.1 Grant of Intellectual Property License. For the purpose of enabling the Administrative Agent, upon the occurrence and during the continuance of an Event of Default, to exercise rights and remedies under Article IX hereof at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Pledgor hereby grants to the Administrative Agent (effective solely upon and during the continuance of an Event of Default and, subject to the terms and conditions of any applicable Intellectual Property License) to the extent assignable, an irrevocable (with respect to any Intellectual Property License, solely during the period when such license is effective), non-

exclusive license worldwide to use, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Pledgor, wherever the same may be located. Such license shall include access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof. In connection with the rights and remedies of the Administrative Agent pursuant to and in accordance with Article IX hereof, each Pledgor hereby irrevocably appoints and designates (effective solely upon and during the continuance of an Event of Default) the Administrative Agent as its designee, and authorizes the Administrative Agent to act as its designee and agent, for purposes of selling any Inventory or other Goods of such Pledgor under the terms of any Intellectual Property License, whether pursuant to any sell off rights provided for therein or otherwise and for purposes of taking any other action that such Pledgor may be entitled to take for the realization on any assets of such Pledgor under any Intellectual Property License. The foregoing, and any action by the Administrative Agent as such designee and agent, shall not be construed to constitute the assumption by the Administrative Agent of any duties, obligations or liabilities of any Pledgor under any such Intellectual Property License or to cause the Administrative Agent to have any such duties, obligations or liabilities.

SECTION 6.2 Certain Representations and Warranties.

(a) Each Pledgor owns, or holds licenses in, all Intellectual Property Collateral that are necessary to the conduct of its business as currently conducted. Subject to the terms and conditions of any applicable Intellectual Property Licenses, each Pledgor shall have the duty, with respect to Intellectual Property Collateral that is necessary in the conduct of such Pledgor's business, to protect and diligently enforce and defend at such Pledgor's expense its Intellectual Property Collateral, which such Pledgor, in its reasonably business judgment, believes should be protected, enforced or defended, including, promptly suing for infringement, misappropriation, or dilution and to recover any and all damages for the infringement, misappropriation, or dilution of any such Intellectual Property Collateral, and filing for opposition, interference, and cancellation against conflicting intellectual property rights of any other Person. Each Pledgor hereby agrees that the second sentence of this Section 6.2(a) shall apply, in accordance with its terms, to any After-Acquired IP Collateral.

(b) Subject to the terms and conditions of any applicable Intellectual Property Licenses and except as otherwise permitted under the Credit Agreement, each Pledgor shall have the duty, with respect to Intellectual Property Collateral that is necessary in the conduct of such Pledgor's business, at its own expense, (i) to prosecute diligently any trademark application or service mark application that is part of the Trademarks pending as of the date hereof or hereafter until the termination of this Agreement, (ii) to prosecute diligently any patent application that is part of the Patents pending as of the date hereof or hereafter until the termination of this Agreement, (iii) to take reasonable and necessary actions to preserve and maintain such Intellectual Property Collateral, and such Pledgor's rights therein, including paying all maintenance fees and filing of applications for renewal, affidavits of use, and affidavits of noncontestability, and (iv) to require all employees, consultants, and contractors of each Pledgor who were involved in the creation or development of any such Intellectual Property Collateral that is material to such Pledgor or its business to sign agreements containing assignments of

Intellectual Property Collateral rights. Each Pledgor hereby agrees that this Section 6.2(b) shall apply, in accordance with its terms, to any After-Acquired IP Collateral

(c) No slogan or other advertising device, product, process, method, substance, part or other material now employed, by the Pledgors or any of their Subsidiaries infringes upon any rights held by any other Person, except as, either individually or in the aggregate, has not had or could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Pledgors, threatened, which, either individually or in the aggregate, has, or if adversely determined, could reasonably be expected to have, a Material Adverse Effect.

(d) Subject to the terms and conditions of any applicable Intellectual Property Licenses, each Pledgor shall take reasonable steps to maintain the confidentiality of the confidential Intellectual Property Collateral and any trade secret that is owned by or licensed to such Pledgor that, in each case, is necessary in the conduct of such Pledgor's business, including, as applicable (i) protecting the secrecy and confidentiality of its confidential information and trade secrets by having and enforcing a policy requiring all current employees, consultants, licensees, vendors and contractors with access to any such information to execute appropriate confidentiality agreements; (ii) taking actions reasonably necessary to ensure that no trade secret falls into the public domain; and (iii) protecting the secrecy and confidentiality of the source code of all software programs and applications of which it is the owner or licensee by having and enforcing a policy requiring any licensees (or sublicensees) of such source code to enter into license agreements with commercially reasonable use and non-disclosure restrictions.

SECTION 6.3 Protection of Administrative Agent's Security. On a continuing basis, each Pledgor shall, at its sole cost and reasonable expense, (i) promptly following its becoming aware thereof, notify the Administrative Agent of any adverse determination in any proceeding or the institution of any proceeding in any federal, state or local court or administrative body or in the United States Patent and Trademark Office or the United States Copyright Office regarding any Patents, Trademarks or Copyrights that are Registered, such Pledgor's right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain all Intellectual Property Collateral as presently used and operated, not knowingly permit to lapse or become abandoned any Intellectual Property Collateral, and not settle or compromise any pending or future litigation or administrative proceeding with respect to any such Intellectual Property Collateral, in each case except as shall be consistent with such Pledgor's commercially reasonable business judgment, (iii) upon such Pledgor obtaining knowledge thereof, promptly notify the Administrative Agent in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of any Intellectual Property Collateral that is material to such Pledgor or its business or the rights and remedies of the Administrative Agent in relation thereto including a levy or threat of levy or any legal process against any such Intellectual Property Collateral, (iv) not license any Patents, Trademarks or Copyrights other than licenses entered into by such Pledgor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any Intellectual Property Licenses that is material to such Pledgor or its business in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that would materially impair the value of any such Intellectual Property Collateral or the Lien on

and security interest in such Intellectual Property Collateral created therein hereby, without the consent of the Administrative Agent, and (v) diligently keep reasonably adequate records respecting all Patents, Trademarks and Copyrights that are Registered. Each Pledgor agrees not to abandon any Intellectual Property Collateral, except as permitted under the Credit Agreement.

SECTION 6.4 After-Acquired IP Collateral. If any Pledgor shall at any time after the date hereof (i) obtain any rights to any additional Intellectual Property Collateral or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral (collectively, (i) and (ii) the “After-Acquired IP Collateral”), or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item of After-Acquired IP Collateral shall automatically constitute Intellectual Property Collateral as if such would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Agreement without further action by any party. To the extent that any After-Acquired IP Collateral is a Patent, Trademark or Copyright that is registered, the applicable Pledgor shall promptly provide to the Administrative Agent written notice thereof (together with a list of application and/or registration numbers for all such additional Trademark, Patents and Copyrights) and confirm the attachment of the Lien and security interest created by this Agreement thereto by execution of an instrument in form reasonably acceptable to the Administrative Agent and the filing of any instruments or statements as shall be reasonably necessary to create, preserve, protect or perfect the Administrative Agent’s security interest in such After-Acquired IP Collateral. Further, each Pledgor authorizes the Administrative Agent to modify this Agreement by amending Schedules C, P-1 or T to this Agreement, as applicable, to include such After-Acquired IP Collateral.

SECTION 6.5 Litigation. Unless there shall occur and be continuing any Event of Default, each Pledgor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Pledgors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Pledgor, the Administrative Agent or the Secured Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Pledgor shall, at the reasonable request of the Administrative Agent, do any and all lawful acts and execute any and all documents requested by the Administrative Agent in aid of such enforcement and the Pledgors shall promptly reimburse and indemnify the Administrative Agent for all reasonable costs and expenses incurred by the Administrative Agent in the exercise of its rights under this Section 6.5 in accordance with Section 10.04 of the Credit Agreement. In the event that the Administrative Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Pledgor agrees, at the reasonable request of the Administrative Agent, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, counterfeiting, unfair

competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral by any person.

SECTION 6.6 Secured Parties' Duties. Pledgors acknowledge and agree that the Secured Parties shall have no duties with respect to any Intellectual Property Collateral of any Pledgor. Without limiting the generality of this Section 6.6, Pledgors acknowledge and agree that no Secured Party shall be under any obligation to take any steps necessary to preserve rights in the Intellectual Property Collateral against any other Person, but any Secured Party may do so at its option from and after the occurrence and during the continuance of an Event of Default, and all expenses incurred in connection therewith (including reasonable fees and expenses of attorneys and other professionals) shall be for the sole account of Borrowers and shall be chargeable to the Loan Account.

ARTICLE VII

CERTAIN PROVISIONS CONCERNING RECEIVABLES

SECTION 7.1 Maintenance of Records. Each Pledgor shall keep and maintain at its own cost and reasonable expense complete records of each Receivable, in a manner consistent with prudent business practice, including records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Pledgor shall, at such Pledgor's sole cost and reasonable expense, upon the Administrative Agent's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Receivables, including all documents evidencing Receivables and any books and records relating thereto to the Administrative Agent or to its representatives (copies of which evidence and books and records may be retained by such Pledgor). Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may transfer a full and complete copy of any Pledgor's books, records, credit information, reports, memoranda and all other writings relating to the Receivables to and for the use by any person that has acquired or is contemplating acquisition of an interest in such Receivables or the Administrative Agent's security interest therein without the consent of any Pledgor.

SECTION 7.2 Collection of Receivables. At any time upon the occurrence and during the continuance of an Event of Default, Administrative Agent or Administrative Agent's designee may (a) notify Account Debtors of any Pledgor that the Receivables of such Pledgor have been assigned to Administrative Agent, for the benefit of the Secured Parties, or that Administrative Agent has a security interest therein, and (b) collect the Receivables of any Pledgor directly, and any collection costs and expenses shall constitute part of such Pledgor's Obligations under the Loan Documents.

ARTICLE VIII
TRANSFERS

SECTION 8.1 Transfers of Collateral. No Pledgor shall sell, convey, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral pledged by it hereunder except as expressly permitted by the Credit Agreement.

ARTICLE IX
REMEDIES

SECTION 9.1 Remedies. Upon the occurrence and during the continuance of any Event of Default, the Administrative Agent may from time to time exercise in respect of the Collateral, in addition to the other rights and remedies provided for herein, in the other Loan Documents or otherwise available to it, the following remedies:

(i) personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from any Pledgor or any other person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Pledgor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Pledgor;

(ii) demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Administrative Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, that, in the event that any such payments are made directly to any Pledgor, prior to receipt by any such obligor of such instruction, such Pledgor shall segregate all amounts received pursuant thereto in trust for the benefit of the Administrative Agent and shall promptly (but in no event later than five (5) Business Day after receipt thereof) pay such amounts to the Administrative Agent;

(iii) sell, assign, grant a license to use or otherwise liquidate, or direct any Pledgor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(iv) take possession of the Collateral or any part thereof, by directing any Pledgor in writing to deliver the same to the Administrative Agent at any place or places so designated by the Administrative Agent, in which event such Pledgor shall at its own expense:

(A) forthwith cause the same to be moved to the place or places designated by the Administrative Agent and therewith delivered to the Administrative Agent, (B) store and keep any Collateral so delivered to the Administrative Agent at such place or places pending further action by the Administrative Agent and (C) while the Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Pledgor's obligation to deliver the Collateral as contemplated in this Section 9.1(iv) is of the essence hereof. Upon application to a court of equity having jurisdiction, the Administrative Agent shall be entitled to a decree requiring specific performance by any Pledgor of such obligation;

(v) withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Pledgor constituting Collateral for application to the Obligations as provided in Article X hereof;

(vi) retain and apply the Distributions to the Obligations as provided in Article X hereof;

(vii) exercise any and all rights as beneficial and legal owner of the Collateral, including perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral;

(viii) exercise any and all rights set forth in Sections 3.7 and 6.1 hereof in accordance with the terms thereof;

(ix) exercise all the rights and remedies of a secured party on default under the UCC or any other applicable law, and the Administrative Agent may also in its sole discretion, without notice except as specified in Section 9.2 hereof, sell, assign or grant a license to use the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Administrative Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Administrative Agent may deem commercially reasonable. The Administrative Agent or any other Secured Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of the Collateral or any part thereof at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Obligations owed to such person as a credit on account of the purchase price of the Collateral or any part thereof payable by such person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Pledgor, and each Pledgor hereby waives, to the fullest extent permitted by law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Administrative Agent shall not be obligated to make any sale of the Collateral or any part thereof regardless of notice of sale having been given. The Administrative Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Pledgor hereby waives, to the fullest extent permitted by law, any claims against the Administrative

Agent arising by reason of the fact that the price at which the Collateral or any part thereof may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Administrative Agent accepts the first offer received and does not offer such Collateral to more than one offeree; and

(x) each Pledgor hereby acknowledges that the Obligations arise out of a commercial transaction, and agrees that if an Event of Default shall occur and be continuing Administrative Agent shall have the right to an immediate writ of possession without notice of a hearing. Administrative Agent shall have the right to the appointment of a receiver for the properties and assets of each Pledgor, and each Pledgor hereby consents to such rights and such appointment and hereby waives any objection such Pledgor may have thereto or the right to have a bond or other security posted by Administrative Agent.

SECTION 9.2 Notice of Sale. Each Pledgor acknowledges and agrees that, to the extent notice of sale or other disposition of the Collateral or any part thereof shall be required by law, ten (10) days' prior notice to such Pledgor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to any Pledgor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying any right to notification of sale or other intended disposition.

SECTION 9.3 Waiver of Notice and Claims. Each Pledgor hereby waives, to the fullest extent permitted by applicable law, notice or judicial hearing in connection with the Administrative Agent's taking possession or the Administrative Agent's disposition of the Collateral or any part thereof, including any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Pledgor would otherwise have under law, and each Pledgor hereby further waives, to the fullest extent permitted by applicable law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Administrative Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable law. The Administrative Agent shall not be liable for any incorrect or improper payment made pursuant to this Article IX in the absence of gross negligence or willful misconduct on the part of the Administrative Agent. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Pledgor therein and thereto, and shall be a perpetual bar both at law and in equity against such Pledgor and against any and all persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Pledgor.

SECTION 9.4 Certain Sales of Collateral.

(a) Each Pledgor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Pledgor

acknowledges that any such sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable law, the Administrative Agent shall have no obligation to engage in public sales.

(b) Each Pledgor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities laws, the Administrative Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to the Administrative Agent than those obtainable through a public sale without such restrictions (including a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Administrative Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities laws, even if such issuer would agree to do so.

SECTION 9.5 No Waiver; Cumulative Remedies.

(a) No failure on the part of the Administrative Agent to exercise, no course of dealing with respect to, and no delay on the part of the Administrative Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy; nor shall the Administrative Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law or otherwise available.

(b) In the event that the Administrative Agent shall have instituted any proceeding to enforce any right, power, privilege or remedy under this Agreement or any other Loan Document by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Administrative Agent, then and in every such case, the Pledgors, the Administrative Agent and each other Secured Party shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies, privileges and powers of the Administrative Agent and the other Secured Parties shall continue as if no such proceeding had been instituted.

SECTION 9.6 Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand of the Administrative Agent, each Pledgor shall execute and deliver to the Administrative Agent an assignment or assignments of the registered Patents, Trademarks and/or Copyrights and

Goodwill and such other documents as are necessary or appropriate to carry out the intent and purposes hereof.

SECTION 9.7 Marshaling. Administrative Agent shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Pledgor hereby agrees that it will not invoke any law relating to the marshaling of collateral which might cause delay in or impede the enforcement of Administrative Agent's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, each Pledgor hereby irrevocably waives the benefits of all such laws.

ARTICLE X
APPLICATION OF PROCEEDS

SECTION 10.1 Application of Proceeds. The proceeds received by the Administrative Agent in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Administrative Agent of its remedies shall be applied, together with any other sums then held by the Administrative Agent pursuant to this Agreement, in accordance with the Credit Agreement.

ARTICLE XI
MISCELLANEOUS

SECTION 11.1 Concerning Administrative Agent.

(a) The Administrative Agent has been appointed as administrative agent pursuant to the Credit Agreement. The actions of the Administrative Agent hereunder are subject to the provisions of the Credit Agreement. The Administrative Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking action (including the release or substitution of the Collateral), in accordance with this Agreement and the Credit Agreement. The Administrative Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith. The Administrative Agent may resign and a successor Administrative Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the

Administrative Agent by a successor Administrative Agent, that successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent under this Agreement, and the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Agreement while it was the Administrative Agent.

(b) The Administrative Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Administrative Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Administrative Agent nor any of the Secured Parties shall have responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Administrative Agent or any other Secured Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any person with respect to any Collateral.

(c) The Administrative Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document believed by it to be genuine and correct and to have been signed, sent or made by the proper person, and, with respect to all matters pertaining to this Agreement and its duties hereunder, upon advice of counsel selected by it.

(d) If any item of Collateral also constitutes collateral granted to the Administrative Agent under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, the Administrative Agent, in its sole discretion, shall select which provision or provisions shall control.

(e) The Administrative Agent may rely on advice of counsel as to whether any or all UCC financing statements of the Pledgors need to be amended as a result of any of the changes described in Section 4.9 hereof. If any Pledgor fails to provide information to the Administrative Agent about such changes on a timely basis, the Administrative Agent shall not be liable or responsible to any party for any failure to maintain a perfected security interest in such Pledgor's property constituting Collateral, for which the Administrative Agent needed to have information relating to such changes. The Administrative Agent shall have no duty to inquire about such changes if any Pledgor does not inform the Administrative Agent of such changes, the parties acknowledging and agreeing that it would not be feasible or practical for the Administrative Agent to search for information on such changes if such information is not provided by any Pledgor.

SECTION 11.2 Administrative Agent May Perform; Administrative Agent Appointed Attorney-in-Fact. If any Pledgor shall fail to perform any covenants contained in this Agreement (including such Pledgor's covenants to (a) pay the premiums in respect of all required insurance policies hereunder, (b) pay and discharge any taxes, assessments and special assessments, levies, fees and governmental charges imposed upon or assessed against, and landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers'

and warehousemen's Liens and other claims arising by operation of law against, all or any portion of the Collateral, (c) make repairs, (d) discharge Liens or (e) pay or perform any obligations of such Pledgor under any Collateral) or if any representation or warranty on the part of any Pledgor contained herein shall be breached, the Administrative Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend reasonable funds for such purpose; provided, that, the Administrative Agent shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which such Pledgor fails to pay or perform as and when required hereby and which such Pledgor does not contest in accordance with the provisions of the Credit Agreement. Any and all amounts so expended by the Administrative Agent shall be paid by the Pledgors in accordance with the provisions of Section 10.04 of the Credit Agreement. Neither the provisions of this Section 11.2 nor any action taken by the Administrative Agent pursuant to the provisions of this Section 11.2 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default. Each Pledgor hereby appoints the Administrative Agent its attorney-in-fact, with full power and authority in the place and stead of such Pledgor and in the name of such Pledgor, or otherwise, from time to time in the Administrative Agent's discretion to take any action and to execute any instrument consistent with the terms of the Credit Agreement, this Agreement and the other Security Documents which the Administrative Agent may deem necessary or advisable to accomplish the purposes hereof (but the Administrative Agent shall not be obligated to and shall have no liability to such Pledgor or any third party for failure to so do or take action), including:

(i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Receivables or any other Collateral of such Pledgor;

(ii) to receive and open all mail addressed to such Pledgor and to notify postal authorities to change the address for the delivery of mail to such Pledgor to that of Administrative Agent;

(iii) to receive, indorse, and collect any drafts or other Instruments, Documents, Chattel Paper, Letters of Credit or Letter-of-Credit Rights;

(iv) to file any claims or take any action or institute any proceedings which Administrative Agent may deem necessary or desirable for the collection of any of the Collateral of such Pledgor or otherwise to enforce the rights of Administrative Agent with respect to any of the Collateral;

(v) to repair, alter, or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any Person obligated to such Pledgor in respect of any Account of such Pledgor;

(vi) to exercise its right to vote any Pledged Securities pursuant to Section 5.2 hereof; and

(vii) to use any Intellectual Property Collateral of such Pledgor, including but not limited to any labels, Patents, Trademarks, trade names, URLs, domain names, industrial designs, Copyrights, or advertising matter, in preparing for sale, advertising for sale, or selling Inventory or other Collateral and to collect any amounts due under Receivables, contracts, Instruments, Documents, Letters of Credit or Letter-of-Credit Rights of such Pledgor.

The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. Each Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 11.3 Continuing Security Interest; Assignment. This Agreement shall create a continuing security interest in the Collateral and shall (i) be binding upon the Pledgors, their respective successors and assigns and (ii) inure, together with the rights and remedies of the Administrative Agent hereunder, to the benefit of the Administrative Agent and the other Secured Parties and each of their respective successors, transferees and assigns. No other persons (including any other creditor of any Pledgor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Secured Party may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other person, and such other person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Party, herein or otherwise, subject however, to the provisions of the Credit Agreement. Each of the Pledgors agrees that its obligations hereunder and the security interest created hereunder shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Obligations is rescinded or must otherwise be restored by the Secured Party upon the bankruptcy or reorganization of any Pledgor or otherwise.

SECTION 11.4 Termination; Release.

(a) Upon payment in full of the Obligations in accordance with the provisions of the Credit Agreement and the expiration or termination of the Commitments, this Agreement shall terminate. Upon termination of this Agreement the Collateral shall be released from the Lien of this Agreement. Upon such release or any release of Collateral or any part thereof in accordance with the provisions of the Credit Agreement, the Administrative Agent shall, upon the request and at the sole cost and expense of the Pledgors, assign, transfer and deliver to Pledgor, against receipt and without recourse to or warranty by the Administrative Agent except as to the fact that the Administrative Agent has not encumbered the released assets, such of the Collateral or any part thereof to be released (in the case of a release) as may be in possession of the Administrative Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including UCC-3 termination financing statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

(b) If any Pledgor ceases to be a Guarantor in accordance with the provisions of the Credit Agreement, the Administrative Agent will, at the Borrower's reasonable expense and upon receipt of any certifications reasonably requested by the Administrative Agent in connection therewith and in accordance with the terms of the Credit Agreement, execute and

deliver to the applicable Pledgor such documents as such Pledgor may reasonably request to evidence the release of Pledgor from the assignment and security interest granted hereunder and from its obligations hereunder.

SECTION 11.5 Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Pledgor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Administrative Agent. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Pledgor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Agreement or any other document evidencing the Obligations, no notice to or demand on any Pledgor in any case shall entitle any Pledgor to any other or further notice or demand in similar or other circumstances.

SECTION 11.6 Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to any Pledgor, addressed to it at the address of the Borrower set forth in the Credit Agreement and as to the Administrative Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 11.6.

SECTION 11.7 Governing Law, Consent to Jurisdiction and Service of Process; Waiver of Jury Trial. Sections 10.13 and 10.14 of the Credit Agreement is incorporated herein, *mutatis mutandis*, as if a part hereof.

SECTION 11.8 Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

SECTION 11.9 Execution in Counterparts. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement. Delivery of any executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 11.10 Business Days. In the event any time period or any date provided in this Agreement ends or falls on a day other than a Business Day, then such time period shall be deemed to end and such date shall be deemed to fall on the next succeeding

Business Day, and performance herein may be made on such Business Day, with the same force and effect as if made on such other day.

SECTION 11.11 No Credit for Payment of Taxes or Imposition. Such Pledgor shall not be entitled to any credit against the principal, premium, if any, or interest payable under the Credit Agreement, and such Pledgor shall not be entitled to any credit against any other sums which may become payable under the terms thereof or hereof, by reason of the payment of any Tax on the Collateral or any part thereof.

SECTION 11.12 No Claims Against Administrative Agent. Nothing contained in this Agreement shall constitute any consent or request by the Administrative Agent, express or implied, for the performance of any labor or services or the furnishing of any materials or other property in respect of the Collateral or any part thereof, nor as giving any Pledgor any right, power or authority to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against the Administrative Agent in respect thereof or any claim that any Lien based on the performance of such labor or services or the furnishing of any such materials or other property is prior to the Lien hereof.

SECTION 11.13 No Release. Nothing set forth in this Agreement or any other Loan Document, nor the exercise by the Administrative Agent of any of the rights or remedies hereunder, shall relieve any Pledgor from the performance of any term, covenant, condition or agreement on such Pledgor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any person under or in respect of any of the Collateral or shall impose any obligation on the Administrative Agent or any other Secured Party to perform or observe any such term, covenant, condition or agreement on such Pledgor's part to be so performed or observed or shall impose any liability on the Administrative Agent or any other Secured Party for any act or omission on the part of such Pledgor relating thereto or for any breach of any representation or warranty on the part of such Pledgor contained in this Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. Anything herein to the contrary notwithstanding, neither the Administrative Agent nor any other Secured Party shall have any obligation or liability under any contracts, agreements and other documents included in the Collateral by reason of this Agreement, nor shall the Administrative Agent or any other Secured Party be obligated to perform any of the obligations or duties of any Pledgor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Collateral hereunder. The obligations of each Pledgor contained in this Section 11.13 shall survive the termination hereof and the discharge of such Pledgor's other obligations under this Agreement, the Credit Agreement and the other Loan Documents.

SECTION 11.14 Obligations Absolute. All obligations of each Pledgor hereunder shall be absolute and unconditional irrespective of:

- (i) any Insolvency Proceeding or the like of any other Pledgor;

- (ii) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (iii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Loan Document or any other agreement or instrument relating thereto;
- (iv) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Obligations;
- (v) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Loan Document except as specifically set forth in a waiver granted pursuant to the provisions of Section 11.5 hereof; or
- (vi) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Pledgor.

SECTION 11.15 Intercreditor Arrangements. This Agreement and liens and security interests granted to the Administrative Agent pursuant to this Agreement or any other Loan Documents in any Collateral and the exercise of any right or remedy with respect to any Collateral hereunder or any other Loan Document are subject to the provisions of the Intercreditor Arrangements. In the event of any inconsistency between the terms of this Agreement and the terms of any of the Intercreditor Arrangements, the terms of the applicable Intercreditor Arrangement shall control.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, each Pledgor and the Administrative Agent have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

PLEDGORS:

POLYONE CORPORATION

By: _____
Name:
Title:

[Signature Page - Security Agreement]

GLS INTERNATIONAL INC.

By: _____

Name:

Title:

[Signature Page - Security Agreement]

POLYONE LLC

By: _____
Name:
Title:

[Signature Page - Security Agreement]

By: _____

Name:

Title:

[Signature Page - Security Agreement]

NEU SPECIALTY ENGINEERED
MATERIALS, LLC

By: _____
Name:
Title:

[Signature Page - Security Agreement]

CONEXUS, INC.

By: _____
Name:
Title:

[Signature Page - Security Agreement]

By: _____
Name:
Title:

[Signature Page - Security Agreement]

By: _____

Name:

Title:

[Signature Page - Security Agreement]

By: _____
Name:
Title:

[Signature Page - Security Agreement]

By: _____
Name:
Title:

[Signature Page - Security Agreement]

CHROMATICS, INC.

By: _____

Name:

Title:

[Signature Page - Security Agreement]

By: _____
Name:
Title:

[Signature Page - Security Agreement]

By: _____
Name:
Title:

[Signature Page - Security Agreement]

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.

By: _____
Name:
Title:

[Signature Page - Security Agreement]

[Form of]

ISSUER’S ACKNOWLEDGMENT

The undersigned hereby (i) acknowledges receipt of the Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement,” capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of December 21, 2011, made by POLYONE CORPORATION, an Ohio corporation (the “Borrower”), the other Pledgors party thereto and BANK OF AMERICA, N.A., as administrative agent (in such capacity and together with any successors in such capacity, the “Administrative Agent”), (ii) agrees promptly to note on its books the security interests granted to the Administrative Agent and confirmed under the Security Agreement, (iii) upon the occurrence and during the continuance of an Event of Default, agrees that it will comply with instructions of the Administrative Agent with respect to the applicable Securities Collateral (including all Equity Interests of the undersigned) without further consent by the applicable Pledgor, (iv) agrees to notify the Administrative Agent upon obtaining knowledge of any interest in favor of any person in the applicable Securities Collateral that is adverse to the interest of the Administrative Agent therein and (v) waives any right or requirement at any time hereafter to receive a copy of the Security Agreement in connection with the registration of any Securities Collateral thereunder in the name of the Administrative Agent or its nominee or the exercise of voting rights by the Administrative Agent or its nominee.

[]

By: _____
Name:
Title:

[Form of]

SECURITIES PLEDGE AMENDMENT

This Securities Pledge Amendment, dated as of [], is delivered pursuant to Section 5.1 of the Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement,” capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of December 21, 2011, made by POLYONE CORPORATION, an Ohio corporation (the “Borrower”), the other Pledgors party thereto and BANK OF AMERICA, N.A., as administrative agent (in such capacity and together with any successors in such capacity, the “Administrative Agent”). The undersigned hereby agrees that this Securities Pledge Amendment may be attached to the Security Agreement and that the Pledged Securities and/or Intercompany Notes listed on this Securities Pledge Amendment shall be deemed to be and shall become part of the Collateral and shall secure all Obligations.

PLEDGED SECURITIES

<u>ISSUER</u>	<u>CLASS OF STOCK OR INTERESTS</u>	<u>PAR VALUE</u>	<u>CERTIFICATE NO(S).</u>	<u>NUMBER OF SHARES OR INTERESTS</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
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INTERCOMPANY NOTES

<u>ISSUER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF ISSUANCE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
	[],	
	as Pledgor			
	By:			
		Name:		
		Title:		

AGREED TO AND ACCEPTED:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

[Form of]

SECURITY AGREEMENT SUPPLEMENT

[Name of New Pledgor]
[Address of New Pledgor]

[Date]

Ladies and Gentlemen:

Reference is made to the Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement,” capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of December 21, 2011, made by POLYONE CORPORATION, an Ohio corporation (the “Borrower”), the other Pledgors party thereto and BANK OF AMERICA, N.A., as administrative agent (in such capacity and together with any successors in such capacity, the “Administrative Agent”).

This Security Agreement Supplement supplements the Security Agreement and is delivered by the undersigned, [] (the “New Pledgor”), pursuant to Section 3.5 of the Security Agreement. The New Pledgor hereby agrees to be bound as a Pledgor party to the Security Agreement by all of the terms, covenants and conditions set forth in the Security Agreement to the same extent that it would have been bound if it had been a signatory to the Security Agreement on the date of the Security Agreement. Without limiting the generality of the foregoing, the New Pledgor hereby grants and pledges to the Administrative Agent, as collateral security for the full, prompt and complete payment and performance when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, a Lien on and security interest in, all of its right, title and interest in, to and under the Collateral and expressly assumes all obligations and liabilities of a Pledgor thereunder. The New Pledgor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Pledgors contained in the Security Agreement.

Annexed hereto are supplements to each of the schedules to the Security Agreement and the Credit Agreement, as applicable, with respect to the New Pledgor. Such supplements shall be deemed to be part of the Security Agreement or the Credit Agreement, as applicable.

This Security Agreement Supplement and any amendments, waivers, consents or supplements hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all such counterparts together shall constitute one and the same agreement. Delivery of any executed counterpart of a signature page of this Security Agreement Supplement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Security Agreement Supplement.

THIS SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the New Pledgor has caused this Security Agreement Supplement to be executed and delivered by its duly authorized officer as of the date first above written.

[NEW PLEDGOR]

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

[Schedules to be attached]

[Form of]**Copyright Security Agreement**

Copyright Security Agreement, dated as of [], by [] and [] (individually, a “Pledgor”, and, collectively, the “Pledgors”), in favor of BANK OF AMERICA, N.A., in its capacity as administrative agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Security Agreement of even date herewith (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Copyright Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Copyright Collateral. As collateral security for the payment and performance in full of all the Obligations, each Pledgor hereby pledges and grants to the Administrative Agent for the benefit of the Secured Parties a lien on and security interest in all of the right, title and interest of such Pledgor in, to and under the following Collateral, wherever located, whether now existing or hereafter arising or acquired from time to time (collectively, the “Copyright Collateral”):

(a) registered or applied for Copyrights of such Pledgor and exclusive copyright Intellectual Property Licenses to which it is a party including those listed on Schedule I attached hereto; and

(b) all Proceeds of any and all of the foregoing, including any claim by such Pledgor against third parties for past, present or future infringement of any Copyright or any copyright exclusively licensed under any Intellectual Property License, including the right to receive damages, or the right to receive license fees, royalties, and other compensation under any copyright Intellectual Property License.

Notwithstanding anything to the contrary contained herein, the security interest created by this Copyright Security Agreement shall not extend to, and the term “Copyright Collateral” shall not include, any Excluded Property.

SECTION 3. Security Agreement. The security interest granted pursuant to this Copyright Security Agreement is granted in conjunction with the security interest granted to the Administrative Agent pursuant to the Security Agreement and Pledgors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Copyright Security Agreement is deemed to be inconsistent with or in conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Termination. Upon payment in full of the Obligations in accordance with the provisions of the Credit Agreement and the expiration or termination of the Commitments, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien and security interest in the Copyright Collateral under this Copyright Security Agreement.

SECTION 5. Counterparts. This Copyright Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Copyright Security Agreement by signing and delivering one or more counterparts. Delivery of any executed counterpart of a signature page of this Copyright Security Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Copyright Security Agreement.

SECTION 6. Governing Law. This Copyright Security Agreement and the transactions contemplated hereby, and all disputes between the parties under or relating to this Copyright Security Agreement or the facts or circumstances leading to its execution, whether in contract, tort or otherwise, shall be construed in accordance with and governed by the laws (including statutes of limitation) of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction.

[signature page follows]

IN WITNESS WHEREOF, each Pledgor has caused this Copyright Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

[PLEDGORS]

By: _____
Name:
Title:

Accepted and Agreed:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE I
to
COPYRIGHT SECURITY AGREEMENT
COPYRIGHT REGISTRATIONS AND COPYRIGHT APPLICATIONS

Copyright Registrations:

OWNER

REGISTRATION
NUMBER

TITLE

Copyright Applications:

OWNER

TITLE

Copyright Intellectual Property Licences:

[Form of]**Patent Security Agreement**

Patent Security Agreement, dated as of [], by [] and [] (individually, a “Pledgor”, and, collectively, the “Pledgors”), in favor of BANK OF AMERICA, N.A., in its capacity as administrative agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Security Agreement of even date herewith (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Patent Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Patent Collateral. As collateral security for the payment and performance in full of all the Obligations, each Pledgor hereby pledges and grants to the Administrative Agent for the benefit of the Secured Parties a lien on and security interest in all of the right, title and interest of such Pledgor in, to and under the following Collateral, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the “Patent Collateral”):

(a) the registered or applied for Patents of such Pledgor listed on Schedule I attached hereto; and

(b) all Proceeds of any and all of the foregoing, including the Proceeds of any claim by such Pledgor against third parties for past, present or future infringement of any such Patent and the right to receive license fees, royalties, and other compensation for such Patent.

Notwithstanding anything to the contrary contained herein, the security interest created by this Patent Security Agreement shall not extend to, and the term “Patent Collateral” shall not include, any Excluded Property.

SECTION 3. Security Agreement. The security interest granted pursuant to this Patent Security Agreement is granted in conjunction with the security interest granted to the Administrative Agent pursuant to the Security Agreement and Pledgors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Patent Security Agreement is deemed to be inconsistent with or in conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Termination. Upon payment in full of the Obligations in accordance with the provisions of the Credit Agreement and the expiration or termination of the Commitments, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien and security interest in the Patent Collateral under this Patent Security Agreement.

SECTION 5. Counterparts. This Patent Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Patent Security Agreement by signing and delivering one or more counterparts. Delivery of any executed counterpart of a signature page of this Patent Security Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Patent Security Agreement.

SECTION 6. Governing Law. This Patent Security Agreement and the transactions contemplated hereby, and all disputes between the parties under or relating to this Patent Security Agreement or the facts or circumstances leading to its execution, whether in contract, tort or otherwise, shall be construed in accordance with and governed by the laws (including statutes of limitation) of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction.

[signature page follows]

IN WITNESS WHEREOF, each Pledgor has caused this Patent Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

[PLEDGORS]

By: _____
Name:
Title:

Accepted and Agreed:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

SCHEDULE I
to
PATENT SECURITY AGREEMENT
PATENT REGISTRATIONS AND PATENT APPLICATIONS

Patent Registrations:

OWNER

REGISTRATION
NUMBER

NAME

Patent Applications:

OWNER

APPLICATION
NUMBER

NAME

Patent Intellectual Property Licenses:

[Form of]**Trademark Security Agreement**

Trademark Security Agreement, dated as of [], by [] and [] (individually, a “Pledgor”, and, collectively, the “Pledgors”), in favor of BANK OF AMERICA, N.A., in its capacity as administrative agent pursuant to the Credit Agreement (in such capacity, the “Administrative Agent”).

WITNESSETH:

WHEREAS, the Pledgors are party to a Security Agreement of even date herewith (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Security Agreement”) in favor of the Administrative Agent pursuant to which the Pledgors are required to execute and deliver this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and to induce the Administrative Agent, for the benefit of the Secured Parties, to enter into the Credit Agreement, the Pledgors hereby agree with the Administrative Agent as follows:

SECTION 1. Defined Terms. Unless otherwise defined herein, terms defined in the Security Agreement and used herein have the meaning given to them in the Security Agreement.

SECTION 2. Grant of Security Interest in Trademark Collateral. As collateral security for the payment and performance in full of all the Obligations, each Pledgor hereby pledges and grants to the Administrative Agent for the benefit of the Secured Parties a lien on and security interest in all of the right, title and interest of such Pledgor in, to and under the following Collateral, wherever located, whether now existing or hereafter arising or acquired from time to time (collectively, the “Trademark Collateral”):

(a) the registered or applied for Trademarks of such Pledgor listed on Schedule I attached hereto;

(b) all Goodwill associated with such Trademarks; and

(c) all Proceeds of any and all of the foregoing, including the Proceeds of any claim by such Pledgor against third parties for past, present or future (i) infringement or dilution of any Trademark, (ii) injury to the Goodwill associated with any Trademark, and (iii) right to receive license fees, royalties, and other compensation for such Trademark.

Notwithstanding anything to the contrary contained herein, the security interest created by this Trademark Security Agreement shall not extend to, and the term “Trademark Collateral” shall not include, any Excluded Property.

SECTION 3. Security Agreement. The security interest granted pursuant to this Trademark Security Agreement is granted in conjunction with the security interest granted to the Administrative Agent pursuant to the Security Agreement and Pledgors hereby acknowledge and affirm that the rights and remedies of the Administrative Agent with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein. In the event that any provision of this Trademark Security Agreement is deemed to be inconsistent with or in conflict with the Security Agreement, the provisions of the Security Agreement shall control.

SECTION 4. Termination. Upon payment in full of the Obligations in accordance with the provisions of the Credit Agreement and the expiration or termination of the Commitments, the Administrative Agent shall execute, acknowledge, and deliver to the Pledgors an instrument in writing in recordable form releasing the collateral pledge, grant, assignment, lien and security interest in the Trademark Collateral under this Trademark Security Agreement.

SECTION 5. Counterparts. This Trademark Security Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Trademark Security Agreement by signing and delivering one or more counterparts. Delivery of any executed counterpart of a signature page of this Trademark Security Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Trademark Security Agreement.

SECTION 6. Governing Law. This Trademark Security Agreement and the transactions contemplated hereby, and all disputes between the parties under or relating to this Trademark Security Agreement or the facts or circumstances leading to its execution, whether in contract, tort or otherwise, shall be construed in accordance with and governed by the laws (including statutes of limitation) of the State of New York, without regard to conflicts of law principles that would require the application of the laws of another jurisdiction.

[signature page follows]

IN WITNESS WHEREOF, each Pledgor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

Very truly yours,

[PLEDGORS]

By: _____
Name:
Title:

Accepted and Agreed:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

Trademark Intellectual Property Licenses:

FORM OF MORTGAGE

[separately attached]

**FIRST LIEN MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS
AND LEASES AND FIXTURE FILING ([_____])**

by and from

POLYONE CORPORATION, “*Mortgagor*”

to

BANK OF AMERICA, N.A., in its capacity as Agent, “*Mortgagee*”

Dated as of [_____] [__], 2012

Location:	[_____]
Municipality:	[_____]
County:	[_____]
State:	[_____]

**[To be included in mortgage recording tax states where capped: THE MAXIMUM PRINCIPAL INDEBTEDNESS WHICH IS SECURED BY OR WHICH BY ANY
CONTINGENCY MAY BE SECURED BY THIS MORTGAGE IS \$_____.]**

**THE SECURED PARTY (MORTGAGEE) DESIRES THIS FIXTURE FILING
TO BE INDEXED AGAINST THE RECORD OWNER OF THE REAL ESTATE DESCRIBED HEREIN.**

**PREPARED BY, RECORDING REQUESTED BY,
AND WHEN RECORDED MAIL TO:**

**Shearman & Sterling LLP
599 Lexington Avenue
New York, New York 10022-6069
Attention: Malcolm K. Montgomery, Esq.
File # 37051/00033**

**FIRST LIEN MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS
AND LEASES AND FIXTURE FILING ([_____])**

THIS FIRST LIEN MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND LEASES AND FIXTURE FILING ([_____]) (this “**Mortgage**”) is dated as of [_____] [____], 2012 by and from POLYONE CORPORATION, an Ohio corporation (“**Mortgagor**”), whose address is 33587 Walker Road, Avon Lake OH 44012 to BANK OF AMERICA, N.A., a national banking association, as administrative agent (in such capacity, “**Agent**”) for the Secured Parties as defined in the Credit Agreement (defined below), having an address at [_____] (Agent, together with its successors and assigns, “**Mortgagee**”).

[*To be included in mortgage recording tax states where capped: ANY PROVISION HEREIN TO THE CONTRARY NOTWITHSTANDING, THE MAXIMUM PRINCIPAL INDEBTEDNESS WHICH IS SECURED BY OR WHICH BY ANY CONTINGENCY MAY BE SECURED BY THIS MORTGAGE IS \$*[_____] (THE “**SECURED AMOUNT**”).]

**ARTICLE 1
DEFINITIONS**

Section 1.1 Definitions. All capitalized terms used herein without definition shall have the respective meanings ascribed to them in that certain Credit Agreement dated as of December [____], 2011, as the same may be amended, amended and restated, supplemented or otherwise modified from time to time (the “**Credit Agreement**”), among Mortgagor, as borrower, Agent, as administrative agent, and the other Secured Parties identified therein. As used herein, the following terms shall have the following meanings:

(a) “**Event of Default**”: An Event of Default under and as defined in the Credit Agreement.

(b) “**Indebtedness**”: (1) All indebtedness of Mortgagor to Mortgagee or any of the other Secured Parties under the Credit Agreement or any other Loan Document, including, without limitation, the sum of all (a) principal, interest and other amounts owing under or evidenced or secured by the Loan Documents and (b) principal, interest and other amounts which may hereafter be lent by Mortgagee or any of the other Secured Parties under or in connection with the Credit Agreement or any of the other Loan Documents, whether evidenced by a promissory note or other instrument which, by its terms, is secured hereby, and (2) all other indebtedness, obligations and liabilities now or hereafter existing of any kind of Mortgagor to Mortgagee or any of the other Secured Parties under documents which recite that they are intended to be secured by this Mortgage. The Indebtedness secured hereby includes, without limitation, all interest and expenses accruing after the commencement by or against Mortgagor or any of its affiliates of a proceeding under the Bankruptcy Code (defined below) or any similar law for the relief of debtors. [*To be included in mortgage recording tax states: Subject to the provisions of Section 2.2, this Mortgage secures all advances under the Credit Agreement.*]

(c) “**Mortgaged Property**”: The fee interest in the real property described in Exhibit A attached hereto and incorporated herein by this reference, together with any greater estate therein as hereafter may be acquired by Mortgagor (the “**Land**”), and all of Mortgagor’s

right, title and interest now or hereafter acquired in and to (1) all improvements now owned or hereafter acquired by Mortgagor, now or at any time situated, placed or constructed upon the Land (the “**Improvements**”; the Land and Improvements are collectively referred to as the “**Premises**”), (2) all materials, supplies, equipment, apparatus and other items of personal property now owned or hereafter acquired by Mortgagor and now or hereafter attached to, installed in or used in connection with any of the Improvements or the Land, and water, gas, electrical, telephone, storm and sanitary sewer facilities and all other utilities whether or not situated in easements, and all equipment, inventory and other goods in which Mortgagor now has or hereafter acquires any rights or any power to transfer rights and that are or are to become fixtures (as defined in the UCC, defined below) related to the Land (the “**Fixtures**”), (3) all leases, licenses, concessions, occupancy agreements or other agreements (written or oral, now or at any time in effect) which grant to any Person a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the “**Leases**”), (4) all of the rents, revenues, royalties, income, proceeds, profits, accounts receivable, security and other types of deposits, and other benefits paid or payable by parties to the Leases for using, leasing, licensing possessing, operating from, residing in, selling or otherwise enjoying the Mortgaged Property (the “**Rents**”), (5) all other agreements, to the extent transferable, such as construction contracts, architects’ agreements, engineers’ contracts, utility contracts, maintenance agreements, management agreements, service contracts, listing agreements, guaranties, warranties, permits, licenses, certificates and entitlements in any way relating to the construction, use, occupancy, operation, maintenance, enjoyment or ownership of the Mortgaged Property (the “**Property Agreements**”), (6) all rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages and appurtenances appertaining to the foregoing, (7) all accessions, replacements and substitutions for any of the foregoing and all proceeds thereof (the “**Proceeds**”), (8) all insurance policies, unearned premiums therefor and proceeds from such policies covering any of the above property now or hereafter acquired by Mortgagor (the “**Insurance**”), and (9) all awards, damages, remunerations, reimbursements, settlements or compensation heretofore made or hereafter to be made by any governmental authority pertaining to any condemnation or other taking (or any purchase in lieu thereof) of all or any portion of the Land, Improvements or Fixtures (the “**Condemnation Awards**”). As used in this Mortgage, the term “Mortgaged Property” shall mean all or, where the context permits or requires, any portion of the above or any interest therein.

(d) “**Obligations**”: All of the agreements, covenants, conditions, warranties, representations and other obligations of Mortgagor under the Credit Agreement and the other Loan Documents to which it is a party.

(e) “**Permitted Liens**”: Liens described in Sections 7.01 of the Credit Agreement.

(f) “**Security Agreement**”: That certain Security Agreement by and from Mortgagor and the other grantors referred to therein to Agent and the other Secured Parties dated as of December [___], 2011, as the same may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time.

(g) “**UCC**”: The Uniform Commercial Code of [_____] or, if the creation, perfection and enforcement of any security interest herein granted is governed by

the laws of a state other than [_____], then, as to the matter in question, the Uniform Commercial Code in effect in that state.

ARTICLE 2
GRANT [TO BE INCLUDED IN MORTGAGE RECORDING TAX STATES: ; REDUCTION
OF SECURED AMOUNT]

Section 2.1 Grant. To secure the full and timely payment of the Indebtedness and the full and timely performance of the Obligations, Mortgagor MORTGAGES, GRANTS, BARGAINS, ASSIGNS, SELLS, CONVEYS and CONFIRMS, to Mortgagee the Mortgaged Property, subject, however, only to the matters that are set forth on Exhibit B attached hereto (the “**Permitted Encumbrances**”) and to Permitted Liens, TO HAVE AND TO HOLD the Mortgaged Property to Mortgagee, and Mortgagor does hereby bind itself, its successors and assigns to WARRANT AND FOREVER DEFEND the title to the Mortgaged Property unto Mortgagee, subject, however, only to Permitted Encumbrances and Permitted Liens.

Section 2.2 Reduction of Secured Amount. [To be included in mortgage recording tax states where capped: **So long as the balance of the Indebtedness equals or exceeds the Secured Amount, the amount of the Indebtedness secured by this Mortgage shall at all times equal only the Secured Amount. So long as the balance of the Indebtedness exceeds the Secured Amount, any payments of the Indebtedness shall not be deemed to be applied against, or to reduce, the portion of the Indebtedness secured by this Mortgage. Such payments shall instead be deemed to reduce only such portions of the Indebtedness as are secured by other collateral located outside of the State of [_____].**]

ARTICLE 3
WARRANTIES, REPRESENTATIONS AND COVENANTS

Mortgagor warrants, represents and covenants to Mortgagee as follows:

Section 3.1 Title to Mortgaged Property and Lien of this Instrument. Mortgagor owns the Mortgaged Property free and clear of any liens, claims or interests, except the Permitted Encumbrances and the Permitted Liens. This Mortgage creates valid, enforceable first priority liens and security interests against the Mortgaged Property, subject to Permitted Encumbrances and Permitted Liens.

Section 3.2 Lien Status. Mortgagor shall preserve and protect the first lien and security interest priority of this Mortgage and the other Loan Documents. If any lien or security interest other than a Permitted Encumbrance or a Permitted Lien is asserted against the Mortgaged Property, Mortgagor shall promptly, after becoming aware of such lien, and at its expense, (a) give Mortgagee a detailed written notice of such lien or security interest (including origin, amount and other terms), and (b) pay the underlying claim in full or take such other action so as to cause it to be released or contest the same in compliance with the requirements of the Credit Agreement (including the requirement of providing a bond or other security satisfactory to Mortgagee), but only to the extent required by the Loan Documents.

Section 3.3 Payment and Performance. Mortgagor shall pay the Indebtedness when due under the Credit Agreement and the other Loan Documents and shall perform the

Obligations in full when they are required to be performed, but only to the extent required by the Loan Documents.

Section 3.4 Replacement of Fixtures. Mortgagor shall not, without the prior written consent of Mortgagee, permit any of the Fixtures owned or leased by Mortgagor to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or is permitted to be removed by the Credit Agreement.

Section 3.5 Inspection. Mortgagor shall permit Mortgagee and the other Secured Parties and their respective agents, representatives and employees, upon at least five (5) Business Days' prior notice to Mortgagor, to inspect the Mortgaged Property and all books and records of Mortgagor located thereon, and to conduct such environmental and engineering studies as Mortgagee or the other Secured Parties may require, provided that such inspections and studies shall not materially interfere with the use and operation of the Mortgaged Property.

Section 3.6 Other Covenants. All of the covenants in the Credit Agreement relating to the Mortgaged Property are incorporated herein by reference and, together with covenants in this Article 3, shall be covenants running with the Land.

Section 3.7 Insurance; Condemnation Awards and Insurance Proceeds.

(a) Insurance. Mortgagor shall maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to the Mortgaged Property, as required by the Credit Agreement, against loss or damage of the kinds customarily carried or maintained under similar circumstances by corporations of established reputation engaged in similar businesses. Each such policy of insurance shall name Mortgagee as the loss payee (or, in the case of liability insurance, an additional insured) thereunder for the ratable benefit of the Secured Parties, shall (except in the case of liability insurance) name Mortgagee as the "mortgagee" under a so-called "New York" long form non-contributory endorsement and shall provide for at least 30 days' prior written notice of any cancellation of such policy. In addition to the foregoing, if any portion of the Mortgaged Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (or any amendment or successor act thereto), then Mortgagor shall maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount sufficient to comply with all applicable rules and regulations promulgated pursuant to such Act.

(b) Condemnation Awards. Mortgagor assigns all Condemnation Awards to Mortgagee and authorizes Mortgagee to collect and receive such Condemnation Awards and to give proper receipts and acquittances therefor, subject to the terms of the Credit Agreement, *provided* that any Condemnation Award related to an Involuntary Disposition (as defined in the Credit Agreement) shall be made available to Mortgagor as permitted under the terms of the Credit Agreement.

(c) Insurance Proceeds. Mortgagor assigns to Mortgagee all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property. Subject to the terms of the Credit Agreement, Mortgagor authorizes Mortgagee to collect and receive such

proceeds and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Mortgagee, instead of to Mortgagor and Mortgagee jointly, *provided* that proceeds from any insurance policy related to an Involuntary Disposition (as defined in the Credit Agreement) shall be made available to Mortgagor as permitted under the Credit Agreement.

ARTICLE 4
[INTENTIONALLY OMITTED]

ARTICLE 5
DEFAULT AND FORECLOSURE

Section 5.1 Remedies. Upon the occurrence and during the continuance of an Event of Default, Mortgagee may, at Mortgagee's election, exercise any or all of the following rights, remedies and recourses:

(a) Acceleration. Subject to any provisions of the Loan Documents providing for the automatic acceleration of the Indebtedness upon the occurrence of certain Events of Default, declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand or action of any nature whatsoever (each of which hereby is expressly waived by Mortgagor), whereupon the same shall become immediately due and payable.

(b) Entry on Mortgaged Property. Enter the Mortgaged Property and take exclusive possession thereof and of all books, records and accounts relating thereto or located thereon. If Mortgagor remains in possession of the Mortgaged Property following the occurrence and during the continuance of an Event of Default and without Mortgagee's prior written consent, Mortgagee may invoke any legal remedies to dispossess Mortgagor.

(c) Operation of Mortgaged Property. Hold, lease, develop, manage, operate or otherwise use the Mortgaged Property upon such terms and conditions as Mortgagee may deem reasonable under the circumstances (making such repairs, alterations, additions and improvements and taking other actions, from time to time, as Mortgagee deems necessary or desirable), and apply all Rents and other amounts collected by Mortgagee in connection therewith in accordance with the provisions of Section 5.7.

(d) Foreclosure and Sale. Institute proceedings for the complete foreclosure of this Mortgage by judicial action or by power of sale, in which case the Mortgaged Property may be sold for cash or credit in one or more parcels as Mortgagee may determine. With respect to any notices required or permitted under the UCC, Mortgagor agrees that ten (10) Business Days' prior written notice shall be deemed commercially reasonable. At any such sale by virtue of any judicial proceedings, power of sale, or any other legal right, remedy or recourse, the title to and right of possession of any such property shall pass to the purchaser thereof, and to the fullest extent permitted by law, Mortgagor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Mortgagor, and against all other Persons claiming or to claim the property sold or

any part thereof, by, through or under Mortgagor. Mortgagee or any of the other Secured Parties may be a purchaser at such sale. If Mortgagee or such other Secured Party is the highest bidder, Mortgagee or such other Secured Party may credit the portion of the purchase price that would be distributed to Mortgagee or such other Secured Party against the Indebtedness in lieu of paying cash. In the event this Mortgage is foreclosed by judicial action, appraisal of the Mortgaged Property is waived.

(e) Receiver. Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Mortgagor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Mortgagor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 5.7.

(f) Other. Exercise all other rights, remedies and recourses granted under the Loan Documents or otherwise available at law or in equity.

Section 5.2 Separate Sales. The Mortgaged Property may be sold in one or more parcels and in such manner and order as Mortgagee in its sole discretion may elect. The right of sale arising out of any Event of Default shall not be exhausted by any one or more sales.

Section 5.3 Remedies Cumulative, Concurrent and Nonexclusive. Mortgagee and the other Secured Parties shall have all rights, remedies and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (a) shall be cumulative and concurrent, (b) may be pursued separately, successively or concurrently against Mortgagor or others obligated under the Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Mortgagee or such other Secured Party, as the case may be, (c) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (d) are intended to be, and shall be, nonexclusive. No action by Mortgagee or any other Secured Party in the enforcement of any rights, remedies or recourses under the Loan Documents or otherwise at law or equity shall be deemed to cure any Event of Default.

Section 5.4 Release of and Resort to Collateral. Mortgagee may release, regardless of consideration and without the necessity for any notice to or consent by the holder of any subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interest created in or evidenced by the Loan Documents or their priority with respect to the Mortgaged Property. For payment of the Indebtedness, Mortgagee may resort to any other security in such order and manner as Mortgagee may elect.

Section 5.5 Waiver of Redemption, Notice and Marshalling of Assets. To the fullest extent permitted by law, Mortgagor hereby irrevocably and unconditionally waives and releases (a) all benefit that might accrue to Mortgagor by virtue of any present or future statute of

limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution or providing for any stay of execution, exemption from civil process, redemption or extension of time for payment, (b) all notices of any Event of Default or of any election by Mortgagee to exercise or the actual exercise of any right, remedy or recourse provided for under the Loan Documents, and (c) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 5.6 Discontinuance of Proceedings. If Mortgagee or any other Secured Party shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon it for any reason, Mortgagee or such other Secured Party, as the case may be, shall have the unqualified right to do so and, in such an event, Mortgagor, Mortgagee and the other Secured Parties shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property and otherwise, and the rights, remedies, recourses and powers of Mortgagee and the other Secured Parties shall continue as if the right, remedy or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Mortgagee or any other Secured Party thereafter to exercise any right, remedy or recourse under the Loan Documents for such Event of Default.

Section 5.7 Application of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation or other use of the Mortgaged Property, shall be applied by Mortgagee (or the receiver, if one is appointed) in the following order unless otherwise required by applicable law:

(a) to the payment of the costs and expenses of taking possession of the Mortgaged Property and of holding, using, leasing, repairing, improving and selling the same, including, without limitation (1) receiver's fees and expenses, including the repayment of the amounts evidenced by any receiver's certificates, (2) court costs, (3) attorneys' and accountants' fees and expenses, and (4) costs of advertisement;

(b) to the payment of the Indebtedness and performance of the Obligations in such manner and order of preference as Mortgagee in its sole discretion may determine; and

(c) the balance, if any, to the Persons legally entitled thereto.

Section 5.8 Occupancy After Foreclosure. Any sale of the Mortgaged Property or any part thereof in accordance with Section 5.1(d) will divest all right, title and interest of Mortgagor in and to the property sold. Subject to applicable law, any purchaser at a foreclosure sale will receive immediate possession of the property purchased. If Mortgagor retains possession of such property or any part thereof subsequent to such sale, Mortgagor will be considered a tenant at sufferance of the purchaser, and will, if Mortgagor remains in possession after demand to remove, be subject to eviction and removal, forcible or otherwise, with or without process of law.

Section 5.9 Additional Advances and Disbursements; Costs of Enforcement.

(a) Upon the occurrence and during the continuance of any Event of Default, Mortgagee and each of the other Secured Parties shall have the right, but not the obligation, to

cure such Event of Default in the name and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee or any other Secured Party under this Section 5.9, or otherwise under this Mortgage or any of the other Loan Documents or applicable law, shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at the highest rate at which interest is then computed on any portion of the Indebtedness, and all such sums, together with interest thereon, shall be secured by this Mortgage.

(b) Mortgagor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Mortgage and the other Loan Documents, or the enforcement, compromise or settlement of the Indebtedness or any claim under this Mortgage and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Mortgagee in respect thereof, by litigation or otherwise.

Section 5.10 No Mortgagee in Possession. Neither the enforcement of any of the remedies under this Article 5, the assignment of the Rents and Leases under Article 6, the security interests under Article 7, nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee or any other Secured Party to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Mortgagee or any other Secured Party to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 6 ASSIGNMENT OF RENTS AND LEASES

Section 6.1 Assignment. In furtherance of and in addition to the assignment made by Mortgagor in Section 2.1 of this Mortgage, Mortgagor hereby absolutely and unconditionally assigns, sells, transfers and conveys to Mortgagee all of its right, title and interest in and to all Leases, whether now existing or hereafter entered into, and all of its right, title and interest in and to all Rents. This assignment is an absolute assignment and not an assignment for additional security only. So long as no Event of Default shall have occurred and be continuing, Mortgagor shall have a revocable license from Mortgagee to exercise all rights extended to the landlord under the Leases, including the right to receive and collect all Rents and to hold the Rents in trust for use in the payment and performance of the Obligations and to otherwise use the same. The foregoing license is granted subject to the conditional limitation that no Event of Default shall have occurred and be continuing. Upon the occurrence and during the continuance of an Event of Default, whether or not legal proceedings have commenced, and without regard to waste, adequacy of security for the Obligations or solvency of Mortgagor, the license herein granted shall automatically expire and terminate, without notice to Mortgagor by Mortgagee (any such notice being hereby expressly waived by Mortgagor to the extent permitted by applicable law).

Section 6.2 Perfection Upon Recordation. Mortgagor acknowledges that Mortgagee has taken all actions necessary to obtain, and that upon recordation of this Mortgage Mortgagee shall have, to the extent permitted under applicable law, a valid and fully perfected, first priority, present assignment of the Rents arising out of the Leases and all security for such Leases. Mortgagor acknowledges and agrees that upon recordation of this Mortgage Mortgagee's interest

in the Rents shall be deemed to be fully perfected, “choate” and enforced as to Mortgagor and to the extent permitted under applicable law, all third parties, including, without limitation, any subsequently appointed trustee in any case under Title 11 of the United States Code (the “**Bankruptcy Code**”), without the necessity of commencing a foreclosure action with respect to this Mortgage, making formal demand for the Rents, obtaining the appointment of a receiver or taking any other affirmative action.

Section 6.3 Bankruptcy Provisions. Without limitation of the absolute nature of the assignment of the Rents hereunder, Mortgagor and Mortgagee agree that (a) this Mortgage shall constitute a “security agreement” for purposes of Section 552(b) of the Bankruptcy Code, (b) the security interest created by this Mortgage extends to property of Mortgagor acquired before the commencement of a case in bankruptcy and to all amounts paid as Rents and (c) such security interest shall extend to all Rents acquired by the estate after the commencement of any case in bankruptcy.

Section 6.4 No Merger of Estates. So long as part of the Indebtedness and the Obligations secured hereby remain unpaid and undischarged, the fee and leasehold estates to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Mortgagor, Mortgagee, any tenant or any third party by purchase or otherwise.

ARTICLE 7 SECURITY AGREEMENT

Section 7.1 Security Interest. This Mortgage constitutes a “security agreement” on personal property within the meaning of the UCC and other applicable law and with respect to the Fixtures, Leases, Rents, Property Agreements, Proceeds, Insurance and Condemnation Awards. To this end, Mortgagor grants to Mortgagee a first and prior security interest in the Fixtures, Leases, Rents, Property Agreements, Proceeds, Insurance, Condemnation Awards and all other Mortgaged Property which is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Mortgagee shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition or other intended action by Mortgagee with respect to the Fixtures, Leases, Rents, Property Agreements, Proceeds, Insurance and Condemnation Awards sent to Mortgagor at least ten (10) Business Days prior to any action under the UCC shall constitute reasonable notice to Mortgagor. In the event of any conflict or inconsistency between the terms of this Mortgage and the terms of the Security Agreement with respect to the collateral covered both therein and herein, the Security Agreement shall control and govern to the extent of any such conflict or inconsistency.

Section 7.2 Financing Statements. Mortgagor shall prepare and deliver to Mortgagee such financing statements, and shall execute and deliver to Mortgagee such other documents, instruments and further assurances, in each case in form and substance satisfactory to Mortgagee, as Mortgagee may, from time to time, reasonably consider necessary to create, perfect and preserve Mortgagee’s security interest hereunder. Mortgagor hereby irrevocably authorizes Mortgagee to cause financing statements (and amendments thereto and continuations thereof) and any such documents, instruments and assurances to be recorded and filed, at such times and

places as may be required or permitted by law to so create, perfect and preserve such security interest. Mortgagor represents and warrants to Mortgagee that Mortgagor's jurisdiction of organization is the State of Ohio. After the date of this Mortgage, Mortgagor shall not change its name, type of organization, organizational identification number (if any), jurisdiction of organization or location (within the meaning of the UCC) without giving at least thirty (30) days' prior written notice to Mortgagee.

Section 7.3 Fixture Filing. This Mortgage shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. The information provided in this Section 7.3 is provided so that this Mortgage shall comply with the requirements of the UCC for a mortgage instrument to be filed as a financing statement. Mortgagor is the "Debtor" and its name and mailing address are set forth in the preamble of this Mortgage immediately preceding Article 1. Mortgagee is the "Secured Party" and its name and mailing address from which information concerning the security interest granted herein may be obtained are also set forth in the preamble of this Mortgage immediately preceding Article 1. A statement describing the portion of the Mortgaged Property comprising the fixtures hereby secured is set forth in Section 1.1(c) of this Mortgage. Mortgagor represents and warrants to Mortgagee that Mortgagor is the record owner of the Mortgaged Property, the employer identification number of Mortgagor is [_____] and the organizational identification number of Mortgagor is [_____].

ARTICLE 8
[INTENTIONALLY OMITTED]

ARTICLE 9
MISCELLANEOUS

Section 9.1 Notices. Any notice required or permitted to be given under this Mortgage shall be given in accordance with Section 10.02 of the Credit Agreement.

Section 9.2 Covenants Running with the Land. All Obligations contained in this Mortgage are intended by Mortgagor and Mortgagee to be, and shall be construed as, covenants running with the Land. As used herein, "Mortgagor" shall refer to the party named in the first paragraph of this Mortgage and to any subsequent owner of all or any portion of the Mortgaged Property. All Persons who may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Credit Agreement and the other Loan Documents; *provided, however*, that no such party shall be entitled to any rights thereunder without the prior written consent of Mortgagee.

Section 9.3 Attorney-in-Fact. Mortgagor hereby irrevocably appoints Mortgagee as its attorney-in-fact, which agency is coupled with an interest and with full power of substitution, with full authority in the place and stead of Mortgagor and in the name of Mortgagor or otherwise (a) to execute and/or record any notices of completion, cessation of labor or any other notices that Mortgagee deems appropriate to protect Mortgagee's interest, if Mortgagor shall fail to do so within ten (10) Business Days after written request by Mortgagee, (b) upon the issuance of a deed pursuant to the foreclosure of this Mortgage or the delivery of a deed in lieu of foreclosure, to execute all instruments of assignment, conveyance or further assurance with

respect to the Leases, Rents, Property Agreements, Proceeds, Insurance and Condemnation Awards in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (c) to prepare and file or record financing statements and continuation statements, and to prepare, execute and file or record applications for registration and like papers necessary to create, perfect or preserve Mortgagee's security interests and rights in or to any of the Mortgaged Property, and (d) after the occurrence and during the continuance of any Event of Default, to perform any obligation of Mortgagor hereunder; *provided, however*, that (1) Mortgagee shall not under any circumstances be obligated to perform any obligation of Mortgagor; (2) any sums advanced by Mortgagee in such performance shall be added to and included in the Indebtedness and shall bear interest at the highest rate at which interest is then computed on any portion of the Indebtedness; (3) Mortgagee as such attorney-in-fact shall only be accountable for such funds as are actually received by Mortgagee; and (4) Mortgagee shall not be liable to Mortgagor or any other person or entity for any failure to take any action which it is empowered to take under this Section 9.3.

Section 9.4 Successors and Assigns. This Mortgage shall be binding upon and inure to the benefit of Mortgagee, the other Secured Parties and Mortgagor and their respective successors and assigns. Mortgagor shall not, without the prior written consent of Mortgagee, assign any rights, duties or obligations hereunder.

Section 9.5 No Waiver. Any failure by Mortgagee or the other Secured Parties to insist upon strict performance of any of the terms, provisions or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Mortgagee and the other Secured Parties shall have the right at any time to insist upon strict performance of all of such terms, provisions and conditions.

Section 9.6 Credit Agreement. If any conflict or inconsistency exists between this Mortgage and the Credit Agreement, the Credit Agreement shall control and govern to the extent of any such conflict or inconsistency.

Section 9.7 Release or Reconveyance. Upon payment in full of the Indebtedness and performance in full of the Obligations or upon a sale or other disposition of the Mortgaged Property permitted by the Credit Agreement, Mortgagee, at Mortgagor's request and expense, shall release the liens and security interests created by this Mortgage or reconvey the Mortgaged Property to Mortgagor.

Section 9.8 Waiver of Stay, Moratorium and Similar Rights. Mortgagor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any stay, marshalling of assets, extension, redemption or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Mortgage or the Indebtedness or Obligations secured hereby, or any agreement between Mortgagor and Mortgagee or any rights or remedies of Mortgagee or any other Secured Party.

Section 9.9 Applicable Law. The provisions of this Mortgage regarding the creation, perfection and enforcement of the liens and security interests herein granted shall be governed by and construed under the laws of the state in which the Mortgaged Property is located. All other

provisions of this Mortgage shall be governed by the laws of the State of New York (including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York).

Section 9.10 Headings. The Article, Section and Subsection titles hereof are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of such Articles, Sections or Subsections.

Section 9.11 Severability. If any provision of this Mortgage shall be held by any court of competent jurisdiction to be unlawful, void or unenforceable for any reason, such provision shall be deemed severable from and shall in no way affect the enforceability and validity of the remaining provisions of this Mortgage.

Section 9.12 Entire Agreement. This Mortgage and the other Loan Documents embody the entire agreement and understanding between Mortgagor and Mortgagee relating to the subject matter hereof and thereof and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

Section 9.13 Mortgagee as Agent; Successor Agents.

(a) Agent has been appointed to act as Agent hereunder by the other Secured Parties. Agent shall have the right hereunder to make demands, to give notices, to exercise or refrain from exercising any rights, and to take or refrain from taking any action (including, without limitation, the release or substitution of the Mortgaged Property) in accordance with the terms of the Credit Agreement, any related agency agreement among Agent and the other Secured Parties (collectively, as amended, amended and restated, supplemented or otherwise modified or replaced from time to time, the “**Agency Documents**”) and this Mortgage. Mortgagor and all other Persons shall be entitled to rely on releases, waivers, consents, approvals, notifications and other acts of Agent, without inquiry into the existence of required consents or approvals of the Secured Parties therefor.

(b) Mortgagee shall at all times be the same Person that is Agent under the Agency Documents. Written notice of resignation by Agent pursuant to the Agency Documents shall also constitute notice of resignation as Agent under this Mortgage. Removal of Agent pursuant to any provision of the Agency Documents shall also constitute removal as Agent under this Mortgage. Appointment of a successor Agent pursuant to the Agency Documents shall also constitute appointment of a successor Agent under this Mortgage. Upon the acceptance of any appointment as Agent by a successor Agent under the Agency Documents, that successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring or removed Agent as the Mortgagee under this Mortgage, and the retiring or removed Agent shall promptly (i) assign and transfer to such successor Agent all of its right, title and interest in and to this Mortgage and the Mortgaged Property, and (ii) execute and deliver to such successor Agent such assignments and amendments and take such other actions, as may be necessary or appropriate in connection with the assignment to such successor Agent of the liens and security interests created hereunder, whereupon such retiring or removed Agent shall be discharged from its duties and obligations under this Mortgage. After any retiring or removed

Agent’s resignation or removal hereunder as Agent, the provisions of this Mortgage and the Agency Documents shall inure to its benefit as to any actions taken or omitted to be taken by it under this Mortgage while it was Agent hereunder.

Section 9.14 Subrogation. If any or all of the proceeds of the Indebtedness are used to extinguish, extend or renew any indebtedness heretofore existing against the Mortgaged Property, then, to the extent of the funds so used, Mortgagee and the other Secured Parties shall be subrogated to all of the rights, claims, liens, titles, and interests existing against the Mortgaged Property heretofore held by, or in favor of, the holder of such indebtedness and such former rights, claims, liens, titles, and interests, if any, are not waived but rather are continued in full force and effect in favor of Mortgagee and the other Secured Parties and are merged with the lien and security interest created herein as cumulative security for the repayment of the Indebtedness and the performance of the Obligations.

ARTICLE 10
LOCAL LAW PROVISIONS

[To Come]

[The remainder of this page has been intentionally left blank]

IN WITNESS WHEREOF, Mortgagor has on the date set forth in the acknowledgement hereto, effective as of the date first above written, caused this instrument to be duly EXECUTED AND DELIVERED by authority duly given.

MORTGAGOR:

POLYONE CORPORATION,
an Ohio corporation

By: _____
Name:
Title:

By: _____
Name:
Title:

STATE OF _____)
)ss.
COUNTY OF _____)

Before me, a Notary Public in and for said County and State, personally appeared _____, the _____ of POLYONE CORPORATION, and _____, the _____ of POLYONE CORPORATION, the corporation which executed the foregoing instrument, each signed the same and acknowledged to me that he/she did so sign said instrument in the name and upon behalf of said corporation as such officer, that the same is his/her free act and deed as such officer and the free act and deed of said corporation; that he/she was duly authorized thereunto by its board of directors. In testimony whereof, I have hereunto subscribed my name, and affixed my seal at _____ this _____ day of _____, 2012.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public

My Commission Expires:

EXHIBIT A

LEGAL DESCRIPTION

Legal Description of premises located at [_____]:

[See Attached Page(s) For Legal Description]

Exh. A-1

[EXHIBIT B

PERMITTED ENCUMBRANCES]

Those exceptions set forth in Schedule B of that certain policy of title insurance issued to Mortgagee by [] on or about the date hereof pursuant to commitment number [].

FORM OF INTELLECTUAL PROPERTY SECURITY AGREEMENT

[separately attached]

Intentially omitted

FORM OF INTERCOMPANY SUBORDINATION AGREEMENT
[separately attached]

INTERCOMPANY SUBORDINATION AGREEMENT

THIS INTERCOMPANY SUBORDINATION AGREEMENT (this “Agreement”), dated as of December 21, 2011, is made among the Loan Parties (as hereinafter defined), the Non-Loan Parties (as hereinafter defined), Bank of America, N.A. in its capacity as administrative agent pursuant to the Credit Agreement (as hereinafter defined) (in such capacity, together with any successors in such capacity, the “Administrative Agent”) (such capitalized terms and all other capitalized terms used herein without definition shall have the meanings provided for in Section 1).

WHEREAS, PolyOne Corporation (the “Company”), the Administrative Agent and the lending institutions listed therein have, in connection with the execution and delivery of this Agreement, entered into that certain Credit Agreement, dated as of December 21, 2011 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Credit Agreement”);

WHEREAS, Borrowers and each of the Subsidiaries defined as “Loan Parties” under the Credit Agreement are collectively referred to herein as the “Loan Parties” and each a “Loan Party”;

WHEREAS, each of the Subsidiaries of Company not defined as “Loan Parties” under the Credit Agreement are collectively referred to herein as the “Non-Loan Parties” and each a “Non-Loan Party”;

WHEREAS, each of the Loan Parties and the Non-Loan Parties are collectively referred to herein as the “Companies” and each a “Company”;

WHEREAS, one or more of the Non-Loan Parties has made or may make certain Investments taking the form of a loan or advance and loans or advances from time to time to a Loan Party (including, but not limited to the Existing Intercompany Loans, as hereinafter defined) or has received the benefit of a guarantee from a Loan Party for the repayment of Investments taking the form of a loan or advance and loans or advances made from a Non-Loan Party to another Non-Loan Party (including, but not limited to the Existing PolyOne Intercompany Guarantees, as hereinafter defined);

WHEREAS, the Companies will each benefit by the financial accommodations extended to Borrowers by the Lenders under the Credit Agreement; and

WHEREAS, in order to induce Administrative Agent and the Lenders to enter into the Credit Agreement and the other Loan Documents and to induce the Lenders to make financial accommodations to Borrower as provided for in the Credit Agreement, each Company has agreed to the subordination of such Investments, loans or advances of each Non-Loan Party to each Loan Party, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, conditions, representations, and warranties set forth herein and for other good and valuable consideration, the parties hereto agree as follows:

SECTION 1. Definitions; Interpretation.

(a) Terms Defined in Credit Agreement. All capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

“Administrative Agent” has the meaning set forth in the preamble to this Agreement.

“Agreement” has the meaning set forth in the preamble to this Agreement.

“Borrower” has the meanings set forth in the recitals to this Agreement.

“Company” and “Companies” have the meanings set forth in the recitals to this Agreement.

“Existing Intercompany Loans” means the Investments taking the form of a loan or advance and loans or advances by Non-Loan Parties to Loan Parties existing on the date hereof, including, but not limited to, those listed on Schedule 1 hereto.

“Existing Parent Intercompany Guarantees” has the meaning set forth within the definition of Subordinated Debt Documents.

“Insolvency Event” means, as to any Person, any of the following: (a) any case or proceeding with respect to such Person under the U.S. Bankruptcy Code or any other Federal or State bankruptcy, insolvency, reorganization or other law affecting creditors’ rights generally or any other or similar proceedings under the laws of any jurisdiction now or hereafter in effect (whether at a law or equity) or (b) any proceeding seeking the appointment of any trustee, receiver, liquidator, custodian or other insolvency official with similar powers with respect to such Person or any or all of its assets or properties or (c) any proceedings for liquidation, dissolution or other winding up of the business of such Person or (d) any assignment for the benefit of creditors or any marshaling of assets of such Person.

“Lenders” has the meaning set forth in the recitals to this Agreement.

“Loan Party” and “Loan Parties” have the meanings set forth in the recitals to this Agreement.

“Non-Loan Party” and “Non-Loan Parties” have the meanings set forth in the recitals to this Agreement.

“payment in full” or “paid in full” means the indefeasible payment and satisfaction in full in cash of all of the Senior Debt and the termination of the financing arrangements provided by Senior Claimholders to Loan Parties (but not including for this purpose the refinancing or replacement of the Senior Claimholders). If after receipt of any payment of, or proceeds of collateral applied to the payment of, any of the Senior Debt, Administrative Agent or any Senior Claimholder is required to surrender or return such payment or proceeds to any person for any reason, then the Senior Debt intended to be satisfied by such payment or proceeds shall be reinstated and continue and this Agreement shall continue in full force and effect as if such payment or proceeds had not been received by Administrative Agent or such Senior Claimholder, as the case may be.

“Senior Claimholders” means, at any relevant time, the holders of Senior Debt at such time, including the Lenders, the Administrative Agent, and any other agent under the Credit Agreement.

“Senior Debt” means the Obligations and other indebtedness, liabilities, and guaranties of Borrowers or Loan Parties to Senior Claimholders arising under or in connection with the Credit

Agreement and the other Loan Documents, whether arising before, during or after the initial or any renewal term of the Credit Agreement or after the commencement of any case with respect to any Loan Party under the U.S. Bankruptcy Code or any similar statute (and including, without limitation, any principal, interest, fees, costs, expenses and other amounts, whether or not such amounts are allowable either in whole or in part, in any such case or similar proceeding), and all other amounts payable by the Borrowers or any other Loan Party to Senior Claimholders thereunder or in connection therewith, whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined.

“Subordinated Debt” means, with respect to each Loan Party, all Indebtedness, indebtedness, liabilities, guarantees and other obligations of any Loan Party owing to a Non-Loan Party in respect of any and all Investments taking the form of a loan, advance or guarantees and loans, advances or guarantees arising under or in connection with the Subordinated Debt Documents (including, but not limited to, the Existing Intercompany Loans and the Existing Parent Intercompany Guarantees) or otherwise, whether arising before, during or after the initial or any renewal term of any Subordinated Debt Documents or after the commencement of any case with respect to any Loan Party under the U.S. Bankruptcy Code or any similar statute (and including, without limitation, any principal, interest, fees, costs, expenses and other amounts, whether or not such amounts are allowable either in whole or in part, in any such case or similar proceeding), whether now existing or hereafter arising, and whether due or to become due, absolute or contingent, liquidated or unliquidated, determined or undetermined, including all fees and all other amounts payable by any Loan Party to such Non-Loan Party under or in connection with any documents or instruments related thereto.

“Subordinated Debt Documents” means, collectively, all agreements, documents and instruments at any time executed and/or delivered by any Loan Party or any other person to, with or in favor of any Non-Loan Party in connection with the Subordinated Debt, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced, including, without limitation, (a) each of the loan agreements among PolyOne International Finance Company, a company organized under the laws of Ireland (“PolyOne International”), as lender, various Non-Loan Parties, as borrowers and the Company, as guarantor, including those agreements set forth on Schedule 2 hereto, pursuant to which Company has guaranteed to PolyOne International the repayment by such borrowers of all outstanding amounts in respect thereof (the “Existing Parent Intercompany Guarantees”), and (b) the Existing Intercompany Loans.

“Subordinated Debt Payment” means any payment or distribution by or on behalf of the Loan Parties, directly or indirectly, of assets of the Loan Parties of any kind or character, whether in cash, property, or securities, including on account of the purchase, redemption, or other acquisition of Subordinated Debt, as a result of a collection, sale, or other disposition of collateral, or by setoff, exchange, or in any other manner, for or on account of the Subordinated Debt.

(c) Interpretation. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term “including” is not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, subsection, clause, schedule, and exhibit references are to this Agreement unless otherwise specified. References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto. References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, or replacing the statute or regulation referred to. The captions and headings are for convenience of reference only and shall not affect the construction of this Agreement.

SECTION 2. Subordination to Payment of Senior Debt. The right to payment and satisfaction of the Subordinated Debt is hereby subject, subordinate, and junior, to the extent and in the manner set forth herein, to the prior payment in full of the Senior Debt.

SECTION 3. Subordination Upon Any Distribution of Assets of the Companies. In the event of any payment or distribution of assets of any Loan Party of any kind or character, whether in cash, property, or securities, upon the occurrence of any Insolvency Event: (i) all amounts owing on account of the Senior Debt shall first be paid in full before any Subordinated Debt Payment is made; and (ii) to the extent permitted by applicable law, any Subordinated Debt Payment to which any Non-Loan Party would be entitled except for the provisions hereof, shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution directly to Administrative Agent for application to the payment of the Senior Debt.

SECTION 4. Payments on Subordinated Debt.

Unless and until payment in full of the Senior Debt has occurred, no Loan Party may make and no Non-Loan Party may accept or receive any Subordinated Debt Payment, except, that, each Loan Party may make, and each Non-Loan Party shall be entitled to accept and receive, Subordinated Debt Payments in the ordinary course of business and to the extent permitted pursuant to the provisions of the Credit Agreement, so long as each of the following conditions are satisfied as to any such payment:

- (a) as of the date of such payment and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing; and
- (b) the making of such payment is not prohibited under the ABL Facility.

SECTION 5. Subordination of Remedies. No Non-Loan Party shall, without the prior written consent of Administrative Agent:

(a) accelerate, make demand, or otherwise make due and payable prior to the original due date thereof any Subordinated Debt or bring suit or institute any other actions or proceedings to enforce its rights or interests in respect of the obligations of any Loan Party owing to such Non-Loan Party;

(b) exercise any rights under or with respect to guaranties of the Subordinated Debt, if any;

(c) exercise any rights to set-offs and counterclaims in respect of any indebtedness, liabilities, or obligations of such Non-Loan Party to any Loan Party against any of the Subordinated Debt; or

(d) commence, or cause to be commenced, or join with any creditor other than Administrative Agent and the Lenders in commencing, any bankruptcy, insolvency, or receivership proceeding against any Loan Party.

SECTION 6. Payment Over to Administrative Agent. In the event that, notwithstanding the provisions of Section 3, Section 4, and Section 5, any Subordinated Debt Payments shall be received in contravention of Section 3, Section 4, or Section 5 by any Non-Loan Party before all Senior Debt is paid in full, such Subordinated Debt Payments shall be held in trust for the benefit of Administrative Agent and the other Senior Claimholders and shall be promptly paid over or delivered to Administrative Agent for application to the payment in full of all Senior Debt remaining unpaid.

SECTION 7. Authorization to Administrative Agent. If, while any Subordinated Debt is outstanding, any Insolvency Event shall occur and be continuing with respect to any Loan Party: (i) Administrative Agent hereby is irrevocably authorized and empowered (in the name of each Non-Loan Party or otherwise), but shall have no obligation, to demand, sue for, collect, and receive every payment or distribution in respect of the Subordinated Debt and give acquittance therefor and to file claims and proofs of claim and take such other action (including voting the Subordinated Debt) as it may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of Administrative Agent or any other Senior Claimholder; and (ii) each Non-Loan Party shall promptly take such action as Administrative Agent reasonably may request (A) to collect the Subordinated Debt for the account of Administrative Agent and the other Senior Claimholders and to file appropriate claims or proofs of claim in respect of the Subordinated Debt, (B) to execute and deliver to Administrative Agent such powers of attorney, assignments, and other instruments as it may request to enable it to enforce any and all claims with respect to the Subordinated Debt, and (C) to collect and receive any and all Subordinated Debt Payments.

SECTION 8. Certain Agreements of Each Company.

(a) No Benefits. Each Company understands that there may be various agreements between Administrative Agent, the other Senior Claimholders and the Loan Parties evidencing and governing the Senior Debt, and each Company acknowledges and agrees that such agreements are not intended to confer any benefits on such Company and that neither Administrative Agent nor any other Senior Claimholder shall have any obligation to such Company or any other Person to exercise any rights, enforce any remedies, or take any actions which may be available to them under such agreements.

(b) No Interference. Each Company acknowledges that the Loan Parties have granted or may from time to time grant to Administrative Agent, for the benefit of the Senior Claimholders, security interests in any or all of their respective assets, and each Company agrees not to interfere with or in any manner oppose a disposition of any such Collateral by Administrative Agent in accordance with applicable law.

(c) Reliance by Administrative Agent and the Senior Claimholders. Each Company acknowledges and agrees that Administrative Agent and the other Senior Claimholders will have relied upon and will continue to rely upon the subordination provisions provided for herein and the other provisions hereof in entering into the Loan Documents and making or issuing the Loans or other financial accommodations thereunder.

(d) Waivers. Except as provided under the Loan Documents, each Company hereby waives (i) any and all notice of the incurrence of the Senior Debt or any part thereof, (ii) notice of presentment, demand, protest, notice of protest, notice of nonpayment or default and all other notices to which any Non-Loan Party and any Loan Party are or may be entitled (except as expressly provided for herein or as to any Loan Party, in the Loan Documents) and (iii) any right to require marshaling of assets.

(e) Obligations of Each Company Not Affected. Each Company hereby agrees that at any time and from time to time, without notice to or the consent of such Company, without incurring responsibility to such Company, and without impairing or releasing the subordination provided for herein or otherwise impairing the rights of Administrative Agent or any other Senior Claimholder hereunder, (i) the time for any of the Loan Parties' performance of or compliance with any of its agreements contained in the Loan Documents may be extended or such performance or compliance may be waived by Administrative Agent (in accordance with the Loan Documents); (ii) the agreements of any Loan Party with respect to the Loan Documents may from time to time be modified by such Loan Party, Administrative Agent and the other Senior Claimholders (in accordance with the Loan Documents) for

the purpose of adding any requirements thereto or changing in any manner the rights and obligations of such Loan Party, Administrative Agent or the other Senior Claimholders thereunder; (iii) the manner, place, or terms for payment of Senior Debt or any portion thereof may be altered or the terms for payment extended, or the Senior Debt may be renewed in whole or in part; (iv) the maturity of the Senior Debt may be accelerated in accordance with the terms of any present or future agreement by any Loan Party, Administrative Agent and the other Senior Claimholders (in accordance with the Loan Documents); (v) any Collateral may be sold, exchanged, released, or substituted and any Lien in favor of Administrative Agent or any other Senior Claimholder may be terminated, subordinated, or fail to be perfected or become unperfected; (vi) any Person liable in any manner for Senior Debt may be discharged, released, or substituted; (vii) all other rights against the Loan Parties, any other Person, or with respect to any Collateral may be exercised (or Administrative Agent or any other Senior Claimholder may waive or refrain from exercising such rights in accordance with the Loan Documents); and/or (viii) any Senior Claimholder may elect, in any proceeding instituted under the U.S. Bankruptcy Code the application of Section 1111(b)(2) of the U.S. Bankruptcy Code.

(f) Rights of Administrative Agent and the Other Senior Claimholders Not to Be Impaired. No right of Administrative Agent or any other Senior Claimholder to enforce the subordination provided for herein or to exercise its other rights hereunder shall at any time in any way be prejudiced or impaired by any act or failure to act by any Company, Administrative Agent or any other Senior Claimholder hereunder or under or in connection with the other Loan Documents or by any noncompliance by the Companies with the terms and provisions and covenants herein or in any other Loan Document, regardless of any knowledge thereof Administrative Agent or any other Senior Claimholder may have or otherwise be charged with.

SECTION 9. Subrogation. Until the payment and performance in full in cash of all Senior Debt, no Non-Loan Party shall have, nor shall it directly or indirectly exercise, any rights that it may acquire by way of subrogation under this Agreement, by any payment or distribution to Administrative Agent or any other Senior Claimholder hereunder or otherwise. Upon the payment and performance in full in cash of all Senior Debt, each Non-Loan Party shall be subrogated to the rights of Administrative Agent and the other Senior Claimholders to receive payments or distributions applicable to the Senior Debt until the Subordinated Debt shall be paid in full. For the purposes of the foregoing subrogation, no payments or distributions to Administrative Agent or any other Senior Claimholder of any cash, property, or securities to which any Non-Loan Party would be entitled except for the provisions of Section 3, Section 4, or Section 5 shall, as among such Non-Loan Party, its creditors (other than Administrative Agent and the other Senior Claimholders), and the other Companies, be deemed to be a payment by the other Companies to or on account of the Senior Debt.

SECTION 10. Continuing Agreement; Reinstatement.

(a) Continuing Agreement. This Agreement is a continuing agreement of subordination and shall continue in effect and be binding upon each Company until payment and performance in full in cash of the Senior Debt. The subordinations, agreements, and priorities set forth herein shall remain in full force and effect regardless of whether any party hereto in the future seeks to rescind, amend, terminate, or reform, by litigation or otherwise, its respective agreements with the other Companies.

(b) Reinstatement. This Agreement shall continue to be effective or shall be reinstated, as the case may be, if, for any reason, any payment of the Senior Debt by or on behalf of any other Loan Party shall be rescinded or must otherwise be restored by Administrative Agent or any other Senior Claimholder, whether as a result of an Insolvency Event or otherwise.

SECTION 11. Obligations of the Companies Not Affected. The provisions of this Agreement are intended solely for the purpose of defining the relative rights of each Company against the other Companies, on the one hand, and of Administrative Agent and the other Senior Claimholders against the Companies, on the other hand. Nothing contained in this Agreement shall (i) impair, as between each Loan Party and the Non-Loan Parties, the obligation of the Non-Loan Parties to pay their respective obligations with respect to the Subordinated Debt as and when the same shall become due and payable, or (ii) otherwise affect the relative rights of each Non-Loan Party against the Loan Parties, on the one hand, and of the creditors (other than Administrative Agent and the other Senior Claimholders) of any Non-Loan Party against the Loan Parties, on the other hand.

SECTION 12. Endorsement of Company Documents; New Subsidiaries; Further Assurances and Additional Acts.

(a) New Subsidiaries. To the extent required pursuant to the Credit Agreement, each Company will cause any new direct or indirect Subsidiary (whether by acquisition or creation) of such Company to execute and deliver in favor of Administrative Agent an instrument of joinder by which such new Subsidiary shall become either a Loan Party or Non-Loan Party hereunder with the same force and effect as if originally named as a Loan Party or Non-Loan Party herein. The execution and delivery of any such instrument adding an additional Company as a party to this Agreement shall not require the consent of any other Company hereunder. The rights and obligations of each Company hereunder shall remain in full force and effect notwithstanding the addition of any new Company hereunder.

(b) Further Assurances and Additional Acts. Each Company shall execute, acknowledge, deliver, file, notarize, and register at its own expense all such further agreements, instruments, certificates, financing statements, documents, and assurances, and perform such acts as Administrative Agent reasonably shall deem necessary or appropriate to effectuate the purposes of this Agreement, and promptly provide Administrative Agent with evidence of the foregoing reasonably satisfactory in form and substance to Administrative Agent.

SECTION 13. Notices. All notices and other communications to Loan Parties and to Non-Loan Parties provided for hereunder shall, unless otherwise stated herein, be in writing (including by facsimile transmission) and shall be mailed, sent, or delivered in accordance with the notice provisions contained in the Credit Agreement to PolyOne Corporation.

SECTION 14. Insolvency. This Agreement shall be applicable both before and after the filing of any petition by or against any Loan Party under the U.S. Bankruptcy Code and all converted or succeeding cases in respect thereof, and all references herein to any Loan Party shall be deemed to apply to a trustee for such Loan Party and such Loan Party as debtor in possession. The relative rights of Senior Claimholders and Non-Loan Parties to repayment of the Senior Debt and the Subordinated Debt, respectively, and in or to any distributions from or in respect of any Loan Party or any proceeds of any Loan Party's property and assets, shall continue after the filing thereof on the same basis as prior to the date of the petition, subject to any court order approving the financing of, or use of cash collateral by, such Loan Party as debtor in possession.

SECTION 15. No Waiver; Cumulative Remedies. No failure on the part of Administrative Agent or any other Senior Claimholder to exercise, and no delay in exercising, any right, remedy, power, or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power, or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege. The rights and remedies under this Agreement are cumulative and not exclusive of any rights, remedies, powers, and privileges that may otherwise be available to Administrative Agent or any other Senior Claimholder.

SECTION 16. Survival. All covenants, agreements, representations and warranties made in this Agreement shall, except to the extent otherwise provided herein, survive the execution and delivery of this Agreement, and shall continue in full force and effect so long as any Senior Debt remains unpaid.

SECTION 17. Benefits of Agreement. This Agreement is entered into for the sole protection and benefit of the parties hereto and their successors and assigns, and no other Person shall be a direct or indirect beneficiary of, or shall have any direct or indirect cause of action or claim in connection with, this Agreement.

SECTION 18. Binding Effect. This Agreement shall be binding upon, inure to the benefit of and be enforceable by each Company, Administrative Agent, each other Senior Claimholder and their respective successors and permitted assigns.

SECTION 19. Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. SUBJECT TO THE LAST SENTENCE OF THIS SECTION 18(b), EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR THE L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO ENFORCEMENT OF RIGHTS UNDER THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, INCLUDING WITH RESPECT TO COLLATERAL, AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 13. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

SECTION 20. Waiver of Jury Trial.

(a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 21. Entire Agreement; Amendments and Waivers.

(a) Entire Agreement. This Agreement constitutes the entire agreement of each of the Companies, Administrative Agent and each of the other Senior Claimholders with respect to the matters set forth herein and supersedes any prior agreements, commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto.

(b) Amendments and Waivers. Other than as expressly provided for in Section 13(a), no amendment to any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by each of the Companies and Administrative Agent; and no waiver of any provision of this Agreement, or consent to any departure by any Company therefrom, shall in any event be effective unless the same shall be in writing and signed by Administrative Agent. Any such amendment, waiver, or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 22. Conflicts. In case of any conflict or inconsistency between any terms of this Agreement, on the one hand, and any documents or instruments in respect of the Subordinated Debt, on the other hand, then the terms of this Agreement shall control.

SECTION 23. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Agreement shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Agreement or the validity or effectiveness of such provision in any other jurisdiction.

SECTION 24. Counterparts; Telefacsimile or Electronic Execution. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall

constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other means of electronic transmission shall be equally effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

SECTION 25. Termination of Agreement. Upon payment in full of the Senior Debt, this Agreement shall terminate and Administrative Agent shall promptly execute and deliver to each Company such documents and instruments as shall be reasonably necessary to evidence such termination.

SECTION 26. Representations and Warranties of the Companies. Each of the Companies hereby represents and warrants to Administrative Agent that: (a) such Company has the power and authority to execute and deliver this Agreement and perform its obligations hereunder; (b) the execution, delivery and performance by such Company of this Agreement has been duly authorized by all necessary corporate (or equivalent) action on the part of such Company; and (c) this Agreement has been duly executed and delivered by such Company.

SECTION 27. Credit Agreement. Notwithstanding anything contained herein to the contrary, loans, investments and advances from the Loan Parties to the Non-Loan Parties shall solely be permitted to the extent provided in the Credit Agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Agreement as of the date first written above.

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name:
Title:

[Signature Page – Intercompany Subordination Agreement]

PolyOne Corporation

By: _____

Name: Daniel O'Bryon

Title: Treasurer

Signature Page to Intercompany Subordination Agreement

Conexus, Inc.
GEON Development, Inc.
Hollinger Development Company
L.E. Carpenter & Company
M.A. Hanna Plastic Group, Inc.
Polymer Diagnostics, Inc.
PolyOne Funding Corporation
Hanna-Itasca Company
Hanna Proprietary Limited
Regalite Plastics, LLC
Shawnee Holdings, LLC
O'Sullivan Plastics LLC
PolyOne Engineered Films, LLC
PolyOne Canada Inc.
LP Holdings Inc.
PolyOne Funding Canada Corporation
ColorMatrix Group, Inc.
ColorMatrix Holdings, Inc.
The ColorMatrix Corporation
Chromatics, Inc.
Gayson Silicone Dispersions, Inc.
Canada Films Venture Inc.

By: _____
Name: Woodrow W. Ban
Title: Secretary

GLS International, Inc.
M.A. Hanna Asia Holding Company
NEU Specialty Engineered Materials, LLC
Burton Rubber Company
RA Products, Inc.

By: _____
Name: Woodrow W. Ban
Title: Assistant Secretary

Signature Page to Intercompany Subordination Agreement

PolyOne LLC

By: _____
Name: Woodrow W. Ban
Title: Manager

ColorMatrix – Brazil, LLC

By: The ColorMatrix Corporation, its sole member

By: _____
Name: Woodrow W. Ban
Title: Secretary

Signature Page to Intercompany Subordination Agreement

PolyOne de Mexico S.A. de C.V.
Auseon Limited
The Geon Company Australia Limited
PolyOne Controladora, S.A. de C.V.
PolyOne Wilflex Australia Pty. Ltd.

By: _____

Name: Woodrow W. Ban
Title: Authorized Secretary

P.I. Europe C.V.
PolyOne Hong Kong Holding Limited
Star Color Co. Ltd.
GLS Hong Kong Limited
GLS Trading (Suzhou) Co., Ltd.
PolyOne Management International Holding, S.L. (ETVE)
PolyOne Corporation UK Limited – Trading Company
PolyOne Espana, S.L.
PolyOne Italy Srl
Polimeks Plastik Tic. ve San. A.S.
Tekno Polimer Muhendislik Plastikleri San. ve Tic. A.S.
Tekno Ticaret Muhendislik Plastikleri San. ve Tic. A.S.
PolyOne Belgium, S.A.
PolyOne Poland Manufacturing, Sp.z.o.o.
PolyOne Deutschland, GmbH
PolyOne Luxembourg S.a.R.L.
PolyOne Europe Logistics S.A.
PolyOne France S.A.S.
PolyOne Color and Additives Germany, GmbH
PolyOne Th. Bergmann, GmbH
PolyOne Singapore, Ltd.
PolyOne International Trading (Shanghai) Co. Ltd.
PolyOne Suzhou, China
PolyOne Shanghai, China
PolyOne Shenzhen Co. Ltd.
M.A. Hanna France S.à.r.l.

By: _____

Name: Bernard Baert
Title: Authorized Secretary

By: _____
Name:
Title:

PolyOne Sweden, AB

By: _____
Name: Guy Katsers
Title: Authorized Signatory

Uniplen Industria de Polimeros Ltda.
Braspenco Industria de Compostos Plasticos Ltda.
PolyOne Termoplasticos do Brasil Ltda.

By: _____
Name: Scott J. Leffler
Title: Authorized Signatory

By: _____
Name: Daniel J. O'Bryon
Title: Authorized Signatory

PolyOne Polska Sp.z.o.o.

By: _____
Name: Emil Balogh
Title: Authorized Signatory

PolyOne Polymers India Pvt. Ltd.
PolyOne Japan K.K.
PolyOne Korea, Ltd.

By: _____
Name: Willie Chien
Title: Authorized Signatory

PolyOne (Dongguan) Vinyl Compounds Company Ltd.
PolyOne Vinyl Compounds Asia Holdings Limited
PolyOne CR s.r.o.
PolyOne Magyarország KFT.

By: _____
Name: Holger Kronimus
Title: Authorized Signatory

ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.

By: _____
Name: _____
Title: _____

ColorMatrix Asia Limited

By: _____
Name: _____
Title: _____

ColorMatrix Mexico S.A. de C.V.

By: _____
Name: _____
Title: _____

ColorMatrix Argentina S.A.

By: _____
Name: _____
Title: _____

ColorMatrix South America, Ltd.

By: _____
Name: _____
Title: _____

ColorMatrix do Brasil Industria e Comercio de Pigmentos e Aditivos Ltda.

By: _____
Name: _____
Title: _____

ColorMatrix UK Holdings Limited

By: _____
Name: _____
Title: _____

ColorMatrix Europe Limited

By: _____
Name: _____
Title: _____

Seola ApS Holding

By: _____
Name: _____
Title: _____

ColorMatrix Europe BV

By: _____
Name: _____
Title: _____

ColorMatrix U.K. Limited

By: _____
Name: _____
Title: _____

ColorMatrix Chromatics AG

By: _____
Name: _____
Title: _____

ColorMatrix Russia LLC

By: _____
Name: _____
Title: _____

Shanghai Colorant Chromatics Co., Ltd.

By: _____
Name: _____
Title: _____

Colorant Chromatics Trading (Shanghai) Co., Ltd.

By: _____
Name: _____
Title: _____

Colorant Chromatics AB

By: _____
Name: _____
Title: _____

Colorant GmbH

By: _____
Name: _____
Title: _____

Schedule 1 to
Intercompany Subordination Agreement

<u>Lender</u>	<u>Borrower</u>	<u>Amount</u>	<u>Date of Loan</u>	<u>Subject to a Document Note</u>
PolyOne Canada Inc.	PolyOne Corporation	USD 23,000,000	November 17, 2011	No

Schedule 2 to
Intercompany Subordination Agreement

PolyOne International Loan Agreements

1. Annual Loan Agreement, dated January 2006, by and between PolyOne International and PolyOne Spain, as acknowledged by the Company;
2. Annual Loan Agreement, dated January 2005, by and between PolyOne International and PolyOne Spain, as acknowledged by the Company;
3. Loan Agreement, dated August 17, 2009, by and between PolyOne Management International Holding S.L. and PolyOne International, as acknowledged by the Company;
4. Annual Loan Agreement, dated January 2007, by and between PolyOne International and PolyOne MIH, Spain (PMI), as acknowledged by the Company;
5. Annual Loan Agreement, dated December 31, 2006, by and between PolyOne International and PolyOne MIH SL, Spain (PMI), as acknowledged by the Company;
6. Annual Loan Agreement, dated January 2006, by and between PolyOne International and PolyOne MIH SL, Spain (PMI), as acknowledged by the Company;
7. Annual Loan Agreement, dated January 2005, by and between PolyOne International and PolyOne MIH SL, Spain (PMI), as acknowledged by the Company;
8. Annual Loan Agreement, dated January 2006, by and between PolyOne International and PolyOne Belgium, as acknowledged by the Company;
9. Annual Loan Agreement, dated January 2006, by and between PolyOne International and PolyOne IFC Deutschland GmbH, as acknowledged by the Company;
10. Loan Agreement, dated August 20, 2009, by and between PolyOne International and PolyOne Hungary Ltd., as acknowledged by the Company;
11. Annual Loan Agreement, dated December 18, 2007, by and between PolyOne International and PolyOne Hungary Ltd., as acknowledged by the Company;
12. Annual Loan Agreement, dated June 18, 2007, by and between PolyOne International and PolyOne Hungary Ltd., as acknowledged by the Company;
13. Loan Agreement, dated December 19, 2008, by and between PolyOne International and PolyOne Hungary Ltd., as acknowledged by the Company;
14. Loan Agreement, dated December 19, 2008, by and between PolyOne International and PolyOne Hungary Ltd., as acknowledged by the Company;
15. Loan Agreement, dated June 22, 2010, by and between PolyOne International and PolyOne Luxembourg, as acknowledged by the Company;
16. Loan Agreement, dated March 29, 2010, by and between PolyOne International and PolyOne Luxembourg, as acknowledged by the Company;
17. Loan Agreement, dated June 23, 2008, by and between PolyOne International and PolyOne Poland Manufacturing Sp. z.o.o., as acknowledged by the Company;
18. Loan Agreement, dated April 16, 2010, by and between PolyOne International and PolyOne Singapore Pte Ltd, as acknowledged by the Company;

-
19. Loan Agreement, dated May 20, 2008, by and between PolyOne International and PolyOne Singapore Pte Ltd, as acknowledged by the Company; and
 20. Intercompany Loan Agreement, dated May 1, 2009, by and between PolyOne International and PolyOne Poland Manufacturing Sp. z.o.o, as acknowledged by the Company.

SCHEDULE 1.01(a)
CLOSING DATE GUARANTORS

Conexus, Inc.
GLS International, Inc.
M.A. Hanna Asia Holding Company
NEU Specialty Engineered Materials, LLC
Polymer Diagnostics, Inc.
PolyOne LLC

ColorMatrix Group, Inc.
ColorMatrix Holdings, Inc.
The ColorMatrix Corporation
Chromatics, Inc.
ColorMatrix - Brazil, LLC
Gayson Silicone Dispersions, Inc.

SCHEDULE 1.01(b)
IMMATERIAL SUBSIDIARIES

Auseon Limited
Burton Rubber Company
Butler Brothers
Geon Development, Inc.
Hanna Proprietary Limited
Hanna-Itasca Company
Hollinger Development Company
L.E. Carpenter & Company
LP Holdings Inc.
M. A. Hanna Plastic Group, Inc.
MAG International
O'Sullivan Plastics LLC
PolyOne Funding Canada Corporation
PolyOne Funding Corporation
PolyOne Engineered Films, LLC
PolyOne Wilflex Australasia Pty. Ltd.
RA Products, Inc.
Regalite Plastics, LLC
Shawnee Holdings, LLC
The Geon Company Australia Limited
Canadian Films Venture Inc.

SCHEDULE 1.01(c)
REMEDIATION PROPERTIES

611 Kororoit Creek Road, Altona, Victoria, Australia
21300 Doral Road, Town of Brookfield, Wisconsin
Highway 169, Nashwauk, MN
2468 Industrial Parkway, Calvert City, Kentucky
2475 Industrial Boulevard, Calvert City, Kentucky
216 Paterson Plank Road, Carlstadt, New Jersey
7377 Highway 3214, Convent, Louisiana
N1/2, Section 1, T42N, R35W, Stambaugh
Township, Iron County, Michigan
52 Richboynton Road, Dover, New Jersey
150 South Connell Avenue, Dyersburg, Tennessee
60 Mayfield Drive, Edison, New Jersey
10 Ruckle Avenue, Farmingdale, New Jersey
325 Lucy Road, Howell, Michigan
77 Saint David Street, Kawartha Lakes, Ontario
521 King Street West, Kitchener, Ontario
2400 Miller Cut-Off Road, La Porte, Texas
Fern Valley Road, Louisville, Kentucky
4200 Bells Lane, Louisville, Kentucky
300 Needham Street, Newton, Massachusetts
8281 National Highway, Pennsauken, New Jersey
26 Washington Street, Perth Amboy, New Jersey
7 Kelley Road, Plaistow, New Hampshire
68th Street & Pulaski Highway, Rosedale, Maryland
789 Old New Brunswick Road, Somerset, New Jersey
9316 South Atlantic Avenue, South Gate, California
8800 Thorold Townline Rd, Thorold, Ontario
111 Day Drive, Three Rivers, Michigan
1947-1997 Bloor Street West, Toronto, Ontario
170 North Main Street, Wharton, New Jersey
1318 East 12th Street, Wilmington, Delaware
944 Valley Avenue, Winchester, Virginia
Bergen County, New Jersey¹⁷

¹⁷ This is a long creek and this is the address that PolyOne Corporation has on its record.

SCHEDULE 2.01
COMMITMENTS AND APPLICABLE PERCENTAGES

On file with the Administrative Agent.

SCHEDULE 4.01(a)(iv)
PART I - MORTGAGED PROPERTIES

Property Owner	Address	City	State
Allied Color Industries Inc. (now known as PolyOne Corporation)	7601 North Glen Harbor Rd	Glendale	Arizona
The Geon Company (now known as Polyone Corporation)	2104 East 223RD Street	Carson	California
Winflex Inc. (now known as PolyOne Corporation)	8155 Cobb Center Drive	Kennesaw	Georgia
P.M.S. Consolidated (now known as PolyOne Corporation)	2400 E Devon Ave	Elk Grove Village	Illinois
The Geon Company (now known as PolyOne Corporation)	1546 County Rd 1450 North	Henry	Illinois
The Geon Company (now known as PolyOne Corporation)	3100 North 35TH Street	Terre Haute	Indiana
The Geon Company (now known as PolyOne Corporation)	4250 Bells Lane	Louisville	Kentucky
The Geon Company (now known as PolyOne Corporation)	Route 130 & Porcupine Road	Pedricktown	New Jersey
PolyOne Corporation	80 Northwest Street	Norwalk	Ohio
PolyOne Corporation and The Geon Company (now known as PolyOne Corporation)	554 Moore Road Building 482; 552 Moore Road - Gate 6 and all addresses and locations owned by PolyOne in Avon Lake, OH	Avon Lake	Ohio
M.A. Hanna Company (now known as PolyOne Corporation)	2513 Highland Avenue	Bethlehem	Pennsylvania
M.A. Hanna Company (now known as PolyOne Corporation)	107 Jackson Street	Dyersburg	Tennessee
M.A. Hanna Company (now known as PolyOne Corporation)	10100 Porter Road and 5200 Highway 146	Seabrook	Texas
PolyOne Corporation	4402 and 4403A Pasadena Freeway (Hwy 225)	Pasadena	Texas
DH Compounding Company (now known as PolyOne Corporation)	1260 Carden Drive	Clinton	Tennessee

SCHEDULE 4.01(a)(iv)
PART II - CLOSING DELIVERABLES

Deliverables Within 90 Days After Closing

(A) Evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Administrative Agent may deem necessary or desirable in order to create a valid first and subsisting Lien on the property described therein in favor of the Administrative Agent for the benefit of the Secured Parties and that all filing, documentary, stamp, intangible and recording taxes and fees have been paid (or have been delivered to the applicable title insurer for the payment at the time of recording),

(B) Fully paid American Land Title Association Lender's Extended Coverage title insurance policies (the "Mortgage Policies"), with endorsements and in amounts acceptable to the Administrative Agent, issued, coinsured and reinsured by title insurers reasonably acceptable to the Administrative Agent, insuring the Mortgages to be valid first and subsisting Liens on the property described therein, free and clear of all defects (including, but not limited to, mechanics' and materialmen's Liens) and encumbrances, excepting only Permitted Encumbrances, Permitted Liens and matters acceptable to Agent in its sole discretion, and providing for such other affirmative insurance (including endorsements for future advances under the Loan Documents, for mechanics' and materialmen's Liens and for zoning of the applicable property, *provided* that a zoning report from Bock & Clark Corp. or another professional firm reasonably acceptable to the Administrative Agent may be delivered in lieu of such zoning endorsement) and such coinsurance and direct access reinsurance as the Administrative Agent may deem reasonably necessary or desirable,

(C) American Land Title Association/American Congress on Surveying and Mapping form surveys (each, an "ALTA Survey"), for which all necessary fees (where applicable) have been paid, and dated no more than 90 days after the date of the initial Credit Extension, certified to the Administrative Agent and the issuer of the Mortgage Policies in a manner satisfactory to the Administrative Agent and consistent with ALTA Survey requirements by a land surveyor duly registered and licensed in the States in which the property described in such surveys is located and acceptable to the Administrative Agent, showing all buildings and other improvements, any off-site improvements that either materially affect the operation of the Mortgaged Property or encroach onto the Mortgaged Property, the location of any easements, parking spaces, rights of way, building set-back lines and other dimensional regulations and encroachments, either by such improvements or on to such property, and other defects, other than Permitted Encumbrances, Permitted Liens and other defects acceptable to the Administrative Agent; *provided, however*, that notwithstanding the requirements set forth in this clause (C), historical ALTA Surveys previously delivered to the Administrative Agent for the below properties shall be deemed to comply with such requirements: (i) 8155 Cobb Center Drive, Kennesaw, GA; (ii) 2400 E Devon Avenue, Elk Grove Village, IL; (iii) 3100 North 35th Street, Terre Haute, IN; (iv) Route 130 & Porcupine Road, Pedricktown, New Jersey; (v) 80 Northwest Street, Norwalk, OH; (vi) 2513 Highland Avenue, Bethlehem, PA and (vii) Highway 146, Seabrook, TX.

(D) Evidence of the insurance required by the terms of the Mortgages, including, if applicable, a completed “Life-of-Loan” Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property located in the United States (and with respect to any such facility that is located within a special flood zone (y) a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and each applicable Loan Party relating thereto and (z) evidence of insurance with respect to such facility as set forth in Section 6.07 and otherwise in form and substance reasonably satisfactory to the Administrative Agent),

(E) Opinions of local counsel for the Loan Parties (i) in states in which each Mortgage Property is located, with respect to the enforceability of the Mortgages and necessary requirements in order to perfect the Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Administrative Agent and (ii) in states in which each Loan Party party to a Mortgage is organized or formed, with respect to the valid existence, corporate power and authority of such Loan Party in granting the Mortgage, in form and substance reasonably satisfactory to the Administrative Agent,

(F) Evidence that all other action that the Administrative Agent may deem reasonably necessary or desirable in order to create valid first and subsisting Liens on the property described in the Mortgages has been taken, and

(G) Environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent; *provided* that with respect to real properties listed on Schedule 4.01(a)(iv) Part – I on the Closing Date, “Phase-I” reports shall be delivered solely with respect to Route 130 and Porcupine Rd., Pedricktown, NJ 08067; 1546 County Rd 1450 North, Henry, IL 61537; and 33587 Walker Road, Avon Lake, OH 44012 (and all other addresses constituting the Avon Lake campus).

SCHEDULE 5.04(d)
INVENTORY LOCATIONS

PolyOne Corporation

Owned Locations

<u>Entity Name</u>	<u>Location</u>
PolyOne Corporation	552 Moore Road, Avon Lake, OH 44012
PolyOne Corporation	2400 E. Devon Avenue, Elk Grove Village, IL 60007
PolyOne Corporation	7601 North Glen Harbor Blvd., Glendale, AZ 85307
PolyOne Corporation	1546 County Rd 1450 North, Henry, IL 61537
PolyOne Corporation	8155 Cobb Center Drive, Kennesaw, GA 30152
PolyOne Corporation	2104 East 223 rd Street, Carson, CA 90745
PolyOne Corporation	1675 Navarre Rd, Massillon, OH 44646
PolyOne Corporation	733 East Water Street, North Baltimore, OH 45872
PolyOne Corporation	80 N. West Street, Norwalk, OH 44587
PolyOne Corporation	Route 130 and Porcupine Rd., Pedricktown, NJ 08067
PolyOne Corporation	2700 Papin Street, St. Louis, MO 63103
PolyOne Corporation	204 Industrial Park Drive, Sullivan, MO 63080
PolyOne Corporation	2900 Shawnee Industrial Way, Suwanee, GA 30024
PolyOne Corporation	1260 Carden Farm Drive, Clinton, TN 37716
PolyOne Corporation	4250 Bells Lane, Louisville, KY 40211
PolyOne Corporation	554 Moore Road, Avon Lake, OH
PolyOne Corporation	33587 Walker Road, Avon Lake OH 44012
PolyOne Corporation	4403A Pasadena Freeway – Hwy 225 W, Pasadena, TX 77503
PolyOne Corporation	4402 Pasadena Freeway, Pasadena, TX 77503
PolyOne Corporation	3100 North 35 th Street, Terre Haute, IN 47804
PolyOne Corporation	2513 Highland Avenue, Bethlehem, PA 18020
PolyOne Corporation	107 Jackson Street, Dyersburg, TN 38024
PolyOne Corporation	Highway 146, Seabrook, TX 77586
PolyOne Corporation	2104 East 223RD Street, Long Beach, CA 90745

Leased Locations

<u>Entity Name</u>	<u>Location</u>
PolyOne Corporation	1414 Lowell Street, Elyria, OH 44035
PolyOne Corporation	10100 Porter Road, LaPorte, TX 77571
PolyOne Corporation	3160 Neil Armstrong Dr., Eagan, MN 55121
PolyOne Corporation	7755 National Turnpike, Unit 130, Louisville, KY 40214
PolyOne Corporation	15 Corporate Drive, North Haven, CT 06473
PolyOne Corporation	114 Morehead Rd., Statesville, NC 28677
PolyOne Corporation	1610 Phillips Street, Dyersburg, TN 38024
PolyOne Corporation	11400-A Newport Drive, Rancho Cucamonga, CA 91730

Warehouse and Bailee Locations

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
PolyOne Corporation	Plastic Express 15450 Salt Lake Avenue City of Industry, CA 91745 Attention: Ray Hufnagel	4200 Industry Drive East, Suite A Fife, WA (Tacoma Location) and 151 Fieldcrest, Edison, NJ
PolyOne Corporation	Pulse Logistics P.O. Box 4944 1048 N. Monroe Kansas City, MO 64120	1600 N. 291 Hwy, Carefree Industrial Park Red Tunnel – Unit #950, Independence, MO 64058
PolyOne Corporation	Aspen Distribution, Inc. Attn: Terry Brewer PO Box 39108 10875 East 40 th Avenue Denver, CO 80239	10875 East 40 th Avenue Denver, CO 80239
PolyOne Corporation	Major Prime Plastics, Inc Attn: John Hadley P.O. Box 6240 649 N. Ardmore Avenue Villa Park, IL 60181	649 N. Ardmore Avenue Villa Park, IL 60181
PolyOne Corporation	G&D Trucking, Inc Durkee Road BNSF Tracks (aka G & D Trucking 26062 Frontage Road) 5281-5289 Channahon, IL 60410	Durkee Road BNSF Tracks (aka G & D Trucking 26062 Frontage Road) 5281-5289 Channahon, IL 60410
PolyOne Corporation	Priority Transportation, Inc. Attn: Charles Rivera P.O. Box 3894 Marina Station Bo. Mani Mayaguez, Puerto Rico 00681	5412 Road 64 KM01 Mayaguez, PR

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
PolyOne Corporation	Pulse Transportation Services, Inc. P.O. Box 4944 1048 N. Monroe Kansas City, MO 64120 Attention: Stephen Pulse - President	1600 N. 291 Hwy. Carefree Industrial Park Red Runnel Unit #950 Independence, MO and 3900 Empire Road Kansas City, MO
PolyOne Corporation	Stagecoach Cartage & Distribution, Inc. Attn: Scott McLaughlin 7167 Chino Dr. El Paso, TX 79915	7167 Chino Dr. El Paso, TX 79915 8900 San Gabriel Laredo, TX
PolyOne Corporation	Quality Distribution, Inc. Attn: Sita Jasper 421 John Glenn Road Salt Lake City, UT 84116	421 John Glenn Road Salt Lake City, UT 84116
PolyOne Corporation	Total Transportation Solutions Inc. 20 Casebridge Court Scarborough, ON M1B 3M5 Canada Attention: Mr. Scott Pustai	5003-52 nd Ave. S.E. Calgary, Alberta Canada
PolyOne Corporation	Ee-Jay Motor Transports, Inc. 1501 Lincoln Avenue East St. Louis, IL 62204	1501 Lincoln Avenue East St. Louis, IL 62204
PolyOne Corporation	Plastic Express – Edison 15450 Salt Lake Avenue City of Industry, CA 91745-1112	151 Fieldcrest, Edison, NJ 08837
PolyOne Corporation	PolyOne Corporation c/o NS TBT 1431 Chardon Road Euclid, OH 44117	1431 Chardon Road Euclid, OH 44117
PolyOne Corporation	Florida Bulk Transfer – Miami 3601 NW 62nd Street Miami, FL 33147	3601 NW 62nd Street Miami, FL 33147
PolyOne Corporation	Saddle Creek Corporation 3010 Saddle Creek Road Lakeland, FL 33801 Attention: Thomas Patterson	3010 Saddle Creek Road Lakeland, FL 33801
PolyOne Corporation	Polymer Distribution-Guelph 351 Elizabeth Street Guelph, Ontario Canada N1E 2X9	351 Elizabeth Street Guelph, Ontario Canada N1E 2X9
PolyOne Corporation	Stagecoach Cartage 7167 Chino Dr. El Paso, TX 79915	8900 San Gabriel, Laredo, TX 78045

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
PolyOne Corporation	A & R PDSI – Jeffersonville 4800 Keystone Blvd. Jeffersonville, IN 47130	4800 Keystone Blvd. Jeffersonville, IN 47130
PolyOne Corporation	Ventura – Lesbro Co. 2418 East 223 rd Street Long Beach, CA 90810	3724 Bandini Boulevard, Los Angeles, CA 90040
PolyOne Corporation	Polymer Distribution, Lachine 1111 12th Avenue Lachine, Quebec Canada H8S 4K9	1111 12th Avenue Lachine, Quebec Canada H8S 4K9
PolyOne Corporation	A&R Distribution, Morris IL 8440 South Tabler Road Morris, IL 60450	8440 South Tabler Road Morris, IL 60450
PolyOne Corporation	Gamas Group 1520 North Industrial Park Nogales, AZ 85621 Plant 1WNZ	1520 North Industrial Park Nogales, AZ 85621 Plant 1WNZ
PolyOne Corporation	Bulkmatic Transport –Pineville NS TBT 2820 Nevada Blvd. Charlotte, NC 28273	2820 Nevada Blvd. Charlotte, NC 28273
PolyOne Corporation	RSI Leasing – Petersburg 1301 E. Washington St. Petersburg, VA 23831	1301 E. Washington St. Petersburg, VA 23831
PolyOne Corporation	A & R Transport 1501 N. Savana Avenue Terra Haute, IN 47804 Plant 1WTB	1501 N. Savana Avenue Terra Haute, IN 47804 Plant 1WTB
PolyOne Corporation	CN Cargoflo 185 West Industrial Avenue Memphis, TN 38109	185 West Industrial Avenue Memphis, TN 38109
PolyOne Corporation	Katoen Natie 6660 Financial Drive Mississauga, Ontario Canada L5N 7J6	6660 Financial Drive Mississauga, Ontario Canada L5N 7J6
PolyOne Corporation	DELAWARE EXPRESS P.O. Box 97 Elkton, MD 21921	1280 Railcar Ave. Edgemoor, DE 19802
PolyOne Corporation	Logistica Integral 11905 Hayter Rd. Laredo TX 78045	11905 Hayter Rd. Laredo TX 78045
PolyOne Corporation	WELLDEX DEL NORTE, S.C. 801 Hallmark Eastpoint Indust., Laredo, TX 78045 Plant 1WLO	801 Hallmark Eastpoint Indust., Laredo, TX 78045 Plant 1WLO

Entity Name	Warehouseman or Bailee	Location
PolyOne Corporation	International Impulse, Inc. 5812 Cromo Drive El Paso, TX 79912 Attention: Abiel Carrillo	1251 N. Industrial Park Nogales, AZ 85621
PolyOne Corporation (Railcar Transfer Station)	Quality Carriers Kansas City, MO Don Benoit Director of Operations and Pricing 4041 Park Oaks Blvd., Suite 200 Tampa, FL 33610 (Phone 800-282-2031 x7286) (dbenoit@qualitydistribution.com)	6808 St. John Avenue Kansas City, MO
PolyOne Corporation (Railcar Transfer Station)	Plastic Express Valla Yard Tom McKeller Vice President Transportation & Terminals Plastic Express 15450 Salt Lake Avenue City of Industry, CA 91745-1112 (Direct Phone 626-322-3288) (Cell Phone 714-906-9091) (www.plasticexpress.com)	8630 Sorenson Ave. Santa Fe Springs, CA

Consignee Locations

<u>Entity Name</u>	<u>Consignee</u>	<u>Location</u>
PolyOne Corporation	Aetna Wire & Cable 1537 Air Rail Ave. Virginia Beach, VA 23455	1537 Air Rail Ave., Virginia Beach, VA
PolyOne Corporation	Schick Manufacturing Inc. (also listed as American Safety Razor Company) 240 Cedar Knolls Road Suite 401 Cedar Knolls, NJ 07927	Cd. Obregon, Sonora, Mexico
PolyOne Corporation	CommScope, Inc. of North Carolina 3642 Highway 70 East PO Box 879 Claremont, NC 28610-0879 Attention: Purchasing	6519 CommScope Road, Catawba, NC 28609 & 3642 US HWY 70 East, Claremont, NC 28610
	CommScope, Inc. of North Carolina 1100 CommScope Place SE Hickory, NC 28602 Attention: General Counsel	
PolyOne Corporation	King Bros, Inc. 29101 The Old Road Valencia, CA 91355	29101 The Old Road, Valencia, CA 91355
PolyOne Corporation	Amesbury Group 105 Washington Street NW Cannon Falls, MN 55009-1150	Bandlock Corporation, 1734 Vineyard Ave., Ontario, CA
PolyOne Corporation	Amesbury Group Inc., Extruded Products Division 105 Washington Street West Cannon Falls, MN 55009	105 Washington Street West, Cannon Falls, MN 55009
PolyOne Corporation	NYX, Inc. – Levan 36667 Schoolcraft Road Livonia, MI 48150-1175	36667 Schoolcraft Road, Livonia, MI
PolyOne Corporation	OFS Fitel, LLC 10 Brightware Blvd. Carrollton, GA 30117	10 Brightwave Blvd., Carrollton, GA
PolyOne Corporation	Superior Essex Communications LP 6120 Powers Ferry Road Atlanta, GA 30339 Attention: Michael D. George – Director of Procurement	6120 Powers Ferry Rd., Atlanta, GA 30339-2923

Entity Name	Consignee	Location
PolyOne Corporation	Whirlpool Corporation and Maytag Corporation 2000 M-63 Benton Harbor, MI 49022 Attention: Whirlpool Procurement Designated Supplier Lead	Findlay, OH
PolyOne Corporation	Rainin Instrument, LLC 7500 Edgewater DR Main Street Oakland, CA 94621 Attention: Larry Johnson	7500 Edgewater Dr., Oakland, CA
PolyOne Corporation	Nypro Inc. Sending document and letter to Emily.Sho@nypro.com	Nypro San Diego
PolyOne Corporation	J.W. Speaker Corporation N120 W19434 Freistadt Road Germantown, WI 53022	N120 W 19434 Freistadt Road Germantown, WI 53022
PolyOne Distribution Company (now known as PolyOne Corporation)	Genesis Plastic Technologies LLC 27200 Tinkers Ct. Glenwillow, OH 44139 Attention: Jim Mayor	27200 Tinkers Ct., Glenwillow, OH 44139
PolyOne Corporation	Sun Tech Industries 41958 Highway 2 Ravenna, NE 68869 Attention: Shannon Mackey	41958 Highway 2, Ravenna, NE 68869
PolyOne Corporation	David S. Smith (America), Inc. dba Worldwide Dispensers 78 Second Ave. South Lester Prairie, MN 55354 Attention: Jerre Kachmar	78 Second Ave South, Lester Prairie, MN 55354
PolyOne Corporation	Nypro Inc. Sending document and letter to Rhonda.main@nypro.com	Nypro Asheville
PolyOne Corporation	Stanley Black & Decker, Inc. 1000 Stanley Drive New Britain, CT 06053-1675	Stanley Works, 100 Stanley Road, Cheraw, SC 29502
PolyOne Distribution Company (now known as PolyOne Corporation)	Conimar Corporation 1724 N.E. 22 nd Ave. Ocala, FL 34770-4702 Attention: Audrea Allen- Purchasing Agent	N.E. 22 nd Ave., Ocala, FL 34770-4702

Entity Name	Consignee	Location
PolyOne Distribution Company (now known as PolyOne Corporation)	GW Plastics 239 Pleasant Street Bethel, VT 05032 Attention: Scott Perkins	239 Pleasant Street, Bethel, VT 05032
PolyOne Corporation	Belden 2200 US Highway 27 South Richmond, IN 47374	North West, N St., Richmond, IN 47374 1200 West Columbia Ave., Monticello, KY 42633
PolyOne Corporation	Panduit Corporation 18900 Panduit Drive Tinley Park, IL 60487-3091	18900 Panduit Drive Tinley Park, IL 60487-3091

The ColorMatrix Corporation

Leased Locations

Entity Name	Location
The Colormatrix Corporation	680 North Rocky River Drive, Berea, Ohio 44017
The Colormatrix Corporation	7204 Burns Street, Richland Hills, TX 76118

Warehouseman and Bailee Locations

Entity Name	Warehouseman or Bailee	Location
The Colormatrix Corporation	AMCOR RIGID PLASTICS N.A.	520 Bell Avenue Ames, IA 50010
The Colormatrix Corporation	DEVTECH LABS, INC.	12 Howe Drive Amherst, NH 03031
The Colormatrix Corporation	BEMIS COMPANY, INC.	2521 W Everett Appleton, WI 54914
The Colormatrix Corporation	SAPONA PLASTICS	7039 Hwy 220 S. Asheboro, NC 27205
The Colormatrix Corporation	GRAHAM PACKAGING	1650 Westgate Parkway Atlanta, GA 30336
The Colormatrix Corporation	PORTOLA PACKAGING, Inc.	951 Douglas Road Batavia, IL 60510
The Colormatrix Corporation	TRADEWIND PLASTICS	Francisco De Goya Avenue, Bayamon, Puerto Rico 00960
The Colormatrix Corporation	GRAHAM PET TECHNOLOGIES	7 Technology Drive Bedford, NH 03110

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	MOHAWK INDUSTRIES	2118 Marlboro Road, Bennettsville, SC 295158328
The Colormatrix Corporation	WESTERN CONTAINER CORPORATION	1600 1st Avenue Big Spring, TX 79720
The Colormatrix Corporation	KYDEX, LLC	6685 Low Street Bloomsburg, PA 17815
The Colormatrix Corporation	HUSKY CANADA	500 Queen Street South Bolton Canada L7E 5S5
The Colormatrix Corporation	STACKTECK SYSTEMS LIMITED	1 Paget Road, Brampton Canada L6T 5S5
The Colormatrix Corporation	PACIFIC PLASTICS INC.	111 South Berry Street Brea, CA 92821
The Colormatrix Corporation	NAMPAC	1591 N. Harvey Mitchell Place, Byan, TX 77803
The Colormatrix Corporation	MERRILL'S PACKAGING, INC.	1529 Rollins Road Burlingame, CA 94010
The Colormatrix Corporation	RUBBERMAID CALGARY	4660 68th Ave. Southeast, Calgary, Canada T2C 4N3
The Colormatrix Corporation	COLGATE PALMOLIVE COMPANY	8800 Guernsey Industrial, Cambridge, Ohio 43725
The Colormatrix Corporation	AMES TRUE TEMPER	465 Railroad Ave. Camphill, PA 17011
The Colormatrix Corporation	NAMPAC	1033 North Production Road, Cedar City, UT 84721
The Colormatrix Corporation	BIG 3 PRECISION	2923 Wabash Avenue Centralia, IL 62801
The Colormatrix Corporation	Bermuda Distribution, Inc	12511 Bermuda Triangle Rd., Chester, VA 23836
The Colormatrix Corporation	PROGRESSIVE PLASTIC INC.	14801 Emery Avenue Cleveland OH 44135
The Colormatrix Corporation	OATEY COMPANY	4700 West 160th Street, Cleveland OH 44135
The Colormatrix Corporation	DEMO - DAVE RUSSELL	18751 Cloverstone Circle, Comelius, NC 28031
The Colormatrix Corporation	BEAULIEU OF AMERICA	509 Fifth Avenue Dalton, GA 30722
The Colormatrix Corporation	NAMPAC	7 Wheeling Road Dayton, NJ 08810
The Colormatrix Corporation	COMPOSITE TECHNOLOGIES CO	401 North Keowee Street, Dayton, OH 454041602
The Colormatrix Corporation	Ancos	4813 County Drive Disputanta, VA 23842

Entity Name	Warehouseman or Bailee	Location
The Colormatrix Corporation	ENERGIZER PERSONAL CARE	800 Silvr Lake Road Dover, DE 19904
The Colormatrix Corporation	PURE TECH PLASTICS	91 East Carmans Road East Farmingdale, NY 11735
The Colormatrix Corporation	PREFORMS	478 Gulf Crescent, Sydport Industrial Park, Edwardsville, Nova Scotia B2A 4T3
The Colormatrix Corporation	TESSY PLASTICS	488 Ny Route 5 West Elbridge, NY 13060
The Colormatrix Corporation	THE PLASTEK GROUP - CPD	2425 W. 23rd Street Erie, PA 16506
The Colormatrix Corporation	ERIE MOLDED PLASTICS INC.	6020 W. Ridge Road Erie, PA 16506
The Colormatrix Corporation	RIDGELINE PIPE MANUFACTURING	2220 Nugget Way Eugene, OR 97403
The Colormatrix Corporation	ACHILLES USA, INC.	1407 80th Street S.W. Everett, WA 98203
The Colormatrix Corporation	ICE RIVER SPRINGS WATER	Grey Road #2 Feversham, Canada N0C 1C0
The Colormatrix Corporation	CENTREX PLASTICS LLC	814 W. Lima Street Findlay, OH 45840
The Colormatrix Corporation	GRAHAM PACKAGING	7959 Vulcan Drive Florence, KY 41042
The Colormatrix Corporation	POM WONDERFUL	2970 S. Orange Avenue Fresno, CA 93725
The Colormatrix Corporation	GEORGIA GULF & AFFILIATES	Highway 51 South Gallman, MS 39077
The Colormatrix Corporation	DIAMOND PLASTICS CORPORATION	1212 Johnstown Road Grand Island, NE 68803
The Colormatrix Corporation	MEADWESTVACO CALMAR	11901 Grandview Road, Grandview, MO 64030
The Colormatrix Corporation	MIDGARD, INC	1255 Nursery Road Green Lane, PA 18054
The Colormatrix Corporation	SURTECO	7104 Cessna Drive Greensboro, NC 27409
The Colormatrix Corporation	KEITH SEABOLT, DEMO	6801 Volunteer Drive, Greenville, TX 75402
The Colormatrix Corporation	MITSUBISHI POLYESTER FILM	2001 Hood Road Greer, SC 29652
The Colormatrix Corporation	J R Products	90 Valley Lake Drive Grey Court, SC 29645

Entity Name	Warehouseman or Bailee	Location
The Colormatrix Corporation	ARMAL, INC.	122 Hudson Industrial Drive, Griffin, GA 30224
The Colormatrix Corporation	THE PLASTEK GROUP - HMD	1015 County Home Road, Hamlet, NC 28345
The Colormatrix Corporation	NORTHERN PIPE PRODUCTS IN	1268 Imperial Road Hampton, IA 50441
The Colormatrix Corporation	BERRY PLASTICS CORPORATION	7447 Candlewood Rd. Hanover, MD 21076
The Colormatrix Corporation	PORT ERIE PLASTICS	909 Troupe Road Harborcreek, PA 16421
The Colormatrix Corporation	CONSTAR INTERNATIONAL	1801 Clark Road Harve De Grace, MD 21078
The Colormatrix Corporation	THE RODON GROUP	2800 Sterling Drive Hatfield, PA 19440
The Colormatrix Corporation	WESTERN CONTAINER	110 W.L. Runnels Industri, Hattiesburg, MS 39401
The Colormatrix Corporation	SONOCO PLASTICS, INC.	5801 N. Lindberg Blvd., Hazelwood, MO 63042
The Colormatrix Corporation	GRAHAM PACKAGING	12 Maplewood Drive Hazleton, PA 18201
The Colormatrix Corporation	SIMONA AMERICA	64 N. Conahan Drive Hazleton, PA 18201
The Colormatrix Corporation	CONSTAR INTERNATIONAL	Newark Industrial Park Bl., Hebron, Ohio 43025
The Colormatrix Corporation	Prime Conduit	1405 East Santa Fe Blvd. High Springs, FL 32643
The Colormatrix Corporation	PLASTIC TECHNOLOGIES	1465 Timberwolfe Holland, OH 435280964
The Colormatrix Corporation	B-SIDE PLASTICS	4102 Veterans Drive Houston, TX 77043
The Colormatrix Corporation	VISTA CONTAINER & CLOSURES	4003 Leeland Street Houston, TX 77023
The Colormatrix Corporation	DENVER PLASTICS	560 Dahlia Street Hudson, CO 80642
The Colormatrix Corporation	GRAHAM PACKAGING	2515 Independence Road Iowa City, IA 52240
The Colormatrix Corporation	CONSTAR INTERNATIONAL	595 Industrial Drive Jackson, MS 39209
The Colormatrix Corporation	Igloo Products Corp.	30603 Highway 90 Katy, TX 77494
The Colormatrix Corporation	XTEN INDUSTRIES LLC	9600 55th Street Kenosha, WI 53144
The Colormatrix Corporation	Reduction Engineering	4430 Crystal Parkway Kent, OH 44240

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	PORTOLA PACKAGING, Inc.	408 Tilthammer Drive, Kingsport, TN 37660
The Colormatrix Corporation	PALMETTO SYNTHETICS	633 Commerce Drive, Kingstreet, SC 29556
The Colormatrix Corporation	PALRAM	9735 Commerce Circle, Kutztown, PA 19556
The Colormatrix Corporation	EXTRUSION VINYL & PLASTIC	1311 Godin Avenue Leval, CANADA H7E 2T1
The Colormatrix Corporation	GRAHAM PACKAGING	2447 Palumbo Drive Lexington, KY 40509
The Colormatrix Corporation	ZELLER PLASTIK	1515 Franklin Blvd., Libertyville, IL 60048
The Colormatrix Corporation	APTARGROUP, INC.	901 Technology Way, Libertyville, IL 60048
The Colormatrix Corporation	NAMPAC	2160 Lithonia Industrial, Lithonia, GA 30058
The Colormatrix Corporation	DESIGN MOLDED PLASTICS	8220 Baveraia Road Macedonia, OH 44056
The Colormatrix Corporation	PARAGON PACKAGING INC.	1500 E. Broad Street, Mansfield, TX 76063
The Colormatrix Corporation	CHROMA CORPORATION	3900 West Dayton Street, Mchenry, IL 60050
The Colormatrix Corporation	FERGUSON PRODUCTION, INC.	2130 Industrial Drive, Mcpherson, KS 67460
The Colormatrix Corporation	ALTIRA	3225 N.W. 112th Street Miami, FL 33167
The Colormatrix Corporation	SONOCO	245 Britannia Road, Mississauga, Ontario L4Z 4J3
The Colormatrix Corporation	RUBBERMAID HOME PRODUCTS	3200 Gilchrist Road Mogadore, OH 44260
The Colormatrix Corporation	MICHAEL ASCHENBRENER, DEMO	17450 Leggett Road Montville, OH 44064
The Colormatrix Corporation	LOMONT MOLDING, INC.	1516 East Mapleleaf Drive Mt. Pleasant, IA 52641
The Colormatrix Corporation	GRAHAM PACKAGING	102 Kaad Road Muskogee, OK 74401
The Colormatrix Corporation	IPEC HOLDINGS, INC.	185 Northgate Circle New Castle, PA 16105
The Colormatrix Corporation	SILGAN PLASTICS CORPORATION	1858 Meca Way Norcross, GA 30093
The Colormatrix Corporation	FOURMARK MANUFACTURING INC	2690 Plymouth Drive Oakville, Canada L6H 6G7

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	KIK CORPORATION	101 Mac Intosh Blvd, Ontario, Canada L4K 4R5
The Colormatrix Corporation	CONSTAR INTERNATIONAL	7400 South Orange Avenue, Orlando, FL 32809
The Colormatrix Corporation	INFINITI PLASTICS TECHNOLOGY	5400 Commerce Drive Padauch, KY 42001
The Colormatrix Corporation	PRETIUM PACKAGING	2015 S. Main Street Paris, IL 61944
The Colormatrix Corporation	MONTVILLE PLASTICS & RUBB	15567 Main Market Rd (Us 422), Parkman, Ohio 44080
The Colormatrix Corporation	RESILUX AMERICA LLC	265 John Brooks Road, Pendergrass, GA 30567
The Colormatrix Corporation	BERRY PLASTICS CORPORATION	19101 Kapp Drive Peosta, IA 52068
The Colormatrix Corporation	CRESLINE-WEST INC.	3747 West Buckeye Road Phoenix, AZ 85009
The Colormatrix Corporation	VINYLPLEX INC.	1800 Atkinson Avenue Pittsburg, KS 66762
The Colormatrix Corporation	AGI POLYMATRIX	45 Downing Parkway Pittsfield, MA 01201
The Colormatrix Corporation	LOGOPLASTE CHICAGO, LLC	14420 Van Dyke Painfield, IL 60544
The Colormatrix Corporation	PREFERRED PLASTICS INC.	800 E. Bridge Street Plainwell, MI 49080
The Colormatrix Corporation	PLASTIPAK PACKAGING	4211 Amberjack Blvd. Plant City, FL 33567
The Colormatrix Corporation	IPL PLASTICS	140 Ruc Commerciale Quebec, Canada G0R 2Y0
The Colormatrix Corporation	EXTRUCAN	2155 Rue Canadien, Quebec, Canada J2C 7V9
The Colormatrix Corporation	PREMIUM WATERS INC.	1811 No. 30th Street Quincy, IL 62301
The Colormatrix Corporation	CANTEX INC.	130 Woodland Avenue Reno, NV 85923
The Colormatrix Corporation	Alloy Polymers, Inc	3310 Deepwater Terminal Rd., Richland, VA 23234
The Colormatrix Corporation	RING CONTAINER TECHNOLOGIES	4689 Assembly Drive Rockford, IL 61109
The Colormatrix Corporation	CANTEX INC.	Old St. James Street Rolla, MO 65401
The Colormatrix Corporation	JOHN BOMBACE, SALES TECH	111 Ruby Court Rutherford, CT 28139

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	CLOSURE SYSTEMS INT’L INC	480 North 5600 West Salt Lake City, UT 84116
The Colormatrix Corporation	CLOSURE SYSTEMS INT’L INC	4915 Norman Road Sandston, VA 23150
The Colormatrix Corporation	CLOSURE SYSTEMS INT’L INC	Plant #089 Sandston, Va 23150
The Colormatrix Corporation	PIRANHA PLASTICS	3531 Thomas Road Santa Clara CA 95054
The Colormatrix Corporation	KIK-SoCAL INC.	9028 Dice Road Santa Fe Spring, CA 90670
The Colormatrix Corporation	GRAHAM PET TECHNOLOGIES	510 E. Naches Avenue Selah, WA 98942
The Colormatrix Corporation	M & G POLYMERS USA, LLC	6951 Ridge Road, Sharon Cernter, OH 442740590
The Colormatrix Corporation	KOHLER COMPANY	300 South Oklahoma Sheridan, AR 72150
The Colormatrix Corporation	MATTEL MABAMEX	1333 30th Street South Diego, CA 92154
The Colormatrix Corporation	COLORITE	909 E Glendale Avenue Sparks, NV 89431
The Colormatrix Corporation	ALPHA PACKAGING INC.	1555 Page Industrial Blvd St. Louis, MO 63132
The Colormatrix Corporation	LIQUID CONTAINER L.P.	7100 Durand, Unit B Sturtevant, WI 53177
The Colormatrix Corporation	MOHAWK INDUSTRIES	106 Bankson Drive Summerville, GA 30747
The Colormatrix Corporation	JM EAGLE	1820 Midvale Road Sunnyside, WA 98944
The Colormatrix Corporation	WESTERN CONTAINER CORPORATION	2205 70th Avenue East Tacoma, WA 98424
The Colormatrix Corporation	PORTOLA PACKAGING, Inc.	4 South 84th Ave, Suite A, Taolleson, AZ 85353
The Colormatrix Corporation	WEATHERCHEM CORPORATION	2222 Highland Road Twinsburg, OH 44087
The Colormatrix Corporation	YOSHINO AMERICA CORPORATION	2500 Palmer Avenue University Park, IL 604663134
The Colormatrix Corporation	BLACKHAWK AUTOMOTIVE PLASTICS	500 North Warpole Street Upper Sandusky, OH 43351
The Colormatrix Corporation	ELECTRFORM INDUSTRIES	852 Scholz Drive Vandalia, OH 45377
The Colormatrix Corporation	COLORITE	700 Jewel Drive Waco, TX 76712

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	DENVER PLASTICS	2355 Aspen Street Wahoo, NE 68066
The Colormatrix Corporation	Dura Warehouse	525 South Lemon Avenue, Walnut, CA 91789
The Colormatrix Corporation	BERRY PLASTICS CORPORATION	199 Edison Road Washington, GA 30673
The Colormatrix Corporation	1769 HAWTHORNE LANE	1769 Hawthorne Lane West Chicago, IL 60185
The Colormatrix Corporation	Qualtech Technologies, Inc	1685B Joseph Lloyd Parkway, Willoughby, OH 44094
The Colormatrix Corporation	WEENER PLASTICS	2201 Stantonsburg Road, Wilson, NC 27893
The Colormatrix Corporation	INFILTRATOR SYSTEMS INC.	1315 Enterprise Drive, Winchester, KY 40391
The Colormatrix Corporation	ROYAL GROUP TECHNOLOGIES	1 Royal Gate Boulevard, Woodbridge, Canada L4I 8Z7
The Colormatrix Corporation	ROYTEC VINYL SIDING	91 Royal Group Crescent, Wookdbridge, Canada L4H 1X9
The Colormatrix Corporation	MARK BULLOCK, EQUIP TEST & RESEARCH	2456 Monterey Wooster, OH 44691
The Colormatrix Corporation	GRAHAM PACKAGING	420 Emig Road York, PA 17406

Consignee Locations

<u>Entity Name</u>	<u>Consignee</u>	<u>Location</u>
The Colormatrix Corporation	Prime Conduit	1776 East Beamer Street, Woodland, CA 95685
The Colormatrix Corporation	Prime Conduit	635 East Lawn Road Nazareth, PA 18064
The Colormatrix Corporation	Prime Conduit	6500 South Interpace Oklahoma City, OK 73135
The Colormatrix Corporation	Prime Conduit	1405 East Santa Fe Blvd. High Springs, FL 32643
The Colormatrix Corporation	Igloo Products Corp.	30603 Highway 90 Katy, TX 77494

SCHEDULE 5.08(b)
OWNED REAL PROPERTY

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website¹⁸</u>
PolyOne Corporation and The Geon Company (now known as PolyOne Corporation)	Avon Lake, Ohio Campus which consists of buildings and land located at the following addresses in Avon Lake, Ohio (Lorain County): 33587 Walker Road; 552 Moore Road, Bldg 482; 554 Moore Road; Property on the following streets (and in each case, street numbers are not available): Rosehill Ave, Elberton Ave and Greenhill Avenue	\$ 64,654,580.67	\$ 13,520,100
D H Compounding Company (now known as PolyOne Corporation)	1260 Carden Farm Drive, Clinton, TN 37716	\$ 5,366,595.37	\$ 6,169,000
M.A. Hanna Company (now known as PolyOne Corporation)	107 Jackson Street, Dyersburg, TN	\$ 9,103,466.60	\$ 3,958,000

¹⁸ The amount listed in this column is based solely on the information made available on applicable county tax website. Depending on the applicable county’s nomenclature, this amount may have been referenced on the applicable county website as the “fair market value,” “cash value,” “full cash value”, “appraised value”, “property value” or similar term. In some cases and where noted, an “assessed value” is the only value that was available on the applicable county website.

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website ¹⁸</u>
P.M.S. Consolidated (now known as PolyOne Corporation)	2400 E. Devon Avenue, Elk Grove Village, IL 60007	\$ 5,273,257.47	\$ 519,698 (assessed value)
Allied Color Industries Inc. (now known as PolyOne Corporation)	7601 North Glen Harbor Blvd., Glendale, AZ 85307	\$ 4,410,197.78	\$ 3,170,900
The Geon Company (now known as PolyOne Corporation)	1546 County Rd 1450 North, Henry, IL 61537	\$ 12,385,906.42	\$ 4,041,798 (assessed value)
Winflex Inc. (now known as PolyOne Corporation)	8155 Cobb Center Drive, Kennesaw, GA 30152	\$ 4,081,936.16	\$ 5,836,600
M. A. Hanna Company (now known as PolyOne Corporation)	2513 Highland Avenue, Bethlehem, PA 18020	\$ 9,168,746.29	\$ 2,351,400
The Geon Company (now known as PolyOne Corporation)	2104 East 223 rd Street, Carson, CA 90745	\$ 5,195,572.72	\$ 3,408,721
PolyOne Corporation	1675 Navarre Rd, Massillon, OH 44646	\$ 4,491,847.37	\$ 5,907,000
Water Street Enterprises Inc. (now known as PolyOne Corporation)	733 East Water Street, North Baltimore, OH 45872	\$ 2,033,786.40	\$ 1,704,600
PolyOne Corporation	80 North West Street, Norwalk, OH 44587	\$ 4,615,217.17	\$ 1,215,700

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website ¹⁸</u>
PolyOne Corporation	Pasadena, TX Campus, which consists of buildings and land located at the following addresses in Pasadena, Texas (Harris County): 4402 and 4403A Pasadena Freeway – Hwy 225 W, Pasadena, TX 77503 And 4403 LaPorte Freeway	\$ 10,103,763.14	\$ 10,383,156.00
M A Hanna Company (now known as PolyOne Corporation)	Seabrook, TX Campus, which consists of buildings and land located at the following addresses in Seabrook, Texas (Harris County): 10100 Porter Road; 5200 Hwy 146; FM 146 ST; 5780 Highway 146; 5306 Hwy 146; additional property on Hwy 146 (no specific street numbers)	\$ 31,752,231.91	\$ 37,170,162.00
The Geon Company (now known as PolyOne Corporation)	Route 130 and Porcupine Rd., Pedricktown, NJ 08067	\$ 8,405,674.87	\$ 30,500,000 (assessed value)
Dennis Chemical Co. (now known as PolyOne Corporation)	2700 Papin Street, St. Louis, MO 63103	\$ 1,744,026.36	
PolyOne Corporation	204 Industrial Park Drive, Sullivan, MO 63080	\$ 1,155,777.91	\$ 760,140
M A Hanna Company (now known as PolyOne Corporation)	2900 Shawnee Industrial Way, Suwanee, GA 30024	\$ 3,114,509.02	\$ 2,143,200 (assessed value)

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website ¹⁸</u>
The Geon Company (now known as PolyOne Corporation)	3100 North 35 th Street, Terre Haute, IN 47804	\$ 6,954,328.21	\$ 2,363,700
Avecor Inc (now known as PolyOne Corporation)	245 Avecor Drive, Niles Ferry Industrial Pkwy, Vonore TN 37885	\$ 6,896,133.85	\$ 1,563,900
The Geon Company (now known as PolyOne Corporation)	4250 Bells Lane, Louisville KY 40211	\$ 2,991,250.98	\$ 764,300 (assessed value)
PolyOne Corporation	2206 Industrial Parkway, Calvert City, KY. (Also referenced as 2468 Industrial Parkway, Calvert City, KY). Site consists of multiple parcels.	0	
PolyOne Corporation	7 Guenther Boulevard St. Peters, MO		\$ 974,060
PolyOne Corporation	3601 Joint Venture Lane Louisville, KY	NA –Property will be sold	NA –Property will be sold
PolyOne Corporation (as successor to The Hanna Mining Company).	Itasca, MN Parcel No. 25-020-4401; 25-5200- 0120	NA – Property will be sold	NA –Property will be sold
PolyOne Corporation	1804-1808 River Road Burlington, NJ	NA – Property will be sold	NA – Property will be sold
L.E. Carpenter & Company	1701 North Main Street Wharton, NJ	NA – Property will be sold	NA – Property will be sold
PolyOne Corporation	DeForest, WI Parcel ID Number: 118/0910-084- 8020-1	NA – Property will be sold	NA – Property will be sold
PolyOne Corporation	21300 Doral Road Brookfield, WI	NA – Property will be sold	NA – Property will be sold

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website ¹⁸</u>
Chromatics, Inc.	19 Francis J. Clarke Circle Bethel, CT 06801		\$ 1,670,600

SCHEDULE 5.08(c)
LEASED REAL PROPERTY

PolyOne Corporation
NEU Specialty Engineered Materials, LLC

<u>Entity Name</u>	<u>Address</u>	<u>Lessor (Including Address)</u>
PolyOne Corporation	Groton-Shirley Road, S.E., Ayer, MA 01432	GFI Ayer, L.L.C, 133 Pearl Street, Suite 400, Boston, MA 02110, Attention: Steven E. Goodman
PolyOne Corporation	11400 Newport Drive, Suites A/B/C, Rancho Cucamonga, CA 91730	Krausz RC Properties One, LLC, 44 Montgomery Street, Suite 3300, San Francisco, CA 94104
PolyOne Corporation	1610 Phillips Street, Dyersburg, TN 38024	CDSF LTD., LLC, 2207 Kimball Rd., S.E., P.O. Box 20109, Canton, OH 44701, Attention: Douglas J. Sibila
PolyOne Corporation	3160 Neil Armstrong Blvd., Suite F04, Eagan, MN 55121	AMB Property, L.P., c/o CB Richard Ellis, Inc, 7760 France Avenue South, Suite 770, Minneapolis, MN 55435-5852; with a copy to: AMB Property Corporation, Attn: Asset Manager – Minneapolis, Pier 1, Bay 1, San Francisco, CA 94111
PolyOne Distribution Company (now known as PolyOne Corporation)	114 Morehead Rd., Statesville, NC 28677	CDSF LTD. LLC, 2207 Kimball Rd., S.E., P.O. Box 20109, Canton, OH 44701, Attention: Douglas J. Sibila
PolyOne Corporation	225 Industrial Drive, Vonore, TN 37885	Ken and Leyanne Harper, 3601 HELMSLEY COURT, Maryville, TN 37803
PolyOne Corporation	1414 Lowell Street, Elyria, OH 44035	Northern Ohio Associates Limited Partnership, c/o RBS Mansfield Corp., 247 W. 87th Street, Suite 8G, New York, NY 10024
PolyOne Corporation	10100 Porter Road, LaPorte, TX 77571	Granite Underwood Distribution Centers P.O. Box 843856 Dallas, TX 75284-3856 <i>Note: Property is managed by Holt Lundsford Commercial</i>
PolyOne Corporation	7755 National Turnpike, Unit 130, Louisville, KY 40214	LIT Industrial Limited Partnership, 2650 Cedar Springs Rd., Suite 850, Dallas, TX 75204, Attention: James C. Hendricks; with a copy to: Fortis Group, LLC, 462 S. Fourth St., Suite 1810, Louisville, KY 40202, Attention: Property Manager/LIC

Entity Name	Address	Lessor (Including Address)
PolyOne Corporation	1275 Windham Pkwy, Romeoville, IL 60446	Offices at Windham Lakes I LLC, 701 West Erie, Chicago, IL 60610, Attention: Steven Kersten, Manager; with copies to: David H. Sachs, Esq., Aronberg Goldgehn Davis & Garmisa, 330 N. Wabash, Suite 1700, Chicago, IL 60611; and to: Nicolson Porter & List, 1300 West Higgins Road, Park Ridge, IL 60068
PolyOne Corporation	3910 Third Parkway, Terre Haute, Indiana	Distributors Terminal Corporation, P.O. Box 3287, Terre Haute, IN 47803
GLS Corporation (now known as PolyOne Corporation)	921 Ridgeview Drive, McHenry, IL and 831 Ridgeview Drive, McHenry, IL	Stantine Limited Partnership Attn: Steven L. Dehmlow 85 W Algonquin Road, Suite 600 Arlington Heights, IL 60005 With a copy to Elizabeth S. Perdue, Esq. Morgan, Lewis & Bockius LLP 77 West Wacker Drive Chicago, IL 60601
GLS Corporation (now known as PolyOne Corporation)	833 Ridgeview Road, McHenry, IL	Kingsbury Limited Partnership Attn: Steven L. Dehmlow 85 W Algonquin Road, Suite 600 Arlington Heights, IL 60005 With a copy to Elizabeth S. Perdue, Esq. Morgan, Lewis & Bockius LLP 77 West Wacker Drive Chicago, IL 60601
NEU Specialty Engineered Materials, LLC	15 Corporate Drive, North Haven, CT 06473 (New Haven County)	Curtis P. Smith c/o MMSG, LLC 254 North Rolling Acres Cheshire, CT 06410 With a copy to: David Wayne Winters 315 Highland Avenue Cheshire, CT 06410

The ColorMatrix Corporation

<u>Entity Name</u>	<u>Address</u>	<u>Lessor (Including Address)</u>
The ColorMatrix Corporation	30 2nd St. S.W., Barberton, OH 44203	Barberton Community Development Corporation, 542 W. Tuscarawas Ave., Barberton, OH 44203
The ColorMatrix Corporation	Richland Industrial Park, 7204 Burns Street, Forth Worth, Texas	LBM Management, P.O. Box 471105, Fort Worth, TX 76147
The ColorMatrix Corporation	680 N. Rocky River Drive, Berea, OH	680 North LLC Attn: Shimon Eckstein c/o Eckstein Properties 60 Broad St., Suite 3503 New York, NY 10004

SCHEDULE 5.12
EMPLOYEE MATTERS

Borrower withdrew from the National Integrated Group Pension Plan (a Multiemployer Plan) effective October 31, 2010.

SCHEDULE 5.13
SUBSIDIARIES AND OTHER EQUITY INVESTMENTS; LOAN PARTIES

Parent	Subsidiary	Percentage of Ownership
PolyOne Corporation	Burton Rubber Company	100%
PolyOne Corporation	ColorMatrix Group, Inc.	100%
PolyOne Corporation	Conexus, Inc.	100%
PolyOne Corporation	GEON Development, Inc.	100%
GLS International, Inc.	GLS Hong Kong Limited	100%
PolyOne Corporation	GLS International, Inc.	100%
GLS International, Inc.	GLS Thermoplastic Alloys (Suzhou) Co., Ltd.	100%
GLS International, Inc.	GLS Trading (Suzhou) Co., Ltd.	100%
PolyOne Corporation	Hanna-Itasca Company	100%
PolyOne Corporation	Hanna Proprietary Limited	100%
PolyOne Corporation	Hollinger Development Company	100%
PolyOne Corporation	M.A. Hanna Asia Holding Company	100%
PolyOne Corporation	M.A. Hanna Export Services Corporation	100%
PolyOne Corporation	M.A. Hanna Plastic Group, Inc.	100%
PolyOne Corporation	NEU Specialty Engineered Materials, LLC	100%
PolyOne Corporation	P.I. Europe CV	92%
PolyOne LLC		8%
PolyOne Corporation	Polymer Diagnostics, Inc.	100%
PolyOne Corporation	PolyOne Canada Inc.	100%
PolyOne Corporation	PolyOne Controladora S.A. de C.V.	100%
PolyOne Corporation	PolyOne Funding Corporation	100%
PolyOne Corporation	PolyOne Hong Kong Holding Ltd.	100%
PolyOne Corporation	PolyOne International Trading (Shanghai) Co., Ltd.	100%
PolyOne Corporation	PolyOne LLC	100%
PolyOne Corporation	PolyOne Engineered Films, Inc.	100%
PolyOne Corporation	PolyOne Shenzhen Co. Ltd.	100%
PolyOne Corporation	PolyOne Singapore Pte. Ltd.	100%
Conexus, Inc.	PolyOne Termoplasticos do	0.01%

PolyOne Corporation	Brasil Ltda.	99.99%
PolyOne Corporation	PolyOne Vinyl Compounds Asia Holdings Limited	97.2%
PolyOne Corporation	PolyOne Wilflex Australasia Pty. Ltd.	100%
M.A. Hanna Asia Holding Company	Star Color Co. Ltd.	100%
M.A. Hanna Plastic Group, Inc.	L.E. Carpenter & Company	100%
M.A. Hanna Plastic Group, Inc.	RA Products, Inc.	100%
PolyOne Engineered Films, LLC	O'Sullivan Plastics LLC	100%
PolyOne Engineered Films, LLC	Regalite Plastics, LLC	100%
PolyOne Engineered Films, LLC	Shawnee Holdings, LLC	100%
PolyOne Termoplásticos do Brasil Ltda.	Uniplen Indústria de Polímeros Ltda.	100%
PolyOne Termoplásticos do Brasil Ltda.	Braspenco Indústria de Compostos Plásticos Ltda.	100%
PolyOne Controladora, S.A. de C.V.	PolyOne de Mexico S.A. de C.V.	100%
PolyOne Canada Inc.	Auseon Ltd.	80%
The Geon Company Australia Limited		20%
PolyOne Canada Inc.	The Geon Company Australia Limited	100%
PolyOne Canada Inc.	LP Holdings Inc.	100%
PolyOne Canada Inc.	PolyOne Funding Canada Corporation	100%
P.I. Europe C.V.	PolyOne International Finance Company	100%
P.I. Europe C.V.	PolyOne Management International Holding, S.L. (ETVE)	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Corporation UK Limited – Trading Company	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne España, S.L.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Italy Srl	100%
PolyOne Management International Holding, S.L. (ETVE)	Polimeks Plastik Tic. ve San. A.S.	100%
PolyOne Management International Holding, S.L. (ETVE)	Tekno Polimer Mühendislik Plastikleri San. ve Tic. A.S.	100%
PolyOne Management International Holding, S.L. (ETVE)	Tekno Ticaret Mühendislik Plastikleri San. ve Tic. A.S.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Magyarorsza KFT.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Belgium SA	100%

PolyOne Management International Holding, S.L. (ETVE)	PolyOne Poland Manufacturing Sp. z o.o.	100%
PolyOne Management International Holding, S.L. (ETVE)	M.A. Hanna France S.à.r.l.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Deutschland, GmbH	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Luxembourg S.a.R.L.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Sweden, AB	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Europe Logistics S.A.	99.9%
PolyOne Belgium SA		0.1%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Polska Sp. z o.o.	99%
PolyOne Belgium SA		1%
PolyOne Management International Holding, S.L. (ETVE)		98%
PolyOne Belgium SA	PolyOne CR s.r.o.	2%
M.A. Hanna France S.à.r.l.	PolyOne France S.A.S.	100%
PolyOne Deutschland, GmbH	PolyOne Color and Additives Germany, GmbH	100%
PolyOne Deutschland, GmbH	PolyOne Th. Bergmann, GmbH	100%
PolyOne Luxembourg S.a.R.L.	PolyOne Korea, Ltd.	100%
PolyOne Vinyl Compounds Asia Holdings Limited	PolyOne (Dongguan) Vinyl Compounds Company Ltd.	100%
PolyOne Hong Kong Holding Limited	PolyOne Suzhou, China	100%
PolyOne Hong Kong Holding Limited	PolyOne Shanghai, China	100%
PolyOne Singapore Pte. Ltd.	PolyOne Polymers India Pvt. Ltd	100%
PolyOne Singapore Pte. Ltd.	PolyOne Japan K.K.	100%
ColorMatrix Group, Inc.	ColorMatrix Holdings, Inc.	100%
ColorMatrix Holdings, Inc.	The ColorMatrix Corporation	100%
The ColorMatrix Corporation	Chromatics, Inc.	100%
The ColorMatrix Corporation	ColorMatrix - Brazil, LLC	100%
The ColorMatrix Corporation	Gayson Silicone Dispersions, Inc.	100%
ColorMatrix Group, Inc.	ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.	100%
ColorMatrix Holdings, Inc.	ColorMatrix Asia Limited	100%

ColorMatrix Holdings, Inc.	ColorMatrix UK Holdings Ltd.	100%
ColorMatrix - Brazil, LLC	ColorMatrix Argentina S.A.	95%
The ColorMatrix Corporation		5%
ColorMatrix - Brazil, LLC	ColorMatrix do Brasil Industria e Comercio de Pigmentos e Aditivos	95.18%
ColorMatrix South America, Ltd.	Ltda.	4.82%
ColorMatrix - Brazil, LLC		99% (fixed)
The ColorMatrix Corporation	ColorMatrix Mexico S.A. de C.V.	100% (variable)
		1% (fixed)
ColorMatrix - Brazil, LLC	ColorMatrix South America, Ltd.	100%
ColorMatrix UK Holdings Limited	ColorMatrix Europe Limited	83.81%
ColorMatrix Group, Inc.		16.19%
ColorMatrix Europe Limited	Seola ApS Holding	100%
ColorMatrix Europe Limited	ColorMatrix Europe BV	100%
ColorMatrix Europe Limited	ColorMatrix U.K. Limited	100%
Seola ApS Holding	Colorant Chromatics AG	100%
ColorMatrix Europe BV	ColorMatrix Russia LLC	100%
Colorant Chromatics AG	Shanghai Colorant Chromatics Co, Ltd.	100%
Colorant Chromatics AG	Colorant Chromatics Trading (Shanghai) Co., Ltd.	100%
Colorant Chromatics AG	Colorant Chromatics AB	100%
Colorant Chromatics AG	Colorant GmbH	100%
ColorMatrix Europe Limited	Malachite Group Limited	100%
Polyone Corporation	Canadian Films Venture Inc.	100%

SCHEDULE 6.17
POST-CLOSING MATTERS

1. On the Closing Date deliver to the Administrative Agent, original certificates representing the Pledged Securities accompanied by undated stock powers executed in blank of:

Conexus, Inc.
GLS International, Inc.
M.A. Hanna Asia Holding Company
Polymer Diagnostics, Inc.
PolyOne Canada Inc.
ColorMatrix Holdings, Inc.
ColorMatrix Group, Inc.
The ColorMatrix Corporation
Chromatics, Inc.
ColorMatrix - Brazil, LLC
Gayson Silicone Dispersions, Inc.

2. Not later than a date that is 60 days after the Closing Date (or such longer period as the Administrative Agent, in its discretion, shall have agreed) deliver to the Administrative Agent, an Account Control Agreement, duly authorized, executed and delivered by each applicable Loan Party, the ABL Agent and each of the following depository banks: (a) Bank of America, (b) Mellon Bank, (c) PNC Bank, (d) Citibank, (e) Bank of Montreal and (f) Union Bank; in each case, solely with respect to the respective Pledged Deposit Accounts (as such term is defined in the Security Agreement) of the Loan Parties maintained at such banks.

3. Not later than a date that is 30 days after the Closing Date (or such longer period as the Administrative Agent, in its discretion, shall have agreed) deliver to the Administrative Agent, the Intercompany Subordination Agreement shall have been duly executed and delivered by each Subsidiary that is not a Loan Party, and shall be in full force and effect.

4. Not later than a date that is 90 days after the Closing Date (or such longer period as the Administrative Agent, in its discretion, shall have agreed) deliver to the Administrative Agent, original certificates representing the Pledged Securities accompanied by undated stock powers executed in blank of:

GLS Hong Kong Limited
GLS Thermoplastic Alloys (Suzhou) Co., Ltd.
GLS Trading (Suzhou) Co., Ltd.
PolyOne Controladora S.A. de C.V.
PolyOne Hong Kong Holding Ltd.
PolyOne International Trading (Shanghai) Co., Ltd.
PolyOne Shenzhen Co. Ltd.
PolyOne Singapore Pte. Ltd.
PolyOne Termoplasticos do Brasil Ltda.
PolyOne Vinyl Compounds Asia Holdings Limited
Star Color Co. Ltd.
ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.
ColorMatrix Asia Limited
ColorMatrix UK Holdings Ltd.
ColorMatrix Argentina S.A.
ColorMatrix do Brasil Industria e Comercio de Pigmentos e Aditivos Ltda.
ColorMatrix Mexico S.A. de C.V.
ColorMatrix South America, Ltd.

provided that, with respect to any of the entities listed above that are formed or organized and in existence in the Peoples Republic of China (and not in Hong Kong), the Loan Parties shall not be required to deliver certificates representing the Pledged Securities of such entities if to do so would contravene an applicable legal prohibition in the Peoples Republic of China.

5. Not later than a date that is 90 days after the Closing Date (or such longer period as the Administrative Agent, in its discretion, shall have agreed) deliver to the Administrative Agent,

evidence reasonably satisfactory to the Administrative Agent that title to all of the Mortgaged Properties is vested in the Borrower or other applicable Loan Party.

6. Not later than a date that is 90 days after the Closing Date (or such longer period as the Administrative Agent, in its discretion, shall have agreed) deliver to the Administrative Agent:

(a) Evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Administrative Agent may deem necessary or desirable in order to create a valid first and subsisting Lien on the property described therein in favor of the Administrative Agent for the benefit of the Secured Parties and that all filing, documentary, stamp, intangible and recording taxes and fees have been paid (or have been delivered to the applicable title insurer for the payment at the time of recording);

(b) Fully paid American Land Title Association Lender's Extended Coverage title insurance policies (the "Mortgage Policies"), with endorsements and in amounts acceptable to the Administrative Agent, issued, coinsured and reinsured by title insurers reasonably acceptable to the Administrative Agent, insuring the Mortgages to be valid first and subsisting Liens on the property described therein, free and clear of all defects (including, but not limited to, mechanics' and materialmen's Liens) and encumbrances, excepting only Permitted Encumbrances, Permitted Liens and matters acceptable to Agent in its sole discretion, and providing for such other affirmative insurance (including endorsements for future advances under the Loan Documents, for mechanics' and materialmen's Liens and for zoning of the applicable property, *provided* that a zoning report from Bock & Clark Corp. or another professional firm reasonably acceptable to the Administrative Agent may be delivered in lieu of such zoning endorsement) and such coinsurance and direct access reinsurance as the Administrative Agent may deem reasonably necessary or desirable;

(c) American Land Title Association/American Congress on Surveying and Mapping form surveys (each, an "ALTA Survey"), for which all necessary fees (where applicable) have been paid, and dated no more than 90 days after the date of the initial Credit Extension, certified to the Administrative Agent and the issuer of the Mortgage Policies in a manner satisfactory to the Administrative Agent and consistent with ALTA Survey requirements by a land surveyor duly registered and licensed in the States in which the property described in such surveys is located and acceptable to the Administrative Agent, showing all buildings and other improvements, any off-site improvements that either materially affect the operation of the Mortgaged Property or encroach onto the Mortgaged Property, the location of any easements, parking spaces, rights of way, building set-back lines and other dimensional regulations and encroachments, either by such improvements or on to such property, and other defects, other than Permitted Encumbrances, Permitted Liens and other defects acceptable to the Administrative Agent; *provided, however*, that notwithstanding the requirements set forth in this clause (C), historical ALTA Surveys previously delivered to the Administrative Agent for the below properties shall be deemed to comply with such requirements: (i) 8155 Cobb Center Drive, Kennesaw, GA; (ii) 2400 E Devon Avenue, Elk Grove Village, IL; (iii) 3100 North 35th Street, Terre Haute, IN; (iv) Route 130 & Porcupine Road, Pedricktown, New Jersey; (v) 80 Northwest Street, Norwalk, OH; (vi) 2513 Highland Avenue, Bethlehem, PA and (vii) Highway 146, Seabrook, TX;

(d) Evidence of the insurance required by the terms of the Mortgages, including, if applicable, a completed “Life-of-Loan” Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property located in the United States (and with respect to any such facility that is located within a special flood zone (y) a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and each applicable Loan Party relating thereto and (z) evidence of insurance with respect to such facility as set forth in Section 6.07 and otherwise in form and substance reasonably satisfactory to the Administrative Agent);

(e) Opinions of local counsel for the Loan Parties (i) in states in which each Mortgage Property is located, with respect to the enforceability of the Mortgages and necessary requirements in order to perfect the Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Administrative Agent and (ii) in states in which each Loan Party party to a Mortgage is organized or formed, with respect to the valid existence, corporate power and authority of such Loan Party in granting the Mortgage, in form and substance reasonably satisfactory to the Administrative Agent;

(f) Evidence that all other action that the Administrative Agent may deem reasonably necessary or desirable in order to create valid first and subsisting Liens on the property described in the Mortgages has been taken; and

(g) Environmental assessment reports, each in scope, form and substance satisfactory to the Administrative Agent; *provided* that with respect to real properties listed on Schedule 4.01(a)(iv) Part – I on the Closing Date, “Phase-I” reports shall be delivered solely with respect to Route 130 and Porcupine Rd., Pedricktown, NJ 08067; 1546 County Rd 1450 North, Henry, IL 61537; and 33587 Walker Road, Avon Lake, OH 44012 (and all other addresses constituting the Avon Lake campus).

SCHEDULE 7.01(b)
EXISTING LIENS

U.S.

Debtor	State	Jurisdiction	Secured Party	UCC Filing No./Filing Date	Collateral
POLYONE CORPORATION	IL	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: 016600504 File Date: 9/14/11	*For information purposes only 1 Used Toyota 7FGCU25 Serial #89951 83/189” Mast, 42” forks. Side Shifter, Strobe Light
POLYONE CORPORATION	IL	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: 016649600 File Date: 9/30/11	*For information purposes only 1 Used Toyota 7FGCU15 Serial #70125 83/189” Mast, 42” forks. Side Shifter, LPG Powered

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	CISCO SYSTEMS CAPITAL CORPORATION	UCC: OH00039906742 File Date: 10/15/01 Amendment: 20020510796 File Date: 2/19/02 Continuation: 20061090698 File Date: 4/19/06 Continuation: 20112510276 File Date: 9/8/11	All of Debtor's right, title and interest, now existing and hereafter arising in property described on financing statement. Leased Equipment on Master Agreement, dated 4/19/01 Equipment is defined as routers, router components, other computer networking and telecommunications equipment manufactured by Cisco Systems, Inc., together with related software and software license rights. Amend address of Debtor
Polyone Corporation	OH	State	BASF Corporation	UCC: OH00042647474 File Date: 12/13/01 Amendment: 20052870150 File Date: 10/12/05 Correction: 20053610118 File Date: 12/20/05 Continuation: 20062260778 File Date: 8/11/06	BASF-owned products on consignment, which include: Hallogen Blue K 6911 D, K6912 D, K 7090 Hallogen Green K 8805, K 6683, K 6730 Z Luwx AL 3 Paliogen Red K 3811 HD and 5 others Amend Secured Party address

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corporation	OH	State	Tennant Financial Services	UCC: OH00044522301 File Date: 1/28/02 Continuation: 20063030438 File Date: 10/30/06	Tennant Model 7300 Cylindrical Scrubber with any and all additions, attachments, accessories, etc. Pursuant to rental agreement. *Filed solely as a precaution
PolyOne Corporation	OH	State	Amended: LANXESS Corporation Amended: Bayer Polymers LLC Original Secured Party: Bayer Corporation	UCC: OH00051752337 File Date: 7/10/02 Amendment: 20030800302 File Date: 3/19/03 Amendment: 20042020018 File Date: 7/20/04 Continuation: 20070990368 File Date: 4/9/07	Consignor's products listed on Attachment 1 of financing statement, consisting of: <ul style="list-style-type: none"> EPR Rubber Emulsions Rubber *True Consignment
Polyone Corporation	OH	State	NMHG Financial Services Inc.	UCC: OH00053737509 File Date: 8/30/02 Continuation: 20070750794 File Date: 3/16/07	<p>“All of the equipment now or hereafter leased by Lessor to Lessee; and all accessories additions, replacements, and substitutions thereto and therefor and all proceeds including insurance proceeds, thereof.</p> <p>4134468</p> <p>NMHG Cost Center 08A23”</p>

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corporation	OH	State	Assignee: Presidio Technology Capital, LLC	UCC: OH00060687309 File Date: 3/5/03	All right, title and interest to Leased Equipment under Master Lease Agreement No. 130, dated 12/17/02
			Assignee: Highbridge/Zwirn Special Opportunities Fund, L.P.	Assignment: 20031480486 File Date: 5/27/03	Various computer equipment (several hundred items), described on Lease Schedules 001, 002, 004 and 08, attached to the several assignments and amendments.
			Assignee: Information Leasing Corporation	Amendment: 20032250470 File Date: 8/12/03	
			Original Secured Party: Sayers Finance Corporation	Amendment: 20043380470 File Date: 12/2/04	
				Amendment: 20043380530 File Date: 12/2/04	
				Assignment: 20043380530 File Date: 12/2/04	
				Continuation: 20072830530 File Date: 10/9/07	
				Assignment: 20110940104 File Date: 4/1/11	

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	Amended: Supplyone Cleveland, Inc. Original Secured Party: National Paper & Packaging Co.	UCC: OH00067980772 File Date: 9/2/03 Continuation: 20081850562 File Date: 7/3/08 Amendment: 20092170520 File Date: 8/5/09	All inventory and other goods listed on Exhibit A of financing statement whenever sold, consigned or delivered to or for Consignee by Consignor. Several dozen items are listed, all described as “Bags” or “Liners”
Polyone Corporation	OH	State	Popular Leasing U.S.A., Inc.	UCC: OH00074219697 File Date: 2/24/04 Continuation: 20090420286 File Date: 2/11/09	“Lease #: 43755.01 One (1) New 202 Gallon Agitating Ultasonic [sic] Parts Washer, Model SK-1749”
PolyOne Corporation	OH	State	MITSUI PLASTICS, INC.	UCC: OH00087090820 File Date: 3/8/05 Continuation: 20093340122 File Date: 11/25/09	All plastic goods placed or consigned onto premises of Polyone Corporation *Filing made for notice purposes

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	General Electric Capital Corporation	UCC: OH00100338389 File Date: 4/1/06 Continuation: 20110460372 File Date: 2/15/11	All equipment under certain MRK ML# 0116943 Schedule 001 PDA#01, GE Lease Agreement 7370924 Schedule 002, including all accessories, accessions, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00107673821 File Date: 10/17/06	*For informational purposes only Two new Toyota model 7BRU18, Serial Numbers 32936 and 32938, equipped with 42 inch forks, two batteries and two chargers.
PolyOne Corporation	OH	State	General Electric Capital Corporation	UCC: OH00108698460 File Date: 11/9/06 Continuation: 20112440066 File Date: 9/1/11 Amendment: 20112440062 File Date: 9/1/11	All equipment under certain MRK ML# 0116943 Schedule 001 PDA #2, GE Lease Agreement 7370924 Schedule 005, including all accessories, accessions, etc. Amend Secured Party address
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00109475954 File Date: 12/4/06	*For informational purposes only One new Toyota Model 7FGCU25 S/N 04338, equipped with side shifter, 42" forks, backup alarm, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00109496544 File Date: 12/4/06	*For informational purposes only One new Toyota Model 7FGCU25 S/N 69880, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00110232549 File Date: 12/22/06	*For informational purposes only Five new Toyotas Model 7FGCU25 S/Ns 04871, 04904, 04928, 04964 and 04999, each equipped with side shifter, 42” forks, backup alarm, etc.
PolyOne Corporation	OH	State	Zeon Chemicals L.P.	UCC: OH00110707627 File Date: 1/9/07	Consigned goods, defined as all items furnished by Secured Party to Consignee. Consigned goods are described as products 2301X36, 2301X50, 1430X20 and Zealloy (R) 1422
POLYONE CORPORATION	OH	State	General Electric Capital Corporation	UCC: OH00111253695 File Date: 1/24/07	All equipment under certain MRK ML# 0116943 Schedule 001 PDA #3, GE Lease Agreement 7370924 Schedule 004, including all accessories, accessions, etc.
PolyOne Corporation	OH	State	Wells Fargo Equipment Finance, Inc.	UCC: OH00112693466 File Date: 3/9/07	*Transaction intended to be a true lease One (1) New 2006 Trackmobile 4150TM, Serial Number LGN 98208-1106, including all options, attachments and accessories.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	Toyota Motor Credit Corporation	UCC: OH00113735881 File Date: 4/6/07	*Transaction constitutes a true lease Eight (8) Toyota Forklift Model # 8FGCU25 Serial #s: 10698, 10868, 10926, 10869, 10596, 10893, 10894, 10897
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00114063615 File Date: 4/17/07	*For informational purposes only One new Toyota Model 7FBEU18 S/N 16747, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00115318435 File Date: 5/18/07	*For informational purposes only Two (2) new Toyotas Model 7FBEU18 S/N 69448, 69449, each equipped with side shifter, 42” forks, backup alarm, etc.
PolyOne Corporation	OH	State	General Electric Capital Corporation	UCC: OH00115735136 File Date: 5/31/07	All equipment under certain MRK ML# 0116943 Schedule 001 Final, GE Lease Agreement 7370924 Schedule 006, including all accessories, accessions, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP OLIVER-ALLEN TECHNOLOGY LEASING	UCC: OH00117302828 File Date: 7/17/07 Amendment: 20073200472 File Date: 11/15/07	All equipment pursuant to Equipment Schedule No. 01 to Master Lease Agreement, dated 7/2/07. Equipment is described as various computer and telecommunications equipment, software, and software license rights. Amend Collateral

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION COMPANY	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00117635257 File Date: 7/26/07	*For informational purposes only Sixteen (16) Toyotas Model # 8FGCU25. S/N: 13541, 13375, 13038, 13200, etc.
Polyone Corporation	OH	State	National City Commercial Capital Company, LLC	UCC: OH00117982424 File Date: 8/7/07	Equipment and other goods pursuant to Rental Schedule Number 98908000 to Master Lease Agreement, dated 7/25/07. Equipment is described as 40 or so “1977, ACF 5,250 cubic feet, covered hopper car”(s). No serial numbers.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00119874336 File Date: 10/5/07	*For informational purposes only One new Toyota Model 7FBCU25 S/N 70268, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00120175286 File Date: 10/15/07	*For informational purposes only One new Toyota Model 8FGCU25 S/N 15096, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00120183617 File Date: 10/15/07	*For informational purposes only Three (3) new Toyotas Model 8FGCU25 S/N 11003, 11004, 11011, each equipped with side shifter, 42” forks, backup alarm, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00120574878 File Date: 10/26/07	*For informational purposes only One new Advance Terra 4300B S/N 073424726
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00121288579 File Date: 11/19/07	*For informational purposes only Two (2) new Toyotas Model 7FBCU25 S/N 70468, 70480, each equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00121380383 File Date: 11/21/07	*For informational purposes only One new Toyota Model 8FGCU25 S/N 16407, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00121558138 File Date: 11/29/07	*For informational purposes only One used Toyota Model 7FGCU25 S/N 75992, equipped with side shifter, 189” FSV Mast
POLYONE CORPORATION	OH	State	U.S. BANCORP OLIVER- ALLEN TECHNOLOGY LEASING	UCC: OH00121652188 File Date: 12/3/07 Amendment: 20080780520 File Date: 3/17/08	All equipment pursuant to Equipment Schedule No. 02 to Master Lease Agreement, dated 7/2/07. Equipment is described as various computer and telecommunications equipment, software, and software license rights. Amend Collateral

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corporation	OH	State	National City Commercial Capital Company, LLC	UCC: OH00121894948 File Date: 12/11/07	Equipment and other goods pursuant to Rental Schedule Number 401672000 to Master Lease Agreement, dated 7/25/07. Equipment is described as 40 or so “1977/1978/1979, ACF, 5,250 cubic feet covered hopper car”(s). No serial numbers.
POLYONE CORPORATION	OH	State	U.S. BANCORP OLIVER- ALLEN TECHNOLOGY LEASING	UCC: OH00124415412 File Date: 3/3/08 Amendment: 20081640748 File Date: 6/12/08	All equipment pursuant to Equipment Schedule No. 02 to Master Lease Agreement, dated 7/2/07. Equipment is described as various computer and telecommunications equipment. Amend Collateral
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00124952036 File Date: 3/19/08	*For informational purposes only One new Toyota Model 8FGCU32 S/N 11294, equipped with side shifter, 48” forks, backup alarm, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00124954616 File Date: 3/19/08	*For informational purposes only One new Toyota Model 8FGCU32 S/N 11273, equipped with backup alarm, 189” FSV Mast, Dual 4 Way Hosing, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00124954727 File Date: 3/19/08	*For informational purposes only One new Toyota Model 8FGCU32 S/N 11263, equipped with Integral Side Shifter, 42” Forks, backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00125115942 File Date: 3/25/08	*For informational purposes only One used Toyota Model 7FGCU25 S/N 67167, equipped with side shifter, 42” forks, 189” FSV Mast
POLYONE CORPORATION CT CORPORATION, AGENT	OH	State	AMERICAN AXLE & MANUFACTURING, INC.	UCC: OH00125252073 File Date: 3/28/08	“RAW MATERIALS, WORK IN PROCESS, FINISHED GOODS, TOOLS AND INVENTORY, MACHINERY AND EQUIPMENT OWNED BY SECURED PARTY AND IN THE POSSESSION OF DEBTOR FROM TIME TO TIME”
PolyOne Corporation	OH	State	Assigned: Bank Financial F.S.B. Original Secured Party: Somerset Leasing Corp. II	UCC: OH00125320927 File Date: 4/1/08 Amendment: 20093550179 File Date: 12/21/09 Assignment: 20112790168 File Date: 10/5/11	*Intended to be a true lease Leased equipment under schedule no.1 to Lease Agreement dated 1/17/08. Equipment: 1 Briggs 4350TM TrackMobile RailCar Mover, *Cummins B5.9-C152 Turbocharged Diesel Engine, 6 Cylinder, 359 Cubic Inch, 152BHP etc. Amendment: New equipment location

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00125831112 File Date: 4/18/08	*For informational purposes only One new Toyota Model 8FGCU30 S/N 11900, equipped with side shifter, 42” Forks, backup alarm, 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00127151071 File Date: 6/2/08 Amendment: 20082610098 File Date: 9/15/08	All equipment and other personal property pursuant to Equipment Schedule No. 04 to Master Lease Agreement, dated 7/2/07. Equipment on attached Exhibit is described as various computer and network equipment. Amend Collateral
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00127154996 File Date: 6/3/08	*For informational purposes only One (1) New advance Exterra S/N 2053546
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00127169624 File Date: 6/3/08	*For informational purposes only One (1) Advance Terra 4300B S/N 081208964
PolyOne Corporation	OH	State	Somerset Leasing Corp. I	UCC: OH00128496446 File Date: 7/28/08	*Intended to be a true lease Equipment under Schedule No. 2 to Lease Agreement, dated 1/17/08. Equipment is described as 1 7413 Tennant Model T5 Walk Behind Scrubber T5-10389390

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00129168290 File Date: 8/27/08	*For informational purposes only Two (2) new Toyotas Model 8FGCU25 S/N 21072, 21589 equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00129207345 File Date: 8/28/08	*For informational purposes only One new Toyota Model 6BWS152L04 S/N 10154, equipped with 48” pallet forks,UL type EE Rating, Battery Discharge Indicator, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00129370138 File Date: 9/5/08	*For informational purposes only Two (2) new Toyotas Model 6BWR152L24 S/N 30406, 60409 equipped with 36” pallet forks,UL type EE Rating, Battery Discharge Indicator, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00129537960 File Date: 9/12/08 Amendment: 20092670368 File Date: 9/23/09	All equipment and other personal property pursuant to Schedule No. 05 to Master Lease Agreement, dated 7/2/07. Equipment is described on attached exhibit as various computer and network equipment, several dozen items. Amend Collateral

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	Assigned: BankFinancial FSB Original Secured Party: Somerset Leasing Corp. XIV	UCC: OH00129848131 File Date: 9/26/08 Assignment: 20112690187 File Date: 9/23/11	*Intended to be a true lease Equipment under Schedule No. 3 to Lease Agreement dated 1-17-08. Equipment includes forklifts, batteries and battery chargers.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00130292307 File Date: 10/17/08	*For informational purposes only Two (2) new Ametek Chargers Model 1050 T3-24 S/N 308CS68260, 308CS68261
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00130294987 File Date: 10/17/08	*For informational purposes only Two (2) new Deka batteries model 24-85D-21 S/N 1804FR, 3267DR
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00131007688 File Date: 11/18/08	*For informational purposes only One new Advance 4300 Captor LP S/N 1000002500
POLYONE CORPORATION	OH	State	KANEKA TEXAS CORPORATION	UCC: OH00131529563 File Date: 12/10/08	*Filing made for Notice purposes only All impact modifiers and processing aids now or hereafter acquired by Consignor and thereafter placed on premises of Consignee

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corp.	OH	State	M & R Sales & Service	UCC: OH00133359261 File Date: 3/16/09	1 P/N GTRZ162214122036A Gauntlet Z Press 16X22 S/N 030979382G 1 P/N CAYZ182220360 Cayenne Z Quartz Flash 18X22 S/N 030979358C 1 P/N CAYZ182220360 Cayenne Z Quartz Flash 18X22 S/N 030979355C and 4 others
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00133854261 File Date: 4/9/09	*For informational purposes only One used Toyota Model 7FGCU25 S/N 83158, equipped with side shifter, 42” forks, 189” FSV mast, single internal hosing
POLYONE CORPORATION	OH	State	AIR LIQUIDE INDUSTRIAL US LP	UCC: OH00133945830 File Date: 4/13/09	“TELEMETRY- DATAL ONE VESSEL- PE, S/N 05866, 4700 GAL”
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00135861935 File Date: 7/8/09 Amendment: 20093340260 File Date: 11/25/09	All equipment and other personal property pursuant to Schedule 007 to Master Lease Agreement, dated 7/2/07. Equipment described on exhibit to amendment as various computer equipment. Amend Collateral

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00135862058 File Date: 7/8/09 Amendment: 20092670364 File Date: 9/23/09	All equipment and other personal property pursuant to Schedule 06 to Master Lease Agreement, dated 7/2/07. Equipment described on exhibit to amendment as sixteen (16) “Steelhead 250 w/2 Onboard GBE” Amend Collateral
PolyOne Corporation	OH	State	MRK Leasing, Ltd.	UCC: OH00136154008 File Date: 7/22/09	Equipment pursuant to Lease # 0116943.003. Described on Schedule A as “Steelhead 5050 with 4 Onboard GBE” and several other similar items.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00136268069 File Date: 7/28/09	*For informational purposes only One new Toyota 7FBCU25 S/N 72480. Sideshifter, 42” forks, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00136947887 File Date: 9/2/09 Amendment: 20100600239 File Date: 3/1/10	Equipment and other personal property pursuant to Equipment Schedule No. 08 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer equipment. Amend Collateral

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00136947998 File Date: 9/2/09 Amendment: 20102700071 File Date: 9/24/10	Equipment and other personal property pursuant to Equipment Schedule No. 08 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer equipment. Amend Collateral
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00137062983 File Date: 9/8/09	*For informational purposes only One new Toyota 8FGU25 S/N 19655. Sideshifter, 48” forks, etc.
PolyOne Corporation	OH	State	Georgia-Pacific Corrugated LLC	UCC: OH00137200816 File Date: 9/15/09	Consigned inventory in Consignment Agreement, dated 3/1/02. Laminated bulk boxes and caps located at buyer’s sites.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00137362919 File Date: 9/23/09	*For informational purposes only One used Toyota 7FBCU25 S/N 64964. Sideshifter, 42” forks, 83/189” Mast
PolyOne Corporation	OH	State	MRK Leasing, Ltd.	UCC: OH00138016765 File Date: 10/26/09	Equipment pursuant to Lease #0116943.002. Described on Schedule A as 3 LXE VXS Vehicle Mounted Computers.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00139644414 File Date: 1/13/10 Amendment: 20102700073 File Date: 9/24/10	Equipment and other personal property pursuant to Equipment Schedule No. 010 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer and networking equipment. Amend Collateral
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00139644525 File Date: 1/13/10 Amendment: 20102700074 File Date: 9/24/10	Equipment and other personal property pursuant to Equipment Schedule No. 011 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer and audio/visual equipment. Amend Collateral
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140059547 File Date: 2/2/10	*For informational purposes only “One (1) New Advance Convertamatic 26 S/N 1000031977”
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140262053 File Date: 2/15/10	*For informational purposes only “One (1) New Genie Z34/22 S/N Z3410-7789, Equipped With: Tool Tray, Low Volt Interrupt”
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140262164 File Date: 2/15/10	*For informational purposes only Two (2) New Toyota Models 30-7FBCU25 S/N 61031, 61033, Each Equipped With: Side shifter, 42” forks, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140765473 File Date: 3/12/10	*For informational purposes only Two (2) New Toyota Models 7HBW23 S/N 36605, 36607, Each Equipped With: 42” X 27” forks, removable 48” LBR, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140868522 File Date: 3/18/10	*For informational purposes only Three (3) New Toyota Models 8FGCU30 S/N 13976, 13997, 13999 Each Equipped With: Side shifter, 42” forks, Backup alarm, etc.
PolyOne Corporation	OH	State	U.S. Bancorp Equipment Finance, Inc.	UCC: OH00143650211 File Date: 7/15/10	One (1) Used 2008 Trackmobile, Model 4350TM; together with all replacements, parts, repairs, additions, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144197513 File Date: 8/6/10 Amendment: 20102220281 File Date: 8/10/10	*For informational purposes only One new Toyota Model 7BN20203FSV S/N 50942. Equipped with: Side shifter, 48” forks, etc. Amendment modifies collateral description slightly.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144293810 File Date: 8/12/10	*For informational purposes only One new Toyota Model 8FGCU25 S/N 28677. Equipped with: Side shifter, 42” forks, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144553135 File Date: 8/25/10	*For informational purposes only Four (4) new Toyotas Model 7FBEU15 S/N 21545, 21569, 51271, 21592. Each equipped with: 42” forks, Backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144554036 File Date: 8/25/10	*For informational purposes only One new Toyota Model 7FBEU15 S/N 21550. Equipped with: 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00144572923 File Date: 8/26/10	Equipment and other personal property pursuant to Equipment Schedule No. 013 to Master Lease Agreement, dated 7/2/07.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00144573046 File Date: 8/26/10	Equipment and other personal property pursuant to Equipment Schedule No. 012 to Master Lease Agreement, dated 7/2/07.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	Partial Assignee: Wells Fargo Equipment Finance, Inc. Original Secured Party: Summit Funding Group, Inc.	UCC: OH00145278293 File Date: 9/30/10 Partial Assignment: 20103070146 File Date: 11/2/10 Amendment: 20103070146 File Date: 11/2/10 Partial Assignment: 20110330076 File Date: 1/31/11 Amendment: 20110330076 File Date: 1/31/11	All present and future goods pursuant to Master Lease Agreement 2417, dated 8/23/10 Partial Assignment on 11/2/10 to Wells Fargo, Schedule Number 001 to Master Lease Agreement Partial Assignment on 1/31/11 to Wells Fargo, Schedule Number 002 to Master Lease Agreement
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00145429052 File Date: 10/7/10	Equipment and other personal property pursuant to Equipment Schedule No. 014 to Master Lease Agreement, dated 7/2/07.
POLYONE CORPORATION	DE	State	DE LAGE LANDEN FINANCIAL SERVICES, INC.	UCC: OH00145429385 File Date: 10/7/10	“ALL EQUIPMENT OF ANY MAKE OR MANUFACTURE, TOGETHER WITH ALL ACCESSORIES AND ATTACHMENTS FINANCED BY OR LEASED TO LESSEE BY LESSOR UNDER MASTER LEASE AGREEMENT NUMBER _498_.”

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146965342 File Date: 12/20/10	*For informational purposes only Three (3) new Toyotas Model 8FGU25 S/N 32186, 32197, 32268. Each equipped with: Side shifter, 42” forks, Backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146968601 File Date: 12/20/10	*For informational purposes only One (1) new Toyota Model 8FGU25 S/N 32198. Equipped with: Side shifter, 48” forks, Backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146968823 File Date: 12/20/10	*For informational purposes only One (1) new Toyota Model 8FGU32 S/N 30940. Equipped with: Backup alarm, 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146969491 File Date: 12/20/10	*For informational purposes only Two (2) new Toyotas Model 8FGU25 S/N 32250, 32270. Equipped with: Side shifter, 48” forks, Backup alarm, 189” FSV Mast, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146969835 File Date: 12/20/10	*For informational purposes only Three (3) new Toyotas Model 8HBW30 S/N 40141, 40142, 40143. Each equipped with: 48" X 27" forks, UL Type EE Rating, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146977266 File Date: 12/20/10	*For informational purposes only Two (2) new Toyotas Model 6BWR15 S/N 30509, 30510, 40143. Equipped with: 42" forks, battery discharge indicator, UL Type EE Rating, etc.
POLYONE CORPORATION	OH	State	ENTEK MANUFACTURING, INC.	UCC: OH00147079192 File Date: 12/23/10	One 40mm Extrusion Line – Serial #83681-0401008, including, but not limited to, Extruder, RSLinx program, Spare screw set on shafts, Vent stack, etc.
POLYONE CORPORATION	OH	State	ENTEK MANUFACTURING, INC.	UCC: OH00147079203 File Date: 12/23/10	One 40mm Extrusion Line – Serial #83735-0401000, including, but not limited to, Extruder, Spare screw set on shafts, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00148179882 File Date: 2/14/11	All equipment, inventory and/or rights in any software, whether now owned or hereafter acquired, financed under that certain Master Lease Agreement, dated 7/2/07, together with all substitutions, replacements, parts, repairs, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00149158203 File Date: 4/1/11	*For informational purposes only One (1) new Toyota Model 8FGU25 S/N 33854. Equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00149158314 File Date: 4/1/11	*For informational purposes only One (1) new Toyota Model 8FGCU25 S/N 31335. Equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00149863238 File Date: 5/2/11	*For informational purposes only One (1) new Toyota 7FBEU15 S/N 22475. Equipped with: S/S, 42” forks 189” FSV Mast, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150185556 File Date: 5/13/11 Amendment: 20111390203 File Date: 5/19/11	*For informational purposes only One (1) new Raymond R40TT S/N EZ-10-AF50397. Equipped with: S/S, 42” forks 211” TT Mast, etc. Amendment corrects S/N on battery
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150279151 File Date: 5/18/11	*For informational purposes only Two (2) new Toyotas 8FBCU30 S/N 60423, 60424. Each equipped with: S/S, 42” forks 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150361510 File Date: 5/20/11	*For informational purposes only (1) New Advance SC800 s/n 4000015726
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150395925 File Date: 5/23/11	*For informational purposes only Two (2) new Toyotas 7FBEU20 S/N 19147, 19148. Each equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150415393 File Date: 5/24/11	*For informational purposes only Three (3) new Toyotas 8FBCU30 S/N 60416, 60420, 60478. Each equipped with: S/S, 48” forks 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150675040 File Date: 6/3/11	*For informational purposes only (1) New Advance Adressor 2820 S/N 1000044240

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00151302355 File Date: 6/30/11	*For informational purposes only (1) New Toyota 7FGCU35 S/N 71667, Equipped with S/S, 42” forks, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00151627464 File Date: 7/15/11	*For informational purposes only (1) New Toyota 8FGCU25 S/N 32435, Equipped with S/S, 42” forks, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00152426550 File Date: 8/24/11	*For informational purposes only Three (3) new Toyotas 8FBCU25 S/N 33652, 33701, 33834. Each equipped with: S/S, 42” forks Back up alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00153134077 File Date: 9/28/11	*For informational purposes only Five (5) new Toyotas 8FGCU25 S/N 34605, 34648, 34678, 34716, 34739. Each equipped with: S/S, 42” forks back up alarm, etc.
POLYONE CORPORATION	OH	State	FEDERAL EQUIPMENT COMPANY	UCC: OH00153378073 File Date: 10/7/11	Inventory #20245 – One (1) Used Union Process Lab Attritor, Model 1, Type B, stainless steel, jacketed bowl, 2.5 gallon total capacity etc. etc. Serial #154
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00153725818 File Date: 10/26/11	*For informational purposes only Two (2) new Toyotas 8FGCU25 S/N 33791, 33835. Each equipped with: S/S, 42” forks 187” back up alarm, etc.

Debtor	State	Jurisdiction	Secured Party	UCC Filing No./Filing Date	Collateral
PolyOne Corporation	TX	State	TENNANT FINANCIAL SERVICES	UCC: 030000478719 File Date: 9/6/02 Continuation: 0700126110 File Date: 4/16/07	Equipment; including all improvements, attachments, and accessories thereto. 4147379-001 Tennant M5700 Scrubber MPV Cost Center 39H7

- Certificate of Deposit, in the balance of \$2,700,000.00, at the Bank of America located at 100 North Tryon Street, Charlotte, North Carolina 28255. This is cash collateral in favor of Bank of America for certain credit card programs of PolyOne Corporation with Bank of America. Account number: 406231.

Permitted Liens with respect to Exclusive License Agreements¹⁹

- Exclusive License Agreement, dated March 12, 2004, between The ColorMatrix Corporation and Container Science, Inc.
- License Agreement, dated February 13, 2009, between ColorMatrix Holdings, Inc. and Amcor Pet Packaging USA, Inc.
- License Agreement, dated November 6, 2008, between ColorMatrix Holdings, Inc. and Artenius Pet Packaging Europe, Inc.
- Joint Development Agreement, dated February 25, 2010, between ColorMatrix Group, Inc. and Printpack, Inc.
- Joint Development Agreement, dated August 2002, between ColorMatrix Group, Inc. and Container Science, Inc., as amended February 21, 2011.
- Joint Development Agreement, dated June 14 2004, between ColorMatrix Europe Ltd. and Dupont Sabanci Polyester Europe BV, as amended on July 24, 2006.
- Joint Research Development and Supply Agreement, dated September 6, 2009, between ColorMatrix Group, Inc. and DSM Micabs, B.V.
- Joint Development Agreement, dated March 16, 2009, between ColorMatrix Group, Inc. and PPG Industries, Inc.

¹⁹ These outbound exclusive license agreements restrict the ability of PolyOne Corporation or its Subsidiaries which entered into such license agreements, to use or dispose of certain intellectual property as provided in the license agreements.

Canada

DEBTOR PolyOne Canada Inc.	JURISDICTION Ontario	SECURED PARTY Toyota Motor Credit Corporation	FILE NO./ REGISTRATION NO. AND COLLATERAL 671045805/ 20110628 1659 1862 2643 Equipment, Motor Vehicle Included 2011 TOYOTA 8FGCU25 VIN: 32435 THIS FINANCING STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. THE SECURED PARTY IS THE OWNER OF THE FOLLOWING PROPERTY (1) NEW TOYOTA 8FGCU25 S/N 32435 EQUIPT WITH S/S, 42 FORKS, 189 FSV MAST, LIGHTS, NON-MARKING TIRES, UL TYPE LP W/O TANK
PolyOne Canada Inc.	Ontario	Praxair Canada Inc.	662069844/ 20100610 1316 1793 6605 Equipment EQUIPMENT SUPPLIED BY THE SECURED PARTY, CONSISTING OF BULK CRYOGENIC STORAGE TANKS USED FOR THE STORAGE, FILLING AND DELIVERY OF INDUSTRIAL AND MEDICAL GASES INCLUDING, WITHOUT LIMITATION, ARGON, HYDROGEN, CARBON DIOXIDE, NITROGEN, NITROUS OXIDE AND OXYGEN, AND CRYOGENIC FREEZERS, TOGETHER WITH ALL RELATED ACCESSORIES, PARTS, COMPONENTS AND ATTACHMENTS AND ALL PROCEEDS OF OR RELATING TO ANY

			OF THE FOREGOING AS WELL AS ALL PRESENT OR AFTER-ACQUIRED PROPERTY THAT MAY BE DERIVED FROM THE SALE OR OTHER DISPOSITION OF THE COLLATERAL DESCRIBED HEREIN.
PolyOne Canada Inc.	Ontario	Donlen Fleet Leasing Ltd./Location de Flottes Donlen Ltee.	<div>633066183/20070226 1954 1531 9178</div> <div>Equipment, Accounts, Other, Motor Vehicle Included</div> <div>ALL MOTOR VEHICLES NOW OR HEREAFTER LEASED BY THE SECURED PARTY TO THE DEBTOR, INCLUDING, WITHOUT LIMITATION, ALL ACCESSORIES, SPARE PARTS, REPLACEMENTS, MANUALS, DOCUMENTS OF TITLE AND ACCESSIONS RELATING TO ANY SUCH MOTOR VEHICLES AND ALL PROCEEDS (IN ANY FORM OF PERSONAL PROPERTY) IN RESPECT OF ANY OF THE FOREGOING. THIS FILING IS PROTECTION WITH RESPECT TO VEHICLES LEASED TO DEBTOR UNDER A LEASE INTENDED TO BE A TRUE LEASE.</div>
PolyOne Canada Inc.	Ontario	Donlen Fleet Leasing Ltd./ Location de Flottes Donlen Ltee.	<div>633066192/20070226 1954 1531 917920090402 1450 1530 0933</div> <div>Equipment, Accounts, Other, Motor Vehicle Included</div> <div>ALL MOTOR VEHICLES NOW OR HEREAFTER LEASED BY THE SECURED PARTY TO THE DEBTOR, INCLUDING, WITHOUT LIMITATION, ALL ACCESSORIES, SPARE PARTS, REPLACEMENTS, MANUALS, DOCUMENTS OF TITLE AND ACCESSIONS RELATING TO ANY SUCH MOTOR VEHICLES AND ALL PROCEEDS</div>

			(IN ANY FORM OF PERSONAL PROPERTY) IN RESPECT OF ANY OF THE FOREGOING. THIS FILING IS PROTECTION WITH RESPECT TO VEHICLES LEASED TO DEBTOR UNDER A LEASE INTENDED TO BE A TRUE LEASE.
PolyOne Canada Inc.	Ontario	Zeon Chemicals L.P.	632093256/
PolyOne Corporation			20070112 1221 2505 0237
			Inventory, Equipment
			ZEON CHEMICALS L.P. MAY CONSIGN CERTAIN PARTS AND/OR RAW MATERIALS ON A NO-CHARGE BASIS TO CONSIGNEE FOR INCORPORATION INTO THE PRODUCTS PRODUCED BY CONSIGNEE. FOR THE PURPOSES OF THIS AGREEMENT, CONSIGNED GOODS ARE DEFINED AS ALL ITEMS FURNISHED BY ZEON CHEMICALS L.P. OR CAUSED BY ZEON CHEMICALS L.P. TO BE FURNISHED TO CONSIGNEE. A DESCRIPTION OF THE CONSIGNED GOODS IS THE FOLLOWING PRODUCTS WILL BE INCLUDED IN THIS CONSIGNMENT AGREEMENT, 2301X36, 2301X50, 1430X20, ZEALLOY (R) 1422. CONSIGNED GOODS WILL BE LOCATED AND USED AT AVON LAKE, OHIO, ELYRIA, OHIO, TERRE HAUTE, INDIANA, RANCHO CUCAMONGA, CALIFORNIA, NIAGARA FALLS, ONTARIO, CANADA. CONSIGNED GOODS ARE AND WILL REMAIN THE PROPERTY OF ZEON CHEMICALS L.P.. ZEON CHEMICALS L.P. SHALL HAVE THE RIGHT AT ANY TIME TO RECALL ANY OF THE CONSIGNED GOODS.

PolyOne Canada, Inc.	Ontario	Donlen Fleet Leasing Ltd.	630739161/ 20061120 1941 1531 8265 Equipment, Accounts, Other, Motor Vehicle Included 2007 Chevrolet Impala V.I.N.: 2G1WU58RX79207566
PolyOne Canada Inc.	Ontario	The Corporation of the Town of Orangeville	888453369/ 20021022 1003 1793 5710 Equipment, Other EQUIPMENT LEASED BY THE SECURED PARTY TO THE DEBTOR FOR USE AT A PLASTICIZER SYNTHESIS PLANT LOCATED AT 15 TIDEMAN DRIVE, AND A POLYMAER COMPOUNDING PLANT LOCATED AT 17 TIDEMAN DRIVE, AS MORE PARTICULARLY DESCRIBED IN A LEASE AGREEMENT DATED AS OF AUGUST 26, 2002 BETWEEN THE SECURED PARTY AND THE DEBTOR, AS IT MAY BE AMENDED FROM TIME TO TIME.
PolyOne Canada Inc.	Quebec	Praxair Canada Inc.	10-0388782-0001 Rights of ownership of the lessor under a leasing agreement All movable property.
PolyOne Canada, Inc. (further to an amendment registered under number 09-0174392-0002)	Quebec	Donlen Fleet Leasing Ltd. Location de Flottes Donlen Ltee	07-0101357-0035 Rights resulting from a lease All motor vehicles leased by the secured party to the debtor. This registration is a global registration under section 2961.1 of the Civil Code of Quebec.

Foreign

Liens against the accounts receivable solely of ColorMatrix do Brasil Indústria e Comércio de Pigmentos e Aditivos Ltda., which secure only borrowings under the Bank Credit, dated August 11, 2011, issued by Itaú Unibanco S.A. for a revolving credit facility of up to 900,000 Brazilian reales.

SCHEDULE 7.02
EXISTING INDEBTEDNESS

1. Loan Agreement, to be entered into between Director of Development of the State of Ohio and PolyOne Corporation, in the amount of approximately \$2,250,000.
2. Guarantee, dated as of April 17, 2008, in the amount of approximately Euro 54, 215.
 - a. Guarantor: Royal Bank of Scotland
 - b. Beneficiary: Uni-Invest, B.V.
 - c. Applicant: ColorMatrix Europe Ltd.
 - d. Nature of Underlying Obligations: securing rent payment obligations under the lease agreement between ColorMatrix Europe Ltd. and Uni-Invest, B.V.
3. Letter of Credit, dated as of April 4, 2007, in the amount of approximately \$111,191.04.
 - a. Issuing Bank: General Electric Capital Corporation.
 - b. Beneficiary: 680 North L.L.C.
 - c. Applicant: The ColorMatrix Corporation.
 - d. Nature of Underlying Obligations: securing rent payment obligations under the lease agreement between The ColorMatrix Corporation and 680 North L.L.C.
4. ColorMatrix do Brasil Indústria e Comércio de Pigmentos e Aditivos Ltda. has obtained a Bank Credit, dated August 11, 2011, issued by Itaú Unibanco S.A. for a revolving credit facility of up to 900,000 Brazilian reais.
5. Letter of Credit, dated as of March 6, 2006, in the face amount of CAD 293,688.75.
 - a. Issuing Bank: Bank of Montreal.
 - b. Beneficiary: Workplace Safety & Insurance Board
 - c. Applicant: PolyOne Canada Inc.
 - d. Nature of Underlying Obligations: securing obligations relating to Canadian workers compensation.

**SCHEDULE 7.03
EXISTING INVESTMENT**

Borrower or any Restricted Subsidiary holds an Equity Interest in the following entities:

Holder	Entity Name	Percentage of Ownership
PolyOne Corporation	Hansard Steamship Company	33%
PolyOne Corporation	Early Stage	2%
PolyOne Corporation	Kimberly Iron Company, Ltd.	14%
PolyOne Corporation	North Coast	1%
PolyOne Corporation	Paramount Coal Company	50%
PolyOne Corporation	Pilot Knob Pellet Co.	50%
PolyOne Corporation	Syngold	4.26%
PolyOne Corporation	Orangeville-Brampton Rail Access Group Inc.	12.5%
PolyOne Corporation	Altona Properties Pty. Ltd.	37%
PolyOne Corporation	Ohio Innovation	2%
GEON Development, Inc.		4%
GEON Development, Inc.	Cleveland Development	2%
Hanna Proprietary Limited	MAG International	50%
ColorMatrix Group, Inc.	ColorMatrix Europe Ltd.	16.19%

SCHEDULE 7.05
DISPOSITIONS OF CERTAIN REAL PROPERTY

Property Owner	Address
PolyOne Corporation	3401 Joint Venture Lane, Louisville, KY
The Hanna Mining Company	Itasca, MN.
(now known as PolyOne Corporation)	Parcel ID Number: 25-020-4401; 25-520-0120.
PolyOne Corporation	7 Guenther Boulevard, St. Peters, MO
PolyOne Corporation	1804-1808 River Road, Burlington, NJ
PolyOne Corporation	DeForest, WI
	Parcel ID Number: 118/0910-084-8020-1
PolyOne Corporation	21300 Doral Road, Brookfield, WI
PolyOne Canada Inc.	Niagara Falls, Ontario, Canada
	Parcel ID Number: Parts 25, 26, 27 and 33, Plan 59R - 10639 - PIN 64262-0005; Part 32, Plan 59R-10639 (was Part 1, Plan 59R-6285)-PIN 640058-0026; Part 23, Plan 59R-10639 (was Part 4, Plan 59R-6285)-PIN 640058-0148
	2700 Papin Street, St. Louis, MO 63103
PolyOne Corporation	

SCHEDULE 7.09
CERTAIN CONTRACTUAL RESTRICTIONS

None.

SCHEDULE 10.02
ADMINISTRATIVE AGENT'S OFFICE, CERTAIN ADDRESSES FOR NOTICES

If to Loan Parties:

PolyOne Corporation
33587 Walker Road
Avon Lake, Ohio 44012
Attn: Treasurer
Fax No. 440-930-3064

with copies to: PolyOne Corporation

33587 Walker Road
Avon Lake, Ohio 44012
Attn: Secretary
Fax No. 440-930-3064

If to the Administrative Agent:

Bank of America, N.A.
Attn.: DeWayne Rosse, Officer, Agency Management Officer
Global Corporate and Commercial Banking Client Service
901 Main St.
Dallas, TX 75202
Mail Code: TX1-492-14-11
Fax: (214) 672-8623

- and -

Bank of America, N.A.
Attn.: Kellyn McLamb
101 N Tryon Street
Charlotte, NC 28255
NC1-001-04-39.
Facsimile: (704) 409-0486

CREDIT AGREEMENT

by and among

POLYONE CORPORATION
as US Borrower

POLYONE CANADA INC.
as Canadian Borrower

THE OTHER LOAN PARTIES HERETO

THE LENDERS THAT ARE SIGNATORIES HERETO
as Lenders

WELLS FARGO CAPITAL FINANCE, LLC
as Administrative and Collateral Agent

BANK OF AMERICA, N.A.
U.S. BANK NATIONAL ASSOCIATION
as Syndication Agents

PNC BANK, NATIONAL ASSOCIATION
KEYBANK NATIONAL ASSOCIATION
as Documentation Agents

and

WELLS FARGO CAPITAL FINANCE, LLC
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
as Joint Lead Arrangers and Bookrunners

Dated as of December 21, 2011

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EXHIBITS AND SCHEDULES

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CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “Agreement”), is entered into as of December 21, 2011, by and among the lenders identified on the signature pages hereof (each of such lenders, together with their respective successors and permitted assigns, are referred to hereinafter as a “Lender”, as that term is hereinafter further defined), Wells Fargo Capital Finance, LLC, a Delaware limited liability company, as agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, “Agent”), PolyOne Corporation, an Ohio corporation (“Parent”), and the subsidiaries of Parent organized under the laws of a jurisdiction in the United States party hereto as borrowers (together with Parent, and certain other subsidiaries of Parent organized under the laws of a jurisdiction in the United States that may become party hereto after the date hereof, each individually a “US Borrower” and collectively, “US Borrowers” as hereinafter further defined), PolyOne Canada Inc., a federally incorporated Canadian corporation (“PolyOne Canada”), and together with certain other subsidiaries of Parent organized under the laws of a jurisdiction in Canada that may become party hereto after the date hereof, each individually a “Canadian Borrower” and collectively, “Canadian Borrowers” as hereinafter further defined and, together with US Borrowers, each individually a “Borrower” and collectively, “Borrowers”), the subsidiaries of Parent organized under the laws of a jurisdiction in the United States party hereto as guarantors (each individually a “US Guarantor” and collectively, “US Guarantors” as hereinafter further defined), those subsidiaries of Parent organized under the laws of a jurisdiction in Canada that may become party hereto as guarantors after the date hereof (each individually a “Canadian Guarantor” and collectively, “Canadian Guarantors” as hereinafter further defined, and together with US Guarantors, each individually a “Guarantor” and collectively, “Guarantors” as hereinafter further defined), Bank of America, N.A. and U.S. Bank National Association, each as Syndication Agents, KeyBank National Association and PNC Bank, National Association, each as Documentation Agents and Wells Fargo Capital Finance, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, in their respective capacities as Joint Lead Arrangers and Joint Bookrunners.

The parties agree as follows:

1. DEFINITIONS AND CONSTRUCTION.

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified therefor on Schedule 1.1.

1.2 **Accounting Terms.** Any accounting term used in this Agreement shall have, unless otherwise specifically provided herein, the meaning customarily given in accordance with GAAP, and all financial computations hereunder shall be computed unless otherwise specifically provided herein, in accordance with GAAP as consistently applied and using the same method for inventory valuation as used in the preparation of the financial statements of Parent most recently received by Agent prior to the date hereof; provided, that, in the event of any change in GAAP after the date hereof that affects the covenants in Section 7 hereof, Administrative Borrower may by notice to Agent, or Agent may, and at the request of Required Lenders shall, by notice to Administrative Borrower request that Agent and the Administrative Borrower negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided, that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Administrative Borrower shall provide to Agent and Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. No consent or amendment fee shall be required to be paid to any Lender in connection with an amendment contemplated by this Section 1.2. Notwithstanding anything to the contrary contained in GAAP or any interpretations or other

pronouncements by the Financial Accounting Standards Board or otherwise, the term “unqualified opinion” as used herein to refer to opinions or reports provided by accountants shall mean an opinion or report that is unqualified and also does not include any explanation, supplemental comment or other comment concerning the ability of the applicable person to continue as a going concern or the scope of the audit. When used herein, the term “financial statements” shall include the notes and schedules thereto. Whenever the term “Parent” or “Borrowers” is used in respect of a financial covenant or a related definition, it shall be understood to mean Parent or Borrowers and their Restricted Subsidiaries on a consolidated basis, unless the context clearly requires otherwise. For purposes of calculations pursuant to the terms of this Agreement, GAAP will be deemed to treat operating leases in a manner consistent with the current treatment under GAAP as in effect on the Closing Date, notwithstanding any modification or interpretive changes thereto that may occur hereafter.

1.3 **Code.** Any terms used in this Agreement that are defined in the Code shall be construed and defined as set forth in the Code unless otherwise defined herein and any terms used in this Agreement that are defined in the PPSA and relating to Collateral consisting of assets of the Canadian Loan Parties shall be construed and defined as set forth in the PPSA unless otherwise defined herein; provided, that, to the extent that the Code is used to define any term herein and such term is defined differently in different Articles of the Code, the definition of such term contained in Article 9 of the Code shall govern.

1.4 **Construction.** Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in any other Loan Document to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). The words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties. Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any reference herein to “province” or like terms shall be construed to include “territory” and like terms. Any requirement of a writing contained herein or in any other Loan Document shall be satisfied by the transmission of a Record. An Event of Default shall exist or continue or be continuing until such Event of Default is waived in accordance with Section 14.1 or is cured if such Event of Default is capable of being cured. Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean (a) the repayment in full in cash or immediately available funds of all of the Obligations (including the payment of any Lender Group Expenses that have accrued regardless of whether demand has been made therefor), excluding in any case the Obligations described in the following clause (b) of this Section 1.4, and (b) in the case of (i) contingent reimbursement obligations with respect to Letters of Credit, the receipt by Agent of the Letter of Credit Collateralization, (ii) Bank Products other than Hedge Obligations, the receipt by Agent of the Bank Product Collateralization, (iii) checks or other payments provisionally credited to the Obligations and for which Agent or any Lender has not received final payment, the receipt by Agent of cash collateral to secure such amounts (unless Agent shall have received a satisfactory indemnity with respect thereto from another financial institution), (iv) Hedge Obligations, the receipt by Agent of cash collateral to secure such amounts (or, at the option of Agent or the Hedge Provider with respect to such Hedge Agreements, the termination of the applicable Hedge Agreement and the payment in full in cash of the Obligations due and

payable in connection with such termination), and (v) other contingent Obligations for which a claim or demand for payment has been made at such time to Agent or any Lender for which Agent or such Lender is entitled to indemnification by any Loan Party, the receipt by Agent of cash collateral to secure such amounts. Unless the context of this Agreement or any other Loan Document clearly requires otherwise or Agent otherwise determines, amounts expressed in US Dollars at any time when used with respect to Foreign Subsidiaries or similar matters shall be deemed to mean the US Dollar Equivalent of such amounts at such time.

1.5 **Time References.** Unless otherwise indicated herein, all references to time of day refer to Eastern Standard Time or Eastern daylight saving time, as in effect in New York City on such day. For purposes of the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to and including”; provided, that, with respect to a computation of fees or interest payable to Agent or any Lender, such period shall include the first day, but not the last day of it so long as payment thereof is received prior to the time specified in Section 2.5, but in any event shall consist of at least one full day.

1.6 **Schedules and Exhibits.** All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

2. LOANS AND TERMS OF PAYMENT.

2.1 **Revolving Loans.**

(a) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each US Lender agrees (severally, not jointly or jointly and severally) to make revolving loans (“US Revolving Loans”) to US Borrowers which in the aggregate any time outstanding shall not exceed the lesser of:

(i) such US Lender’s Commitment, or

(ii) such US Lender’s Pro Rata Share of an amount equal to the lesser of:

(A) the amount equal to (1) the US Maximum Credit less (2) the sum of the US Letter of Credit Usage at such time, plus the principal amount of US Swing Loans outstanding at such time, and

(B) the amount equal to (1) the US Borrowing Base at such time less (2) the sum of the US Letter of Credit Usage at such time, plus the principal amount of US Swing Loans outstanding at such time.

Each US Revolving Loan shall be a US Dollar Denominated Loan, and shall be either a Base Rate Loan or a LIBOR Rate Loan.

(b) Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each Canadian Lender with a Canadian Commitment agrees (severally, not jointly or jointly and severally) to make revolving loans (“Canadian Revolving Loans”) to Canadian Borrowers which in the aggregate any time outstanding shall not exceed the lesser of:

(i) such Canadian Lender’s Canadian Commitment, or

(ii) such Canadian Lender’s Pro Rata Share of an amount equal to the lesser of:

(A) the amount equal to (1) the Canadian Maximum Credit less (2) the Canadian Letter of Credit Usage at such time, plus the principal amount of Canadian Swing Loans outstanding at such time, and

(B) the amount equal to (1) the Canadian Borrowing Base at such time less (2) the Canadian Letter of Credit Usage at such time, plus the principal amount of Canadian Swing Loans outstanding at such time.

Each Canadian Revolving Loan shall be either a US Dollar Denominated Loan (which shall be either a Base Rate Loan or a LIBOR Rate Loan) or a Canadian Dollar Denominated Loan (which shall be either a Base Rate Loan or a BA Rate Loan).

(c) Anything to the contrary in this Section 2.1 or otherwise notwithstanding, the aggregate principal amount of all Revolving Loans (including Swing Loans, Protective Advances and Overadvances) plus the Letter of Credit Usage outstanding at any time shall not exceed the Existing Note Secured Debt Limit. Agent may at any time and from time to time require that an Authorized Person execute and deliver to Agent a certificate, in form and substance reasonably satisfactory to Agent, representing the amount of the Existing Note Secured Debt Limit at such time and that the aggregate principal amount of all Revolving Loans (including Swing Loans, Protective Advances and Overadvances) plus the Letter of Credit Usage outstanding at such time (and after giving effect to any of the foregoing that have been requested) does not and will not exceed such Existing Note Secured Debt Limit.

(d) Amounts borrowed pursuant to this Section 2.1 may be repaid and, subject to the terms and conditions of this Agreement, reborrowed at any time during the term of this Agreement. The outstanding principal amount of the Revolving Loans, together with interest accrued thereon, shall be due and payable on the Maturity Date or, if earlier, on the date on which they are declared due and payable pursuant to the terms of this Agreement.

(e) Anything to the contrary in this Section 2.1 notwithstanding, Agent shall have the right (but not the obligation), in its Permitted Discretion, to establish, increase, reduce, eliminate, or otherwise adjust reserves (without duplication) from time to time against the US Borrowing Base or the Canadian Borrowing Base in such amounts, and with respect to such matters, as Agent in its Permitted Discretion shall deem necessary, including (i) reserves in an amount equal to the Bank Product Reserve Amount, (ii) reserves in an amount equal to the 2015 Note Reserve Amount, (iii) reserves in an amount equal to the Series G Guarantee Reserve Amount and (iv) reserves with respect to (A) sums that Parent or its Subsidiaries are required to pay under this Agreement or any other Loan Document (such as taxes, assessments, insurance premiums, or, in the case of leased assets, rents or other amounts payable under such leases) and has failed to pay when due, and (B) amounts owing by Parent or its Subsidiaries to any Person to the extent secured by a Lien on, or trust over, any of the Revolving Loan Priority Collateral (other than a Permitted Lien under clause (m) of the definition of such term), which Lien or trust, in the Permitted Discretion of Agent likely would be pari passu with, or have a priority superior to, Agent's Liens (such as Priority Payables or Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for ad valorem, excise, sales, or other taxes that may be pari passu or given priority under applicable law) in and to such item of the Revolving Loan Priority Collateral. To the extent that an event, condition or matter as to any Eligible Accounts or Eligible Inventory is addressed pursuant to the treatment thereof within the applicable definition of such terms, Agent shall not also establish a reserve to address the same event, condition or matter. The amount of any reserve established by Agent shall have a reasonable relationship to the event, condition or other matter which is the basis for such reserve as determined by Agent in its Permitted Discretion and to the extent that such reserve is in respect of amounts that may be payable to third parties Agent may, at its

option (without duplication), deduct such reserve from the US Maximum Credit or the Canadian Maximum Credit in the event that the US Borrowing Base or Canadian Borrowing Base exceeds the applicable amount. Agent will provide notice to Administrative Borrower three (3) Business Days' prior to the establishment of any new categories of reserves after the date hereof or any change in the methodology for the calculation of an existing reserve after the date hereof, except that such notice shall not be required (i) at any time there is a Cash Dominion Event or, if in the good faith determination of Agent, it is necessary to act sooner to preserve or protect the Collateral or its value or the rights of Agent therein or to otherwise address any event, condition or circumstance that, in the good faith judgment of the Agent, is reasonably likely to cause a diminution in the value of the Collateral or to threaten the ability to realize upon any portion of the Collateral or (ii) if after giving effect to any such new category of reserves or change in methodology there would be an Overadvance. Upon receipt of such notice, Administrative Borrower may take such action as may be required so that the event, condition, or matter that is the basis for the reserve no longer exists. At any time that the event, condition or circumstance that is the basis for the reserve ceases to exist or is otherwise addressed to the satisfaction of Agent, then the applicable reserve will be terminated, including in the case of the 2015 Note Reserve Amount if Agent shall have received evidence, in form and substance reasonably satisfactory to it, that the 2015 Note Obligations are paid and satisfied in full in cash or that the 2015 Note Obligations are no longer entitled to the benefit of the Lien of Agent.

(f) Without limiting the generality of the foregoing, reserves may be established to reflect any of the following: (i) inventory shrinkage, (ii) markdowns and cost variances (pursuant to discrepancies between the purchase order price of Inventory and the actual cost thereof), (iii) returns, discounts, claims, credits and allowances of any nature that are not paid pursuant to the reduction of Accounts, (iv) any rental payments, service charges or other amounts due or to become due to owners or lessors of real property to the extent Inventory or Records are located in or on such property or in the possession or control of such parties or such Records are needed to monitor or otherwise deal with the Collateral (other than for locations where Agent has received a Collateral Access Agreement executed and delivered by the owner and lessor of such real property that Agent has acknowledged in writing is in form and substance satisfactory to Agent), provided, that, the reserves established pursuant to this clause (iv) as to leased locations shall not exceed at any time the aggregate of amounts payable for the next three (3) months to the lessors of such locations, except that such limitation on the amount of the Reserves shall not apply at any time that an Event of Default shall exist or have occurred and be continuing, or at any time there is any event of default under the lease by Parent or any Subsidiary of Parent with respect to such location or a notice thereof has been sent or received by or on behalf of any Loan Party, (v) any rental payments, service charges or other amounts due or to become due to lessors of personal property; (vi) an increase in the number of days of the turnover of Inventory or a change in the mix of the Inventory that results in an overall decrease in the value thereof or a deterioration in its nature or quality (but only to the extent not addressed by the lending formulas in a manner satisfactory to Agent), (vii) variances between the perpetual inventory records of Borrowers and the results of the test counts of Inventory conducted by Agent with respect thereto in excess of the percentage reasonably acceptable to Agent in its Permitted Discretion, (viii) dilution with respect to Accounts (based on the ratio of the aggregate amount of non-cash reductions in Accounts for any period to the aggregate dollar amount of the sales of such Borrower for such period) as calculated by Agent for any period is or is reasonably anticipated to be greater than five percent (5%), (ix) in the event that at any time the aggregate principal amount of all Revolving Loans (including Swing Loans, Protective Advances and Overadvances) plus the Letter of Credit Usage outstanding are more than ten percent (10%) less than the Existing Note Secured Debt Limit, amounts to permit additional Revolving Loans (including Swing Loans, Protective Advances and Overadvances) as may be requested or required so as to avoid exceeding the Existing Note Secured Debt Limit. Except as otherwise specifically provided in this clause (f), any change to the amount of any reserves described above shall be based on changes in the event, condition or circumstance that is basis for such reserves after the date hereof.

(g) Upon the written request of Administrative Borrowers after the date hereof, such Persons that own Accounts and Inventory may be deemed to be US Borrowers hereunder subject to the completion by Agent of a field examination with respect to the business of such Persons (including as to Accounts and Inventory) in accordance with Agent's customary procedures and practices, the scope of which shall be satisfactory to Agent in its Permitted Discretion and any Accounts or Inventory of such Persons shall only be Eligible Accounts or Eligible Inventory to the extent that Agent has so completed such field examination with respect thereto and as to Inventory has received a satisfactory appraisal (and completed customary legal due diligence with respect to such Accounts and Inventory with results satisfactory to Agent) and the criteria for Eligible Accounts and Eligible Inventory set forth herein are satisfied with respect thereto in accordance with this Agreement (or such other or additional criteria as Agent may, at its option, establish with respect thereto in accordance with the definitions of Eligible Accounts or Eligible Inventory, as applicable, and subject to such reserves as Agent may establish in connection therewith in accordance with Sections 2.1(e) and 2.1(f)).

2.2 Borrowing Procedures and Settlements.

(a) **Requests for Revolving Borrowing.** To request a Revolving Loan or Swing Loan, the applicable Borrower (or Administrative Borrower on behalf of such Borrower) shall notify Agent of such request by telephone (a) in the case of a LIBOR Rate Loan or a BA Rate Loan, not later than 1:00 p.m., three (3) Business Days before the date of the proposed LIBOR Rate Loan or a BA Rate Loan or (b) in the case of a Base Rate Loan (including a Swing Loan), not later than 1:00 p.m. on the same Business Day as the date of the proposed Base Rate Loan to be made in US Dollars and not later than 1:00 p.m. on the Business Day before the date of the proposed Base Rate Loan to be made in Canadian Dollars. Each such telephonic request shall be irrevocable and to the extent required by Agent, shall be confirmed promptly by hand delivery or facsimile to Agent of a written request in a form approved by Agent and signed by or on behalf of Borrowers. Each such telephonic and written request shall specify the following information:

- (i) the Borrower requesting such Revolving Loan or Swing Loan;
- (ii) whether such Loan is a Revolving Loan or Swing Loan;
- (iii) the aggregate amount of such Revolving Loan or Swing Loan;
- (iv) the date of such Revolving Loan or Swing Loan, which shall be a Business Day;
- (v) whether such Revolving Loan or Swing Loan is to be a Base Rate Loan, a BA Rate Loan or a LIBOR Rate Loan;
- (vi) in the case of a LIBOR Rate Loan or a BA Rate Loan, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (vii) in the case of each Canadian Revolving Loan, whether such Canadian Revolving Loan is to be a US Dollar Denominated Loan or a Canadian Dollar Denominated Loan.

If no election as to whether a Revolving Loan is to be a BA Rate Loan or LIBOR Rate Loan is specified in the applicable request, then the requested Revolving Loan shall be a Base Rate Loan. If no Interest Period is specified with respect to any request for a LIBOR Rate Loan or a BA Rate Loan, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a request for a Revolving Loan in accordance with this Section, Agent shall

advise each applicable Lender of the details thereof and of the amount of such Lender's Revolving Loan to be made as part of the request. All Loans and Letters of Credit under this Agreement shall be conclusively presumed to have been made to, and at the request of and for the benefit of, any Borrower or Guarantor when deposited to the credit of any Borrower or Guarantor or otherwise disbursed or established in accordance with the instructions of any Borrower or Guarantor or in accordance with the terms and conditions of this Agreement.

(b) Making of Swing Loans.

(i) **Making of US Swing Loans.** Subject to the terms and conditions contained herein, the Swing Lender agrees that it will make a US Revolving Loan (any such US Revolving Loan made solely by Swing Lender pursuant to this Section 2.2(b)(i) being referred to as a "US Swing Loan") to US Borrowers from time to time in amounts requested by any US Borrower (or Administrative Borrower on behalf of US Borrowers) up to the aggregate amount outstanding equal to the US Swing Loan Limit, provided, that, after giving effect to any such US Swing Loan, the aggregate principal amount of the US Revolving Loans, US Swing Loans and US Letter of Credit Usage outstanding at any time shall not exceed the lesser of the US Borrowing Base at such time or US Maximum Credit at such time. Each US Swing Loan shall be deemed to be a US Revolving Loan hereunder and shall be subject to all the terms and conditions (including Section 3) applicable to other US Revolving Loans, except that all payments on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of Section 2.3(d)(ii), Swing Lender shall not make and shall not be obligated to make any US Swing Loan if Swing Lender has actual knowledge that (A) one or more of the applicable conditions precedent set forth in Section 3.1 or 3.2 will not be satisfied on the requested Funding Date for the applicable Borrowing, or (B) the requested Borrowing would exceed the Availability on such Funding Date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in Section 3.1 or 3.2 have been satisfied on the Funding Date applicable thereto prior to making any US Swing Loan. The US Swing Loans shall be secured by Agent's Liens, constitute US Revolving Loans and US Obligations hereunder, and bear interest at the rate applicable from time to time to Revolving Loans that are Base Rate Loans. Upon the making of a US Swing Loan, without further action by any party hereto, each US Lender shall be deemed to have irrevocably and unconditionally purchased and received from Swing Line Lender, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Pro Rata Share in such US Swing Loan. To the extent that there is no Settlement in accordance with Section 2.3(c) hereof, the applicable Swing Line Lender may at any time, require the applicable US Lenders to fund their participations. From and after the date, if any, on which any US Lender has funded its participation in any US Swing Loan, Agent shall promptly distribute to such US Lender, not less than weekly, such Lender's Pro Rata Share of all payments of principal and interest received by Agent in respect of such US Swing Loan.

(ii) **Making of Canadian Swing Loans.** Subject to the terms and conditions contained herein, the Swing Lender agrees that it will make a Canadian Revolving Loan (any such Canadian Revolving Loan made solely by Swing Lender pursuant to this Section 2.2(b)(ii) being referred to as a "Canadian Swing Loan") to Canadian Borrowers from time to time in amounts requested by any Canadian Borrower (or Administrative Borrower on behalf of Canadian Borrowers) up to the aggregate amount outstanding equal to the Canadian Swing Loan Limit, provided, that, after giving effect to any such Canadian Swing Loan, the aggregate principal amount of the Canadian Revolving Loans, Canadian Swing Loans and Canadian Letter of Credit Usage outstanding at any time shall not exceed the lesser of the Canadian Borrowing Base at such time or Canadian Maximum Credit at such time. Each Canadian Swing Loan shall be deemed to be a Canadian Revolving Loan hereunder and shall be subject to all the terms and conditions (including Section 3) applicable to other Canadian Revolving Loans, except that all payments on any Swing Loan shall be payable to Swing Lender solely for its own account. Subject to the provisions of Section 2.2(d)(ii), Swing Lender shall not make and shall not be obligated to make any

Canadian Swing Loan if Swing Lender has actual knowledge that (A) one or more of the applicable conditions precedent set forth in Section 3.1 or 3.2 will not be satisfied on the requested Funding Date for the applicable Borrowing, or (B) the requested Borrowing would exceed the Availability on such Funding Date. Swing Lender shall not otherwise be required to determine whether the applicable conditions precedent set forth in Section 3.1 or 3.2 have been satisfied on the Funding Date applicable thereto prior to making any Canadian Swing Loan. The Canadian Swing Loans shall be secured by Agent's Liens, constitute Canadian Revolving Loans and Canadian Obligations hereunder, and bear interest at the rate applicable from time to time to Revolving Loans that are Base Rate Loans. Upon the making of a Canadian Swing Loan, without further action by any party hereto, each Canadian Lender shall be deemed to have irrevocably and unconditionally purchased and received from Swing Line Lender, without recourse or warranty, an undivided interest and participation to the extent of such Lender's Pro Rata Share in such Canadian Swing Loan. To the extent that there is no Settlement in accordance with Section 2.2(c) hereof, the applicable Swing Line Lender may at any time, require the applicable Canadian Lenders to fund their participations. From and after the date, if any, on which any Canadian Lender has funded its participation in any Canadian Swing Loan, Agent shall promptly distribute to such Canadian Lender, not less than weekly, such Lender's Pro Rata Share of all payments of principal and interest received by Agent in respect of such Canadian Swing Loan.

(c) Making of Revolving Loans.

(i) Promptly after receipt of a request for a Borrowing of a Revolving Loan pursuant to Section 2.3(a), Agent shall notify the applicable Lenders by telecopy, telephone, or other similar form of transmission, of the requested Borrowing. Each applicable Lender shall make the amount of such Lender's Pro Rata Share of the requested Borrowing available to Agent in immediately available funds, to Agent's Account or Agent's Canadian Account, as applicable, not later than 2:00 p.m. on the Funding Date applicable thereto. After Agent's receipt of the proceeds of such Revolving Loans from the applicable Lenders, Agent shall make the proceeds thereof available to Borrowers on the applicable Funding Date by transferring immediately available funds equal to such proceeds received by Agent to the Designated Account; provided, that, subject to the provisions of Section 2.2(d)(ii), Agent shall not request any Lender to make any Revolving Loan if it has knowledge that, and no Lender shall have the obligation to make, any Revolving Loan if (A) one or more of the applicable conditions precedent set forth in Section 3.1 or 3.2 will not be satisfied on the requested Funding Date for the applicable Borrowing unless such condition has been waived, or (B) the requested Borrowing would exceed the Availability on such Funding Date.

(ii) Unless Agent receives notice from a Lender prior to 9:00 a.m. on the date of a Borrowing, that such Lender will not make available as and when required hereunder to Agent for the account of Borrowers the amount of that Lender's Pro Rata Share of the Borrowing, Agent may assume that each Lender has made or will make such amount available to Agent in immediately available funds on the Funding Date and Agent may (but shall not be so required), in reliance upon such assumption, make available to Borrowers on such date a corresponding amount. If any Lender shall not have made its full amount available to Agent in immediately available funds and if Agent in such circumstances has made available to Borrowers such amount, such Lender shall on the Business Day following such Funding Date make such amount available to Agent, together with interest at the Defaulting Lender Rate for each day during such period. A notice submitted by Agent to any Lender with respect to amounts owing under this Section 2.2(c)(ii) shall be conclusive, absent manifest error. If such amount is so made available, such payment to Agent shall constitute such Lender's Revolving Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to Agent on the Business Day following the Funding Date, Agent will notify Borrowers of such failure to fund and, upon demand by Agent, Borrowers shall pay such amount to Agent for Agent's account, together with interest thereon for

each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Revolving Loans composing such Borrowing.

(d) Protective Advances and Optional Overadvances.

(i) Any contrary provision of this Agreement or any other Loan Document notwithstanding, but subject to Section 2.2(d)(iv), Agent hereby is authorized by Borrowers and the Lenders, from time to time in Agent's sole discretion, to make Revolving Loans to, or for the benefit of, Borrowers on behalf of the Lenders that Agent, in its Permitted Discretion deems necessary (A) to preserve or protect the Collateral, or any portion thereof, or (B) to enhance the likelihood of repayment of the Obligations (other than the Bank Product Obligations) (any of the Revolving Loans described in this Section 2.3(d)(i) shall be referred to as "Protective Advances"), at any time (1) after the occurrence and during the continuance of a Default or an Event of Default, or (2) that any of the other applicable conditions precedent set forth in Section 3.2 are not satisfied. So long as no Event of Default exists or has occurred and is continuing, Agent shall use reasonable efforts to notify Administrative Borrower of the existence of any Protective Advances on or about the date when made.

(ii) Any contrary provision of this Agreement or any other Loan Document notwithstanding, but subject to Section 2.2(d)(iv), the Lenders hereby authorize Agent or Swing Lender, as applicable, and either Agent or Swing Lender, as applicable, may, but is not obligated to, knowingly and intentionally, continue to make Revolving Loans (including Swing Loans) to Borrowers notwithstanding that an Overadvance exists or would be created thereby. In any event: (A) if any such Overadvance remains outstanding for more than thirty (30) days, unless otherwise agreed to by the Required Lenders, Borrowers shall immediately repay Revolving Loans (including Swing Loans, if applicable) in an amount sufficient to eliminate all such Overadvances, provided, that, in the event that the Overadvance arises as a result of the establishment of a new category of reserves or the change in the methodology of the calculation of an existing reserve, or as a result of the making of a Loan other than at the request of a Borrower (or Administrative Borrower on behalf of any Borrower), whether a Protective Advance or by charging the Loan Account, Borrowers shall not be required to repay such Overadvance until ten (10) days after notice thereof by Agent to Administrative Borrower and (B) after the date all such Overadvances have been eliminated, there must be at least five (5) consecutive days without the existence of any such Overadvances before intentional Overadvances are made. The foregoing provisions relating to making Overadvances are meant for the benefit of the Lenders and Agent and are not meant for the benefit of Borrowers, which shall continue to be bound by the provisions of Section 2.3. Each Lender with a US Commitment shall be obligated to settle with Agent (or Swing Lender, as applicable) as provided in Section 2.2(e) (or Section 2.13, as applicable) for the amount of such Lender's Pro Rata Share of any unintentional Overadvances by Agent (or Swing Lender) to US Borrowers reported to such Lender, any intentional Overadvances to US Borrowers made as permitted under this Section 2.2(d)(ii), and any Overadvances to US Borrowers resulting from the charging to the US Loan Account of interest, fees, or Lender Group Expenses to the extent permitted by Section 2.4(c). Each Lender with a Canadian Commitment shall be obligated to settle with Agent (or Swing Lender, as applicable) as provided in Section 2.2(e) (or Section 2.13, as applicable) for the amount of such Lender's Pro Rata Share of any unintentional Overadvances by Agent (or Swing Lender) to Canadian Borrowers reported to such Lender, any intentional Overadvances to Canadian Borrowers made as permitted under this Section 2.2(d)(ii), and any Overadvances to Canadian Borrowers resulting from the charging to the Canadian Loan Account of interest, fees, or Lender Group Expenses to the extent permitted by Section 2.4(c). The Required Lenders may by written notice to Agent revoke the authority of Agent and Swing Lender to make future Overadvances pursuant to this Section 2.2(d) at any time. So long as no Event of Default exists or has occurred and is continuing, Agent shall use reasonable efforts to notify Administrative Borrower of the existence of any Overadvance on or about the date when made.

(iii) Any Protective Advance or Overadvance to Canadian Borrowers may be made by Agent or by the Canadian Lender which is an Affiliate of Agent. Each Protective Advance and each Overadvance shall be deemed to be a Revolving Loan hereunder, except that no Protective Advance or Overadvance shall be a LIBOR Rate Loan or BA Rate Loan and, prior to Settlement therefor, all payments on the Protective Advances shall be payable to Agent (or the Canadian Lender which made such Protective Advance) solely for its own account. The Protective Advances and Overadvances shall be repayable on demand, be secured by Agent's Liens, constitute Obligations hereunder, and bear interest at the rate applicable from time to time to Revolving Loans that are Base Rate Loans. The ability of Agent to make Protective Advances is separate and distinct from its ability to make Overadvances and its ability to make Overadvances is separate and distinct from its ability to make Protective Advances. For the avoidance of doubt, the limitations on Agent's ability to make Protective Advances do not apply to Overadvances and the limitations on Agent's ability to make Overadvances do not apply to Protective Advances. The provisions of this Section 2.2(d) relating to making Protective Advances and Overadvances are for the exclusive benefit of Agent, Swing Lender, and the Lenders and are not intended to benefit Borrowers in any way.

(iv) Notwithstanding anything contained in this Agreement or any other Loan Document to the contrary, no Overadvance or Protective Advance may be made by Agent if such Revolving Loan would cause (A) the aggregate principal amount of Overadvances and Protective Advances outstanding to exceed an amount equal to ten percent (10%) of the Maximum Credit; (B) the US Revolver Usage (excluding amounts charged to the US Loan Account for interest, fees or Lender Group Expenses) to exceed the US Maximum Credit or (C) the Canadian Revolver Usage (excluding amounts charged to the US Loan Account for interest, fees or Lender Group Expenses) to exceed the Canadian Maximum Credit.

(e) **Settlement.** It is agreed that each US Lender's funded portion of the US Revolving Loans is intended by the Lenders to equal, at all times, such Lender's Pro Rata Share of the outstanding US Revolving Loans. It is agreed that each Canadian Lender's funded portion of the Canadian Revolving Loans is intended by the Lenders to equal, at all times, such Lender's Pro Rata Share of the outstanding Canadian Revolving Loans. Such agreement notwithstanding, Agent, Swing Lender, and the other Lenders agree (which agreement shall not be for the benefit of Borrowers) that in order to facilitate the administration of this Agreement and the other Loan Documents, settlement among the Lenders as to the Revolving Loans (including Swing Loans, Overadvances and Protective Advances) shall take place on a periodic basis in accordance with the following provisions:

(i) Agent shall request settlement ("Settlement") with the Lenders on a weekly basis, or on a more frequent basis if so determined by Agent (1) on behalf of Swing Lender, with respect to the outstanding Swing Loans, (2) for itself, with respect to the outstanding Protective Advances or Overadvances, and (3) with respect to the Loan Parties' Collections or payments received, as to each by notifying the Lenders by telecopy, telephone, or other similar form of transmission, of such requested Settlement, no later than 2:00 p.m. on the Business Day immediately prior to the date of such requested Settlement (the date of such requested Settlement being the "Settlement Date"). Such notice of a Settlement Date shall include a summary statement of the amount of outstanding Revolving Loans (including Swing Loans, Overadvances and Protective Advances) for the period since the prior Settlement Date. Subject to the terms and conditions contained herein (including Section 13): (A) if the amount of the Revolving Loans (including Swing Loans, Overadvances and Protective Advances) made by a Lender that is not a Defaulting Lender exceeds such Lender's Pro Rata Share of the Revolving Loans (including Swing Loans, Overadvances and Protective Advances) as of a Settlement Date, then Agent shall, by no later than 12:00 p.m. on the Settlement Date, transfer in immediately available funds to a Deposit Account of such Lender (as such Lender may designate), an amount such that each such Lender shall, upon receipt of such amount, have as of the Settlement Date, its Pro Rata Share of the Revolving Loans (including Swing Loans, Overadvances and Protective Advances), and (B) if the amount of the Revolving

Loans (including Swing Loans, Overadvances and Protective Advances) made by a Lender is less than such Lender's Pro Rata Share of the Revolving Loans (including Swing Loans and Protective Advances) as of a Settlement Date, such Lender shall no later than 12:00 p.m. on the Settlement Date transfer in immediately available funds to Agent's Account or Agent's Canadian Account, as applicable, an amount such that each such Lender shall, upon transfer of such amount, have as of the Settlement Date, its Pro Rata Share of the Revolving Loans (including Swing Loans, Overadvances and Protective Advances). Such amounts made available to Agent under clause (B) of the immediately preceding sentence shall be applied against the amounts of the applicable Swing Loans, Overadvances or Protective Advances and, together with the portion of such Swing Loans, Overadvances or Protective Advances representing Swing Lender's Pro Rata Share thereof, shall constitute Revolving Loans of such Lenders. If any such amount is not made available to Agent by any Lender on the Settlement Date applicable thereto to the extent required by the terms hereof, Agent shall be entitled to recover for its account such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate.

(ii) In determining whether a Lender's balance of the Revolving Loans, Swing Loans, and Protective Advances is less than, equal to, or greater than such Lender's Pro Rata Share of the Revolving Loans, Swing Loans, and Protective Advances as of a Settlement Date, Agent shall, as part of the relevant Settlement, apply to such balance the portion of payments actually received in good funds by Agent with respect to principal, interest, fees payable by Borrowers and allocable to the Lenders hereunder, and proceeds of Collateral.

(iii) Between Settlement Dates, Agent, to the extent Protective Advances or Swing Loans are outstanding, may pay over to Agent or Swing Lender or the Canadian Lender that is an Affiliate of Agent, as applicable, any Collections or payments received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Revolving Loans, for application to the Protective Advances, Overadvances or Swing Loans. Between Settlement Dates, Agent, to the extent no Protective Advances, Overadvances or Swing Loans are outstanding, may pay over to Swing Lender any Collections or payments received by Agent, that in accordance with the terms of this Agreement would be applied to the reduction of the Revolving Loans, for application to Swing Lender's Pro Rata Share of the Revolving Loans. If, as of any Settlement Date, Collections or payments of Loan Parties received since the then immediately preceding Settlement Date have been applied to Swing Lender's Pro Rata Share of the Revolving Loans other than to Swing Loans, as provided for in the previous sentence, Swing Lender shall pay to Agent for the accounts of the Lenders, and Agent shall pay to the Lenders (other than a Defaulting Lender if Agent has implemented the provisions of [Section 13](#)), to be applied to the outstanding Revolving Loans of such Lenders, an amount such that each such Lender shall, upon receipt of such amount, have, as of such Settlement Date, its Pro Rata Share of the Revolving Loans. During the period between Settlement Dates, Swing Lender with respect to Swing Loans, Agent with respect to Protective Advances and Overadvances, and each Lender with respect to the Revolving Loans other than Swing Loans, Overadvances and Protective Advances, shall be entitled to interest at the applicable rate or rates payable under this Agreement on the daily amount of funds employed by Swing Lender, Agent, or the Lenders, as applicable.

(iv) Anything in this [Section 2.2\(e\)](#) to the contrary notwithstanding, in the event that a Lender is a Defaulting Lender, Agent shall be entitled to refrain from remitting settlement amounts to the Defaulting Lender and, instead, shall be entitled to elect to act in accordance with [Section 2.13](#).

(f) **Notation.** Agent, as a non-fiduciary agent for Borrowers, shall maintain a register showing the principal amount of the Revolving Loans, owing to each Lender, including the Swing Loans owing to Swing Lender, and Protective Advances owing to Agent, and the interests therein of each Lender, from time to time and such register shall, absent manifest error, conclusively be presumed to be correct and accurate.

(g) **Independent Obligations.** All Revolving Loans (other than Swing Loans, Overadvances and Protective Advances) shall be made by the Lenders contemporaneously and in accordance with their Pro Rata Shares. It is understood that (i) no Lender shall be responsible for any failure by any other Lender to perform its obligation to make any Revolving Loan (or other extension of credit) hereunder, nor shall any Commitment of any Lender be increased or decreased as a result of any failure by any other Lender to perform its obligations hereunder, and (ii) no failure by any Lender to perform its obligations hereunder shall excuse any other Lender from its obligations hereunder.

2.3 Payments; Reductions of Commitments; Prepayments.

(a) Payments by Borrowers.

(i) Except as otherwise expressly provided herein, all payments by any Borrower shall be made to Agent's Account or Agent's Canadian Account, as applicable, for the account of the Lender Group and shall be made in immediately available funds, no later than 1:00 p.m. on the date specified herein. Any payment received by Agent later than 1:00 p.m. shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until (but not including) such following Business Day.

(ii) Unless Agent receives notice from Administrative Borrower prior to the date on which any payment is due to the Lenders that Borrowers will not make such payment in full as and when required, Agent may assume that Borrowers have made (or will make) such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrowers do not make such payment in full to Agent on the date when due, each Lender severally shall repay to Agent on demand such amount distributed to such Lender, together with interest thereon at the Defaulting Lender Rate for each day from the date such amount is distributed to such Lender until the date repaid.

(iii) All payments in respect of the Canadian Obligations of Canadian Loan Parties shall be applied first to Canadian Obligations denominated in the same currency as the payments received and second to the Canadian Obligations denominated in the other currency; provided, that, Agent may, at its option (but is not obligated to), convert such currency received to the currency in which the Canadian Obligations are denominated at the Exchange Rate calculated by Agent in good faith on such date and Borrowers shall pay the costs of such conversion (or Agent may, at its option, charge such costs to the loan account of any Borrower maintained by such Agent).

(b) Apportionment and Application.

(i) So long as no Application Event has occurred and is continuing and except as otherwise provided herein, all principal and interest payments received by Agent shall be apportioned ratably among the Lenders (according to the unpaid principal balance of the Obligations to which such payments relate held by each Lender) entitled to such payments and all payments of fees and expenses received by Agent (other than fees or expenses that are for Agent's separate account or for the separate account of the Issuing Lender) shall be apportioned ratably among the Lenders having a Pro Rata Share of the type of Commitment or Obligation to which a particular fee or expense relates. All payments to be made hereunder by Borrowers shall be remitted to Agent and all such payments, and all proceeds of Collateral received by Agent, shall be applied, so long as no Application Event has occurred and is continuing, to reduce the balance of the Revolving Loans outstanding and, thereafter, to Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law (subject to Section 2.3(b)(v), Section 2.3(d)(ii), and Section 2.3(e)).

(ii) At any time that an Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, subject to the Term Loan Intercreditor Agreement, the 2015 Note Intercreditor Agreement and the Series G Guarantee Lien Acknowledgement, all payments remitted to Agent in respect of the US Obligations and all proceeds of US Collateral received by Agent shall be applied as follows:

- (A) first, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to Agent under the Loan Documents, until paid in full,
- (B) second, to pay any fees then due to Agent (in its capacity as Agent and not as Lender) under the Loan Documents until paid in full,
- (C) third, to pay interest due in respect of all Protective Advances made for the account of US Loan Parties until paid in full,
- (D) fourth, to pay principal due in respect of all Protective Advances made for the account of US Borrowers until paid in full,
- (E) fifth, ratably, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to any of the US Lenders under the Loan Documents, until paid in full,
- (F) sixth, ratably, to pay any fees then due to any of the US Lenders under the Loan Documents until paid in full,
- (G) seventh, to pay interest accrued in respect of the US Swing Loans until paid in full,
- (H) eighth, to pay the principal of all US Swing Loans until paid in full,
- (I) ninth, ratably, to pay interest accrued in respect of the US Revolving Loans (other than Protective Advances) until paid in full,
- (J) tenth, ratably (1) to Agent, for the account of Agent and Lenders, to pay the principal of all US Revolving Loans until paid in full, and (2) to Agent, to be held by Agent, for the benefit of Issuing Lender (and for the ratable benefit of each of the US Lenders that have an obligation to pay to Agent, for the account of the Issuing Lender, a share of each US Letter of Credit Disbursement), as cash collateral in an amount up to one hundred three percent (103%) of the US Letter of Credit Usage (to the extent permitted by applicable law, such cash collateral shall be applied to the reimbursement of any US Letter of Credit Disbursement as and when such disbursement occurs and, if a US Letter of Credit expires undrawn, the cash collateral held by Agent in respect of such US Letter of Credit shall, during the continuation of an Application Event, to the extent permitted by applicable law, be reapplied pursuant to this Section 2.3(b)(ii), beginning with clause (A) hereof),
- (K) eleventh, to pay any other US Obligations other than Bank Product Obligations,
- (L) twelfth, to pay Canadian Obligations in the order and priority set forth in clause (iii) below,
- (M) thirteenth, to pay any other US Obligations (including being paid, ratably, to the Bank Product Providers on account of all amounts then due and payable in respect of Bank Product

Obligations, with any balance to be paid to Agent, to be held by Agent, for the ratable benefit of the Bank Product Providers, as cash collateral (which cash collateral may be released by Agent to the applicable Bank Product Provider and applied by such Bank Product Provider to the payment or reimbursement of any amounts due and payable with respect to Bank Product Obligations owed to the applicable Bank Product Provider as and when such amounts first become due and payable and, if and at such time as all such Bank Product Obligations are paid or otherwise satisfied in full, the cash collateral held by Agent in respect of such Bank Product Obligations shall be reapplied pursuant to this Section 2.3(b)(ii), beginning with clause (A) hereof), and

(N) fourteenth, to US Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(iii) At any time that an Application Event has occurred and is continuing and except as otherwise provided herein with respect to Defaulting Lenders, subject to the 2015 Note Interc Creditor Agreement and the Series G Guarantee Lien Acknowledgement, all payments remitted to Agent in respect of the Canadian Obligations and all proceeds of Canadian Collateral received by Agent shall be applied as follows:

(A) first, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to Agent under the Loan Documents, until paid in full,

(B) second, to pay any fees then due to Agent under the Loan Documents until paid in full,

(C) third, to pay interest due in respect of all Protective Advances made for the account of Canadian Borrowers until paid in full,

(D) fourth, to pay the principal of all Protective Advances made for the account of Canadian Borrowers until paid in full,

(E) fifth, ratably, to pay any Lender Group Expenses (including cost or expense reimbursements) or indemnities then due to any of the Canadian Lenders under the Loan Documents, until paid in full,

(F) sixth, ratably, to pay any fees then due to any of the Canadian Lenders under the Loan Documents until paid in full,

(G) seventh, to pay interest accrued in respect of the Canadian Swing Loans until paid in full,

(H) eighth, to pay the principal of all Canadian Swing Loans until paid in full,

(I) ninth, ratably, to pay interest accrued in respect of the Canadian Revolving Loans (other than Protective Advances) until paid in full,

(J) tenth, ratably (i) to Agent, for the account of Agent and Canadian Lenders, to pay the principal of all Canadian Revolving Loans until paid in full, and (ii) to Agent, to be held by Agent, for the benefit of Issuing Lender (and for the ratable benefit of each of the Canadian Lenders that have an obligation to pay to Agent, for the account of the Issuing Lender, a share of each Canadian Letter of Credit Disbursement), as cash collateral in an amount up to one hundred three percent (103%) of the Canadian Letter of Credit Usage (to the extent permitted by applicable law, such cash collateral shall be

applied to the reimbursement of any Canadian Letter of Credit Disbursement as and when such disbursement occurs and, if a Canadian Letter of Credit expires undrawn, the cash collateral held by Agent in respect of such Canadian Letter of Credit shall, during the continuation of an Application Event, to the extent permitted by applicable law, be reapplied pursuant to this Section 2.4(b)(iii), beginning with clause (A) hereof,

(K) eleventh, to pay any other Canadian Obligations other than Bank Product Obligations,

(L) twelfth, to pay any other Canadian Obligations (including being paid, ratably, to the Bank Product Providers on account of all amounts then due and payable in respect of Bank Product Obligations, with any balance to be paid to Agent, to be held by Agent, for the ratable benefit of the Bank Product Providers, as cash collateral (which cash collateral may be released by Agent to the applicable Bank Product Provider and applied by such Bank Product Provider to the payment or reimbursement of any amounts due and payable with respect to Bank Product Obligations owed to the applicable Bank Product Provider as and when such amounts first become due and payable and, if and at such time as all such Bank Product Obligations are paid or otherwise satisfied in full, the cash collateral held by Agent in respect of such Bank Product Obligations shall be reapplied pursuant to this Section 2.3(b)(iii), beginning with clause (A) hereof), and

(M) thirteenth, to Canadian Borrowers (to be wired to the Designated Account) or such other Person entitled thereto under applicable law.

(iv) Agent promptly shall distribute to each Lender, pursuant to the applicable wire instructions received from each Lender in writing, such funds as it may be entitled to receive, subject to a Settlement delay as provided in Section 2.2(e).

(v) In each instance, so long as no Application Event has occurred and is continuing, Section 2.3(b)(i) shall not apply to any payment made by any Borrower to Agent and specified by such Borrower to be for the payment of specific Obligations then due and payable (or prepayable) under any provision of this Agreement or any other Loan Document.

(vi) For purposes of Section 2.3(b)(ii) or (iii), "paid in full" of a type of Obligation means payment in cash or immediately available funds of all amounts owing on account of such type of Obligation, including interest accrued after the commencement of any Insolvency Proceeding, default interest, interest on interest, and expense reimbursements, whether or not any of the foregoing would be or is allowed or disallowed in whole or in part in any Insolvency Proceeding.

(vii) In the event of a direct conflict between the priority provisions of this Section 2.3 and any other provision contained in this Agreement or any other Loan Document, it is the intention of the parties hereto that such provisions be read together and construed, to the fullest extent possible, to be in concert with each other. In the event of any actual, irreconcilable conflict that cannot be resolved as aforesaid, if the conflict relates to the provisions of Section 2.13 and this Section 2.3, then the provisions of Section 2.13 shall control and govern, and if otherwise, then the terms and provisions of this Section 2.3 shall control and govern.

(viii) Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents to the contrary, (i) Canadian Loan Parties shall not be liable for any US Obligations, (ii) no security interest granted by Canadian Loan Parties under any of the Loan Documents shall secure any US Obligations, (iii) no amounts payable on account of the Canadian Obligations shall be payable to Agent's Account, and (iv) no US Obligations shall be charged to the Canadian Loan Account.

(c) Reduction of Commitments.

(i) The US Commitments and the Canadian Commitments shall terminate on the Maturity Date. US Borrowers may reduce the US Commitments to an amount not less than the sum of (A) the US Revolver Usage as of such date, plus (B) the principal amount of all US Revolving Loans not yet made as to which a request has been given by Borrowers under Section 2.2(a), plus (C) the amount of all US Letters of Credit not yet issued as to which a request has been given by Borrowers pursuant to Section 2.9(a).

(ii) Canadian Borrowers may reduce the Canadian Commitments to an amount not less than the sum of (A) the Canadian Revolver Usage as of such date, plus (B) the principal amount of all Canadian Revolving Loans not yet made as to which a request has been given by Borrowers under Section 2.2(a), plus (C) the amount of all Canadian Letters of Credit not yet issued as to which a request has been given by Borrowers pursuant to Section 2.9(a).

(iii) Each such reduction shall be in an amount which is not less than \$10,000,000, unless the Commitments are being reduced to zero and the amount of the Commitments in effect immediately prior to such reduction are less than \$10,000,000, shall be made by providing not less than ten (10) Business Days prior written notice to Agent, which notice shall specify whether such reduction is in respect of the US Commitments or the Canadian Commitments and shall be irrevocable. Once reduced, the Commitments may not be increased. Each such reduction of the Commitments shall reduce the Commitments of each Lender proportionately in accordance with its ratable share thereof.

(d) **Optional Prepayments.** Borrowers may prepay the principal of any Revolving Loan at any time in whole or in part, without premium or penalty (other than breakage and related costs associated with LIBOR Rate Loans and BA Funding Losses).

(e) Mandatory Prepayments.

(i) **Borrowing Base.** If, at any time, the US Revolver Usage on such date exceeds the lesser of the US Borrowing Base or the US Maximum Credit, or the Canadian Revolver Usage on such date exceeds the lesser of the Canadian Borrowing Base or the Canadian Maximum Credit (any such excess being referred to as the “Overadvance”), then Borrowers shall promptly, but in any event, within one (1) Business Day, prepay the Obligations in accordance with Section 2.3(f) in an aggregate amount equal to any such excess, as applicable, except as otherwise provided in Section 2.2(d). Notwithstanding anything to the contrary set forth in this Agreement or any of the other Loan Documents, Administrative Borrower and the other Borrowers shall not request, and Agent and Lenders shall not be required to make or provide, Revolving Loans or Letters of Credit, at any time that there exists an Overadvance (but without limiting the obligations of Lenders to have participations or to settle in respect of Overadvances or Protective Advances permitted hereunder).

(ii) **Indebtedness.** At any time during a Cash Dominion Event, within one (1) Business Day of the date of incurrence by any Loan Party of any Indebtedness (other than Permitted Indebtedness), Borrowers shall prepay the outstanding principal amount of the Obligations in an amount equal to one hundred percent (100%) of the Net Cash Proceeds received by such Person in connection with such incurrence. The provisions of this Section 2.3(e)(ii) shall not be deemed to constitute consent to any such incurrence otherwise prohibited by the terms and conditions of this Agreement.

(iii) **Equity.** At any time during a Cash Dominion Event, within one (1) Business Day of the date of the issuance by any Loan Party of any of its Equity Interests, Borrowers shall prepay the outstanding principal amount of the Obligations in an amount equal to one hundred percent (100%) of the

Net Cash Proceeds received by such Person in connection with such issuance, other than (A) in the event that any Loan Party forms any Subsidiary in accordance with the terms hereof, the issuance by such Subsidiary of Equity Interests to such Loan Party, (B) the issuance of Equity Interests of Parent to directors, officers and employees of Parent pursuant to employee stock option plans (or other employee incentive plans or other compensation arrangements) approved by the Board of Directors, and (C) the issuance of Equity Interests of Parent in order to finance the purchase consideration (or a portion thereof) in connection with a Permitted Acquisition). The provisions of this Section 2.3(e)(iii) shall not be deemed to constitute consent to any such issuance otherwise prohibited by the terms and conditions of this Agreement.

2.4 **Interest Rates: Rates, Payments, and Calculations.**

(a) **Interest Rates.** Except as provided in Section 2.4(b), all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof as follows:

- (i) if the relevant Obligation is a LIBOR Rate Loan, at a per annum rate equal to the LIBOR Rate plus the Applicable Margin for LIBOR Rate Loans,
- (ii) if the relevant Obligation is a BA Rate Loan, at a rate per annum equal to the BA Rate plus the Applicable Margin for BA Rate Loans,
- (iii) if the relevant Obligation is a Base Rate Loan, at a rate per annum equal to the Base Rate plus the Applicable Margin for the Base Rate Loans, and
- (iv) otherwise, at a per annum rate equal to the Base Rate plus the Applicable Margin for Base Rate Loans.

(b) **Default Rate.** Upon the occurrence and during the continuation of an Event of Default and at the election of the Required Lenders,

- (i) all Obligations (except for undrawn Letters of Credit) that have been charged to the Loan Account pursuant to the terms hereof shall, upon two (2) Business Days' prior written notice by Agent to Administrative Borrower, bear interest on the Daily Balance thereof at a per annum rate equal to two (2) percentage points above the per annum rate otherwise applicable thereunder, and

(ii) the Letter of Credit fee provided for in Section 2.8(b) shall, upon two (2) Business Days' prior written notice by Agent to Administrative Borrower, be increased to two (2) percentage points above the per annum rate otherwise applicable hereunder.

(c) **Payment.** All other interest, and all Letter of Credit fees, all other fees payable hereunder or under any of the other Loan Documents, all costs and expenses payable hereunder or under any of the other Loan Documents shall be due and payable, in arrears, on the first day of each month at any time that Obligations or Commitments are outstanding, except as otherwise provided herein. Each Borrower hereby authorizes Agent to (i) without prior notice, charge to the Loan Account all interest and recurring fees when due and payable hereunder or under any of the other Loan Documents or (ii) charge to the Loan Account costs, expenses and other amounts when due and payable, upon two (2) Business Days' prior notice to Administrative Borrower, provided, that such notice shall not be required at any time during a Cash Dominion Event. All such items properly charged to (i) the US Loan Account shall thereupon constitute US Revolving Loans hereunder and shall initially accrue interest at the rate then applicable to US Revolving Loans that are Base Rate Loans (unless and until converted into LIBOR Rate

Loans in accordance with the terms of this Agreement) or (ii) the Canadian Loan Account shall thereupon constitute Canadian Revolving Loans hereunder and shall initially accrue interest at the rate applicable to Canadian Revolving Loans that are Base Rate Loans (unless and until converted into BA Rate Loans in accordance with the terms of this Agreement).

(d) **Computation.** Interest shall be calculated on the basis of (i) in the case of LIBOR Rate Loans, a three hundred sixty (360) day year, (ii) in the case of BA Rate Loans, a three hundred and sixty-five (365) day year, and (iii) in the case of Base Rate Loans, a three hundred and sixty-five (365) or three hundred and sixty-six (366) day year, as applicable, and in each case based on actual days elapsed. The interest rate on non-contingent Obligations (other than LIBOR Rate Loans and BA Rate Loans) shall increase or decrease by an amount equal to each increase or decrease in the Base Rate effective on the date any change in such Base Rate is effective. For purposes of disclosure under the Interest Act (Canada), where interest is calculated pursuant hereto at a rate based upon a year of three hundred sixty (360), three hundred and sixty-five (365) or three hundred and sixty-six (366) days, as the case may be (the “First Rate”), the rate or percentage of interest on a yearly basis is equivalent to such First Rate multiplied by the actual number of days in the year divided by three hundred sixty (360), three hundred and sixty-five (365) or three hundred and sixty-six (366), as the case may be.

(e) **Intent to Limit Charges to Maximum Lawful Rate.** In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Each Borrower and the Lender Group, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, that, anything contained herein to the contrary notwithstanding, if such rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, ipso facto, as of the date of this Agreement, Borrowers are and shall be liable only for the payment of such maximum amount as is allowed by law, and payment received from Borrowers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess.

2.5 Crediting Payments. The receipt of any payment item by Agent shall not be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to Agent’s Account or Agent’s Canadian Account, as applicable, or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrowers shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into Agent’s Account on a Business Day on or before 1:00 p.m. If any payment item is received into Agent’s Account or Agent’s Canadian Account, as applicable, on a non-Business Day or after 1:00 p.m. on a Business Day, it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

2.6 Designated Account. Agent is authorized to make the Revolving Loans, and Issuing Lender is authorized to issue the Letters of Credit, under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person and reasonably believed by Agent to be an Authorized Person or, without instructions, if pursuant to Section 2.4(c). Borrowers agree to establish and maintain the Designated Account with the Designated Account Bank for the purpose of receiving the proceeds of the Revolving Loans requested by Borrowers and made by Agent or the Lenders hereunder. Unless otherwise agreed by Agent and Borrowers, any Revolving Loan or Swing Loan requested by Borrowers and made by Agent or the Lenders hereunder shall be made to the Designated Account.

2.7 Maintenance of Loan Account; Statements of Obligations. Agent shall maintain an account on its books in the name of US Borrowers (the “US Loan Account”) on which US Borrowers will be charged with all US Revolving Loans (including Protective Advances, Overadvances and Swing Loans) made by Agent, Swing Lender, or the Lenders to US Borrowers or for US Borrowers’ account, the US Letters of Credit issued or arranged by Issuing Lender for US Borrowers’ account, and with all other payment Obligations hereunder or under the other Loan Documents due and owing by US Loan Parties, including, accrued interest, fees and expenses, and Lender Group Expenses. Agent shall maintain an account on its books in the name of Canadian Borrowers (the “Canadian Loan Account”) on which Canadian Borrowers will be charged with all Canadian Revolving Loans (including Protective Advances and Overadvances) made by Agent or the Lenders to Canadian Borrowers or for Canadian Borrowers’ account, the Canadian Letters of Credit issued or arranged by Issuing Lender for Canadian Borrowers’ account, and with all other payment Obligations hereunder or under the other Loan Documents due and owing by Canadian Loan Parties, including, accrued interest, fees and expenses, and Lender Group Expenses. In accordance with Section 2.5, the US Loan Account will be credited with all payments received by Agent from US Borrowers or for any US Borrower’s account, and the Canadian Loan Account shall be credited with all payments received by Agent from Canadian Borrowers or for any Canadian Borrower’s account. Agent shall render monthly statements regarding the Loan Account to Borrowers, including principal, interest, fees, Overadvances and Protective Advances and including an itemization of all charges and expenses constituting Lender Group Expenses owing, and such statements, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Lender Group unless, within thirty (30) days after receipt thereof by Borrowers, Borrowers shall deliver to Agent written objection thereto describing the error or errors contained in any such statements.

2.8 Fees.

(a) **Agent Fees.** Borrowers shall pay to Agent the fees set forth in the Fee Letter as and when due and payable under the terms thereof.

(b) **Letter of Credit Fee.** Borrowers shall pay Agent (for the ratable benefit of the Lenders) a Letter of Credit fee (in addition to the charges, commissions, fees, and costs set forth in Section 2.9(h)) which shall accrue at a per annum rate equal to the Applicable Margin for LIBOR Rate Loans times the Daily Balance of the undrawn amount of all outstanding Letters of Credit.

(c) **Unused Line Fee.** US Borrowers shall pay to Agent, for the account of Lenders, a monthly unused line fee payable in arrears on the first day of each month and on the Payoff Date, in an amount equal to one-half of one percent (0.50%) per annum multiplied by (A) the aggregate amount of the Maximum Credit minus (B) the average Daily Balance of the US Revolver Usage (other than Swing Loans) plus the Canadian Revolver Usage during the immediately preceding calendar month (or portion thereof), which rate shall be adjusted effective April 1, 2012 and thereafter as of the first day of every three (3) month period to an amount equal to (1) one half of one percent (0.50%) per annum if the average Daily Balance of the US Revolver Usage plus the Canadian Revolver Usage in any month during the immediately preceding three (3) month period was less than fifty percent (50%) of the Maximum Credit and (2) three hundred and seventy-five one-thousandths of one percent (0.375%) per annum if the average Daily Balance of the US Revolver Usage plus the Canadian Revolver Usage in any month during the immediately preceding three (3) month period was equal to or greater than fifty percent (50%) of the Maximum Credit.

2.9 Letters of Credit.

(a) Subject to the terms and conditions of this Agreement, upon the request of Administrative Borrower made in accordance herewith, the Issuing Lender agrees to issue, or to cause an Underlying Issuer (including, as Issuing Lender's agent) to issue, a requested Letter of Credit for the account of any Borrower, which Letter of Credit may be related to the business of any Subsidiary of Parent; provided, that, to the extent a Letter of Credit is for the benefit of, or in connection with, the business of a Non-Loan Party (other than in the case of a Letter of Credit for the benefit of the business of Parent and its Subsidiaries generally), as of the date of the issuance of such Letter of Credit and after giving effect thereto, (i) the Borrower for whose account the Letter of Credit is issued would be permitted to make a Permitted Investment in such Non-Loan Party under clause (d)(ii)(D) of the definition of Permitted Investments, such that all of the conditions set forth in clause (d)(ii)(D) of the definition of Permitted Investments shall be satisfied as to any such Letter of Credit, treating such Letter of Credit as a Permitted Investment for this purpose (except for the conditions in clauses (2) and (4) of such clause (d)(ii)(D)), and (ii) the sum of (A) the aggregate amount of all such Letters of Credit, plus (B) the maximum amount of the liability of Parent and the Restricted Subsidiaries under all guarantees of leases of Non-Loan Parties under clause (j) of the definition of Permitted Investments, shall not exceed \$50,000,000 outstanding at any one time. If Issuing Lender, at its option, elects to cause an Underlying Issuer to issue a requested Letter of Credit, then Issuing Lender agrees that it will enter into arrangements relative to the reimbursement of such Underlying Issuer (which may include, among, other means, by becoming an applicant with respect to such Letter of Credit or entering into undertakings which provide for reimbursements of such Underlying Issuer with respect to such Letter of Credit; each such obligation or undertaking, irrespective of whether in writing, a "Reimbursement Undertaking") with respect to Letters of Credit issued by such Underlying Issuer. By submitting a request to Issuing Lender for the issuance of a Letter of Credit, Borrowers shall be deemed to have requested that Issuing Lender issue or that an Underlying Issuer issue the requested Letter of Credit and to have requested Issuing Lender to issue a Reimbursement Undertaking with respect to such requested Letter of Credit if it is to be issued by an Underlying Issuer (it being expressly acknowledged and agreed by each Borrower that Borrowers are and shall be deemed to be applicants (within the meaning of Section 5-102(a)(2) of the Code) with respect to each Underlying Letter of Credit). Each request for the issuance of a Letter of Credit, or the amendment, renewal, or extension of any outstanding Letter of Credit, shall be made in writing by an Authorized Person and delivered to the Issuing Lender via hand delivery, telefacsimile, or other electronic method of transmission reasonably in advance of the requested date of issuance, amendment, renewal, or extension. Each such request shall be in form and substance reasonably satisfactory to the Issuing Lender and shall specify (i) the amount of such Letter of Credit and whether such Letter of Credit shall be a US Letter of Credit or a Canadian Letter of Credit, (ii) in the case of a Canadian Letter of Credit, whether such Canadian Letter of Credit shall be denominated in US Dollars or Canadian Dollars, (iii) the date of issuance, amendment, renewal, or extension of such Letter of Credit, (iv) the proposed expiration date of such Letter of Credit, (v) the name and address of the beneficiary of the Letter of Credit, and (vi) such other information (including, the conditions of drawing, and in the case of an amendment, renewal, or extension, identification of the Letter of Credit to be so amended, renewed, or extended) as shall be necessary to prepare, amend, renew, or extend such Letter of Credit. Each US Letter of Credit shall be denominated in US Dollars. Anything contained herein to the contrary notwithstanding, the Issuing Lender shall not be required to issue or cause the issuance of a Letter of Credit or to issue a Reimbursement Undertaking in respect of an Underlying Letter of Credit, in either case, that supports the obligations of a Loan Party in respect of a lease of Real Property or an employment contract, (a) in the case of a Letter of Credit in connection with such a lease, in an amount greater than the amount equal to (A) the amount of rent under such lease, without acceleration, for the greater of (1) one year or (2) the amount equal to fifteen percent (15%) of the rent for the then remaining term of such lease, but not to exceed three (3) years, minus (B) the amount of any cash or other collateral to secure the obligations of a Loan Party in respect of such lease and (b) in the case of a Letter of Credit in connection with an employment contract, in an amount greater than the compensation provided by such contract, without acceleration, for a one year period.

(b) The Issuing Lender shall have no obligation to issue a Letter of Credit or a Reimbursement Undertaking in respect of an Underlying Letter of Credit, in either case, if any of the following would result after giving effect to the requested issuance:

- (i) the US Letter of Credit Usage would exceed the US Borrowing Base less the outstanding amount of US Revolving Loans (including Swing Loans),
- (ii) the US Letter of Credit Usage would exceed \$50,000,000 minus the amount of Canadian Letter of Credit Usage at such time,
- (iii) the US Letter of Credit Usage would exceed the US Maximum Credit less the outstanding amount of US Revolving Loans (including Swing Loans),
- (iv) the Canadian Letter of Credit Usage would exceed the Canadian Borrowing Base less the outstanding amount of Canadian Revolving Loans,
- (v) the Canadian Letter of Credit Usage would exceed \$5,000,000, or
- (vi) the Canadian Letter of Credit Usage would exceed the Canadian Maximum Credit less the outstanding amount of Canadian Revolving Loans.

(c) Borrowers and the Lender Group hereby acknowledge and agree that all Existing Letters of Credit shall constitute US Letters of Credit under this Agreement on and after the Closing Date with the same effect as if such Existing Letters of Credit were issued by Issuing Lender or an Underlying Issuer at the request of US Borrowers on the Closing Date. As to each of the Existing Letters of Credit for which PolyOne Funding Corporation is the applicant and/or account party, without limiting any of the obligations, liabilities or duties of PolyOne Funding Corporation, Parent has, and shall have, jointly and severally, all of the obligations, liabilities and duties of PolyOne Funding Corporation in such capacity as if Parent had been the original applicant and account party with respect to such Existing Letter of Credit. Without limiting any of their respective rights or remedies, the Issuing Lender with respect to any such Existing Letter of Credit, and Agent and the other Lenders, shall have recourse to Parent in connection therewith to the same extent as if Parent had been the original applicant and/or account party with respect thereto. Each Letter of Credit shall be in form and substance reasonably acceptable to the Issuing Lender. If Issuing Lender makes a payment under a US Letter of Credit or an Underlying Issuer makes a payment under a US Underlying Letter of Credit, US Borrowers shall pay to Agent an amount equal to the applicable US Letter of Credit Disbursement on (i) the date such US Letter of Credit Disbursement is made, if Administrative Borrower has received notice of such US Letter of Credit Disbursement prior to 11:00 a.m. on such date, or (ii) the next Business Day if such notice is not received prior to 11:00 a.m. on such date and, in the absence of such payment, the amount of the US Letter of Credit Disbursement immediately and automatically shall be deemed to be a US Revolving Loan hereunder and, initially, shall bear interest at the rate then applicable to US Revolving Loans that are Base Rate Loans. If Issuing Lender makes a payment under a Canadian Letter of Credit or an Underlying Issuer makes a payment under a Canadian Underlying Letter of Credit, Canadian Borrowers shall pay to Agent an amount equal to the applicable Canadian Letter of Credit Disbursement on (i) the date such Canadian Letter of Credit Disbursement is made, if Administrative Borrower has received notice of such Canadian Letter of Credit Disbursement prior to 11:00 a.m. on such date, or (ii) the next Business Day if such notice is not received prior to 11:00 a.m. on such date and, in the absence of such payment on the date when due, the amount of the Canadian Letter of Credit Disbursement immediately and automatically shall be deemed to be a Canadian Revolving Loan hereunder and, initially, unless later converted to BA Rate Loans, shall bear interest at the rate then applicable to Canadian Revolving Loans that are Base Rate Loans. If a Letter of Credit Disbursement is deemed to be a Revolving Loan hereunder (notwithstanding any failure to satisfy

any condition precedent set forth in Section 3), Borrowers' obligation to pay the amount of such Letter of Credit Disbursement to Issuing Lender shall be automatically converted into an obligation to pay the resulting Revolving Loan. Promptly following receipt by Agent of any payment from Borrowers pursuant to this paragraph, Agent shall distribute such payment to the Issuing Lender or, to the extent that Lenders have made payments pursuant to Section 2.9(d) to reimburse the Issuing Lender, then to such Lenders and the Issuing Lender as their interests may appear.

(d) Promptly following receipt of a notice of a US Letter of Credit Disbursement pursuant to Section 2.9(c), each Lender with a US Commitment agrees to fund its Pro Rata Share of any US Revolving Loan deemed made pursuant to Section 2.9(c) on the same terms and conditions as if Borrowers had requested the amount thereof as a Revolving Loan and Agent shall promptly pay to Issuing Lender the amounts so received by it from the Lenders. By the issuance of a US Letter of Credit or a Reimbursement Undertaking related thereto (or an amendment, renewal or extension of a US Letter of Credit or a Reimbursement Undertaking related thereto) and without any further action on the part of the Issuing Lender or the Lenders with Commitments, the Issuing Lender shall be deemed to have granted to each Lender with a US Commitment, and each Lender with a US Commitment shall be deemed to have purchased, a participation in each US Letter of Credit issued by Issuing Lender and each Reimbursement Undertaking related thereto, in an amount equal to its Pro Rata Share of such US Letter of Credit or Reimbursement Undertaking, and each such Lender agrees to pay to Agent, for the account of the Issuing Lender, such Lender's Pro Rata Share of any US Letter of Credit Disbursement made by Issuing Lender or an Underlying Issuer under the applicable US Letter of Credit. In consideration and in furtherance of the foregoing, each Lender with a US Commitment hereby absolutely and unconditionally agrees to pay to Agent, for the account of the Issuing Lender, such Lender's Pro Rata Share of each US Letter of Credit Disbursement made by Issuing Lender or an Underlying Issuer and not reimbursed by Borrowers on the date due as provided in Section 2.9(c), or of any reimbursement payment required to be refunded (or that Agent or Issuing Lender elects, based upon the advice or counsel to refund) to US Borrowers for any reason. Promptly following receipt of a notice of a Canadian Letter of Credit Disbursement pursuant to Section 2.9(c), each Lender with a Canadian Commitment agrees to fund its Pro Rata Share of any Canadian Revolving Loan deemed made pursuant to Section 2.9(c) on the same terms and conditions as if Borrowers had requested the amount thereof as a Revolving Loan and Agent shall promptly pay to Issuing Lender the amounts so received by it from the Lenders. By the issuance of a Canadian Letter of Credit or a Reimbursement Undertaking related thereto (or an amendment, renewal or extension of a Letter of Credit or a Reimbursement Undertaking related thereto) and without any further action on the part of the Issuing Lender or the Lenders with Canadian Commitments, the Issuing Lender shall be deemed to have granted to each Lender with a Canadian Commitment, and each Lender with a Canadian Commitment shall be deemed to have purchased, a participation in each Canadian Letter of Credit issued by Issuing Lender and each Reimbursement Undertaking related thereto, in an amount equal to its Pro Rata Share of such Canadian Letter of Credit or Reimbursement Undertaking related thereto, and each such Canadian Lender agrees to pay to Agent, for the account of the Issuing Lender, such Lender's Pro Rata Share of any Canadian Letter of Credit Disbursement made by Issuing Lender or an Underlying Issuer under the applicable Canadian Letter of Credit. In consideration and in furtherance of the foregoing, each Lender with a Canadian Commitment hereby absolutely and unconditionally agrees to pay to Agent, for the account of the Issuing Lender, such Lender's Pro Rata Share of each Canadian Letter of Credit Disbursement made by Issuing Lender or an Underlying Issuer and not reimbursed by Borrowers on the date due as provided in Section 2.9(c), or of any reimbursement payment required to be refunded (or that Agent or Issuing Lender elects, based upon the advice or counsel to refund) to Canadian Borrowers for any reason. Each Lender with a Commitment acknowledges and agrees that its obligation to deliver to Agent, for the account of the Issuing Lender, an amount equal to its respective Pro Rata Share of each Letter of Credit Disbursement pursuant to this Section 2.9(d) shall be absolute and unconditional and such remittance shall be made notwithstanding the occurrence or continuation of an Event of Default or Default or the failure to satisfy any condition set forth in Section 3. If any such

Lender fails to make available to Agent the amount of such Lender's Pro Rata Share of a Letter of Credit Disbursement as provided in this Section, such Lender shall be deemed to be a Defaulting Lender and Agent (for the account of the Issuing Lender) shall be entitled to recover such amount on demand from such Lender together with interest thereon at the Defaulting Lender Rate until paid in full.

(e) Each Borrower hereby agrees to indemnify, save, defend, and hold the Lender Group and each Underlying Issuer harmless from any damage, loss, cost, expense, or liability (other than Taxes, which shall be governed by Section 16), and reasonable and documented attorneys' fees of (i) one US counsel to Agent, (ii) one Canadian counsel to Agent, (iii) one regulatory counsel to Agent (if necessary) and (iv) one local counsel in each appropriate jurisdiction selected by Agent (if necessary) and, if an Event of Default has occurred and is continuing (and such additional counsel is necessary as a result of conflicts of interest), one additional counsel to the Lender Group or any Underlying Issuer arising out of or in connection with any Reimbursement Undertaking or any Letter of Credit; provided, that, (i) no Borrower shall be obligated hereunder to indemnify the Lender Group, Issuing Lender or any Underlying Issuer for any loss, cost, expense, or liability that results from the bad faith, gross negligence or willful misconduct of the Issuing Lender, any other member of the Lender Group, or any Underlying Issuer as determined pursuant to a final, non-appealable order of a court of competent jurisdiction and (ii) Canadian Borrowers shall not be obligated to indemnify for any such loss, cost, expense or liability arising under or in connection with a US Letter of Credit. Each Borrower agrees to be bound by the Underlying Issuer's regulations and interpretations of any Letter of Credit or by Issuing Lender's interpretations of any Reimbursement Undertaking, and each Borrower agrees that none of the Issuing Lender, any other member of the Lender Group, or any Underlying Issuer shall be liable for any error, negligence, or mistake, whether of omission or commission, in following any Borrower's instructions or those in the Letter of Credit or any modifications, amendments, or supplements thereto. Each Borrower understands that the Reimbursement Undertakings may require Issuing Lender to indemnify the Underlying Issuer for certain costs or liabilities arising out of claims by a Borrower against such Underlying Issuer. Each Borrower hereby agrees to indemnify, save, defend, and hold Issuing Lender and the other members of the Lender Group harmless with respect to any loss, cost, expense (including reasonable attorneys fees and expenses), or liability (other than Taxes, which shall be governed by Section 16) incurred by them as a result of the Issuing Lender's indemnification of an Underlying Issuer; provided, that, (i) no Borrower shall be obligated hereunder to indemnify any such person for any such loss, cost, expense, or liability to the extent that it is caused by the bad faith, gross negligence or willful misconduct of such person as determined pursuant to a final, non-appealable order of a court of competent jurisdiction and (ii) Canadian Borrowers shall not be obligated to indemnify for any such loss, cost, expense or liability arising under or in connection with a US Letter of Credit. Each Borrower hereby acknowledges and agrees that none of the Issuing Lender, any other member of the Lender Group, or any Underlying Issuer shall be responsible for delays, errors, or omissions resulting from the malfunction of equipment in connection with any Letter of Credit.

(f) The obligation of Borrowers to reimburse the Issuing Lender for each drawing under each Letter of Credit shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or another Loan Document,

(ii) the existence of any claim, counterclaim, setoff, defense or other right that Parent or any of its Subsidiaries may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee maybe acting), the Issuing Lender or any other Person, whether in connection with this Agreement, the transactions contemplated

hereby or such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction,

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect, or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit,

(iv) any payment by the Issuing Lender under such Letter of Credit against presentation of a draft or certificate that does not substantially or strictly comply with the terms of such Letter of Credit (including, without limitation, any requirement that presentation be made at a particular place or by a particular time of day), or any payment made by the Issuing Lender under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit,

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or discharge of, Borrowers or any of their Subsidiaries, or

(vi) any Event of Default shall have occurred and be continuing.

(g) Each Borrower hereby authorizes and directs any Underlying Issuer to deliver to the Issuing Lender all instruments, documents, and other writings and property received by such Underlying Issuer pursuant to such Underlying Letter of Credit and to accept and rely upon the Issuing Lender's instructions with respect to all matters arising in connection with such Underlying Letter of Credit and the related application.

(h) Borrowers shall pay to the Issuing Lender, for its own account, a fronting fee equal to one quarter of one percent (0.25%) per annum, which fee shall be paid monthly in arrears on the first day of each month. Each Borrower acknowledges and agrees that any and all issuance charges, usage charges, commissions, fees, and costs incurred by the Issuing Lender relating to Underlying Letters of Credit shall be Lender Group Expenses for purposes of this Agreement and shall be reimbursable promptly, but in any event, within one (1) Business Day by Borrowers to Agent for the account of the Issuing Lender.

(i) If by reason of (i) any change after the Closing Date in any applicable law, treaty, rule, or regulation or any change in the interpretation or application thereof by any Governmental Authority, or (ii) compliance by the Issuing Lender, any other member of the Lender Group, or Underlying Issuer with any direction, request, or requirement (irrespective of whether having the force of law) of any Governmental Authority or monetary authority including, Regulation D of the Federal Reserve Board as from time to time in effect (and any successor thereto):

(i) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit issued or caused to be issued hereunder or hereby, or

(ii) there shall be imposed on the Issuing Lender, any other member of the Lender Group, or Underlying Issuer any other condition regarding any Letter of Credit or Reimbursement Undertaking,

and the result of the foregoing is to increase, directly or indirectly, the cost to the Issuing Lender, any other member of the Lender Group, or an Underlying Issuer of issuing, making, participating in, or

maintaining any Reimbursement Undertaking or Letter of Credit or to reduce the amount receivable in respect thereof, then, and in any such case, Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Administrative Borrower, and Borrowers shall pay within thirty (30) days after demand therefor, such amounts as Agent may specify to be necessary to compensate the Issuing Lender, any other member of the Lender Group, or an Underlying Issuer for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Base Rate Loans hereunder; provided, that, (A) no Borrower shall be required to provide any compensation pursuant to this Section 2.9(i) for any such amounts incurred more than one hundred eighty (180) days prior to the date on which the demand for payment of such amounts is first made to Borrowers and (B) if an event or circumstance giving rise to such amounts is retroactive, then the one hundred eighty (180) day period referred to above shall be extended to include the period of retroactive effect thereof. The determination by Agent of any amount due pursuant to this Section 2.9(i), as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

2.10 LIBOR Option.

(a) **Interest and Interest Payment Dates.** In lieu of having interest charged at the rate based upon the Base Rate, Borrowers shall have the option, subject to Section 2.10(b) below (the “LIBOR Option”) to have interest on all or a portion of the Revolving Loans be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a LIBOR Rate Loan, or upon continuation of a LIBOR Rate Loan as a LIBOR Rate Loan) at a rate of interest based upon the LIBOR Rate. Interest on LIBOR Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto; (ii) the date on which all or any portion of the Obligations are accelerated pursuant to the terms hereof, or (iii) the date on which this Agreement is terminated pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Borrowers properly have exercised the LIBOR Option with respect thereto, the interest rate applicable to such LIBOR Rate Loan automatically shall convert to the rate of interest then applicable to Base Rate Loans of the same type hereunder. At any time that an Event of Default has occurred and is continuing, at the written election of the Required Lenders, Borrowers no longer shall have the option to request that Revolving Loans bear interest at a rate based upon the LIBOR Rate.

(b) LIBOR Election.

(i) Borrowers may, at any time and from time to time, so long as Administrative Borrower has not received a notice from Agent, after the occurrence and during the continuance of an Event of Default, of the election of the Required Lenders to terminate the right of Borrowers to exercise the LIBOR Option during the continuance of such Event of Default, elect to exercise the LIBOR Option by notifying Agent prior to 11:00 a.m. at least three (3) Business Days prior to the commencement of the proposed Interest Period (the “LIBOR Deadline”). Notice of Borrowers’ election of the LIBOR Option for a permitted portion of the Revolving Loans and an Interest Period pursuant to this Section shall be made by delivery to Agent of a LIBOR Notice received by Agent before the LIBOR Deadline, or by telephonic notice received by Agent before the LIBOR Deadline (to be confirmed by delivery to Agent of a LIBOR Notice received by Agent prior to 5:00 p.m. on the same day). Promptly upon its receipt of each such LIBOR Notice, Agent shall provide a copy thereof to each of the affected Lenders.

(ii) Each LIBOR Notice shall be irrevocable and binding on each Borrower. In connection with each LIBOR Rate Loan, each Borrower shall indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost, or expense actually incurred by Agent or any Lender as a result of (A) the payment of any principal of any LIBOR Rate Loan other than on the last day of an Interest

Period applicable thereto (including as a result of an Event of Default), (B) the conversion of any LIBOR Rate Loan other than on the last day of the Interest Period applicable thereto, or (C) the failure to borrow, convert, continue or prepay any LIBOR Rate Loan on the date specified in any LIBOR Notice delivered pursuant hereto (such losses, costs, or expenses, "Funding Losses"). A certificate of Agent or a Lender delivered to Borrowers setting forth in reasonable detail any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.10 shall be conclusive absent manifest error. Borrowers shall pay such amount to Agent or the Lender, as applicable, within thirty (30) days of the date of its receipt of such certificate. If a payment of a LIBOR Rate Loan on a day other than the last day of the applicable Interest Period would result in a Funding Loss, Agent may, in its sole discretion at the request of Borrowers, hold the amount of such payment as cash collateral in support of the Obligations until the last day of such Interest Period and apply such amounts to the payment of the applicable LIBOR Rate Loan on such last day, it being agreed that Agent has no obligation to so defer the application of payments to any LIBOR Rate Loan and that, in the event that Agent does not defer such application, Borrowers shall be obligated to pay any resulting Funding Losses.

(iii) Borrowers shall have not more than ten (10) LIBOR Rate Loans and/or BA Rate Loans in effect at any given time. Borrowers only may exercise the LIBOR Option for proposed LIBOR Rate Loans of at least \$1,000,000.

(c) **Conversion.** Borrowers may convert LIBOR Rate Loans to Base Rate Loans at any time; provided, that, in the event that LIBOR Rate Loans are converted or prepaid on any date that is not the last day of the Interest Period applicable thereto, including as a result of any prepayment through the required application by Agent of proceeds of Loan Parties' Collections in accordance with Section 2.3(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, each Borrower shall indemnify, defend, and hold Agent and the Lenders and their Participants harmless against any and all Funding Losses in accordance with Section 2.10(b)(ii).

(d) Special Provisions Applicable to LIBOR Rate.

(i) The LIBOR Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any eurodollar deposits or increased costs, in each case, due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period, including changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor), which additional or increased costs would increase the cost of funding or maintaining loans bearing interest at the LIBOR Rate. In any such event, the affected Lender shall give Borrowers and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Borrowers may, by notice to such affected Lender (A) require such Lender to furnish to Borrowers a statement setting forth in reasonable detail the basis for adjusting such LIBOR Rate and the method for determining the amount of such adjustment, or (B) repay the LIBOR Rate Loans of such Lender with respect to which such adjustment is made (together with any amounts due under Section 2.10(b)(ii)).

(ii) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation or application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to fund or maintain LIBOR Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the LIBOR Rate, such Lender shall give notice of such changed circumstances to Agent and Borrowers and Agent promptly shall transmit the notice to each other Lender and (A) in the case of any LIBOR Rate Loans of such Lender that are outstanding, the date specified in such Lender's

notice shall be deemed to be the last day of the Interest Period of such LIBOR Rate Loans, and interest upon the LIBOR Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (B) Borrowers shall not be entitled to elect the LIBOR Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(iii) For purposes of this Section 2.10(d) and Section 2.15(d), the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Basel Committee on Banking Supervision (or any successor or similar authority), the Bank for International Settlements and, in each case, all rules, regulations, orders, requests, guidelines or directives in connection therewith are deemed to have been enacted and become effective after the date of this Agreement.

(e) **No Requirement of Matched Funding.** Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their Participants, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at the LIBOR Rate.

2.11 Capital Requirements.

(a) If, after the date hereof, any Lender determines that (i) the adoption of or change in any law, rule, regulation or guideline regarding capital or reserve requirements for banks or bank holding companies, or any change in the interpretation, implementation, or application thereof by any Governmental Authority charged with the administration thereof, or (ii) compliance by such Lender or its parent bank holding company with any guideline, request or directive of any such entity regarding capital adequacy (whether or not having the force of law), has the effect of reducing the return on such Lender's or such holding company's capital as a consequence of such Lender's Commitments hereunder to a level below that which such Lender or such holding company could have achieved but for such adoption, change, or compliance (taking into consideration such Lender's or such holding company's then existing policies with respect to capital adequacy and assuming the full utilization of such entity's capital) by any amount deemed by such Lender to be material, then such Lender may notify Administrative Borrower and Agent thereof. Following receipt of such notice, Borrowers agree to pay such Lender on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within thirty (30) days after presentation by such Lender of a statement in the amount and setting forth in reasonable detail such Lender's calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent manifest error). In determining such amount, such Lender may use any reasonable averaging and attribution methods. Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided, that, (A) no Borrower shall be required to compensate a Lender pursuant to this Section for any reductions in return incurred more than one hundred eighty (180) days prior to the date that such Lender notifies Borrowers of such law, rule, regulation or guideline giving rise to such reductions and of such Lender's intention to claim compensation therefore and (B) if such claim arises by reason of the adoption of or change in any law, rule, regulation or guideline that is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof. For purposes of this Section 2.11(a), the Dodd-Frank Wall Street Reform and Consumer Protection, the Basel Committee on Banking Supervision (or any successor or similar authority), the Bank for International Settlements and all rules, regulations, orders, requests, guidelines or directives in connection therewith are deemed to have been enacted and become effective after the date of this Agreement.

(b) If any Lender requests additional or increased costs referred to in Section 2.10(d)(i) or amounts under Section 2.15(d)(i) or sends a notice under Section 2.10(d)(ii) or Section 2.15(d)(ii) relative to changed circumstances (any such Lender, an "Affected Lender"), then such Affected Lender shall use

reasonable efforts to promptly designate a different one of its lending offices or to assign its rights and obligations hereunder to another of its offices or branches, if (i) in the reasonable judgment of such Affected Lender, such designation or assignment would eliminate or reduce amounts payable pursuant to Section 2.10(d)(i) or Section 2.15(d)(i), as applicable, or would eliminate the illegality or impracticality of funding or maintaining LIBOR Rate Loans or BA Rate Loans and (ii) in the reasonable judgment of such Affected Lender, such designation or assignment would not subject it to any material unreimbursed cost or expense and would not otherwise be materially disadvantageous to it. Borrowers agree to pay all reasonable out-of-pocket costs and expenses incurred by such Affected Lender in connection with any such designation or assignment. If, after such reasonable efforts, such Affected Lender does not so designate a different one of its lending offices or assign its rights to another of its offices or branches so as to eliminate Borrowers' obligation to pay any future amounts to such Affected Lender pursuant to Section 2.10(d)(i) or Section 2.15(d)(i), as applicable, or to enable Borrowers to obtain LIBOR Rate Loans or BA Rate Loans, then Borrowers (without prejudice to any amounts then due to such Affected Lender under Section 2.10(d)(i) or Section 2.15(d)(i), as applicable) may, unless prior to the effective date of any such assignment the Affected Lender withdraws its request for such additional amounts under Section 2.10(d)(i) or Section 2.15(d)(i), as applicable, or indicates that it is no longer unlawful or impractical to fund or maintain LIBOR Rate Loans or BA Rate Loans, may seek a substitute Lender reasonably acceptable to Agent to purchase the Obligations owed to such Affected Lender and such Affected Lender's Commitments hereunder (a "Replacement Lender"), and if such Replacement Lender agrees to such purchase, such Affected Lender shall assign to the Replacement Lender its Obligations and Commitments, pursuant to an Assignment and Acceptance Agreement, and upon such purchase by the Replacement Lender, such Replacement Lender shall be deemed to be a "Lender" for purposes of this Agreement and such Affected Lender shall cease to be a "Lender" for purposes of this Agreement.

2.12 Increase in US Maximum Credit or Canadian Maximum Credit.

(a) Administrative Borrower may, at any time, deliver a written request to Agent to increase the US Maximum Credit or the Canadian Maximum Credit, as applicable. Any such written request shall specify the amount of the increase in the US Maximum Credit or the Canadian Maximum Credit, as applicable, that Borrowers are requesting, provided, that, (i) in no event shall the aggregate amount of any such increase cause the aggregate amount of the US Maximum Credit and the Canadian Maximum Credit to exceed an amount equal to \$350,000,000, (ii) such request shall be for an increase of not less than \$10,000,000, (iii) any such request shall be irrevocable, (iv) in no event shall there be more than one such increase in any calendar quarter, (v) in no event shall there be more than four (4) such increases during the term of this Agreement, and (vi) no Event of Default shall exist or have occurred and be continuing.

(b) Upon the receipt by Agent of any such written request, Agent shall notify each of the US Lenders or each of the Canadian Lenders, as applicable, of such request and each US Lender and each Canadian Lender, as applicable, shall have the option (but not the obligation) to increase the amount of its US Commitment or Canadian Commitment, as applicable, by an amount up to its Pro Rata Share of the amount of the increase thereof requested by Administrative Borrower as set forth in the notice from Agent to such US Lender or Canadian Lender. Each US Lender or each Canadian Lender, as applicable, shall notify Agent within fifteen (15) days after the receipt of such notice from Agent whether it is willing to so increase its US Commitment or Canadian Commitment, as applicable, and if so, the amount of such increase; provided, that, (i) the minimum increase in the US Commitments of each such US Lender providing the additional US Commitments, or in the Canadian Commitments of each such Canadian Lender providing the additional Canadian Commitments, shall equal or exceed \$2,500,000, and (ii) no US Lender or Canadian Lender, as applicable, shall be obligated to provide such increase in its US Commitment or Canadian Commitment and the determination to increase the US Commitment of a US Lender or the Canadian Commitment of a Canadian Lender shall be within the sole and absolute discretion of such US Lender or Canadian Lender. If the aggregate amount of the increases in the US

Commitments received from the US Lenders or the aggregate amount of the increases in the Canadian Commitments received from the Canadian Lenders, as applicable, does not equal or exceed the amount of the increase in the US Maximum Credit or Canadian Maximum Credit, as applicable, requested by Borrowers, Agent may seek additional increases from US Lenders or Canadian Lenders, as applicable, or US Commitments or Canadian Commitments, as applicable, from such Eligible Transferees as it may determine, after consultation with Borrowers. In the event US Lenders or Canadian Lender, as applicable, (or US Lenders or Canadian Lenders, as applicable, and any such Eligible Transferees, as the case may be) have committed in writing to provide increases in their US Commitments or Canadian Commitments, as applicable, or new US Commitments or new Canadian Commitments in an aggregate amount in excess of the increase in the US Maximum Credit or Canadian Maximum Credit requested by Administrative Borrower or permitted hereunder, Agent shall then have the right to allocate such commitments, first to US Lenders or Canadian Lenders, as applicable, and then to Eligible Transferees, in such amounts and manner as Agent may determine, after consultation with Borrowers.

(c) The US Maximum Credit or the Canadian Maximum Credit, as applicable, shall be increased by the amount of the increase in the applicable US Commitments or Canadian Commitments from Lenders or new US Commitments or Canadian Commitments, as applicable, from Eligible Transferees, in each case selected in accordance with Section 2.12(b) above, for which Agent has received Assignment and Acceptances thirty (30) days after the date of the request by Administrative Borrower for the increase or such earlier date as Agent and Administrative Borrower may agree (but subject to the satisfaction of the conditions set forth below), whether or not the aggregate amount of the increase in US Commitments and new US Commitments, as the case may be, or in Canadian Commitments and new Canadian Commitments, as the case may be less than, equal to or exceed the amount of the increase in the US Maximum Credit or Canadian Maximum Credit, as applicable, requested by Administrative Borrower in accordance with the terms hereof (provided, that, in the event that the aggregate amount of the increase in Commitments and/or new Commitments offered by Lenders or Eligible Transferees in response to the request of Agent as described above is greater than the aggregate amount requested, Administrative Borrower may, at its option, elect to increase the Commitments to such greater amount, so long as Administrative Borrower gives prompt and timely written notice to Agent of the exercise of such option), effective on the date that each of the following conditions have been satisfied:

(i) Agent shall have received from each US Lender or Canadian Lender, as applicable, or Eligible Transferee that is providing an additional US Commitment or Canadian Commitment as part of the increase in the US Maximum Credit or Canadian Maximum Credit, an Assignment and Acceptance duly executed by such US Lender or Canadian Lender, as applicable, or Eligible Transferee and Borrowers, provided, that, the aggregate US Commitments or Canadian Commitments set forth in such Assignment and Acceptance(s) shall be not less than \$1,000,000;

(ii) the conditions precedent to the making of Revolving Loans set forth in Section 3.2 shall be satisfied as of the date of the increase in the US Maximum Credit or the Canadian Maximum Credit, both before and after giving effect to such increase;

(iii) such increase in the US Maximum Credit or the Canadian Maximum Credit, as applicable, on the date of the effectiveness thereof, shall not violate any applicable law, regulation or order or decree of any court or other Governmental Authority and shall not be enjoined, temporarily, preliminarily or permanently;

(iv) there shall have been paid to each US Lender or Canadian Lender, as applicable, and Eligible Transferee providing an additional US Commitment or Canadian Commitment in connection

with such increase in the US Maximum Credit or Canadian Maximum Credit all fees and expenses due and payable to such Person on or before the effectiveness of such increase; and

(v) there shall have been paid to Agent, for the account of the Agent and US Lenders or Canadian Lenders, as applicable (in accordance with any agreement among them) all fees and expenses (including reasonable fees and expenses of counsel) due and payable pursuant to any of the Loan Documents on or before the effectiveness of such increase.

(d) As of the effective date of any such increase in the US Maximum Credit or Canadian Maximum Credit, each reference to the term US Commitments and US Maximum Credit herein, as applicable, or the term Canadian Commitments and Canadian Maximum Credit, as applicable, and in any of the other Loan Documents shall be deemed amended to mean the amount of the US Commitments and US Maximum Credit or the amount of the Canadian Commitments and Canadian Maximum Credit, as applicable, specified in the most recent written notice from Agent to Administrative Borrower of the increase in the US Commitments and US Maximum Credit, as applicable, or in the increase in the Canadian Commitments and Canadian Maximum Credit, as applicable.

(e) Effective on the date of each increase in the US Maximum Credit pursuant to this Section 2.12, each reference in this Agreement to an amount of US Excess Availability shall, automatically and without any further action, be deemed to be increased so that the ratio of the amount of US Excess Availability to the amount of the US Maximum Credit after such increase in the US Maximum Credit remains the same as the ratio of such the amount of US Excess Availability to the amount of the US Maximum Credit prior to such increase in the US Maximum Credit.

(f) Effective on the date of each increase in the Canadian Maximum Credit pursuant to this Section 2.12, each reference in this Agreement to an amount of Canadian Excess Availability shall, automatically and without any further action, be deemed to be increased so that the ratio of the amount of Canadian Excess Availability to the amount of the Canadian Maximum Credit after such increase in the Canadian Maximum Credit remains the same as the ratio of such the amount of Canadian Excess Availability to the amount of the Canadian Maximum Credit prior to such increase in the Canadian Maximum Credit.

2.13 Defaulting Lenders.

(a) **Defaulting Lender Adjustments.** Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) **Waivers and Amendments.** Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of Required Lenders and Supermajority Lenders and as set forth in Section 14.1(e).

(ii) **Defaulting Lender Waterfall.** Any payment of principal, interest, fees or other amounts received by Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Section 8 or otherwise) or received by Agent from a Defaulting Lender pursuant to Section 16.1 shall be applied at such time or times as may be determined by Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to Agent hereunder; second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Lender or Swing Lender hereunder; third, to provide cash collateral for the Issuing Lenders' Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.13(e) below; fourth, as Administrative Borrower may request (so long as no Default or Event of Default exists or has occurred and is continuing),

to the funding of any Revolving Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by Agent; fifth, if so determined by Agent and Administrative Borrower, to be held in a deposit account and released pro rata in order to (A) satisfy such Defaulting Lender's potential future funding obligations with respect to Revolving Loans (including Swing Loans, Protective Advances and Overadvances) under this Agreement and (B) provide cash collateral for the benefit of Issuing Lenders with respect to future Fronting Exposure of Issuing Lenders; sixth, to the payment of any amounts owing to Lenders, the Issuing Lenders or Swing Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender, the Issuing Lenders or Swing Lenders against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default or Event of Default shall exist or have occurred and be continuing, to the payment of any amounts owing to Parent as a result of any judgment of a court of competent jurisdiction obtained by Parent against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided, that, if (A) such payment is a payment of the principal amount of any Revolving Loans or Letter of Credit Disbursements in respect of which such Defaulting Lender has not fully funded its appropriate share, and (B) such Revolving Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in Section 3.2 were satisfied and waived, such payment shall be applied solely to pay the Revolving Loans of, and Letter of Credit Disbursements owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Revolving Loans of, or Letter of Credit Disbursements owed to, such Defaulting Lender until such time as all Revolving Loans and funded and unfunded participations in Obligations in respect of Letters of Credit and Swing Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.13(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to Section 2.13(e) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees.

(A) No Defaulting Lender shall be entitled to receive any unused line fee under Section 2.8(c) for any period during which that Lender is a Defaulting Lender (and Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive letter of credit fees under Section 2.8(b) for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Pro Rata Share of the stated amount of Letters of Credit for which it has provided cash collateral pursuant to Section 2.13(e).

(C) With respect to any Letter of Credit Fee not required to be paid to any Defaulting Lender pursuant to clause (i) or (ii) above, Borrowers shall (A) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Obligations in respect of Letters of Credit or Swing Loans that has been reallocated to such Non-Defaulting Lender pursuant to clause (c) below, (B) pay to each Issuing Lender and Swing Lender, as applicable, the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Lender's or Swing Lender's Fronting Exposure to such Defaulting Lender, and (C) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Participations to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in Letters of Credit and Swing Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Pro Rata Shares (calculated without regard to

such Defaulting Lender's Commitment) but only to the extent that (A) the conditions set forth in Section 3.2 are satisfied at the time of such reallocation (and, unless Borrowers shall have otherwise notified the Agent at such time, Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (B) such reallocation does not cause the aggregate outstanding Revolving Loans and participations in Letters of Credit, Swing Loans and Overadvances of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Loans. If the reallocation described in clause (iv) above cannot, or can only partially, be effected, Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, (A) first, prepay Swing Loans in an amount equal to the Swing Lenders' Fronting Exposure and (B) second, provide cash collateral for the Issuing Lenders' Fronting Exposure in accordance with Section 2.13(e).

(b) **Defaulting Lender Cure**. If Borrowers, Agent, Swing Lender and Issuing Lender agree in writing that a Lender is no longer a Defaulting Lender, Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any cash collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Loans to be held pro rata by the Lenders in accordance with the Commitments (without giving effect to Section 2.13(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided, that, (i) no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and (ii) except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) **New Swing Loans/Letters of Credit**. So long as any Lender is a Defaulting Lender, (i) the Swing Lender shall not be required to fund any Swing Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Loan and (ii) no Issuing Lender or Underlying Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

(d) **Counterparties**. So long as any Lender is a Defaulting Lender, such Lender shall not be a counterparty with respect to any Hedge Agreement which gives rise to a Hedge Obligation entered into while such Lender was a Defaulting Lender.

(e) **Cash Collateral**. At any time that there shall exist a Defaulting Lender, within one (1) Business Day following the written request of Agent or any Issuing Lender (with a copy to Agent), Borrowers shall provide cash collateral to secure the Fronting Exposure of the Issuing Lenders with respect to such Defaulting Lender (determined after giving effect to Section 2.13(a)(iv) above and any cash collateral provided by such Defaulting Lender) in an amount not less than one hundred three percent (103%) of the Fronting Exposure of the Issuing Lenders.

(i) Grant of Security Interest. Borrowers, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to, for the benefit of the Issuing Lenders, and agrees to maintain, a first priority security interest in all such cash collateral as security for the Defaulting Lenders' obligation to fund participations in respect of Obligations in connection with Letters of Credit, to be

applied pursuant to clause (e)(ii) below. If at any time Agent determines that such cash collateral is subject to any right or claim of any Person other than Agent and Issuing Lenders as herein provided (other than the Permitted Liens), or that the total amount of such cash collateral is less than the amount specified above, Borrowers shall, promptly upon demand by Agent, pay or provide to Agent additional cash collateral in an amount sufficient to eliminate such deficiency (after giving effect to any cash collateral provided by the Defaulting Lender).

(ii) Application. Notwithstanding anything to the contrary contained in this Agreement, cash collateral provided under this Section in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Obligations in connection with Letters of Credit (including, as to cash collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the cash collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(iii) Termination of Requirement. Cash collateral (or the appropriate portion thereof) provided to reduce any Issuing Lender's Fronting Exposure shall no longer be required to be held as cash collateral pursuant to this Section following (A) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (B) the determination by Agent and each Issuing Lender that there exists excess cash collateral; provided that, (1) the Person providing cash collateral and each Issuing Lender may agree that cash collateral shall be held to support future anticipated Fronting Exposure or other obligations and (2) to the extent that such cash collateral was provided by Borrowers, such cash collateral shall remain subject to the security interest granted pursuant to the Loan Documents.

2.14 Joint and Several Liability of Borrowers.

(a) Each US Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Lender Group under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other Borrowers to accept joint and several liability for the Obligations.

(b) Each US Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrowers, with respect to the payment and performance of all of the Obligations (including any Obligations arising under this Section 2.14), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Borrower without preferences or distinction among them.

(c) If and to the extent that any Borrower shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the other US Borrowers will make such payment with respect to, or perform, such Obligation until such time as all of the Obligations are paid in full.

(d) The Obligations of each Borrower under the provisions of this Section 2.14 constitute the absolute and unconditional, full recourse Obligations of each Borrower enforceable against each Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of the provisions of this Agreement (other than this Section 2.14(d)) or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Revolving Loans or Letters of Credit

issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Agent or Lenders under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Agent or Lenders at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Agent or Lenders in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Borrower. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of any Agent or Lender with respect to the failure by any Borrower to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.14 afford grounds for terminating, discharging or relieving any Borrower, in whole or in part, from any of its Obligations under this Section 2.14, it being the intention of each Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of each Borrower under this Section 2.14 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each Borrower under this Section 2.14 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any other Borrower or any Agent or Lender.

(f) Each Borrower represents and warrants to Agent and Lenders that such Borrower is currently informed of the financial condition of Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Borrower further represents and warrants to Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Borrower hereby covenants that such Borrower will continue to keep informed of Borrowers' financial condition and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) The provisions of this Section 2.14 are made for the benefit of Agent, each member of the Lender Group, each Bank Product Provider, and their respective successors and assigns, and may be enforced by it or them from time to time against any or all Borrowers as often as occasion therefor may arise and without requirement on the part of Agent, any member of the Lender Group, any Bank Product Provider, or any of their successors or assigns first to marshal any of its or their claims or to exercise any of its or their rights against any Borrower or to exhaust any remedies available to it or them against any Borrower or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.14 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by Agent or any Lender upon the insolvency, bankruptcy or reorganization of any Borrower, or otherwise, the provisions of this Section 2.14 will forthwith be reinstated in effect, as though such payment had not been made.

(h) Each Borrower hereby agrees that it will not enforce any of its rights of contribution or subrogation against any other Borrower with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to Agent or Lenders with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in

full in cash. Any claim which any Borrower may have against any other Borrower with respect to any payments to any Agent or any member of the Lender Group hereunder or under any of the Bank Product Agreements are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(i) Each Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Borrower as trustee for Agent, and such Borrower shall deliver any such amounts to Agent for application to the Obligations in accordance with Section 2.3(b).

2.15 BA Rate Option.

(a) **Interest and Interest Payment Dates.** In lieu of having interest charged at the rate based upon the Base Rate, Canadian Borrowers shall have the option, subject to Section 2.15(b) below (the “BA Rate Option”) to have interest on all or a portion of the Canadian Revolving Loans to be made in Canadian Dollars be charged (whether at the time when made (unless otherwise provided herein), upon conversion from a Base Rate Loan to a BA Rate Loan, or upon continuation of a BA Rate Loan as a BA Rate Loan) at a rate of interest based upon the BA Rate. Interest on BA Rate Loans shall be payable on the earliest of (i) the last day of the Interest Period applicable thereto; (ii) the date on which all or any portion of the Obligations become due and payable pursuant to the terms hereof, or (iii) the date on which this Agreement is terminated pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Canadian Borrowers properly have exercised the BA Rate Option with respect thereto, the interest rate applicable to such BA Rate Loan automatically shall convert to the rate of interest then applicable to Base Rate Loans in Canadian Dollars. At any time that an Event of Default has occurred and is continuing, at the written election of the Required Lenders, Borrowers no longer shall have the option to request that Canadian Revolving Loans made in Canadian Dollars bear interest at a rate based upon the BA Rate.

(b) BA Rate Election.

(i) Canadian Borrowers may, at any time and from time to time, so long as Borrowers have not received a notice from Agent, after the occurrence and during the continuance of an Event of Default, of the election of the Required Lenders to terminate the right of Canadian Borrowers to exercise the BA Rate Option during the continuance of such Event of Default, elect to exercise the BA Rate Option by notifying Agent prior to 11:00 a.m., at least three (3) Business Days prior to the commencement of the proposed Interest Period (the “BA Rate Deadline”). Notice of Canadian Borrowers’ election of the BA Rate Option for a portion of the Revolving Loans to be made in Canadian Dollars and an Interest Period pursuant to this Section 2.15(b) shall be made by delivery to Agent of a BA Rate Notice received by Agent before the BA Rate Deadline, or by telephonic notice received by Agent before the BA Rate Deadline (to be confirmed by delivery to Agent of a BA Rate Notice received by Agent prior to 5:00 p.m., on the same day). Promptly upon its receipt of each such BA Rate Notice, Agent shall provide a copy thereof to each of the affected Lenders.

(ii) Each BA Rate Notice shall be irrevocable and binding on Borrowers. In connection with each BA Rate Loan, Borrowers shall, jointly and severally indemnify, defend, and hold Agent and the Lenders harmless against any loss, cost, or expense actually incurred by Agent or any Lender as a result of (A) the payment of any principal of any BA Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (B) the conversion of any BA Rate Loan other than on the last day of the Interest Period applicable thereto, or (C) the failure to borrow, convert, continue or prepay any BA Rate Loan on the date specified in any BA Rate Notice delivered pursuant hereto (such losses, costs, or expenses, “BA Funding Losses”). A certificate of Agent or a Lender delivered to Administrative Borrower setting forth in reasonable detail any amount or amounts that Agent or such Lender is entitled to receive pursuant to this Section 2.15 shall be conclusive absent manifest error. Borrowers shall pay such amount to Agent or the Lender, as applicable, within thirty (30) days of the date of its receipt of such certificate. If a payment of a BA Rate Loan on a day other than the last day of the applicable Interest Period would result in a BA Funding Loss, Agent may, in its sole discretion at the request of Administrative Borrower, hold the amount of such payment as cash collateral in support of the Obligations until the last day of such Interest Period and apply such amounts to the payment of the applicable BA Rate Loan on such last day, it being agreed that Agent has no obligation to so defer the application of payments to any BA Rate Loan and that, in the event that Agent does not defer such application, Borrowers shall be obligated to pay any resulting BA Funding Losses.

(iii) Borrowers shall have not more than ten (10) BA Rate Loans and/or LIBOR Rate Loans in effect at any given time. Borrowers may only exercise the BA Rate Option for proposed BA Rate Loans of at least C\$1,000,000.

(c) **Conversion.** Borrowers may convert Base Rate Loans in Canadian Dollars to BA Rate Loans at any time by exercising the BA Rate Option. Borrowers may convert BA Rate Loans to Base Rate Loans at any time; provided, that, in the event that BA Rate Loans are converted or prepaid on any date that is not the last day of the Interest Period applicable thereto, including as a result of any automatic prepayment through the required application by Agent of proceeds of Borrowers’ and their Restricted Subsidiaries’ Collections in accordance with Section 2.3(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, Borrowers shall, jointly and severally indemnify, defend, and hold Agent and the Lenders harmless against any and all BA Funding Losses in accordance with Section 2.15(b)(ii).

(d) Special Provisions Applicable to BA Rate.

(i) The BA Rate may be adjusted by Agent with respect to any Lender on a prospective basis to take into account any additional or increased costs to such Lender of maintaining or obtaining any funding for BA Rate Loans or increased costs, in each case, due to changes in applicable law occurring subsequent to the commencement of the then applicable Interest Period, which additional or increased costs would increase the cost of funding or maintaining loans bearing interest at the BA Rate. In any such event, the affected Lender shall give Administrative Borrower and Agent notice of such a determination and adjustment and Agent promptly shall transmit the notice to each other Lender and, upon its receipt of the notice from the affected Lender, Administrative Borrower may, by notice to such affected Lender (A) require such Lender to furnish to Administrative Borrower a statement setting forth the basis for adjusting such BA Rate and the method for determining the amount of such adjustment, or (B) repay the BA Rate Loans with respect to which such adjustment is made (together with any amounts due under Section 2.15(b)(ii)).

(ii) In the event that any change in market conditions or any law, regulation, treaty, or directive, or any change therein or in the interpretation or application thereof, shall at any time after the date hereof, in the reasonable opinion of any Lender, make it unlawful or impractical for such Lender to

fund or maintain BA Rate Loans or to continue such funding or maintaining, or to determine or charge interest rates at the BA Rate, such Lender shall give notice of such changed circumstances to Agent and Administrative Borrower and Agent promptly shall transmit the notice to each other Lender and (A) in the case of any BA Rate Loans of such Lender that are outstanding, the date specified in such Lender's notice shall be deemed to be the last day of the Interest Period of such BA Rate Loans, and interest upon the BA Rate Loans of such Lender thereafter shall accrue interest at the rate then applicable to Base Rate Loans, and (B) Borrowers shall not be entitled to elect the BA Rate Option until such Lender determines that it would no longer be unlawful or impractical to do so.

(e) **No Requirement of Matched Funding.** Anything to the contrary contained herein notwithstanding, neither Agent, nor any Lender, nor any of their Participants, is required actually to issue bills of exchange or depository notes to fund or otherwise match fund any Obligation as to which interest accrues at the BA Rate.

3. CONDITIONS; TERM OF AGREEMENT.

3.1 **Conditions Precedent to the Initial Extension of Credit.** Subject to Section 3.6, the obligation of each Lender to make its initial extension of credit provided for hereunder is subject to the fulfillment, to the satisfaction of Agent and each Lender, of each of the conditions precedent set forth on Schedule 3.1 (the making of such initial extension of credit by a Lender being conclusively deemed to be its satisfaction or waiver of the conditions precedent).

3.2 **Conditions Precedent to all Extensions of Credit.** Subject to Section 3.6, the obligation of the Lender Group (or any member thereof) to make any Revolving Loans hereunder (or to issue any Letter of Credit or amend or extend any Letter of Credit) at any time shall be subject to the following conditions precedent:

(a) as of the date of any such Revolving Loan (or other extension of credit) and after giving effect thereto, the representations and warranties of Parent or its Subsidiaries contained in this Agreement or in the other Loan Documents that are qualified as to materiality or Material Adverse Effect shall be true and correct and the representations and warranties that are not so qualified shall be true and correct in all material respects on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(b) as of the date of any such Revolving Loan (or other extension of credit) and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing;

(c) as of the date of any such Revolving Loan (or other extension of credit) and after giving effect thereto, the (i) the outstanding principal amount of US Revolving Loans and US Swing Loans plus the US Letter of Credit Usage shall not exceed the lesser of the US Borrowing Base or the US Maximum Credit and (ii) outstanding principal amount of Canadian Revolving Loans and Canadian Swing Loans plus the Canadian Letter of Credit Usage shall not exceed the lesser of the Canadian Borrowing Base or the Canadian Maximum Credit; and

(d) as of the date of any such Revolving Loan (or other extension of credit) and after giving effect thereto, the outstanding principal amount of the Loans plus the Letter of Credit Usage shall not exceed the Existing Note Secured Debt Limit and upon Agent's request, Agent shall have received such certificate in form and substance reasonably satisfactory to Agent, from an Authorized Person so stating (provided, that, in the event of an Overadvance as a result of the establishment of a new category of reserves or a change in the methodology of the calculation of an existing reserve, or as a result of the making of a Loan other than at the request of a Borrower (or Administrative Borrower on behalf of any

Borrower), whether a Protective Advance or by charging the Loan Account, such amounts shall only be required to be included in the certificate to the extent Agent has provided notice thereof to Administrative Borrower or Administrative Borrower otherwise has knowledge thereof).

3.3 **Maturity.** This Agreement shall continue in full force and effect for a term ending on December 21, 2016 (the “Maturity Date”), subject to the rights of the Lender Group to terminate the Commitments as provided in Section 9 and the rights of Borrowers as provided in Section 3.5.

3.4 **Effect of Maturity.** On the Maturity Date, all commitments of the Lender Group to provide additional credit hereunder shall automatically be terminated and all of the Obligations immediately shall become due and payable without notice or demand and Borrowers shall be required to repay all of the Obligations in full. No termination of the obligations of the Lender Group (other than payment in full of the Obligations and termination of the Commitments) shall relieve or discharge any Loan Party of its duties, obligations, or covenants hereunder or under any other Loan Document and Agent’s Liens in the Collateral shall continue to secure the Obligations and shall remain in effect until all Obligations have been paid in full and the Commitments have been terminated. When all of the Obligations have been paid in full and the Lender Group’s obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Agent will, at Borrowers’ sole expense, execute and deliver any termination statements, lien releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, Agent’s Liens and all notices of security interests and liens previously filed by Agent and Loan Parties shall execute and deliver to Agent a release of Agent and Lenders in form and substance reasonably satisfactory to Agent.

3.5 **Early Termination by Borrowers.** Borrowers have the option, at any time upon reasonable prior written notice to Agent (but in any event not less than three (3) Business Days), to terminate this Agreement and terminate the Commitments hereunder by repaying to Agent all of the Obligations in full.

3.6 **Certain Funds.** Notwithstanding anything to the contrary in this Article 3, to the extent that any Collateral (or the creation or perfection of any security interest therein), in each case intended to be made or granted is not or cannot be made or granted on the Closing Date (other than (i) Code and PPSA lien searches, (ii) the pledge and perfection of Collateral with respect to which a Lien may be perfected upon the Closing Date solely by the filing of financing statements under the Code or the PPSA or by the filing of an notice with the United States Patent and Trademark Office, the United States Copyright Office or the Canadian Intellectual Property Office and (iii) the pledge and perfection of security interests in the Equity Interests of each Domestic and Canadian Subsidiary of a Loan Party after giving effect to the ColorMatrix Acquisition (other than an Excluded Subsidiary) in each case with respect to which a Lien may be perfected upon the Closing Date by the delivery of a stock certificate to the extent such Equity Interests are evidenced by a stock certificate) after use by Loan Parties of commercially reasonable efforts to do so or without undue burden or expense, then the provision of any such Collateral (or creation or perfection of a security interest therein) shall not constitute a condition precedent to the initial funding under this Agreement on the Closing Date, but shall be required to be delivered within the time periods specified in Schedule 5.16. It is acknowledged and agreed that the Loan Documents, other documents and tasks to be completed set forth in Schedule 5.16 shall not be provided or completed on the Closing Date but shall be delivered or completed within the periods specified in Schedule 5.16 (or such longer period as the Agent, in its reasonable discretion, shall hereafter agree).

4. REPRESENTATIONS AND WARRANTIES.

In order to induce the Lender Group to enter into this Agreement, each Loan Party makes the following representations and warranties to the Lender Group which shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations

and warranties that already are qualified or modified by materiality in the text thereof), as of the Closing Date, and shall be true, correct, and complete, in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), as of the date of the making of each Loan (or other extension of credit) made thereafter, as though made on and as of the date of such Loan (or other extension of credit) (except to the extent that such representations and warranties relate solely to an earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement:

4.1 Due Organization and Qualification; Subsidiaries.

(a) Each Loan Party (i) is duly organized or formed, validly existing and, as applicable, in good standing under the Laws of the jurisdiction of its incorporation or organization, (ii) has all requisite corporate or other organizational power and authority to (A) own or lease its assets and carry on its business and (B) execute, deliver and perform its obligations under the Loan Documents to which it is a party and consummate the Transactions, and (iii) is duly qualified and is licensed and, as applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; in each case referred to in clause (ii)(A) or (iii), where the failure to do so has, or could reasonably be expected to have, a Material Adverse Effect.

(b) As of the Closing Date, Parent has no Subsidiaries other than those specifically disclosed in Schedule 4.1, and as of the Closing Date all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by a Loan Party in the amounts specified on Schedule 4.1 free and clear of all Liens except those created under the Loan Documents, the Term Loan Documents, the 2015 Note Security Agreement, the Series G Guarantee Security Agreements and any Liens described in clause (c) of the definition of the term Permitted Liens, if any.

4.2 Due Authorization; No Conflict.

(a) As to each Loan Party, the execution, delivery, and performance by such Loan Party of the Loan Documents to which it is a party have been duly authorized by all necessary corporate or organizational action on the part of such Loan Party.

(b) Neither the execution and delivery of this Agreement or the other Loan Documents by any Loan Party nor the consummation of the Transactions, nor compliance with the terms and provisions hereof or thereof by any of them will conflict with, constitute a default under or result in (a) any breach of (i) the terms and conditions of the certificate of incorporation, bylaws, certificate of limited partnership, limited partnership agreement, partnership agreement, certificate of formation, limited liability company agreement or other Governing Documents of any Loan Party or (ii) any Law or any material agreement or instrument or order, writ, judgment, injunction or decree to which any Loan Party or any of its Subsidiaries is a party or by which it or any of its Subsidiaries is bound or to which it is subject, where such conflict or default has, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or (b) the creation or enforcement of any Lien upon any property (now or hereafter acquired) of any Loan Party or any of its Subsidiaries (other than those created under the Loan Documents, the Term Loan Documents, the 2015 Note Security Agreement and the Series G Guarantee Security Agreements).

4.3 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document or for the consummation of the transactions contemplated thereby, (b) the grant by any Loan Party of the Liens granted by it pursuant to

the Loan Documents, or (c) the perfection of the Liens created under the Loan Documents (including the first priority nature thereof to the extent required by the Loan Documents) except (i) for those registrations, exemptions, orders, authorizations, consents, approvals, notices or other actions that have been made, obtained, given or taken, (ii) filings and recordings with respect to the Collateral to be made, or otherwise delivered to Agent for filing and/or recordation, as of the Closing Date, or (iii) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make does not have, and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.4 Binding Obligations; Perfected Liens.

(a) Each Loan Document has been duly executed and delivered by each Loan Party that is a party thereto and is the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(b) The Liens in the Collateral granted to Agent pursuant to the Loan Documents constitute, to the extent required by the Loan Documents, valid and perfected first priority Liens, subject to the Permitted Liens. Except for filings contemplated on the Closing Date or such later date as is contemplated by this Agreement and the Loan Documents, no filings are required to perfect such Liens.

4.5 Title to Assets; No Encumbrances.

(a) Each of the Loan Parties and its Restricted Subsidiaries has (i) with respect to interests in owned Real Property, good record and marketable legal and insurable fee simple title, subject only to the Permitted Liens, (ii) with respect to leasehold interests in real or personal property, valid leasehold interests, subject only to the Permitted Liens, and (iii) with respect to all other property, good and marketable title to such assets, except (A) as to Real Property for minor defects in title that do not materially interfere with such Loan Party's or Subsidiary's ability to conduct its business and to utilize such assets for their intended purposes and (B) as to any property, the failure to have such title or other property interests does not have, and could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The property of each Loan Party is subject to no Liens, other than Permitted Liens.

(c) Schedule 4.5(c) sets forth as of the Closing Date a complete and accurate list of all real property owned by each Loan Party, showing as of the date hereof the street address, county or other relevant jurisdiction, state, record owner and book value (or, if available, fair market value) thereof.

(d) Schedule 4.5(d) sets forth as of the Closing Date a complete and accurate list of all leases and subleases of real property, where Collateral having value in excess of \$100,000 is located, under which Parent or any other Loan Party is the lessee or comparable party, showing as of the date hereof the street address, county or other relevant jurisdiction, state, lessor and lessee.

4.6 Jurisdiction of Organization; Location of Chief Executive Office; Organizational Identification Number.

(a) The name (within the meaning of the Code or PPSA, as applicable) and jurisdiction of organization of each Loan Party and each of its Subsidiaries, as of the Closing Date, is set forth on Schedule 4.6(a).

(b) The chief executive office of each Loan Party as of the Closing Date, is located at the address indicated on Schedule 4.6(b).

(c) Each Loan Party's tax identification numbers (or in the case of any non-U.S. Loan Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its incorporation) and organizational identification numbers, if any, are identified on Schedule 4.6(c) as of the Closing Date.

4.7 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrowers, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against a Loan Party or any of its Subsidiaries that (a) individually or in the aggregate, if adversely determined, has or would reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to this Agreement, any other Loan Document, or the consummation of the transactions contemplated under this Agreement.

4.8 Compliance with Laws. Each Loan Party and each Subsidiary thereof is in compliance in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, (a) except in such instances where such requirement of Law or order, writ, injunction or decree is subject to a Permitted Protest or (b) where the failure to comply therewith, either individually or in the aggregate, has, or would reasonably be expected to have, a Material Adverse Effect.

4.9 Financial Statements; No Material Adverse Effect.

(a) The audited financial statements of Parent and its Subsidiaries for the fiscal year ending December 31, 2010 (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of Parent and its Subsidiaries (before giving effect to the ColorMatrix Acquisition) as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Parent and its Subsidiaries (before giving effect to the ColorMatrix Acquisition) as of the date thereof, including liabilities for taxes, material commitments and Indebtedness, in each case to the extent required by GAAP.

(b) To the knowledge of Borrowers, the audited financial statements of ColorMatrix and its Subsidiaries for the fiscal year ending December 31, 2010 (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of the Acquired Business and its Subsidiaries (before giving effect to the ColorMatrix Acquisition) as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby.

(c) The unaudited consolidated balance sheet of the Parent and its Subsidiaries dated September 30, 2011, and the related consolidated statements of operations, shareholders' equity and cash flows for the fiscal quarter ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein and (ii) fairly present in all material respects the financial condition of Parent and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(d) Since December 31, 2010, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

4.10 **Solvency.**

(a) Each Borrower, individually, is Solvent and Parent and its Subsidiaries, on a consolidated basis, are Solvent.

(b) No transfer of property is being made by any Loan Party and no obligation is being incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of such Loan Party.

4.11 **Employee Benefits.**

(a) Each Plan is in compliance with the applicable provisions of ERISA, the IRC and other Federal or state laws, where the failure to so comply has, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the IRC has received a favorable determination letter from the Internal Revenue Service to the effect that the form of such Plan is qualified under Section 401(a) of the IRC and the trust related thereto has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(a) of the IRC, or an application for such a letter is currently being processed by the Internal Revenue Service. To the knowledge of Borrowers, nothing has occurred that would prevent or cause the loss of such tax qualified status where any such occurrence has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) There are no pending or, to the knowledge of Borrowers, threatened claims, actions or lawsuits, or actions by any Governmental Authority, with respect to any Plan that has, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Except as set forth in Schedule 4.11, hereto, (i) no ERISA Event has occurred, and neither Parent nor any ERISA Affiliate is aware of any fact, event or circumstance that could reasonably be expected to constitute or result in an ERISA Event; (ii) Parent and each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained in respect of any Pension Plan; and (iii) neither Parent nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA with respect to any Pension Plan, except, with respect to subsections (i) through (iii) above, as could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) As of the Closing Date, no Loan Party nor any of its Subsidiaries maintains, sponsors, administers, contributes to, participates in or has any liability in respect of any Specified Canadian Pension Plan, nor has any such Person ever maintained, sponsored, administered, contributed or participated in any Specified Canadian Pension Plan. Except as, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (a) the Canadian Pension Plans are duly registered under the Income Tax Act (Canada) and any other applicable laws which require registration, have been administered in accordance with the Income Tax Act (Canada) and such other applicable law and no event has occurred which could cause the loss of such registered status, (b) all obligations of the

Loan Parties and their Subsidiaries (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans and the funding agreements relating thereto have been performed on a timely basis, and (c) all contributions or premiums required to be made or paid by the Loan Parties and their Subsidiaries to the Canadian Pension Plans have been made on a timely basis in accordance with the terms of such plans and all applicable laws.

4.12 Environmental Condition.

(a) Parent, for itself and the other Loan Parties, conducts in the ordinary course of business a review of the effect of existing Environmental Laws relating to remedial obligations and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Borrowers have reasonably concluded that such effect of existing Environmental Laws relating to remedial actions and claims alleging potential liability or responsibility for violation of any Environmental Law that has, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (including for this purpose taking into account any reserves).

(b) Except as otherwise set forth in Schedule 4.12 or where such status or condition could not, individually or in the aggregate, have or reasonably be expected to have a Material Adverse Effect: (i) none of the properties currently or, to the knowledge of the Loan Parties, formerly owned or operated by any Loan Party or any of its Subsidiaries is listed or proposed for listing on the NPL or on the CERCLIS or any analogous foreign, state or local list or is adjacent to any such property; (ii) there are no and have never been any underground or above ground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any Loan Party or any of its Subsidiaries or, to the best of the knowledge of the Loan Parties, on any property formerly owned or operated by any Loan Party or any of its Subsidiaries; (iii) there is no asbestos or asbestos-containing material on any property currently owned or operated by any Loan Party or any of its Subsidiaries; (iv) Hazardous Materials have not been released, discharged or disposed of on any property currently owned or operated by any Loan Party or any of its Subsidiaries; (v) neither any Loan Party nor any of its Subsidiaries is undertaking, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law; and (vi) all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently owned or operated by any Loan Party or any of its Subsidiaries have been disposed of in a manner that would not reasonably be expected to result in liability to any Loan Party.

4.13 Reserved.

4.14 Reserved.

4.15 Reserved.

4.16 Complete Disclosure. All factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about Borrowers' industry) furnished by or on behalf of a Loan Party or its Subsidiaries in writing to Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement or the other Loan Documents, and all other such factual information taken as a whole (other than forward-looking information and projections and information of a general economic nature and general information about

Borrowers' industry) hereafter furnished by or on behalf of a Loan Party or its Subsidiaries in writing to Agent or any Lender will be, true and accurate, in all material respects, on the date as of which such information is dated or certified and will not omit to state any material fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. The Projections delivered to Agent on December 2, 2011 represent, and as of the date on which any other Projections are delivered to Agent, such additional Projections represent, Borrowers' good faith estimate, on the date such Projections are delivered, of the Loan Parties' and their Subsidiaries' future performance for the periods covered thereby based upon assumptions believed by Borrowers to be reasonable at the time of the delivery thereof to Agent (it being understood that such Projections are subject to uncertainties and contingencies, many of which are beyond the control of the Loan Parties and their Subsidiaries, that no assurances can be given that such Projections will be realized, and that actual results may differ in a material manner from such Projections).

4.17 **Material Contracts.** Set forth on Schedule 4.17 is a list of each Material Contract of Borrowers as of the Closing Date.

4.18 **Patriot Act.** To the extent applicable, each Loan Party is in compliance, in all material respects, with the (a) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, (b) Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act of 2001) (the "Patriot Act"); and (c) the Proceeds of Crime Money Laundering and Terrorist Finance Act (Canada) and the regulations promulgated thereunder. No part of the proceeds of the loans made hereunder will be used by any Loan Party or any of their Affiliates, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

4.19 **Reserved.**

4.20 **Taxes.** All material Federal, State, Provincial, local and other tax returns required to have been filed with respect to each Loan Party and each Restricted Subsidiary of each Loan Party have been filed (or extensions have been obtained), and payment or adequate provision has been made for the payment of all taxes, fees, assessments and other governmental charges which have or may become due pursuant to said returns or to assessments received, except to the extent that such taxes, fees, assessments and other charges are being contested in good faith by appropriate proceedings diligently conducted and for which such reserves or other appropriate provisions, if any, as shall be required by GAAP shall have been made.

4.21 **Margin Stock.** No Loan Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. No part of the proceeds of the loans made to Borrowers will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such Margin Stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors of the United States Federal Reserve.

4.22 **Investment Company Act.** None of Parent, any Person controlling the Parent, or any Subsidiary is or is required to be registered as an “investment company” under the Investment Company Act of 1940 or is subject to regulation under the Investment Company Act.

4.23 **OFAC.** No Loan Party nor any of its Subsidiaries is in violation of any of the country or list based economic and trade sanctions administered and enforced by OFAC. No Loan Party nor any of its Subsidiaries (a) is a Sanctioned Person or a Sanctioned Entity, (b) has its assets located in Sanctioned Entities, or (c) derives revenues from investments in, or transactions with Sanctioned Persons or Sanctioned Entities. No proceeds of any Revolving Loan (including any Swing Loan, Protective Advance or Overadvance) or any Letter of Credit will be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Entity.

4.24 **Employee and Labor Matters.** There is (i) no unfair labor practice complaint pending or, to the knowledge of Borrowers, threatened against Parent or its Subsidiaries before any Governmental Authority and no grievance or arbitration proceeding pending or threatened against Parent or its Restricted Subsidiaries which arises out of or under any collective bargaining agreement and that, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect, (ii) no strike, labor dispute, slowdown, stoppage or similar action or grievance pending or threatened in writing against Parent or its Subsidiaries that, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect. Neither Parent nor any of its Restricted Subsidiaries has incurred any liability or obligation under the Worker Adjustment and Retraining Notification Act or similar Laws, which remains unpaid or unsatisfied. The hours worked and payments made to employees of Parent or its Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable legal requirements, where such violations have or would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. All material payments due from Parent or its Restricted Subsidiaries on account of wages and employee health and welfare insurance, employer and employee deductions and premiums and other benefits have been paid or accrued as a liability on the books of Parent, where the failure to do so, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect.

4.25 **ColorMatrix Acquisition.**

(a) The ColorMatrix Acquisition shall have been consummated, or shall be consummated substantially concurrently with the Closing Date, in accordance with the ColorMatrix Acquisition Agreement. Each ColorMatrix Acquisition Document is the legal, valid and binding obligation of each Loan Party that is party thereto, enforceable against such Loan Party in accordance with its terms, in each case, except (i) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting generally the enforcement of creditors’ rights and (ii) the availability of the remedy of specific performance or injunctive or other equitable relief is subject to the discretion of the court before which any proceeding therefor may be brought.

(b) As of the Closing Date, all requisite approvals by Governmental Authorities having jurisdiction over Loan Parties and, to each Loan Party’s knowledge, the Seller, with respect to the ColorMatrix Acquisition, have been obtained (including filings or approvals required under the Hart-Scott-Rodino Antitrust Improvements Act), where the failure to obtain any approval has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.26 **Eligible Accounts.** As to each Account that is identified by any Borrower as an Eligible Account in a US Borrowing Base Certificate or a Canadian Borrowing Base Certificate submitted to Agent, such Account is (a) a bona fide existing payment obligation of the applicable Account Debtor created by the sale and delivery of Inventory or the rendition of services to such Account Debtor in the

ordinary course of Borrowers' business, (b) owed to one or more of the Borrowers, and (c) not excluded as ineligible by virtue of one or more of the excluding criteria (other than Agent-discretionary criteria) set forth in the definition of Eligible Accounts.

4.27 **Eligible Inventory.** As to each item of Inventory that is identified by any Borrower as Eligible Inventory in a US Borrowing Base Certificate or a Canadian Borrowing Base Certificate submitted to Agent, such Inventory is (a) of good and merchantable quality, free from known defects, and (b) not excluded as ineligible by virtue of one or more of the excluding criteria (other than Agent-discretionary criteria) set forth in the definition of Eligible Inventory.

4.28 **Locations of Inventory and Equipment.** As of the Closing Date, the Inventory and Equipment (other than vehicles or Equipment out for repair) of the Loan Parties are not stored with a bailee, warehouseman, or similar party other than those identified on Schedule 4.28(a) and are otherwise located only at, or in-transit between or to, the locations identified on Schedule 4.28(b).

4.29 **Inventory Records.** Each Loan Party keeps correct and accurate records in all material respects itemizing and describing the type, quality, and quantity of its Inventory and the book value thereof.

4.30 **No Default.** No Loan Party nor any of its Restricted Subsidiaries is in default under or with respect to, or a party to, any Material Contract, which default has, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

4.31 **Insurance.** The properties of the Loan Parties are insured with financially sound insurance companies, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where Parent or the applicable Loan Party operates.

4.32 **Common Enterprise.** Borrowers and Guarantors make up a related organization of various entities constituting a single economic and business enterprise so that Borrowers and Guarantors share an identity of interests such that any benefit received by any one of them benefits the others. Certain Borrowers and Guarantors render services to or for the benefit of the other Borrowers and/or Guarantors, as the case may be, purchase or sell and supply goods to or from or for the benefit of the others, make loans, advances and provide other financial accommodations to or for the benefit of the other Borrowers and Guarantors (including inter alia, the payment by Borrowers and Guarantors of creditors of the other Borrowers or Guarantors and guarantees by Borrowers and Guarantors of indebtedness of the other Borrowers and Guarantors and provide administrative, marketing, payroll and management services to or for the benefit of the other Borrowers and Guarantors). Borrowers and Guarantors have the same chief executive office, centralized accounting and legal services, certain common officers and directors and generally do not provide consolidating financial statements to creditors.

5. AFFIRMATIVE COVENANTS.

Each Loan Party covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, the Loan Parties shall and shall cause each of their Restricted Subsidiaries to comply with each of the following:

5.1 **Financial Statements, Reports, Certificates.**

(a) (i) Deliver to Agent, with copies to each Lender, each of the financial statements, reports, and other items set forth on Schedule 5.1 no later than the times specified therein, (ii) maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of Parent or such Subsidiary, as the case may be, and (iii) cause each Subsidiary of a Loan Party to have the same fiscal year as Parent.

(b) Documents required to be delivered pursuant to this Section 5.1 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which Parent posts such documents, or provides a link thereto on Parent's website on the Internet at the website address listed on Schedule 5.1; or (ii) on which such documents are posted on Parent's behalf on an Internet or intranet website, if any, to which each Lender and Agent have access (whether a commercial, third-party website or whether sponsored by Agent); ~~provided, that:~~ (i) upon the written request of Agent, Parent shall deliver paper copies of such documents to Agent or any Lender that requests Parent to deliver such paper copies until a written request to cease delivering paper copies is given by Agent or such Lender and (ii) Parent shall notify Agent (by telecopier or electronic mail) of the posting of any such documents and provide to Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance Parent shall be required to provide paper copies of the Compliance Certificates required by this Section 5.1 to Agent. Except for such Compliance Certificates, Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by Parent with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

(c) Parent hereby acknowledges that (i) Agent and/or the Arrangers will make available to the Lenders materials and/or information provided by or on behalf of Parent hereunder (collectively, "Borrower Materials") by posting Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (ii) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to Parent or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. Parent hereby agrees that so long as Parent is the issuer of any outstanding debt or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities it will use commercially reasonable efforts to identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (A) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (B) by marking Borrower Materials "PUBLIC," Parent shall be deemed to have authorized Agent, the Arrangers and the Lenders to treat such Borrower Materials as not containing any material non-public information (although it may be sensitive and proprietary) with respect to Parent or its securities for purposes of United States Federal and state securities laws (provided, that, to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 17.9); (C) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (D) Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information."

5.2 Collateral Reporting. Provide Agent (and if so requested by Agent, with copies for each Lender) with each of the reports set forth on Schedule 5.2 at the times specified therein. In addition, each Borrower agrees to use commercially reasonable efforts in cooperation with Agent to facilitate and

establish a system of electronic collateral reporting in order to provide electronic reporting of each of the items set forth on such Schedule.

5.3 **Existence.** Except as otherwise permitted under Section 6.3 or Section 6.4, at all times maintain and preserve in full force and effect its existence (including being in good standing in its jurisdiction of organization) and all rights and franchises, licenses and permits material to its business where the failure to do so has or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; provided, that, no Loan Party or any of its Restricted Subsidiaries shall be required to preserve any such right or franchise, licenses or permits if such Person's board of directors (or similar governing body) shall determine that the failure to preserve it could not reasonably be expected to result in a Material Adverse Effect.

5.4 **Maintenance of Properties.** Maintain and preserve all of its assets that are necessary for the proper conduct of its business in good working order and condition, except for (a) ordinary wear, tear, and casualty, (b) Permitted Dispositions, or (c) in the case of assets other than Revolving Loan Priority Collateral where the failure to do so has or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and comply with the provisions of all leases to which it is a party as lessee, so as to prevent the loss or forfeiture thereof, (i) unless such provisions are the subject of a Permitted Protest, or (ii) where the failure to so comply has or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.5 **Taxes.** Cause all assessments and taxes imposed, levied, or assessed against any Loan Party or its Subsidiaries, or any of their respective assets or in respect of any of its income, businesses, or franchises to be paid in full, before delinquency or before the expiration of any extension period, except to the extent that the validity of such assessment or tax shall be the subject of a Permitted Protest and so long as, in the case of an assessment or tax that has become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such assessment or tax. Parent will and will cause each of its Subsidiaries to make timely payment or deposit of all tax payments and withholding taxes required of it and them by applicable laws, including those laws concerning F.I.C.A., F.U.T.A., state disability, and local, state, provincial and federal income taxes, and will, upon request, furnish Agent with proof reasonably satisfactory to Agent indicating that each Loan Party and its Subsidiaries have made such payments or deposits.

5.6 **Insurance.** At Borrowers' expense, maintain insurance respecting each of the Loan Parties' assets wherever located, covering liabilities, losses or damage as customarily are insured against by other Persons engaged in the same or similar businesses. All such policies of insurance shall be with financially sound insurance companies and in such amounts (after giving effect to any self insurance maintained consistent with the standards provided for herein) as is carried generally in accordance with sound business practice by companies in similar businesses similarly situated and located and in any event, as to any Revolving Loan Priority Collateral, in amounts, adequacy and scope reasonably satisfactory to Agent (and Agent acknowledges that based on the information provided to it on or prior to the date hereof with respect thereto, as to insurance coverage for the Revolving Loan Priority Collateral in effect on the date hereof, the amounts, adequacy and scope are reasonably satisfactory to it). Subject to the Term Loan Intercreditor Agreement, all property insurance policies covering the Collateral are to be made payable to Agent, as its interests may appear, in case of loss, pursuant to a standard loss payable endorsement with a standard non contributory "lender" or "secured party" clause and are to contain such other provisions as Agent may reasonably require to fully protect the Lenders' interest in the Collateral and to any payments to be made under such policies. All certificates of property and general liability insurance are to be delivered to Agent, with the loss payable (but only in respect of Collateral) and additional insured endorsements in favor of Agent and shall provide for not less than thirty (30) days (ten (10) days in the case of non-payment) prior written notice to Agent of the exercise of any right of

cancellation. If any Borrower fails to maintain such insurance, Agent may arrange for such insurance, but at such Borrower's expense and without any responsibility on Agent's part for obtaining the insurance, the solvency of the insurance companies, the adequacy of the coverage, or the collection of claims. Borrowers shall give Agent prompt notice of any loss exceeding \$3,000,000 covered by its casualty or business interruption insurance. Upon the occurrence and during the continuance of an Event of Default, subject to the terms of the Term Loan Intercreditor Agreement, Agent shall have the sole right to file claims under any property and general liability insurance policies in respect of the Collateral, to receive, receipt and give acquittance for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies. If any portion of any Mortgaged Property is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area with respect to which flood insurance has been made available under the National Flood Insurance Act of 1968 (as now or hereafter in effect or any successor act thereto), then Parent shall, or shall cause each Loan Party to, maintain, or cause to be maintained, with a financially sound insurer, flood insurances with respect to Mortgaged Property, as required by applicable Laws.

5.7 Inspection, Field Examinations, and Appraisals. Permit Agent and each of its duly authorized representatives or agents to visit any of its properties and inspect any of its assets or books and records, to conduct appraisals and valuations, to examine and make copies of its books and records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers and employees at such reasonable times and intervals as Agent may designate and, so long as no Event of Default exists and is continuing, with reasonable prior notice to Administrative Borrower all at such times and intervals as Agent may request, all at Borrower's expense, in each case subject to Section 17.9; provided, that, (a) as to field examinations, there shall be (i) no more than two (2) field examinations in any twelve (12) month period at the expense of Borrowers so long as (A) Excess Availability during such twelve (12) month period is not less than fifteen percent (15%) of the Maximum Credit or (B) US Excess Availability is not less than twelve and one-half percent (12.5%) of the Maximum Credit for any three (3) consecutive Business Days during such twelve (12) month period, (ii) no more than three (3) field examinations in any twelve (12) month period at the expense of Borrowers if at any time Excess Availability or US Excess Availability during such twelve (12) month period is less than the applicable amount specified in clause (a)(i) above, and (iii) such other field examinations as Agent may request at any time an Event of Default exists or has occurred and is continuing at the expense of Borrowers or otherwise at any other times during usual business hours and upon reasonable prior notice at the expense of Agent and Lenders to conduct such field examinations in accordance with Agent's customary practices and procedures and (b) as to appraisals, there shall be (i) no more than one (1) appraisal of each type of Collateral in any twelve (12) month period at the expense of Borrowers so long as (A) Excess Availability during such twelve (12) month period is not less than fifteen percent (15%) of the Maximum Credit or (B) US Excess Availability is not less than twelve and one-half percent (12.5%) of the Maximum Credit for any three (3) consecutive Business Days during such twelve (12) month period, (ii) no more than two (2) appraisals of each type of Collateral in any twelve (12) month period at the expense of Borrowers if at any time Excess Availability or US Excess Availability during such twelve (12) month period is less than the applicable amount specified in clause (b)(i) above, and (c) such other appraisals as Agent may request at any time a Default or an Event of Default exists or has occurred and is continuing at the expense of Borrowers or otherwise at any other times during usual business hours and upon reasonable prior notice at the expense of Agent and Lenders, with such appraisals to be performed in accordance with Agent's customary practices and procedures.

5.8 Compliance with Laws. Comply with the requirements of all applicable laws, rules, regulations, and orders of any Governmental Authority, other than laws, rules, regulations, and orders the

non-compliance with which, individually or in the aggregate, has, or could reasonably be expected to have, a Material Adverse Effect.

5.9 Environmental.

(a) Keep any property either owned or operated by Parent or its Subsidiaries free of any Environmental Liens or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens where the failure to do so, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect,

(b) Comply with Environmental Laws where the failure to do so, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect, and provide to Agent documentation of such compliance which Agent reasonably requests,

(c) Promptly notify Agent of any release of which any Borrower has knowledge of a Hazardous Material in any reportable quantity from or onto property owned or operated by Parent or its Subsidiaries where any such release, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect, and take any Remedial Actions required to abate said release or otherwise to come into compliance with applicable Environmental Law where the failure to do so, individually or in the aggregate, has or would reasonably be expected to have a Material Adverse Effect, and

(d) Promptly, but in any event within five (5) Business Days of its receipt thereof, provide Agent with written notice of any of the following: (i) notice that an Environmental Lien has been filed against any of the real or personal property of Parent or its Subsidiaries, (ii) commencement of any Environmental Action or written notice that an Environmental Action will be filed against Parent or its Subsidiaries, and (iii) written notice of a violation, citation, or other administrative order from a Governmental Authority where any such violation, citation or other administrative order, individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect.

5.10 Reserved.

5.11 Further Assurances.

(a) At the time that any Loan Party forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary (other than a subsidiary organized or incorporated under the laws of a jurisdiction other than a State of the United States, the United States, the District of Columbia, or a Province or Territory of Canada or Canada and other than any Excluded Subsidiary or an Unrestricted Subsidiary) after the Closing Date, such Loan Party shall (i) within thirty (30) days of such formation or acquisition (or such later date as permitted by Agent in its sole discretion) cause any such new Subsidiary to provide to Agent a joinder agreement to this Agreement, the Guaranty and the Security Agreement, together with such other security documents (and within sixty (60) days for any mortgages with respect to any Material Real Property owned by such new Subsidiary) as well as appropriate financing statements (and with respect to all property subject to a mortgage, fixture filings), and supplements and amendments hereto, all in form and substance reasonably satisfactory to Agent (including being sufficient to grant Agent a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary, including to make such Subsidiary a party to this Agreement as a "Borrower" if it owns accounts or inventory that would constitute Eligible Accounts and Eligible Inventory and otherwise as a "Guarantor"; provided, that, the foregoing shall not be required to be provided to Agent with respect to any Subsidiary of any Loan Party that is an Excluded Subsidiary, (ii) within thirty (30) days of such formation or acquisition (or such later date as permitted by Agent in its sole discretion) provide to Agent a

pledge agreement (or an addendum to the Security Agreement or Canadian Security Documents) and appropriate certificates and powers or financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary reasonably satisfactory to Agent; provided, that, only sixty-five percent (65%) of the total outstanding voting Equity Interests of any first tier Subsidiary of any Loan Party that is a CFC (and none of the Equity Interests of any Subsidiary of such CFC) shall be required to be pledged, and (iii) within sixty (60) days of such formation or acquisition (or such later date as permitted by Agent in its discretion) provide to Agent all other documentation, including one or more opinions of counsel reasonably satisfactory to Agent, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above (including policies of title insurance or other documentation with respect to all Material Real Property owned in fee and subject to a mortgage). Any document, agreement, or instrument executed or issued pursuant to this Section 5.11 shall be a Loan Document.

(b) At any time upon the reasonable request of Agent, execute or deliver to Agent any and all financing statements, fixture filings, security agreements, pledges, assignments, endorsements of certificates of title, mortgages, deeds of trust, opinions of counsel, and all other documents (the “Additional Documents”) that Agent may reasonably request in form and substance reasonably satisfactory to Agent, to create, perfect, and continue perfected or to perfect Agent’s Liens in all of the assets of Parent and its Subsidiaries (whether now owned or hereafter arising or acquired, tangible or intangible, real or personal), other than Excluded Subsidiaries and Unrestricted Subsidiaries, to create and perfect Liens in favor of Agent in any Material Real Property acquired by Parent or its Subsidiaries (other than an Excluded Subsidiary or an Unrestricted Subsidiary) after the Closing Date, and in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents. To the maximum extent permitted by applicable law, if Parent or any of its Subsidiaries (other than Excluded Subsidiaries) refuses or fails to execute or deliver any reasonably requested Additional Documents related to any Revolving Loan Priority Collateral within a reasonable period of time following the request to do so, Parent (on behalf of itself and such Subsidiaries) hereby authorizes Agent to execute any such Additional Documents to the extent related to Revolving Loan Priority Collateral in the applicable Loan Party’s or such Subsidiary’s name, as applicable, and authorizes Agent to file such executed Additional Documents in any appropriate filing office. In furtherance and not in limitation of the foregoing, each Loan Party shall take such actions as Agent may reasonably request from time to time so that the Obligations are guarantied by the Guarantors and are secured by substantially all of the assets of Parent and its Subsidiaries other than the Excluded Subsidiaries and Unrestricted Subsidiaries to the extent, and in any event subject to, the exceptions and limitations provided for herein.

5.12 Reserved.

5.13 Location of Inventory and Equipment. Keep each Loan Parties’ Inventory and Equipment (other than vehicles, Inventory and Equipment out for repair or in-transit) only at the locations identified on Schedule 4.28(a) and 4.28(b) and their chief executive offices only at the locations identified on Schedule 4.6(b) and any other locations, provided, that, (a) with respect to any location where Inventory or Equipment of the Loan Parties with a value in excess of \$250,000 is or is to be located, Administrative Borrower shall provide written notice to Agent not less than ten (10) days prior to the date on which such Inventory or Equipment is moved to such new location or such chief executive office is relocated, (b) in the case of US Loan Parties, such new location is within the continental United States and in the case of Canadian Loan Parties, such new location is within Canada, (c) the aggregate amount of all Inventory at locations where Agent has not received such notice shall not exceed \$2,500,000 and (d) at the time of such written notification, such Borrower uses its commercially reasonable efforts to provide Agent a Collateral Access Agreement with respect thereto. Borrowers agree that, except as Agent may otherwise determine, any Inventory at such new locations for which Agent has not received such written notice, shall not constitute Eligible Inventory.

5.14 **Applications under Insolvency Statutes.** Each Loan Party acknowledges that its business and financial relationships with Agent and Lenders are unique from its relationship with any other of its creditors, and agrees that it shall not file any plan of arrangement under the CCAA or make any proposal under the BIA which provides for, or would permit directly or indirectly, Agent or any Lender to be classified with any other creditor as an “affected” creditor for purposes of such plan or proposal or otherwise.

5.15 **Preparation of Environmental Reports.** If the Required Lenders have a reasonable basis to believe, based on information that is publicly available or provided to the Administrative Agent or the Lenders, that a material Environmental Liability has arisen at or in connection with any Mortgaged Property, then at the written request of the Required Lenders, the Borrower shall cause to be prepared an environmental site assessment report for any such Mortgaged Property described in such request, prepared by an environmental consulting firm reasonably acceptable to the Administrative Agent, indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance, removal or remedial action required under any applicable Environmental Law in connection with any Hazardous Materials on such properties.

5.16 **Post-Closing Matters.** Execute and Deliver the documents and complete the tasks set forth on Schedule 5.16, in each case within the time limits specified on such schedule (unless Agent, in its reasonable discretion, shall have agreed to any particular longer period).

6. NEGATIVE COVENANTS.

Each Loan Party covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations, the Loan Parties will not and will not permit any of their Restricted Subsidiaries to do any of the following:

6.1 **Indebtedness.** Create, incur, assume, suffer to exist, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except for Permitted Indebtedness.

6.2 **Liens.** Create, incur, assume, or suffer to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens.

6.3 Restrictions on Fundamental Changes.

(a) Merge, dissolve, liquidate, consolidate or amalgamate with or into another Person, or dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as on the date of any of the foregoing and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing:

(i) (A) any Non-Loan Party may merge, consolidate, amalgamate or liquidate with or into another Non-Loan Party, whether to effect a corporation reorganization or otherwise and (B) any Non-Loan Party or any Loan Party may merge, consolidate, amalgamate or liquidate with or into another Loan Party, including any such merger, consolidation or amalgamation, the purpose of which is to effect a corporate reorganization or to change the jurisdiction of Parent or any Subsidiary, so long as (1) in the case of any merger, consolidation or amalgamation of a Loan Party with a Non-Loan Party, the Loan Party is the surviving corporation and (2) in any merger, consolidation or amalgamation of a US Loan Party the survivor remains organized under the laws of a State within the United States and in the case of any Canadian Loan Party the survivor remains organized under the laws of a jurisdiction in Canada, and

in any case the Loan Parties are in compliance with, and comply with, the Loan Documents, provided, that, any Accounts or Inventory acquired by a Borrower from a Guarantor shall not be Eligible Accounts or Eligible Inventory until such time as Agent shall have completed a field examination with respect thereto and such other due diligence reasonably requested by Agent, in a manner and with results reasonably satisfactory to Agent;

(ii) any Loan Party may sell or otherwise dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to Parent or to another Loan Party;

(iii) any Non-Loan Party may dispose of all or substantially all its assets (including any disposition that is in the nature of a liquidation) to (A) another Non-Loan Party or (B) to a Loan Party, provided, that, any Accounts or Inventory acquired by a Borrower pursuant to such disposition shall not be Eligible Accounts or Eligible Inventory until such time as Agent shall have completed a field examination with respect thereto and such other due diligence reasonably requested by Agent, in a manner and with results reasonably satisfactory to Agent;

(iv) Parent and its Subsidiaries may consummate the ColorMatrix Acquisition;

(v) in connection with any Permitted Acquisition, any Subsidiary of Parent may merge into, or consolidate or amalgamate with, any other Person or permit any other Person to merge into, or consolidate or amalgamate with, it; provided that (A) the Person surviving such merger, consolidation or amalgamation shall be a Subsidiary of Parent and (B) in the case of any such merger, consolidation or amalgamation to which any Loan Party (other than Parent) is a party, such Loan Party is the surviving Person;

(vi) Parent and its Subsidiaries may consummate any Permitted Disposition.

(b) suspend or terminate all or a substantial portion of its or their business, except as permitted pursuant to this Section 6.3 or in connection with the transactions permitted pursuant to Section 6.4.

6.4 Disposal of Assets. Convey, sell, lease, license, assign, transfer, or otherwise dispose of any assets of Parent or any of its Restricted Subsidiaries, except for Permitted Dispositions or transactions expressly permitted by Sections 6.3 or 6.11.

6.5 Nature of Business. Engage in any material line of business substantially different from those lines of business conducted by Parent and its Restricted Subsidiaries on the date hereof or any business substantially related or incidental thereto.

6.6 Certain Payments of Debt and Amendments.

(a) Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (including by sinking fund payment or other acquisition for value), or otherwise set aside or deposit funds with a trustee therefor or hold restricted cash for such purpose before the date required for the purpose of paying any portion of such Indebtedness when due) any of its Indebtedness, or make any payment in violation of any subordination terms of any Indebtedness, except with respect to:

(i) the Indebtedness hereunder or under the other Loan Documents,

(ii) as to payments in respect of any other Permitted Indebtedness not subject to the provisions below in this Section 6.6, regularly scheduled or mandatory repayments or redemptions as and

when due in respect of such Indebtedness in accordance with the terms thereof (and in the case of Subordinated Debt if such payment is permitted at such time under the subordination terms and conditions set forth therein or applicable thereto);

(iii) the Indebtedness of any Non-Loan Party;

(iv) (A) regularly scheduled payments of principal and interest or other mandatory payments in each case as and when due in accordance with the terms of the Term Loan Documents (other than those subject to clause (B) hereof), and (B) payments in respect of the principal amount of the Term Loan Indebtedness based on excess cash flow of Parent or any of its Subsidiaries or similar measures; provided, that, no such payment based on excess cash flow or such similar measures may be made unless each of the following conditions is satisfied: (1) the daily average of the Excess Availability during the immediately preceding forty-five (45) consecutive day period shall have been not less than fifteen percent (15%) of the Maximum Credit and the Excess Availability at any time during the immediately preceding forty-five (45) consecutive day period shall have been not less than ten percent (10%) of the Maximum Credit, and after giving effect to such payment, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment, the Excess Availability shall be not less than fifteen percent (15%) of the Maximum Credit, and (2) as of the date of any such payment and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing, provided, that, in the event that any such payments based on excess cash flow or similar measures may not be made at any time as a result of the failure to satisfy the conditions set forth above, any such payment may be made thereafter at any time that such conditions are satisfied,

(v) optional prepayments and redemptions of Indebtedness; provided, that, as to any such optional prepayment or redemption, each of the following conditions is satisfied:

(A) as of the date of such optional prepayment or redemption, and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing;

(B) (1) the daily average of the Excess Availability during the immediately preceding forty-five (45) consecutive day period shall have been not less than twenty percent (20%) of the Maximum Credit, (2) the Excess Availability at all times time during the immediately preceding forty-five (45) consecutive day period shall have been not less than ten percent (10%) of the Maximum Credit, (3) the daily average of the US Excess Availability during the immediately preceding forty-five (45) consecutive day period shall have been not less than fifteen percent (15%) of the Maximum Credit and (4) the US Excess Availability at all times time during the immediately preceding forty-five (45) consecutive day period shall have been not less than ten percent (10%) of the Maximum Credit, and after giving effect to any such payment in respect thereof, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment, the Excess Availability and the US Excess Availability shall be not less than the applicable amounts specified above,

(C) Agent shall have received reasonably satisfactory monthly projections for the period that is the lesser of six (6) months or until the end of the then current fiscal year after the date of such payment showing, on a pro forma basis after giving effect to the payment, (1) minimum Excess Availability at all times during such period of not less than twenty percent (20%) of the Maximum Credit and (2) minimum US Excess Availability at all times during such period of not less than fifteen percent (15%) of the Maximum Credit; provided, that, this clause (C) shall not be applicable so long as: (x) the amount of any such prepayment or redemption is less than \$20,000,000 and the aggregate amount of all such optional prepayments or redemption in any fiscal year of Parent are less than \$30,000,000 and (y) at the time of making any such optional prepayment or redemption, the sum of the Excess Availability plus

Qualified Cash is greater than \$125,000,000 (and on and after any assets of ColorMatrix Group, Inc. or any of its Subsidiaries may be included in the Borrowing Base, greater than \$140,000,000);

(D) Agent shall have received prior written notice of any such prepayment or redemption specifying the Indebtedness such prepayment or redemption is related to, the amounts and the anticipated date of the prepayment or redemption, provided, that, this clause (D) shall not be applicable so long as: (x) the amount of any such prepayment or redemption is less than \$20,000,000 and the aggregate amount of all such optional prepayments or redemption in any fiscal year of Parent are less than \$30,000,000 and (y) at the time of making any such optional prepayment or redemption, the sum of the Excess Availability plus Qualified Cash is greater than \$125,000,000 (and on and after any assets of ColorMatrix Group, Inc. or any of its Subsidiaries may be included in the Borrowing Base, greater than \$140,000,000);

(vi) so long as no Default or Event of Default exists or has occurred and is continuing, optional prepayments of principal in respect of Indebtedness evidenced by the 2015 Notes,

(vii) the termination, satisfaction or defeasance of the Series G Guarantee,

(viii) prepayments in respect of Indebtedness with proceeds of Refinancing Indebtedness as permitted in the definition of the term Permitted Indebtedness;

(ix) optional prepayments and redemptions of Indebtedness solely with the proceeds of the issuance and sale of Equity Interests of Parent, provided, that, as of the date of any such prepayment or redemption, and after giving effect thereto, no Event of Default shall exist or have occurred and be continuing;

(x) optional prepayments by a Loan Party of Indebtedness owing to another Loan Party, optional prepayments by a Non-Loan Party of Indebtedness owing to another Non-Loan Party and optional prepayments by a Non-Loan Party of Indebtedness owing to a Loan Party;

(b) Directly or indirectly, to amend, modify, or change (or permit the amendment, modification or other change in any manner of) any of the terms or provisions of:

(i) any agreements, documents or instruments in respect of any Subordinated Debt or any agreements related to the Indebtedness permitted under clauses (b), (o), and (p) of the definition of Permitted Indebtedness, except (A) to the extent permitted under any intercreditor or subordination agreement applicable thereto or (B) with written notice to Agent prior to or contemporaneously therewith, any amendment, modification or other change to the terms thereof to make the terms thereof in any manner materially adverse to Agent or Lenders taken as a whole (it being understood that if the Weighted Average Life to Maturity of such Indebtedness after giving effect thereto is less than the Weighted Average Life to Maturity immediately prior to giving effect thereto in any material respect, or if the change is to make the covenants and events of default more restrictive or burdensome, in each case in any material respect taken as a whole as to any such amendments effective at or about the same time, or to adversely affect the ability of a Loan Party to borrow hereunder or to amend, modify, renew or supplement the terms of this Agreement or any of the other Loan Documents, it shall in any event be so materially adverse) and in the case of Subordinated Debt, only after prior written notice to Agent;

(ii) the Governing Documents of any Loan Party, except for amendments, modifications or other changes that are not materially adverse to Agent and Lenders taken as a whole and do not adversely affect in any material respect the ability of a Loan Party to borrow hereunder or to amend, modify, renew or supplement the terms of this Agreement or any of the other Loan Documents.

6.7 Burdensome Agreements. Enter into or permit to exist any encumbrance or restriction (other than this Agreement or any other Loan Document, the Term Loan Documents, or documents governing the 2015 Notes, the 2020 Notes and the Series G Guarantee) that (a) limits the ability (i) of any Subsidiary to make Restricted Payments to any Loan Party or to otherwise transfer property to or invest in any Loan Party, (ii) of any Subsidiary to guarantee the Indebtedness of any Loan Party or (iii) of Parent or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person; provided, that, this clause (iii) shall not prohibit any negative pledge incurred or provided in favor of any holder of Permitted Purchase Money Indebtedness solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person; ~~provided, that, this Section 6.7~~ shall not prohibit (i) restrictions contained in any agreement in effect (A) (1) on the date hereof and set forth on Schedule 6.7 and (2) to the extent the restrictions permitted by clause (1) are set forth in an agreement evidencing Indebtedness, are set forth in any agreement evidencing any Refinancing Indebtedness in respect of such Indebtedness so long as such renewal, extension or refinancing does not expand the scope of the restrictions described in clause (a) or (b) that are contained in such agreement or (B) at the time any Subsidiary becomes a Subsidiary of Parent, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of Parent, (ii) restrictions that are binding on a Restricted Subsidiary at the time such Restricted Subsidiary first becomes a Restricted Subsidiary, so long as such restriction was not entered into in contemplation of such Person becoming a Restricted Subsidiary, (iii) restrictions that arise in connection with any Permitted Disposition, (iv) are customary provisions in joint venture agreements and other similar agreements applicable to joint ventures constituting Permitted Investments, (v) any restrictions imposed by any agreement related to Indebtedness constituting Permitted Indebtedness under clause (r) of the definition of such term or Refinancing Indebtedness with respect thereto, to the extent such restrictions are not more restrictive, taken as a whole, than the restrictions contained in this Agreement and in any event permit Liens on the Collateral to secure the Obligations, (vi) are customary restrictions on leases, subleases, licenses or asset sale agreements otherwise permitted hereby so long as such restrictions may relate to the assets subject thereto, (vii) comprise restrictions or Liens imposed by any agreement relating to Permitted Purchase Money Indebtedness to the extent that such restrictions apply only to the property or assets securing such Indebtedness or (viii) are customary provisions restricting subletting or assignment of any lease governing a leasehold interest.

6.8 Restricted Payments. Declare or make, or pay, directly or indirectly, any Restricted Payment, except:

- (a) each Restricted Subsidiary of Parent may make Restricted Payments to a Loan Party;
- (b) each Non-Loan Party may make Restricted Payments to another Non-Loan Party or to a Loan Party;
- (c) Parent and each Subsidiary may declare and make dividend payments or other distributions payable solely in Equity Interests of such Person (other than Disqualified Equity Interests);
- (d) Parent and each Subsidiary may purchase, redeem or otherwise acquire its common Equity Interests with the proceeds received from the substantially concurrent issue of new common Equity Interests;
- (e) any Subsidiary of Parent may pay or make distributions to Parent that are used to make substantially contemporaneous payments to, and Parent may make payments to, repurchase or redeem Equity Interests and options to purchase Equity Interests of Parent held by officers, directors or employees or former officers, directors or employees (or their transferees, estates or beneficiaries under

their estates) of Parent pursuant to any management equity subscription agreement, employee agreement or stock option agreement or other agreement with such officer, director or employee or former officer, director or employee; provided, that, the aggregate cash consideration paid for all such payments, repurchases or redemptions shall not in any fiscal year of Parent exceed \$2,000,000;

(f) Parent may repurchase its Equity Interests to the extent such repurchase is deemed to occur upon (i) the non-cash exercise of stock options to the extent such Equity Interests represents a portion of the exercise price of such options and (ii) the withholding of a portion of such Equity Interests to pay taxes associated therewith,

(g) the purchase of fractional shares of Equity Interests of Parent or any Subsidiary arising out of stock dividends, splits or combinations or business combinations; and

(h) Loan Parties may make other Restricted Payments not otherwise expressly provided for in this Section 6.8 in the case of any such Restricted Payments, provided, that, each of the following conditions is satisfied:

(i) as of the date of such Restricted Payment, and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing,

(ii) (A) the daily average of the Excess Availability during the immediately preceding forty-five (45) consecutive day period shall have been not less than twenty percent (20%) of the Maximum Credit, (B) the Excess Availability at all times during the immediately preceding forty-five (45) consecutive day period shall have been not less than ten percent (10%) of the Maximum Credit, (C) the daily average of the US Excess Availability during the immediately preceding forty-five (45) consecutive day period shall have been not less than fifteen percent (15%) of the Maximum Credit, and (D) the US Excess Availability at all times during the immediately preceding forty-five (45) consecutive day period shall have been not less than ten percent (10%) of the Maximum Credit, and after giving effect to any such Restricted Payment in respect thereof, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment, the Excess Availability and the US Excess Availability shall be not less than the applicable amounts specified above,

(iii) Agent shall have received reasonably satisfactory monthly projections for the period that is the lesser of six (6) months or until the end of the then current fiscal year after the date of such Restricted Payment showing, on a pro forma basis after giving effect to the Restricted Payment, (A) minimum Excess Availability at all times during such period of not less than twenty percent (20%) of the Maximum Credit and (B) minimum US Excess Availability at all times during such period of not less than fifteen percent (15%) of the Maximum Credit, provided, that, this clause (iii) shall not be applicable in respect of the repurchase by Parent of its Equity Interests so long as the aggregate amount of all such Restricted Payments in the 2012 fiscal year of Parent are less than \$50,000,000 and in any fiscal year of Parent thereafter are less than \$40,000,000;

(iv) Agent shall have received prior written notice of any such Restricted Payment specifying the amounts, the type of payment (such as dividend, repurchase of shares, redemption of shares or other type), the shares in respect of which the dividend is being paid or the shares that are being repurchased or redeemed and the anticipated date of the payment (or, if prior written notice is not required pursuant to the following proviso, Administrative Borrower shall use commercially reasonable efforts to provide Agent notice within five (5) Business Days after such Restricted Payment is made), provided, that, the prior written notice required under this clause (iv) shall not be applicable so long as the aggregate amount of all such Restricted Payments in the 2012 fiscal year of Parent are less than \$50,000,000 and the

aggregate amount of all such Restricted Payments in any fiscal year of Parent thereafter are less than \$40,000,000;

(i) any transaction permitted under Section 6.3 or a Permitted Disposition to the extent constituting a Restricted Payment.

6.9 **Accounting Methods.** Modify or change its fiscal year or its method of accounting (other than as may be permitted under, and in accordance with, GAAP); provided, that, in the event of any such modification or change to the method of accounting after the date hereof that affects the covenants in Section 7 hereof, Administrative Borrower may by notice to Agent, or Agent may, and at the request of Required Lenders shall, by notice to Administrative Borrower request that Agent and the Administrative Borrower negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such modification or change (subject to the approval of the Required Lenders); provided, that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with the method of accounting under GAAP prior to such modification or change and (b) Administrative Borrower shall provide to Agent and Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such modification or change.

6.10 **Investments; Controlled Investments.** Directly or indirectly, make or acquire any Investment, except for Permitted Investments.

6.11 **Transactions with Affiliates.** Directly or indirectly, enter into any transaction of any kind with an Affiliate of Parent, whether or not in the ordinary course of business, other than on fair and reasonable terms no less favorable to Parent or such Subsidiary than Parent or such Subsidiary would obtain in a comparable arm's length transaction with a person that is not an Affiliate, except for:

(a) any employment, consulting, severance or compensation arrangement or agreement, employee benefit plan or arrangement, officer or director indemnification agreement or any similar arrangement or other compensation arrangement entered into by Parent or any of its Subsidiaries in the ordinary course of business and payments, issuance of securities or awards pursuant thereto, and including the grant of stock options, restricted stock, stock appreciation rights, phantom stock awards or similar rights to employees and directors in each case approved by the Board of Directors of such Parent or such Subsidiary;

(b) transactions exclusively between or among Loan Parties (or any person becoming a Loan Party upon the consummation of such transaction), and transactions exclusively between or among Non-Loan Parties (or any Person becoming a Subsidiary of parent upon the consummation of such transaction), provided that such transactions are not otherwise prohibited by this Agreement;

(c) the direction by Parent of the environmental remediation activities with respect to certain Real Property of Altona Properties Pty Ltd., and including making arrangements for the payment of the costs of remediation with the proceeds of Permitted Investments by Parent in such person.

6.12 **Use of Proceeds.** Use the proceeds of any loan made hereunder for any purpose other than (a) on the Closing Date, (i) to repay, in full, the outstanding principal, accrued interest, and accrued fees and expenses owing under or in connection with the Existing Credit Facility, the Existing Securitization Facility and the 2012 Notes and (ii) to pay transactional fees, costs, and expenses incurred in connection with this Agreement, the other Loan Documents, the ColorMatrix Acquisition and the transactions contemplated hereby and thereby, and (b) thereafter, consistent with the terms and conditions hereof, for their lawful and general corporate purposes (including that no part of the proceeds of the loans made to

Borrowers will be used to purchase or carry any such Margin Stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates the provisions of Regulation T, U or X of the Board of Governors of the United States Federal Reserve).

6.13 **Specified Canadian Pension Plans.** Maintain, sponsor, administer, contribute to, participate in or assume or incur any liability in respect of any Specified Canadian Pension Plan, or acquire an interest in any Person if such Person sponsors, administers, contributes to, participates in or has any liability in respect of, any Specified Canadian Pension Plan.

6.14 **Designation of Senior Debt.** Designate any Indebtedness (other than the Indebtedness under the Loan Documents and the Term Loan Facility) of Parent or any of its Subsidiaries as "Designated Senior Debt" (or any similar term) under, and as defined in, any Subordinated Debt.

6.15 **2020 Notes.** Permit or give rise to any Indebtedness or obligation that will require the granting of a security interest, lien or other encumbrance to holders of the 2020 Notes.

7. **FINANCIAL COVENANTS.** Each Borrower covenants and agrees that, until termination of all of the Commitments and payment in full of the Obligations:

7.1 **Fixed Charge Coverage Ratio.** At any time that (i) Excess Availability is less than ten percent (10%) of the Maximum Credit for any one (1) Business Day, (b) US Excess Availability is less than seven and one-half percent (7.5%) of the Maximum Credit for any (1) one Business Day, (c) Excess Availability is less than twelve and one-half percent (12.5%) of the Maximum Credit for any three (3) consecutive Business Days or (d) US Excess Availability is less than ten percent (10%) of the Maximum Credit for any three (3) consecutive Business Days, the Fixed Charge Coverage Ratio of Parent and its Subsidiaries (on a consolidated basis), for the most recently ended period of twelve (12) consecutive months for which Agent has received financial statements, shall not be less than 1.10 to 1.00.

7.2 **Capital Expenditures.** Parent and its Restricted Subsidiaries shall not make or become legally obligated to make any Capital Expenditure, except for Capital Expenditures not exceeding, in the aggregate for Parent and its Restricted Subsidiaries during each fiscal year set forth below, the amount set forth opposite such fiscal year:

<u>Fiscal Year</u>	<u>Amount</u>
Closing date to December 31, 2011	\$25,000,000
2012	\$90,000,000
2013	\$75,000,000
2014	\$65,000,000
2015 and each fiscal year thereafter	\$60,000,000

provided, that, so long as no Default or Event of Default exists or has occurred and is continuing or would result from such expenditure, (a) any portion of any amount set forth above, if not expended in the fiscal year for which it is permitted above, may be carried over for expenditure in the next following fiscal year;

and (b) if any such amount is so carried over, it will be deemed used in the applicable subsequent fiscal year before the amount set forth opposite such fiscal year above.

8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an event of default (each, an “Event of Default”) under this Agreement:

8.1 **Non-Payment.** Borrowers or any other Loan Party fail to pay when due and payable, or when declared due and payable, (a) all or any portion of the principal of the Obligations (b) pay within three (3) days after the same becomes due, any of the Obligations consisting of interest, or any fee due hereunder, or (iii) pay within five (5) days after the same becomes due, any other amount payable hereunder or under any other Loan Document;

8.2 **Specific Covenants.** Any Loan Party or any of its Restricted Subsidiaries fails to perform or observe any covenant or other agreement contained in any of (a) Sections 5.1, 5.2, 5.3 (solely as it relates to good standing in its jurisdiction of organization), 5.6, 5.7 (solely if any Borrower refuses to allow Agent or its representatives or agents to visit such Borrower’s properties, inspect its assets or books or records, examine and make copies of its books and records, or discuss such Borrower’s affairs, finances, and accounts with officers and employees of such Borrower as required by such Section), 5.11(a), or 5.13, of this Agreement, (b) Sections 6.1 through 6.15 of this Agreement, (c) Section 7 of this Agreement, (d) Sections 3.4, 6.2 (b) and (d), 6.3 and 6.4 of the Security Agreement, or (e) Sections 3.4, 6.2 (b) and (d), 6.3 and 6.4 of the Canadian Security Documents;

8.3 **Other Defaults.**

(a) Any Loan Party fails to perform or observe any covenant or other agreement contained in Section 5.13 of this Agreement, and such failure continues for a period of five (5) Business Days in the case of a new location of a chief executive office or of Inventory having a value in excess of \$250,000 (or if the Inventory for which Agent has failed to receive notice of the location exceeds \$2,500,000 in the aggregate);

(b) Any Loan Party or any of its Restricted Subsidiaries fails to perform or observe any covenant or other agreement contained in this Agreement, or in any of the other Loan Documents, in each case, other than any such covenant or agreement that is the subject of another provision of this Section 8 (in which event such other provision of this Section 8 shall govern), and such failure continues for a period of thirty (30) days after the earlier of (a) an Authorized Officer of any Loan Party becoming aware of such default or (b) receipt by such Loan Party of notice from Agent or any Lender of such default;

8.4 **Representations and Warranties.** Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith that is qualified as to materiality or Material Adverse Effect shall be incorrect or misleading and any of the same that is not so qualified shall be incorrect or misleading in any material respect, in each case when made or deemed made;

8.5 **Cross-Default.** Any Loan Party or any of its Restricted Subsidiaries (a) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (other than Indebtedness hereunder) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$35,000,000, or (b) fails to observe or perform any other agreement or condition relating to any such Indebtedness or contained in

any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (including the beneficiary or beneficiaries of any Indebtedness arising pursuant to a guarantee, or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause (whether or not exercised), with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or otherwise to become payable or cash collateral in respect thereof to be demanded, provided, that, this Section shall not apply to secured Indebtedness that becomes due (and is paid in full and otherwise discharged within five (5) Business Days of initially becoming due (as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, if such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness;

8.6 Insolvency Proceedings, Etc. Any Loan Party or any of its Restricted Subsidiaries (other than any Immaterial Subsidiary) commences any Insolvency Proceeding or any Insolvency Proceeding is commenced against a Loan Party or any of its Subsidiaries and any of the following events occurs: (a) such Loan Party or such Subsidiary consents to the institution of such Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted, (c) the petition commencing the Insolvency Proceeding is not dismissed within sixty (60) calendar days of the date of the filing thereof, (d) an interim trustee is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, such Loan Party or its Subsidiary, or (e) an order for relief shall have been issued or entered therein;

8.7 Inability to Pay Debts; Attachment. (a) Any Loan Party or any of its Restricted Subsidiaries becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (b) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty (30) days after its issue or levy or a stay of enforcement thereof is not in effect;

8.8 Judgments. There is entered against any Loan Party or any of its Restricted Subsidiaries (a) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding \$35,000,000 or which in the aggregate with the amounts of any liabilities described in Section 8.9 below, exceeding \$50,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of the potential claim and does not dispute or decline coverage), or (b) any one or more final judgments other than for the payment of money, that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (i) enforcement proceedings are commenced by any creditor upon such judgment or order, (ii) there is a period of thirty (30) consecutive days at any time after the entry of any such judgment, order, or award during which the same is not discharged, satisfied, vacated, or bonded pending appeal, or (iii) a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

8.9 ERISA. (a) An ERISA Event occurs which has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA in an aggregate amount in excess of the \$35,000,000, or which in the aggregate with amounts described in Section 8.8 and Section 8.9(b) below, are in excess of \$50,000,000 or (b) any Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA in an aggregate amount in excess of \$35,000,000, or which in the aggregate with amounts described in Section 8.8 and Section 8.9(a) above, are in excess of \$50,000,000;

8.10 **Invalidity of Loan Documents.** The validity or enforceability of any provisions of any Loan Document shall at any time for any reason (other than solely as the result of an action or failure to act on the part of Agent or other than as a result of a transaction expressly permitted hereunder or after the payment in full of the Obligations) cease to be in full force and effect or be declared to be null and void, or any Loan Party or its Subsidiaries purport to revoke, terminate or rescind any provision of any Loan Document, or a proceeding shall be commenced by a Loan Party or its Subsidiaries, or by any Governmental Authority having jurisdiction over a Loan Party or its Subsidiaries, seeking to establish the invalidity or unenforceability thereof, or a Loan Party or its Subsidiaries shall deny that such Loan Party or its Subsidiaries has any liability or obligation purported to be created under any Loan Document;

8.11 **Change of Control.** There occurs any Change of Control;

8.12 **Collateral Documents.** The Security Agreement or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and, except to the extent set forth in the Term Loan Intercreditor Agreement, and to the extent of Permitted Liens that have priority, first priority Lien on (a) the Revolving Loan Priority Collateral purported to be covered thereby or (b) Collateral other than Revolving Loan Priority Collateral, in any one case or in the aggregate as to such Collateral under this clause (b), having a fair market value in excess of \$35,000,000 (except in each case as a result of a transaction permitted under this Agreement), or the subordination provisions contained in any agreement related to any Subordinated Debt shall cease to be in full force and effect or to give Agent or Lenders the rights, powers and privileges purported to be created thereby;

8.13 **Forfeiture of Collateral.** The indictment by any Governmental Authority, or indictment threatened in writing, by any Governmental Authority of any Loan Party of which any Loan Party or Agent receives notice, as to which there is a reasonable possibility of an adverse determination, under any criminal statute, or commencement or threatened commencement of criminal or civil proceedings against such Loan Party, in each case pursuant to which statute or proceedings the penalties or remedies sought or available include forfeiture of (a) any of the Revolving Loan Priority Collateral, (b) any of the Collateral, other than Revolving Loan Priority Collateral, in any one case or in the aggregate as to such Collateral under this clause (b), having a value in excess of \$35,000,000 or (c) any other property of any Loan Party which is necessary or material to the conduct of its business.

9. RIGHTS AND REMEDIES.

9.1 **Rights and Remedies.** Upon the occurrence and during the continuation of an Event of Default, Agent may, and, at the instruction of the Required Lenders, shall (in each case under clauses (a) or (b) by written notice to Administrative Borrower), in addition to any other rights or remedies provided for hereunder or under any other Loan Document or by applicable law, do any one or more of the following:

(a) declare the Obligations (other than the Bank Product Obligations), whether evidenced by this Agreement or by any of the other Loan Documents immediately due and payable, whereupon the same shall become and be immediately due and payable and Borrowers shall be obligated to repay all of such Obligations in full, without presentment, demand, protest, or further notice or other requirements of any kind, all of which are hereby expressly waived by each Borrower;

(b) declare the Commitments terminated, whereupon the Commitments shall immediately be terminated together with (i) any obligation of any Lender hereunder to make Revolving Loans, (ii) the obligation of the Swing Lender to make Swing Loans, and (iii) the obligation of the Issuing Lender to issue Letters of Credit; and

(c) exercise all other rights and remedies available to Agent or the Lenders under the Loan Documents or applicable law.

The foregoing to the contrary notwithstanding, upon the occurrence of any Event of Default described in Section 8.6, in addition to the remedies set forth above, without any notice to any Borrower or any other Person or any act by the Lender Group, the Commitments shall automatically terminate and the Obligations (other than the Bank Product Obligations), inclusive of all accrued and unpaid interest thereon and all fees and all other amounts owing under this Agreement or under any of the other Loan Documents, shall automatically and immediately become due and payable and Borrowers shall be obligated to repay all of such Obligations in full, without presentment, demand, protest, or notice of any kind, all of which are expressly waived by each Loan Party.

At any time that (i) there is a “Guarantor Event of Default” (as defined in the Series G Guarantee) or (ii) an “Event of Default” (as defined in the Note Purchase Agreement with respect to the Series G Notes) or (iii) any other event or occurrence that gives rise to the rights or remedies of any holder or holders of the Series G Notes (or party or parties entitled to the benefit of the Series G Guarantee) that are the same (or substantially the same or in any event requires payment under the Series G Guarantee) as the events described in clauses (i) and (ii), or (iv) in the event of the actual exercise by any of the holders of the Series G Notes or other party entitled to the benefit of the Series G Guarantee of any rights or remedies under the terms of the Series G Guarantee or the Series G Guarantee Security Agreement or otherwise as a secured creditor (including as the holder of a judgment lien) of any Loan Party against a material portion of the Collateral (provided, that, such exercise is not subject to any stay or otherwise enjoined at the time of the payment referred to below), Agent may, at its election, or at the direction of Required Lenders shall, (a) in the event that the Company is required to make a payment under Section 2.1 of the Series G Guarantee, make payment of all amounts owing under or in respect of the Series G Guarantee to any such holders or beneficiaries (or agent or other representative of such holders or beneficiaries) or to any court to hold for the benefit of such holders or beneficiaries or (b) in the event of a Guarantor Event of Default, purchase on behalf of the Company the Series G Notes as provided in Section 2.2 of the Series G Guarantee, in which case such Series G Notes shall become the property of the Company. In the event that the payment is a result of a Guarantor Event of Default, then to the extent that such payment may be deemed a purchase of the Series G Notes under Section 2.2 of the Series G Guarantee, the Series G Notes so purchased shall be the property of the Company.

Upon such payment, the amount of the Series G Guarantee Reserve shall be reduced by the amount of such payment and such payment shall be deemed a Revolving Loan hereunder and part of the Obligations, notwithstanding the existence of any Event of Default or the failure of any other condition precedent. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, Agent is authorized by Borrowers and the Lenders to make such Revolving Loans. Such Revolving Loans shall bear interest at the rate applicable to Base Rate Loans.

Loan Parties waive any claims against Agent and Lenders in connection with any such payment and agree not to assert any claims against Agent or any Lender in connection with such payment, except in the case of gross negligence or willful misconduct of Agent or such Lender as determined pursuant to a final, non-appealable order of a court of competent jurisdiction.

9.2 Remedies Cumulative. The rights and remedies of the Lender Group under this Agreement, the other Loan Documents, and all other agreements shall be cumulative. The Lender Group shall have all other rights and remedies not inconsistent herewith as provided under the Code, the PPSA, by law, or in equity. No exercise by the Lender Group of one right or remedy shall be deemed an election, and no waiver by the Lender Group of any Event of Default shall be deemed a continuing waiver. No delay by the Lender Group shall constitute a waiver, election, or acquiescence by it.

9.3 Appointment of a Receiver. Upon the occurrence and during the continuance of an Event of Default, Agent may seek the appointment of a receiver, manager or receiver and manager (a “Receiver”) under the laws of Canada or any province thereof to take possession of all or any portion of the Collateral of any Loan Party or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a Receiver without the requirement of prior notice or a hearing. Any such Receiver shall, to the extent permitted by law, so far as concerns responsibility for his/her acts, be deemed to be an agent of such Loan Party and not Agent and the Lenders, and Agent and the Lenders shall not be in any way responsible for any misconduct, negligence or nonfeasance on the part of any such Receiver, or his/her servants or employees, absent the gross negligence, bad faith or willful misconduct of the Agent or the Lenders as determined pursuant to a final, non-appealable order of a court of competent jurisdiction. Subject to the provisions of the instrument appointing him/her, any such Receiver shall have power to take possession of Collateral of any Loan Party, to preserve Collateral of such Loan Party or its value, to carry on or concur in carrying on all or any part of the business of such Loan Party and to sell, lease, license or otherwise dispose of or concur in selling, leasing, licensing or otherwise disposing of Collateral of such Loan Party. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including a Loan Party, enter upon, use and occupy all premises owned or occupied by a Loan Party wherein Collateral of such Loan Party may be situated, maintain Collateral of a Loan Party upon such premises, borrow money on a secured or unsecured basis and use Collateral of a Loan Party directly in carrying on such Loan Party’s business or as security for loans or advances to enable the Receiver to carry on such Loan Party’s business or otherwise, as such Receiver shall, in its discretion, determine. Except as may be otherwise directed by Agent, all money received from time to time by such Receiver in carrying out his/her appointment shall be received in trust for and paid over to Agent. Every such Receiver may, in the discretion of Agent, be vested with all or any of the rights and powers of Agent and the Lenders. Agent may, either directly or through its nominees, exercise any or all powers and rights given to a Receiver by virtue of the foregoing provisions of this paragraph.

9.4 Collection Allocation Mechanism.

(a) On the first date after the Closing Date on which there shall occur an Event of Default under Section 8.6 or the acceleration of Obligations pursuant to Section 9 (the “CAM Exchange Date”), (i) each Lender shall immediately be deemed to have acquired (and shall promptly make payment therefor to the Agent in accordance with Section 2.2(b) or 2.2(e)) participations in the Swing Loans, in an amount equal to such Lender’s Pro Rata Share of each US Swing Loan outstanding on such date, (ii) each Lender shall immediately be deemed to have acquired (and shall promptly make payment therefor to the Agent in accordance with Section 2.9) participations in the Obligations with respect to each Letter of Credit in an amount equal to such Lender’s Pro Rata Share of the aggregate amount available to be drawn under such Letter of Credit, and (iii) the Lenders shall automatically and without further act be deemed to have exchanged interests in the Revolving Loans and participations in the Swing Loans and Letters of Credit, such that in lieu of the interest of each Lender in each Revolving Loan and the Obligations with respect to each Swing Loan and Letter of Credit in which it shall participate as of such date (including such Lender’s interest in the Obligations, Guaranties and Collateral of each Loan Party in respect thereof), such Lender shall hold an interest in every one of the Revolving Loans and a participation in all of the Obligations in respect of Swing Loans and Letters of Credit (including the Obligations, Guaranties and Collateral of each Loan Party in respect thereof), whether or not such Lender shall previously have participated therein, equal to such Lender’s CAM Percentage thereof (the foregoing exchange being referred to as the “CAM Exchange”). Each Lender and each Loan Party hereby consents and agrees to the CAM Exchange, and each Lender agrees that the CAM Exchange shall be binding upon its successors and assigns and any person that acquires a participation in its interests in any Revolving Loan or any participation in any Swing Loan or Letter of Credit. Each Loan Party agrees from time to time to execute and deliver to the Agent all such promissory notes and other instruments and documents as the Agent shall reasonably request to evidence and confirm the respective interests of the Lenders after giving effect

to the CAM Exchange, and each Lender agrees to surrender any promissory notes originally received by it in connection with its Revolving Loans hereunder to the Agent against delivery of any promissory notes evidencing its interests in the Revolving Loans so executed and delivered; provided, that, the failure of any Loan Party to execute or deliver or of any Lender to accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

(b) As a result of the CAM Exchange, upon and after the CAM Exchange Date, each payment received by Agent pursuant to any Loan Document in respect of any of the Obligations related to the Revolving Loans, the Letters of Credit and the Swing Loans, and all fees, costs and expenses arising out of or related to any of the foregoing, in each case as provided in the Loan Documents, and each distribution made by the Agent in respect of such Obligations, shall be distributed to the Lenders pro rata in accordance with their respective CAM Percentages. Any direct payment received by a Lender upon or after the CAM Exchange Date, including by way of setoff, in respect of an Obligation shall be paid over to the Agent for distribution to the Lenders in accordance herewith.

(c) The provisions of this Section 9.4 are solely an agreement among the Lenders and Agent for the purpose of allocating risk and the Loan Parties have no additional obligations with respect thereto.

(d) For purposes of this Section 9.4, "CAM Percentage" means, as to each Lender, a fraction, expressed as a percentage, of which (i) the numerator shall be the US Dollar Equivalent of the aggregate amount of any Obligations owed to such Lender pursuant to the Loan Documents in respect of Revolving Loans, Letters of Credit and Swing Loans (including, without duplication, as to participations in Letters of Credit and Swing Loans), and fees, costs and expenses with respect to any of the foregoing, whether or not then due and payable, in each case immediately prior to the CAM Exchange Date, and (ii) the denominator shall be the US Dollar Equivalent of the aggregate amount of any Obligations owed to Lenders pursuant to the Loan Documents in respect of Revolving Loans, Letters of Credit and Swing Loans (including, without duplication, as to participations in Letters of Credit and Swing Loans), and fees, costs and expenses with respect to any of the foregoing, whether or not then due and payable, in each case immediately prior to the CAM Exchange Date.

10. WAIVERS; INDEMNIFICATION.

10.1 **Demand; Protest; etc.** Each Borrower waives demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Lender Group pursuant to the Loan Documents on which such Borrower may in any way be liable.

10.2 **The Lender Group's Liability for Collateral.** Each Borrower hereby agrees that: (a) so long as Agent complies with its obligations, if any, under the Code and the PPSA, the Lender Group shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by Borrowers.

10.3 **Indemnification.** Borrowers shall pay, indemnify, defend, and hold the Agent-Related Persons, the Lender-Related Persons, and each Participant (each, an "**Indemnified Person**") harmless (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, liabilities, fines, costs, penalties, and damages, and all reasonable fees and disbursements of one counsel retained by Agent on behalf of the Indemnified Persons, experts, or consultants and all other costs and expenses actually incurred in connection therewith or in connection

with the enforcement of this indemnification (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution and delivery (provided that Borrowers shall not be liable for costs and expenses (including attorneys fees) of any Lender (other than WFCF) incurred in advising, structuring, drafting, reviewing, administering or syndicating the Loan Documents), enforcement, performance, or administration (including any restructuring or workout with respect hereto) of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby or the monitoring of Parent's and its Subsidiaries' compliance with the terms of the Loan Documents (provided, that, the indemnification in this clause (a) shall not extend to (i) disputes solely between or among the Lenders or (ii) disputes solely between or among the Lenders and their respective Affiliates; it being understood and agreed that the indemnification in this clause (a) shall extend to Agent (but not the Lenders) relative to disputes between or among Agent on the one hand, and one or more Lenders, or one or more of their Affiliates, on the other hand, or (iii) any Taxes or any costs attributable to Taxes, which shall be governed by Section 16), (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto, and (c) in connection with or arising out of any presence or release of Hazardous Materials at, on, under, to or from any assets or properties owned, leased or operated by Parent or any of its Subsidiaries or any Environmental Actions, Environmental Liabilities or Remedial Actions related in any way to any such assets or properties of Parent or any of its Subsidiaries (each and all of the foregoing, the "Indemnified Liabilities"). The foregoing to the contrary notwithstanding, no Borrower shall have any obligation to any Indemnified Person under this Section 10.3 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the bad faith, gross negligence or willful misconduct of such Indemnified Person or its officers, directors, employees, attorneys, or agents as determined pursuant to a final non-appealable order of a court of competent jurisdiction. This provision shall survive the termination of this Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which any Borrower was required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by Borrowers with respect thereto. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.**

11. NOTICES.

Unless otherwise provided in this Agreement, all notices or demands relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as a party may designate in accordance herewith), or telefacsimile. In the case of notices or demands to Loan Parties or Agent, as the case may be, they shall be sent to the respective address set forth below:

If to Loan Parties: PolyOne Corporation
 33587 Walker Road
 Avon Lake, Ohio 44012
 Attn: Treasurer
 Fax No. (440) 930-3064

with copies to: PolyOne Corporation
33587 Walker Road
Avon Lake, Ohio 44012
Attn: Secretary
Fax No. (440) 930-3064

If to Agent: Wells Fargo Capital Finance, LLC
One Boston Place
Boston, Massachusetts 02108
Attn: Portfolio Manager - PolyOne
Fax No. (617) 523-3077

with copies to: Otterbourg, Steindler, Houston & Rosen, P.C.
230 Park Avenue
New York, New York 10169
Attn: David W. Morse, Esq.
Fax No. (917) 368-7122

Any party hereto may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 11, shall be deemed received on the earlier of the date of actual receipt or three (3) Business Days after the deposit thereof in the mail; provided, that (a) notices sent by overnight courier service shall be deemed to have been given when received, (b) notices by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient) and (c) notices by electronic mail shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment).

12. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.

(a) **THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

(b) **THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK; PROVIDED, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH LOAN PARTY AND EACH MEMBER OF THE LENDER GROUP WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO**

ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 12(b).

(c) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH LOAN PARTY AND EACH MEMBER OF THE LENDER GROUP HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH LOAN PARTY AND EACH MEMBER OF THE LENDER GROUP REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

(d) EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF NEW YORK AND THE STATE OF NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT AGENT MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

13. ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS.

13.1 Assignments and Participations.

(a) Any Lender may at any time assign to one or more Eligible Transferees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Obligations at the time owing to it and its participation interests in Letters of Credit, Swing Loans and Overadvances), provided, that, any such assignment shall be subject to the following conditions:

(i) The aggregate amount of the Commitment or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Obligations of the assigning Lender subject to such assignment shall be not less than \$5,000,000, unless the Agent otherwise consents, except that such minimum amount shall not apply to (A) an assignment or delegation by any Lender to any other Lender, an Affiliate of any Lender or an Related Fund or (B) a group of new Lenders, each of which is an Affiliate of each other or a Related Fund of such new Lender to the extent that the aggregate amount to be assigned to all such new Lenders is at least \$5,000,000 or (C) in the case of an assignment of the entire remaining amount of the assigning Lender’s Commitment and/or Obligations at the time owing to it;

(ii) Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(iii) No consent shall be required for any assignment except: (A) the consent of the Administrative Borrower shall be required, which consent shall not be unreasonably withheld, conditioned or delayed; provided, that (1) Administrative Borrower shall be deemed to have consented to a proposed assignment unless it objects thereto by written notice to Agent within ten (10) Business Days after having received notice thereof and (2) no consent of Administrative Borrower shall be required for an assignment to another Lender, an Affiliate of a Lender, a Related Fund or, if Default or an Event of Default has occurred and is continuing or at any time prior to a Successful Syndication (as such term is defined in the Fee Letter) and (B) the consent of the Agent shall be required.

(iv) The parties to each assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with a processing fee of \$3,500, provided, that Agent may, in its discretion, elect to reduce or waive such processing fee in the case of any assignment, and the assignee, if it is not a Lender, shall deliver to the Agent an administrative questionnaire in a form reasonably satisfactory to Agent.

(v) No such assignment shall be made to (A) a Loan Party or an Affiliate of a Loan Party, (B) any Defaulting Lender or any of its Subsidiaries or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender or one of its Subsidiaries, (C) a natural Person and (D) any holder of subordinated debt of a Loan Party to the extent Agent has written notice that such Person is a holder of such subordinated debt.

(vi) Borrowers and Agent may continue to deal solely and directly with a Lender in connection with the interest so assigned to an Assignee until (A) written notice of such assignment, together with payment instructions, addresses, and related information with respect to the Assignee, have been given to Administrative Borrower and Agent by such Lender and the Assignee, (B) such Lender and its Assignee have delivered to Administrative Borrower and Agent an Assignment and Acceptance and Agent has notified the assigning Lender of its receipt thereof in accordance with this Section 13.1(b) and the satisfaction of the other conditions herein.

(b) From and after the date that Agent notifies the assigning Lender (with a copy to Borrowers) that it has received an executed Assignment and Acceptance and, if applicable, payment of the required processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall be a "Lender" and shall have the rights and obligations of a Lender under the Loan Documents, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (except with respect to Section 10.3) and be released from any future obligations under this Agreement (and in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement and the other Loan Documents, such Lender shall cease to be a party hereto and thereto); provided, that, nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender's obligations under Section 15 and Section 17.9(a).

(c) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the Assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity,

enforceability, genuineness, sufficiency or value of this Agreement or any other Loan Document furnished pursuant hereto, (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under this Agreement or any other Loan Document furnished pursuant hereto, (iii) such Assignee confirms that it has received a copy of this Agreement, together with such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance, (iv) such Assignee will, independently and without reliance upon Agent, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement, (v) such Assignee appoints and authorizes Agent to take such actions and to exercise such powers under this Agreement and the other Loan Documents as are delegated to Agent, by the terms hereof and thereof, together with such powers as are reasonably incidental thereto, and (vi) such Assignee agrees that it will perform all of the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(d) Immediately upon Agent's receipt of the required processing fee, if applicable, and delivery of notice to the assigning Lender pursuant to Section 13.1(b), this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Lender pro tanto.

(e) Any Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons (a "Participant") participating interests in all or any portion of its Obligations, its Commitment, and the other rights and interests of that Lender (the "Originating Lender") hereunder and under the other Loan Documents; provided, that, (i) the Originating Lender shall remain a "Lender" for all purposes of this Agreement and the other Loan Documents and the Participant receiving the participating interest in the Obligations, the Commitments, and the other rights and interests of the Originating Lender hereunder shall not constitute a "Lender" hereunder or under the other Loan Documents and the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) Borrowers, Agent, and the Lenders shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Loan Documents, (iv) no Lender shall transfer or grant any participating interest under which the Participant has the right to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment to, or consent or waiver with respect to this Agreement or of any other Loan Document would (A) extend the final maturity date of the Obligations hereunder in which such Participant is participating, (B) reduce the interest rate applicable to the Obligations hereunder in which such Participant is participating, (C) release all or substantially all of the Collateral or guaranties (except to the extent expressly provided herein or in any of the Loan Documents) supporting the Obligations hereunder in which such Participant is participating, (D) postpone the payment of, or reduce the amount of, the interest or fees payable to such Participant through such Lender (other than a waiver of default interest), or (E) decreases the amount or postpones the due dates of scheduled principal repayments or prepayments or premiums payable to such Participant through such Lender, and (v) all amounts payable by Borrowers hereunder shall be determined as if such Lender had not sold such participation, except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement. The rights of any Participant only shall be derivative through the Originating Lender with whom such Participant participates and no Participant shall have any rights under this Agreement or the other Loan Documents

or any direct rights as to the other Lenders, Agent, Loan Parties, the Collections of Loan Parties, the Collateral, or otherwise in respect of the Obligations. No Participant shall have the right to participate directly in the making of decisions by the Lenders among themselves.

(f) In connection with any such assignment or participation or proposed assignment or participation or any grant of a security interest in, or pledge of, its rights under and interest in this Agreement, a Lender may, subject to the provisions of Section 17.9, disclose all documents and information which it now or hereafter may have relating to Parent and its Subsidiaries and their respective businesses.

(g) Any other provision in this Agreement notwithstanding, any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CFR §203.24, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

13.2 Successors. This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, that, no Borrower may assign this Agreement or any rights or duties hereunder without the Lenders' prior written consent and any prohibited assignment shall be absolutely void ab initio. No consent to assignment by the Lenders shall release any Borrower from its Obligations. A Lender may assign this Agreement and the other Loan Documents and its rights and duties hereunder and thereunder pursuant to Section 13.1 and, except as expressly required pursuant to Section 13.1, no consent or approval by any Borrower is required in connection with any such assignment.

14. AMENDMENTS; WAIVERS.

14.1 Amendments and Waivers.

(a) No amendment, waiver or other modification of any provision of this Agreement or any other Loan Document (other than Bank Product Agreements or the Fee Letter), and no consent with respect to any departure by any Loan Party therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders (or by Agent at the written request of the Required Lenders) and the Loan Parties that are party thereto and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given; provided, that, (i) no such waiver, amendment, or consent shall, unless in writing and signed by all of the Lenders directly affected thereby and all of the Loan Parties that are party thereto, do any of the following:

(A) increase the amount of or extend the expiration date of any Commitment of any Lender or amend, modify, or eliminate the last sentence of Section 2.3(c)(i),

(B) extend, postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees, or other amounts due hereunder or under any other Loan Document,

(C) reduce the principal of, or the rate of interest on, any loan or other extension of credit hereunder, or reduce any fees or other amounts payable hereunder or under any other Loan Document (except (1) in connection with the waiver of applicability of Section 2.4(b) (which waiver shall be effective with the written consent of the Required Lenders), and (2) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or a reduction of fees for purposes of this clause (iii)),

(D) amend, modify, or eliminate this Section or any provision of this Agreement providing for consent or other action by all Lenders,

(E) amend, modify, or eliminate Section 15.11,

(F) release Agent's Lien in and to any of the Collateral, except as permitted by Section 15.11,

(G) amend, modify, or eliminate the definition of "Supermajority Lenders", "Required Lenders" or "Pro Rata Share",

(H) except as otherwise permitted by Section 15.11(a), contractually subordinate any of Agent's Liens,

(I) release any Borrower or any Guarantor from any obligation for the payment of money or consent to the assignment or transfer by any Borrower or any Guarantor of any of its rights or duties under this Agreement or the other Loan Documents, except in connection with a merger, liquidation, dissolution or sale of such Person expressly permitted by the terms hereof or the other Loan Documents,

(J) amend, modify, or eliminate any of the provisions of Section 2.2(d) or Section 2.3(b)(i), (ii) or (iii) or Section 2.3(e)(i),

(K) amend, modify, or eliminate any of the provisions of Section 13.1(a) to permit a Loan Party or an Affiliate of a Loan Party to be permitted to become an Assignee, or

(ii) no such waiver, amendment, or consent shall, unless in writing and signed by the Supermajority Lenders, amend, modify, or eliminate the definition of US Borrowing Base or Canadian Borrowing Base or any of the defined terms that are used in such definition (including the definitions of Eligible Accounts and Eligible Inventory) to the extent that any such change results in more credit being made available to Borrowers based upon the US Borrowing Base or Canadian Borrowing Base, but not otherwise, or the definitions of US Maximum Credit or Canadian Maximum Credit, or change Sections 2.1(e) or (f) (but exclusive of the right of Agent to eliminate or reduce the amount of reserves).

(b) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive (i) the definition of, or any of the terms or provisions of, the Fee Letter, without the written consent of Agent and Borrowers (and shall not require the written consent of any of the Lenders), and (ii) any provision of Section 15 pertaining to Agent, or any other rights or duties of Agent under this Agreement or the other Loan Documents, without the written consent of Agent, Borrowers, and the Required Lenders. Notwithstanding anything to the contrary contained in this Agreement or the other Loan Documents, the consent of Loan Parties and Lenders shall not be required for the exercise by Agent of any of its rights under this Agreement in accordance with the terms of this Agreement with respect to reserves, or the US Borrowing Base or Canadian Borrowing Base or any of the defined terms (including the definitions of Eligible Accounts and Eligible Inventory) that are used therein.

(c) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Issuing Lender, or any other rights or duties of Issuing Lender under this Agreement or the other Loan Documents, without the written consent of Issuing Lender, Agent, Borrowers, and the Required Lenders,

(d) No amendment, waiver, modification, elimination, or consent shall amend, modify, or waive any provision of this Agreement or the other Loan Documents pertaining to Swing Lender, or any other rights or duties of Swing Lender under this Agreement or the other Loan Documents, without the written consent of Swing Lender, Agent, Borrowers, and the Required Lenders,

(e) Anything in this Section 14.1 to the contrary notwithstanding, (i) any amendment, modification, elimination, waiver, consent, termination, or release of, or with respect to, any provision of this Agreement or any other Loan Document that relates only to the relationship of the Lender Group among themselves, and that does not affect the rights or obligations of any Loan Party, shall not require consent by or the agreement of any Loan Party, and (ii) any amendment, waiver, modification, elimination, or consent of or with respect to any provision of this Agreement or any other Loan Document may be entered into without the consent of, or over the objection of, any Defaulting Lender other than any of the matters governed by Section 14.1(a)(i)(A), (B) or (C).

14.2 Replacement of Certain Lenders.

(a) If (i) any action to be taken by the Lender Group or Agent hereunder requires the consent, authorization, or agreement of all Lenders or all Lenders affected thereby and if such action has received the consent, authorization, or agreement of the Required Lenders but not of all Lenders or all Lenders affected thereby, or (ii) any Lender makes a claim for compensation under Section 16, then Borrowers or Agent, upon at least five (5) Business Days prior irrevocable notice, may permanently replace any Lender that failed to give its consent, authorization, or agreement (a “Non-Consenting Lender”) or any Lender that made a claim for compensation (a “Tax Lender”) with one or more Replacement Lenders, and the Non-Consenting Lender or Tax Lender, as applicable, shall have no right to refuse to be replaced hereunder. Such notice to replace the Non-Consenting Lender or Tax Lender, as applicable, shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given.

(b) Prior to the effective date of such replacement, the Non-Consenting Lender or Tax Lender, as applicable, and each Replacement Lender shall execute and deliver an Assignment and Acceptance, subject only to the Non-Consenting Lender or Tax Lender, as applicable, being repaid in full its share of the outstanding Obligations (without any premium or penalty of any kind whatsoever, but including (i) all interest, fees and other amounts that may be due in payable in respect thereof, and (ii) an assumption of its Pro Rata Share of participations in the Letters of Credit). If the Non-Consenting Lender or Tax Lender, as applicable, shall refuse or fail to execute and deliver any such Assignment and Acceptance prior to the effective date of such replacement, Agent may, but shall not be required to, execute and deliver such Assignment and Acceptance in the name or and on behalf of the Non-Consenting Lender or Tax Lender, as applicable, and irrespective of whether Agent executes and delivers such Assignment and Acceptance, the Non-Consenting Lender or Tax Lender, as applicable, shall be deemed to have executed and delivered such Assignment and Acceptance. The replacement of any Non-Consenting Lender or Tax Lender, as applicable, shall be made in accordance with the terms of Section 13.1. Until such time as one or more Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Non-Consenting Lender or Tax Lender, as applicable, hereunder and under the other Loan Documents, the Non-Consenting Lender or Tax Lender, as applicable, shall remain obligated to make the Non-Consenting Lender’s or Tax Lender’s, as applicable, Pro Rata Share of Revolving Loans and to purchase a participation in each Letter of Credit, in an amount equal to its Pro Rata Share of such Letters of Credit.

14.3 No Waivers; Cumulative Remedies. No failure by Agent or any Lender to exercise any right, remedy, or option under this Agreement or any other Loan Document, or delay by Agent or any Lender in exercising the same, will operate as a waiver thereof. No waiver by Agent or any Lender will

be effective unless it is in writing, and then only to the extent specifically stated. No waiver by Agent or any Lender on any occasion shall affect or diminish Agent's and each Lender's rights thereafter to require strict performance by each Loan Party of any provision of this Agreement. Agent's and each Lender's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Agent or any Lender may have.

15. AGENT; THE LENDER GROUP.

15.1 **Appointment and Authorization of Agent.** Each Lender hereby designates and appoints WFCF as its agent under this Agreement and the other Loan Documents and each Lender hereby irrevocably authorizes (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to designate, appoint, and authorize) Agent to execute and deliver each of the other Loan Documents on its behalf and to take such other action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to Agent by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Agent agrees to act as agent for and on behalf of the Lenders (and the Bank Product Providers) on the conditions contained in this **Section 15**. Any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document notwithstanding, Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender (or Bank Product Provider), and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against Agent. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement or the other Loan Documents with reference to Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only a representative relationship between independent contracting parties. Each Lender hereby further authorizes (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent to act as the secured party under each of the Loan Documents that create a Lien on any item of Collateral. Except as expressly otherwise provided in this Agreement, Agent shall have and may use its sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions that Agent expressly is entitled to take or assert under or pursuant to this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, or of any other provision of the Loan Documents that provides rights or powers to Agent, Lenders agree that Agent shall have the right to exercise the following powers as long as this Agreement remains in effect: (a) maintain, in accordance with its customary business practices, ledgers and records reflecting the status of the Obligations, the Collateral, the Collections of Parent and its Subsidiaries, and related matters, (b) execute or file any and all financing or similar statements or notices, amendments, renewals, supplements, documents, instruments, proofs of claim, notices and other written agreements with respect to the Loan Documents, (c) make Revolving Loans, for itself or on behalf of Lenders, as provided in the Loan Documents, (d) exclusively receive, apply, and distribute the Collections of Parent and its Subsidiaries as provided in the Loan Documents, (e) open and maintain such bank accounts and cash management arrangements as Agent deems necessary and appropriate in accordance with the Loan Documents for the foregoing purposes with respect to the Collateral and the Collections of Parent and its Subsidiaries, (f) perform, exercise, and enforce any and all other rights and remedies of the Lender Group with respect to Parent or its Subsidiaries, the Obligations, the Collateral, the Collections of Parent and its Subsidiaries, or otherwise related to any of same as provided in the Loan Documents, and (g) incur and pay such Lender Group Expenses as Agent may deem necessary or appropriate for the performance and fulfillment of its functions and powers pursuant to the Loan Documents.

15.2 **Delegation of Duties.** Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys in fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Agent shall not be responsible for the negligence or misconduct of any agent or attorney in fact that it selects as long as such selection was made without gross negligence or willful misconduct.

15.3 **Liability of Agent.** None of the Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Lenders (or Bank Product Providers) for any recital, statement, representation or warranty made by Parent or any of its Subsidiaries or Affiliates, or any officer or director thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of Parent or its Subsidiaries or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lenders (or Bank Product Providers) to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the books and records or properties of Parent or its Subsidiaries.

15.4 **Reliance by Agent.** Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, telefacsimile or other electronic method of transmission, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Lender), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless Agent shall first receive such advice or concurrence of the Lenders as it deems appropriate and until such instructions are received, Agent shall act, or refrain from acting, as it deems advisable. If Agent so requests, it shall first be indemnified to its reasonable satisfaction by the Lenders (and, if it so elects, the Bank Product Providers) against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders (and Bank Product Providers).

15.5 **Notice of Default or Event of Default.** Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest, fees, and expenses required to be paid to Agent for the account of the Lenders and, except with respect to Events of Default of which Agent has actual knowledge, unless Agent shall have received written notice from a Lender or any Borrower referring to this Agreement, describing such Default or Event of Default, and stating that such notice is a “notice of default.” Agent promptly will notify the Lenders of its receipt of any such notice or of any Event of Default of which Agent has actual knowledge. If any Lender obtains actual knowledge of any Event of Default, such Lender promptly shall notify the other Lenders and Agent of such Event of Default. Each Lender shall be solely responsible for giving any notices to its Participants, if any. Subject to Section 15.4, Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with Section 9; provided, that, unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

15.6 **Credit Decision.** Each Lender (and Bank Product Provider) acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by Agent hereinafter taken, including any review of the affairs of Parent and its Subsidiaries or Affiliates, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender (or Bank Product Provider). Each Lender represents (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to represent) to Agent that it has, independently and without reliance upon any Agent-Related Person and based on such due diligence, documents and information as it has deemed appropriate, made its own appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of any Borrower or any other Person party to a Loan Document, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to Borrowers. Each Lender also represents (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to represent) that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of any Borrower or any other Person party to a Loan Document. Except for notices, reports, and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender (or Bank Product Provider) with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any Borrower or any other Person party to a Loan Document that may come into the possession of any of the Agent-Related Persons. Each Lender acknowledges (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that Agent does not have any duty or responsibility, either initially or on a continuing basis (except to the extent, if any, that is expressly specified herein) to provide such Lender (or Bank Product Provider) with any credit or other information with respect to any Borrower, its Affiliates or any of their respective business, legal, financial or other affairs, and irrespective of whether such information came into Agent's or its Affiliates' or representatives' possession before or after the date on which such Lender became a party to this Agreement (or such Bank Product Provider entered into a Bank Product Agreement).

15.7 **Costs and Expenses; Indemnification.** Agent may incur and pay Lender Group Expenses to the extent Agent reasonably deems necessary or appropriate for the performance and fulfillment of its functions, powers, and obligations pursuant to the Loan Documents, including court costs, attorneys fees and expenses, fees and expenses of financial accountants, advisors, consultants, and appraisers, costs of collection by outside collection agencies, auctioneer fees and expenses, and costs of security guards or insurance premiums paid to maintain the Collateral, whether or not Borrowers are obligated to reimburse Agent or Lenders for such expenses pursuant to this Agreement or otherwise. To the extent any Loan Parties are required to reimburse Agent for such Lender Group Expenses, Agent is authorized and directed to deduct and retain sufficient amounts from the Collections of Parent and its Subsidiaries received by Agent to reimburse Agent for such out-of-pocket costs and expenses prior to the distribution of any amounts to Lenders (or Bank Product Providers). In the event Agent is not reimbursed for such costs and expenses by Parent or its Subsidiaries, each Lender hereby agrees that it is and shall be obligated to pay to Agent such Lender's Pro Rata Share thereof. Whether or not the transactions contemplated hereby are consummated, each of the Lenders, on a ratable basis, shall indemnify and defend the Agent-Related Persons (to the extent not reimbursed by or on behalf of Borrowers and without limiting the obligation of Borrowers to do so) from and against any and all Indemnified Liabilities; provided, that, no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct nor shall any Lender be liable for the obligations of any Defaulting Lender in failing to make a Revolving Loan or other extension of credit hereunder. Without limitation of the foregoing, each Lender shall

reimburse Agent upon demand for such Lender's Pro Rata Share of any costs or out of pocket expenses (including attorneys, accountants, advisors, and consultants fees and expenses) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment, or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any other Loan Document to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrowers. Notwithstanding anything to the contrary contained herein, Lenders shall be liable and indemnify Agent-Related Persons only for Indemnified Liabilities and other costs and expenses that relate to or arise from an Agent-Related Person acting as or for Agent (in its capacity as Agent). The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agent.

15.8 Agent in Individual Capacity. WFCF and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire equity interests in, and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Document as though WFCF were not Agent hereunder, and, in each case, without notice to or consent of the other members of the Lender Group. The other members of the Lender Group acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, WFCF or its Affiliates may receive information regarding Borrowers or their Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Borrowers or such other Person and that prohibit the disclosure of such information to the Lenders (or Bank Product Providers), and the Lenders acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver Agent will use its reasonable best efforts to obtain), Agent shall not be under any obligation to provide such information to them. The terms "Lender" and "Lenders" include WFCF in its individual capacity.

15.9 Successor Agent. Agent may resign as Agent upon thirty (30) days prior written notice to the Lenders (unless such notice is waived by the Required Lenders) and Administrative Borrower (unless such notice is waived by Borrowers) and without any notice to the Bank Product Providers. If Agent resigns under this Agreement, the Required Lenders shall be entitled, with (so long as no Event of Default has occurred and is continuing) the consent of Administrative Borrower (such consent not to be unreasonably withheld, delayed, or conditioned), appoint a successor Agent for the Lenders (and the Bank Product Providers). If, at the time that Agent's resignation is effective, it is acting as the Issuing Lender or the Swing Lender, such resignation shall also operate to effectuate its resignation as the Issuing Lender or the Swing Lender, as applicable, and it shall automatically be relieved of any further obligation to issue Letters of Credit, to cause the Underlying Issuer to issue Letters of Credit, or to make Swing Loans. If no successor Agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with the Lenders and Administrative Borrower, a successor Agent from among Lenders (unless no Lender is willing to accept such appointment, then otherwise as Agent determines). If Agent has materially breached or failed to perform any material provision of this Agreement or of applicable law, the Required Lenders may agree in writing to remove and replace Agent with a successor Agent from among the Lenders with (so long as no Event of Default has occurred and is continuing) the consent of Borrowers (such consent not to be unreasonably withheld, delayed, or conditioned). In any such event, upon the acceptance of its appointment as successor Agent hereunder, such successor Agent shall succeed to all the rights, powers, and duties of the retiring Agent and the term "Agent" shall mean such successor Agent and the retiring Agent's appointment, powers, and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 15 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor Agent has accepted appointment as Agent by the date which is thirty (30) days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon

become effective and the Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Lenders appoint a successor Agent as provided for above.

15.10 **Lender in Individual Capacity.** Any Lender and its respective Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, provide Bank Products to, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with Parent and its Subsidiaries and Affiliates and any other Person party to any Loan Documents as though such Lender were not a Lender hereunder without notice to or consent of the other members of the Lender Group (or the Bank Product Providers). The other members of the Lender Group acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, pursuant to such activities, such Lender and its respective Affiliates may receive information regarding Parent or their Affiliates or any other Person party to any Loan Documents that is subject to confidentiality obligations in favor of Parent or such other Person and that prohibit the disclosure of such information to the Lenders, and the Lenders acknowledge (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to acknowledge) that, in such circumstances (and in the absence of a waiver of such confidentiality obligations, which waiver such Lender will use its reasonable best efforts to obtain), such Lender shall not be under any obligation to provide such information to them.

15.11 **Collateral Matters.**

(a) The Lenders hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent to release any Lien on any of the Collateral (i) upon termination of the Commitments and payment and satisfaction of all of the Obligations, or (ii) constituting property being sold or disposed of if Administrative Borrower or any Loan Party certifies to Agent that the sale or disposition is not prohibited by Section 6.4 (and Agent may rely conclusively on any such certificate, without further inquiry), or (iii) constituting property in which any Loan Party did not own an interest at the time the security interest, mortgage or lien was granted or at any time thereafter, or (iv) having a value in the aggregate in any twelve (12) month period of less than \$5,000,000, and to the extent Agent may release its Lien on any such Collateral pursuant to the sale or other disposition thereof, such sale or other disposition shall be deemed consented to by Lenders, or (v) if required or permitted under the terms of any of the other Loan Documents, including any intercreditor agreement, or (vi) constituting property leased to a Loan Party under a lease that has expired or is terminated, or (vii) subject to Section 14.1 and the Security Agreement, if the release is approved, authorized or ratified in writing by the Required Lenders. In no event shall the consent or approval of an Issuing Lender to any release of Collateral be required. Nothing contained herein shall be construed to require the consent of any Bank Product Provider to any release of any Collateral or termination of security interests in any Collateral. Upon request by Agent or any Borrower at any time, the Lenders will (and if so requested, the Bank Product Providers will) confirm in writing Agent's authority to release any such Liens on particular types or items of Collateral pursuant to this Section 15.11; provided, that, (1) Agent shall not be required to execute any document necessary to evidence such release on terms that, in Agent's opinion, would expose Agent to liability or create any obligation or entail any consequence other than the release of such Lien without recourse, representation, or warranty, and (2) such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of any Borrower in respect of) all interests retained by any Loan Party, including, the proceeds of any sale, all of which shall continue to constitute part of the Collateral. The Lenders further hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent, at its option and in its sole discretion, to subordinate any Lien granted to or held by Agent under any Loan Document to the holder of any Permitted Lien on such property if such Permitted Lien secures Permitted Purchase Money Indebtedness.

(b) The Loan Parties and the Lenders hereby irrevocably authorize (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to authorize) Agent, based upon the instruction of the Required Lenders, to (A) consent to, credit bid or purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale thereof conducted under the provisions of the Bankruptcy Code or other bankruptcy or insolvency laws, including under Section 363 of the Bankruptcy Code, (B) credit bid or purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any sale or other disposition thereof conducted under the provisions of the Code or the PPSA, including pursuant to Sections 9-610 or 9-620 of the Code, or (C) credit bid or purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral at any other sale or foreclosure conducted by Agent (whether by judicial action or otherwise) in accordance with applicable law. In connection with any such credit bid or purchase, the Obligations owed to the Lenders and the Bank Product Providers shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims being estimated for such purpose if the fixing or liquidation thereof would not unduly delay the ability of Agent to credit bid or purchase at such sale or other disposition of the Collateral and, if such claims cannot be estimated without unduly delaying the ability of Agent to credit bid, then such claims shall be disregarded, not credit bid, and not entitled to any interest in the asset or assets purchased by means of such credit bid) and the Lenders and the Bank Product Providers whose Obligations are credit bid shall be entitled to receive interests (ratably based upon the proportion of their Obligations credit bid in relation to the aggregate amount of Obligations so credit bid) in the asset or assets so purchased (or in the Equity Interests of the acquisition vehicle or vehicles that are used to consummate such purchase).

(c) Agent shall have no obligation whatsoever to any of the Lenders (or the Bank Product Providers) to assure that the Collateral exists or is owned by a Loan Party or is cared for, protected, or insured or has been encumbered, or that Agent's Liens have been properly or sufficiently or lawfully created, perfected, protected, or enforced or are entitled to any particular priority, or that any particular items of Collateral meet the eligibility criteria applicable in respect thereof or whether to impose, maintain, reduce, or eliminate any particular reserve hereunder or whether the amount of any such reserve is appropriate or not, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Agent pursuant to any of the Loan Documents, it being understood and agreed that in respect of the Collateral, or any act, omission, or event related thereto, subject to the terms and conditions contained herein, Agent may act in any manner it may deem appropriate, in its sole discretion given Agent's own interest in the Collateral in its capacity as one of the Lenders and that Agent shall have no other duty or liability whatsoever to any Lender (or Bank Product Provider) as to any of the foregoing, except as otherwise provided herein.

15.12 Restrictions on Actions by Lenders; Sharing of Payments.

(a) Each of the Lenders agrees that it shall not, without the express written consent of Agent and only to the extent it is lawfully entitled to do so, set off against the Obligations, any amounts owing by such Lender to Parent or its Subsidiaries or any deposit accounts of Parent or its Subsidiaries now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so in writing by Agent, take or cause to be taken any action, including, the commencement of any legal or equitable proceedings to enforce any Loan Document against any Borrower or any Guarantor or to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If, at any time or times any Lender shall receive (i) by payment, foreclosure, setoff, or otherwise, any proceeds of Collateral or any payments with respect to the Obligations, except for any such proceeds or payments received by such Lender from Agent pursuant to the terms of this Agreement,

or (ii) payments from Agent in excess of such Lender's Pro Rata Share of all such distributions by Agent, such Lender promptly shall (A) turn the same over to Agent, in kind, and with such endorsements as may be required to negotiate the same to Agent, or in immediately available funds, as applicable, for the account of all of the Lenders and for application to the Obligations in accordance with the applicable provisions of this Agreement, or (B) purchase, without recourse or warranty, an undivided interest and participation in the Obligations owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Pro Rata Shares; provided, that, to the extent that such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment. Notwithstanding anything to the contrary contained herein, to the extent that cash collateral has been specifically pledged by a Borrower to a Lender prior to the date hereof to secure the Bank Product Obligations owing to such Lender, such Lender may apply such cash collateral to such Bank Product Obligations, after notice to Agent, and shall only be required to comply with this Section 15.12(b) as to such cash collateral to the extent that the amount of such cash collateral exceeds the applicable Bank Product Obligations.

15.13 **Agency for Perfection.** Agent hereby appoints each other Lender (and each Bank Product Provider) as its agent (and each Lender hereby accepts (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to accept) such appointment) for the purpose of perfecting Agent's Liens in assets which, in accordance with Article 8 or Article 9, as applicable, of the Code or in accordance with the PPSA can be perfected by possession or control. Should any Lender obtain possession or control of any such Collateral, such Lender shall notify Agent thereof, and, promptly upon Agent's request therefor shall deliver possession or control of such Collateral to Agent or in accordance with Agent's instructions.

15.14 **Payments by Agent to the Lenders.** All payments to be made by Agent to the Lenders (or Bank Product Providers) shall be made by bank wire transfer of immediately available funds pursuant to such wire transfer instructions as each party may designate for itself by written notice to Agent. Concurrently with each such payment, Agent shall identify whether such payment (or any portion thereof) represents principal, premium, fees, or interest of the Obligations.

15.15 **Concerning the Collateral and Related Loan Documents.** Each member of the Lender Group authorizes and directs Agent to enter into this Agreement and the other Loan Documents. Each member of the Lender Group agrees (and by entering into a Bank Product Agreement, each Bank Product Provider shall be deemed to agree) that any action taken by Agent in accordance with the terms of this Agreement or the other Loan Documents relating to the Collateral and the exercise by Agent of its powers set forth therein or herein, together with such other powers that are reasonably incidental thereto, shall be binding upon all of the Lenders (and such Bank Product Provider).

15.16 **Field Examination Reports; Confidentiality; Disclaimers by Lenders; Other Reports and Information.**

(a) By becoming a party to this Agreement, each Lender:

(i) is deemed to have requested that Agent furnish such Lender, promptly after it becomes available, a copy of each field examination report respecting Parent or its Subsidiaries (each, a "Report") prepared by or at the request of Agent, and Agent shall so furnish each Lender with such Reports,

(ii) expressly agrees and acknowledges that Agent does not (i) make any representation or warranty as to the accuracy of any Report, and (ii) shall not be liable for any information contained in any Report,

(iii) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that Agent or other party performing any audit or examination will inspect only specific information regarding Parent and its Subsidiaries and will rely significantly upon Parent's and its Subsidiaries' books and records, as well as on representations of each Borrower's personnel,

(iv) agrees to keep all Reports and other material, non-public information regarding Parent and its Subsidiaries and their operations, assets, and existing and contemplated business plans in a confidential manner in accordance with Section 17.9, and

(v) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold Agent and any other Lender preparing a Report harmless from any action the indemnifying Lender may take or fail to take or any conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a loan or loans of Borrowers, and (ii) to pay and protect, and indemnify, defend and hold Agent, and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including, attorneys fees and costs) incurred by Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who obtains all or part of any Report through the indemnifying Lender.

(b) In addition to the foregoing, any Lender may from time to time request of Agent in writing that Agent provide to such Lender a copy of any report or document provided by Parent or any Subsidiary of Parent to Agent that has not been contemporaneously provided by Parent or its Subsidiaries to such Lender, and, upon receipt of such request, Agent promptly shall provide a copy of same to such Lender, (i) to the extent that Agent is entitled, under any provision of the Loan Documents, to request additional reports or information from Parent or its Subsidiaries, any Lender may, from time to time, reasonably request Agent to exercise such right as specified in such Lender's notice to Agent, whereupon Agent promptly shall request of such Borrower the additional reports or information reasonably specified by such Lender, and, upon receipt thereof from Parent or its Subsidiaries, Agent promptly shall provide a copy of same to such Lender, and (ii) any time that Agent renders to any Borrower a statement regarding the Loan Account, Agent shall send a copy of such statement to each Lender.

15.17 Agent May File Proofs of Claim.

(a) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding or other Insolvency Proceeding relative to any Loan Party, Agent (irrespective of whether the principal of any Obligations or amounts owing in respect of Letters of Credit shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Obligations and all other Obligations (other than obligations under Bank Products to which Agent is not a party) that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of Lenders, Issuing Lenders and Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of Lenders,

Issuing Lenders and Agent and their respective agents and counsel and all other amounts due Lenders, Issuing Lenders and Agent allowed in such judicial proceeding; and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Issuing Lender to make such payments to Agent and, in the event that Agent shall consent to the making of such payments directly to Lenders and Issuing Lenders, to pay to Agent any amount due for the reasonable compensation, expenses, disbursements and advances of Agent and its agents and counsel, and any other amounts due Agent.

(b) Nothing contained herein shall be deemed to authorize Agent to authorize or consent to or accept or adopt on behalf of any Lender or Issuing Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize Agent to vote in respect of the claim of any Lender in any such proceeding.

15.18 **Several Obligations; No Liability.** Notwithstanding that certain of the Loan Documents now or hereafter may have been or will be executed only by or in favor of Agent in its capacity as such, and not by or in favor of the Lenders, any and all obligations on the part of Agent (if any) to make any credit available hereunder shall constitute the several (and not joint) obligations of the respective Lenders on a ratable basis, according to their respective Commitments, to make an amount of such credit not to exceed, in principal amount, at any one time outstanding, the amount of their respective Commitments. Nothing contained herein shall confer upon any Lender any interest in, or subject any Lender to any liability for, or in respect of, the business, assets, profits, losses, or liabilities of any other Lender. Each Lender shall be solely responsible for notifying its Participants of any matters relating to the Loan Documents to the extent any such notice may be required, and no Lender shall have any obligation, duty, or liability to any Participant of any other Lender. Except as provided in Section 15.7, no member of the Lender Group shall have any liability for the acts of any other member of the Lender Group. No Lender shall be responsible to any Borrower or any other Person for any failure by any other Lender (or Bank Product Provider) to fulfill its obligations to make credit available hereunder, nor to advance for such Lender (or Bank Product Provider) or on its behalf, nor to take any other action on behalf of such Lender (or Bank Product Provider) hereunder or in connection with the financing contemplated herein.

15.19 **Appointment for the Province of Québec.** Without prejudice to Section 15.1 above, each member of the Lender Group hereby appoints WFCF as the person holding the power of attorney (fondé pouvoir) of the Lender Group as contemplated under Article 2692 of the Civil Code of Québec, to enter into, to take and to hold on their behalf, and for their benefit, any deed of hypothec ("Deed of Hypothec") to be executed by any of the Borrowers or Guarantors granting a hypothec pursuant to the laws of the Province of Québec (Canada) and to exercise such powers and duties which are conferred thereupon under such deed. All of the Lender Group hereby additionally appoints Agent as agent, mandatary, custodian and depositary for and on behalf of the Lender Group (a) to hold and to be the sole registered holder of any bond ("Bond") issued under the Deed of Hypothec, the whole notwithstanding any other applicable law, and (b) to enter into, to take and to hold on their behalf, and for their benefit, a bond pledge agreement ("Pledge") to be executed by such Borrower or Guarantor pursuant to the laws of the Province of Québec and creating a pledge of the Bond as security for the payment and performance of, inter alia, the Obligations. In this respect, (i) Agent as agent, mandatary, custodian and depositary for and on behalf of the Lender Group, shall keep a record indicating the names and addresses of, and the pro rata portion of the obligations and indebtedness secured by the Pledge, owing to each of the members of the Lender Group for and on behalf of whom the Bond is so held from time to time, and (ii) each of the members of the Lender Group will be entitled to the benefits of any property or assets charged under the Deed of Hypothec and the Pledge and will participate in the proceeds of realization of any such property

or assets. WFCF, in such aforesaid capacities shall (A) have the sole and exclusive right and authority to exercise, except as may be otherwise specifically restricted by the terms hereof, all rights and remedies given to WFCF, as *fondé de pouvoir*, with respect to the property or assets charged under the Deed of Hypothec and to Agent with respect to the property and assets charged under the Pledge, any other applicable law or otherwise, and (B) benefit from and be subject to all provisions hereof with respect to Agent *mutatis mutandis*, including, without limitation, all such provisions with respect to the liability or responsibility to and indemnification by the Lender Group, the Borrowers or the Guarantors. The execution prior to the date hereof by WFCF, as *fondé de pouvoir*, or Agent of any Deed of Hypothec, Pledge or other security documents made pursuant to the laws of the Province of Québec (Canada) is hereby ratified and confirmed. The constitution of WFCF as the Person holding the power of attorney (*fondé de pouvoir*), and of Agent, as agent, mandatary, custodian and depository with respect to any bond that may be issued and pledged from time to time to Agent for the benefit of the Lender Group, shall be deemed to have been ratified and confirmed by each Person accepting an assignment of, a participation in or an arrangement in respect of, all or any portion of any of the Lender Group's rights and obligations under this Agreement by the execution of an assignment, including an Assignment and Acceptance Agreement or other agreement pursuant to which it becomes such assignee or participant, and by each successor Agent by the execution of an assignment agreement or other agreement, or by the compliance with other formalities, as the case may be, pursuant to which it becomes a successor Agent hereunder.

15.20 Authorization.

(a) Each Lender hereby (i) consents to the subordination of Liens provided for in the Term Loan Intercreditor Agreement, (ii) agrees that it will be bound by, and will take no actions contrary to, the provisions of the Term Loan Intercreditor Agreement, (iii) authorizes and instructs Agent to enter into the Term Loan Intercreditor Agreement on behalf of such Lender and agrees that Agent may take such actions on its behalf as is contemplated by the terms of the Term Loan Intercreditor Agreement, and (iv) acknowledges (or is deemed to acknowledge) that a copy of the Term Loan Intercreditor Agreement was delivered, or made available, to such Lender and it has received and reviewed the Intercreditor Agreement. In the event of any conflict between the terms of the Term Loan Intercreditor Agreement and any of the other Loan Documents, the terms of the Term Loan Intercreditor Agreement shall govern and control except as expressly set forth in the Term Loan Intercreditor Agreement.

(b) Each Lender hereby (i) consents to the establishment of the priority of the Liens provided for in the 2015 Note Intercreditor Agreement and the Series G Guarantee Lien Acknowledgement, (ii) agrees that it will be bound by, and will take no actions contrary to, the provisions of the 2015 Note Intercreditor Agreement, (iii) authorizes and instructs Agent to enter into the 2015 Note Intercreditor Agreement and the Series G Guarantee Lien Acknowledgement on behalf of such Lender and agrees that Agent may take such actions on its behalf as is contemplated by the terms of the 2015 Note Intercreditor Agreement and the Series G Guarantee Lien Acknowledgement, and (iv) acknowledges (or is deemed to acknowledge) that a copy of the 2015 Note Intercreditor Agreement and the Series G Guarantee Lien Acknowledgement was delivered, or made available, to such Lender and it has received and reviewed such agreements. In the event of any conflict between the terms of the 2015 Note Intercreditor Agreement and any of the other Loan Documents, the terms of the 2015 Note Intercreditor Agreement shall govern and control except as expressly set forth in the 2015 Note Intercreditor Agreement. In the event of any conflict between the terms of the Series G Guarantee Lien Acknowledgement and any of the other Loan Documents, the terms of the Series G Guarantee Lien Acknowledgement shall govern and control except as expressly set forth in the Series G Guarantee Lien Acknowledgement.

16. WITHHOLDING TAXES.

16.1 **No Setoff; Payments.** All payments made by any Borrower hereunder or under any note or other Loan Document will be made without setoff, counterclaim, or other defense. In addition, all such payments will be made free and clear of, and without deduction or withholding for, any present or future Taxes, and in the event any deduction or withholding of Taxes is required, Borrowers shall comply with the next sentence of this Section 16.1. If any Taxes are so levied or imposed, Borrowers agree to pay the full amount of such Taxes and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement, any note, or Loan Document, including any amount paid pursuant to this Section 16.1 after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein; provided, that, Borrowers shall not be required to increase any such amounts if the increase in such amount payable results from Agent's or such Lender's own willful misconduct or gross negligence (as finally determined by a court of competent jurisdiction). Borrowers will furnish to Agent as promptly as possible after the date the payment of any Tax is due pursuant to applicable law, certified copies of tax receipts evidencing such payment by Borrowers or such other evidence as is reasonably satisfactory to Agent. Borrowers agree to pay any present or future stamp, value added or documentary taxes or any other excise or property taxes, similar charges, or similar levies that arise from any payment made hereunder or from the execution, delivery, performance, recordation, or filing of, or otherwise with respect to this Agreement or any other Loan Document.

16.2 **Exemptions.**

(a) If a Lender or Participant is entitled to claim an exemption or reduction from United States withholding tax, such Lender or Participant agrees with and in favor of Agent, to deliver to Agent and Administrative Borrower (or, in the case of a Participant, to the Lender granting the participation only) one of the following before receiving its first payment under this Agreement:

(i) if such Lender or Participant is entitled to claim an exemption from United States withholding tax pursuant to the portfolio interest exception, (A) a statement of the Lender or Participant, signed under penalty of perjury, that it is not a (1) a "bank" as described in Section 881(c)(3)(A) of the IRC, (2) a ten percent (10%) shareholder of any Borrower (within the meaning of Section 871(h)(3)(B) of the IRC), or (3) a controlled foreign corporation related to any Borrower within the meaning of Section 864(d)(4) of the IRC, and (B) a properly completed and executed IRS Form W-8BEN or Form W-8IMY (with proper attachments);

(ii) if such Lender or Participant is entitled to claim an exemption from, or a reduction of, withholding tax under a United States tax treaty, a properly completed and executed copy of IRS Form W-8BEN;

(iii) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Lender, a properly completed and executed copy of IRS Form W-8ECI;

(iv) if such Lender or Participant is entitled to claim that interest paid under this Agreement is exempt from United States withholding tax because such Lender or Participant serves as an intermediary, a properly completed and executed copy of IRS Form W-8IMY (with proper attachments); or

(v) a properly completed and executed copy of any other form or forms, including IRS Form W-9, as may be required under the IRC or other laws of the United States as a condition to exemption from, or reduction of, United States withholding or backup withholding tax, including under FATCA.

(b) Each Lender or Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(c) If a Lender or Participant claims an exemption from withholding tax in a jurisdiction other than the United States, such Lender or such Participant agrees with and in favor of Agent and Borrowers to deliver to Agent and Administrative Borrower (or, in the case of a Participant, to the Lender granting the participation only) any such form or forms, as may be required under the laws of such jurisdiction as a condition to exemption from, or reduction of, foreign withholding or backup withholding tax before receiving its first payment under this Agreement, but only if such Lender or such Participant is legally able to deliver such forms, provided, that, nothing in this Section 16.2(c) shall require a Lender or Participant to disclose any information that it deems to be confidential (including without limitation, its tax returns). Each Lender and each Participant shall provide new forms (or successor forms) upon the expiration or obsolescence of any previously delivered forms and to promptly notify Agent and Administrative Borrower (or, in the case of a Participant, to the Lender granting the participation only) of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(d) If a Lender or Participant claims exemption from, or reduction of, withholding tax and such Lender or Participant sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of Borrowers to such Lender or Participant, such Lender or Participant agrees to notify Agent and Administrative Borrower (or, in the case of a sale of a participation interest, to the Lender granting the participation only) of the percentage amount in which it is no longer the beneficial owner of Obligations of Borrowers to such Lender or Participant. To the extent of such percentage amount, Agent and Administrative Borrower will treat such Lender's or such Participant's documentation provided pursuant to Section 16.2(c) or 16.2(d) as no longer valid. With respect to such percentage amount, such Participant or Assignee may provide new documentation, pursuant to Section 16(c) or 16(d), if applicable. Each Borrower agrees that each Participant shall be entitled to the benefits of this Section 16 with respect to its participation in any portion of the Commitments and the Obligations so long as such Participant complies with the obligations set forth in this Section 16 with respect thereto.

16.3 Reductions.

(a) If a Lender or a Participant is entitled to a reduction in the applicable withholding tax, Agent (or, in the case of a Participant, to the Lender granting the participation) may withhold from any interest payment to such Lender or such Participant an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by Section 16.2(c) or 16.2(d) are not delivered to Agent and Administrative Borrower (or, in the case of a Participant, to the Lender granting the participation), then Agent and Borrowers (or, in the case of a Participant, to the Lender granting the participation) may withhold from any interest payment to such Lender or such Participant not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(b) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that Agent (or, in the case of a Participant, to the Lender granting the participation) did not properly withhold tax from amounts paid to or for the account of any Lender or any Participant due to a failure on the part of the Lender or any Participant (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify Agent (or such Participant failed to notify the Lender granting the participation) of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Lender shall indemnify and hold Agent harmless (or, in the case of a Participant, such Participant shall indemnify and hold the Lender

granting the participation harmless) for all amounts paid, directly or indirectly, by Agent (or, in the case of a Participant, to the Lender granting the participation), as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to Agent (or, in the case of a Participant, to the Lender granting the participation only) under this Section 16, together with all costs and expenses (including attorneys fees and expenses). The obligation of the Lenders and the Participants under this subsection shall survive the payment of all Obligations and the resignation or replacement of Agent.

16.4 **Refunds.** If Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes as to which it has been indemnified by Borrowers or with respect to which Borrowers have paid additional amounts pursuant to this Section 16, so long as no Default or Event of Default has occurred and is continuing, it shall pay over such refund to Borrowers (but only to the extent of payments made, or additional amounts paid, by Borrowers under this Section 16 with respect to Taxes giving rise to such a refund), net of all out-of-pocket expenses of Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such a refund); provided, that Borrowers, upon the request of Agent or such Lender, agree to repay the amount paid over to Borrowers (plus any penalties, interest or other charges, imposed by the relevant Governmental Authority, other than such penalties, interest or other charges imposed as a result of the bad faith, willful misconduct or gross negligence of Agent hereunder) to Agent or such Lender in the event Agent or such Lender is required to repay such refund to such Governmental Authority. Notwithstanding anything in this Agreement to the contrary, this Section 16 shall not be construed to require Agent or any Lender to make available its tax returns (or any other information which it deems confidential) to any Borrower or any other Person.

17. GENERAL PROVISIONS.

17.1 **Effectiveness.** This Agreement shall be binding and deemed effective when executed by each Loan Party, Agent, and each Lender whose signature is provided for on the signature pages hereof.

17.2 **Section Headings.** Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

17.3 **Interpretation.** Neither this Agreement nor any uncertainty or ambiguity herein shall be construed against the Lender Group or any Loan Party, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to accomplish fairly the purposes and intentions of all parties hereto.

17.4 **Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

17.5 **Bank Product Providers.** Each Bank Product Provider shall be deemed a third party beneficiary hereof and of the provisions of the other Loan Documents for purposes of any reference in a Loan Document to the parties for whom Agent is acting. Agent hereby agrees to act as agent for such Bank Product Providers and, as a result of entering into a Bank Product Agreement, the applicable Bank Product Provider shall be automatically deemed to have appointed Agent as its agent and to have accepted the benefits of the Loan Documents; provided, that, the rights and benefits of each Bank Product Provider under the Loan Documents consist exclusively of such Bank Product Provider's being a beneficiary of the Liens and security interests (and, if applicable, guarantees) granted to Agent and the right to share in proceeds of the Collateral as more fully set forth herein. In addition, each Bank Product Provider, as a

result of entering into a Bank Product Agreement, shall be automatically deemed to have agreed that Agent shall have the right, but shall have no obligation, to establish, maintain, reduce, or release reserves in respect of the Bank Product Obligations and that if reserves are established there is no obligation on the part of Agent to determine or insure whether the amount of any such reserve is appropriate or not. In connection with any such distribution of payments or proceeds of Collateral, Agent shall be entitled to assume no amounts are due or owing to any Bank Product Provider unless such Bank Product Provider has provided a written certification (setting forth a reasonably detailed calculation) to Agent as to the amounts that are due and owing to it and such written certification is received by Agent a reasonable period of time prior to the making of such distribution. Agent shall have no obligation to calculate the amount due and payable with respect to any Bank Products, but may rely upon the written certification of the amount due and payable from the relevant Bank Product Provider. In the absence of an updated certification, Agent shall be entitled to assume that the amount due and payable to the applicable Bank Product Provider is the amount last certified to Agent by such Bank Product Provider as being due and payable (less any distributions made to such Bank Product Provider on account thereof). Any Borrower may obtain Bank Products from any Bank Product Provider, although no Borrower is required to do so. Each Borrower acknowledges and agrees that no Bank Product Provider has committed to provide any Bank Products and that the providing of Bank Products by any Bank Product Provider is in the sole and absolute discretion of such Bank Product Provider. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, no provider or holder of any Bank Product shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or Guarantors.

17.6 Debtor-Creditor Relationship. The relationship between the Lenders and Agent, on the one hand, and the Loan Parties, on the other hand, is solely that of creditor and debtor. No member of the Lender Group has (or shall be deemed to have) any fiduciary relationship or duty to any Loan Party arising out of or in connection with the Loan Documents or the transactions contemplated thereby, and there is no agency or joint venture relationship between the members of the Lender Group, on the one hand, and the Loan Parties, on the other hand, by virtue of any Loan Document or any transaction contemplated therein.

17.7 Counterparts; Electronic Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document mutatis mutandis.

17.8 Revival and Reinstatement of Obligations. If the incurrence or payment of the Obligations by any Borrower or Guarantor or the transfer to the Lender Group of any property should for any reason subsequently be asserted, or declared, to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code (or under any bankruptcy or insolvency laws of Canada, including the BIA and the CCAA) relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (each, a "Voidable Transfer"), and if the Lender Group is required to repay or restore, in whole or in part, any

such Voidable Transfer, or elects to do so upon the reasonable advice of counsel, then, as to any such Voidable Transfer, or the amount thereof that the Lender Group is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of the Lender Group related thereto, the liability of Borrowers or Guarantor automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

17.9 Confidentiality.

(a) Agent and Lenders each individually (and not jointly or jointly and severally) agree that material, non-public information regarding Parent and its Subsidiaries, their operations, assets, and existing and contemplated business plans (“Confidential Information”) shall be treated by Agent and the Lenders in a confidential manner, and shall not be disclosed by Agent and the Lenders to Persons who are not parties to this Agreement, except: (i) to attorneys for and other advisors, accountants, auditors, and consultants to any member of the Lender Group and to employees, directors and officers of any member of the Lender Group (the Persons in this clause (i), “Lender Group Representatives”) on a “need to know” basis in connection with this Agreement and the transactions contemplated hereby and on a confidential basis, (ii) to Subsidiaries and Affiliates of any member of the Lender Group (including the Bank Product Providers), provided that any such Subsidiary or Affiliate shall have agreed to receive such information hereunder subject to the terms of this Section 17.9, (iii) as may be required by regulatory authorities so long as such authorities are informed of the confidential nature of such information, (iv) as may be required by statute, decision, or judicial or administrative order, rule, or regulation; provided that (x) prior to any disclosure under this clause (iv), the disclosing party agrees to provide Administrative Borrower with prior notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior notice to Borrowers pursuant to the terms of the applicable statute, decision, or judicial or administrative order, rule, or regulation and (y) any disclosure under this clause (iv) shall be limited to the portion of the Confidential Information as may be required by such statute, decision, or judicial or administrative order, rule, or regulation, (v) as may be agreed to in advance in writing by Borrowers, (vi) as requested or required by any Governmental Authority pursuant to any subpoena or other legal process, provided, that, (A) prior to any disclosure under this clause (vi) the disclosing party agrees to provide Borrowers with prior written notice thereof, to the extent that it is practicable to do so and to the extent that the disclosing party is permitted to provide such prior written notice to Borrowers pursuant to the terms of the subpoena or other legal process and (B) any disclosure under this clause (vi) shall be limited to the portion of the Confidential Information as may be required by such Governmental Authority pursuant to such subpoena or other legal process, (vii) as to any such information that is or becomes generally available to the public (other than as a result of prohibited disclosure by Agent or the Lenders or the Lender Group Representatives), (viii) in connection with any assignment, participation or pledge of any Lender’s interest under this Agreement, provided that prior to receipt of Confidential Information any such assignee, participant, or pledgee shall have agreed in writing to receive such Confidential Information hereunder subject to the terms of this Section, (ix) in connection with any litigation or other adversary proceeding involving parties hereto which such litigation or adversary proceeding involves claims related to the rights or duties of such parties under this Agreement or the other Loan Documents; provided, that, prior to any disclosure to any Person (other than any Loan Party, Agent, any Lender, any of their respective Affiliates, or their respective counsel) under this clause (ix) with respect to litigation involving any Person (other than any Borrower, Agent, any Lender, any of their respective Affiliates, or their respective counsel), the disclosing party agrees to provide Borrowers with prior written notice thereof, and (x) in connection with, and to the extent reasonably necessary for, the exercise of any secured creditor remedy under this Agreement or under any other Loan Document.

(b) Anything in this Agreement to the contrary notwithstanding, Agent may provide customary information concerning the terms and conditions of this Agreement and the other Loan Documents to loan syndication and pricing reporting services or for its marketing materials, with such

information to consist of deal terms and other information customarily found in such publications or marketing materials and may otherwise use the name, logos, and other insignia of Borrowers and Loan Parties and the Commitments provided hereunder in any “tombstone” or other advertisements, on its website or in other marketing materials of the Agent, provided, that, the content of any “tombstones” will be reasonably acceptable to the Parent.

17.10 **Lender Group Expenses.** Borrowers agree to pay any and all Lender Group Expenses on the earlier of (a) the first day of the month following the date on which such Lender Group Expenses were first incurred (or in the case of out-of-pocket expenses for third parties, following the date that Agent provides the invoice or other notice of such charges to Administrative Borrower) or (b) five (5) days after the date on which demand therefor is made by Agent. Borrowers agree that their respective obligations contained in this Section 17.10 shall survive payment or satisfaction in full of all other Obligations.

17.11 **Survival.** All representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that Agent, the Issuing Lender, or any Lender may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated.

17.12 **Patriot Act.** Each Lender that is subject to the requirements of the Patriot Act hereby notifies Borrowers that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of each Borrower and other information that will allow such Lender to identify each Borrower in accordance with the Patriot Act. In addition, if Agent is required by law or regulation or internal policies to do so, it shall have the right to periodically conduct (a) Patriot Act searches, OFAC/PEP searches, and customary individual background checks for the Loan Parties and (b) OFAC/PEP searches and customary individual background checks for the Loan Parties’ senior management and key principals, and each Borrower agrees to cooperate in respect of the conduct of such searches and further agrees that the reasonable costs and charges for such searches shall constitute Lender Expenses hereunder and be for the account of such Borrower.

17.13 **Integration.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof. The foregoing to the contrary notwithstanding, all Bank Product Agreements, if any, are independent agreements governed by the written provisions of such Bank Product Agreements, which will remain in full force and effect, unaffected by any repayment, prepayments, acceleration, reduction, increase, or change in the terms of any credit extended hereunder, except as otherwise expressly provided in such Bank Product Agreement.

17.14 **Administrative Borrower as Agent for Borrowers.**

(a) Each Borrower hereby irrevocably appoints and constitutes Parent (“Administrative Borrower”) as its agent and attorney-in-fact to request and receive Loans and Letters of Credit pursuant to this Agreement and the other Loan Documents from Agent or any Lender or Issuing Lender in the name or on behalf of such Borrower. Agent, Lenders and Issuing Lenders may disburse the Loans to such bank

account of Administrative Borrower or a Borrower or otherwise make such Loans to a Borrower and provide such Letters of Credit to a Borrower as Administrative Borrower may designate or direct, without notice to any other Loan Party. Notwithstanding anything to the contrary contained herein, Agent may at any time and from time to time require that Loans to or for the account of any Borrower be disbursed directly to an operating account of such Borrower.

(b) Administrative Borrower hereby accepts the appointment by Borrowers to act as the agent and attorney-in-fact of Borrowers pursuant to this Section 17.14. Administrative Borrower shall ensure that the disbursement of any Loans to each Borrower requested by or paid to or for the account of Parent, or the issuance of any Letter of Credit for a Borrower hereunder, shall be paid to or for the account of such Borrower.

(c) Each Loan Party hereby irrevocably appoints and constitutes Administrative Borrower as its agent to receive statements on account and all other notices from Agent, Lenders and Issuing Lenders with respect to the Obligations or otherwise under or in connection with this Agreement and the other Loan Documents.

(d) Any notice, election, representation, warranty, agreement or undertaking by or on behalf of any other Loan Party by Administrative Borrower shall be deemed for all purposes to have been made by such Loan Party, as the case may be, and shall be binding upon and enforceable against such Loan Party to the same extent as if made directly by such Loan Party.

(e) No resignation or termination of the appointment of Administrative Borrower as agent as aforesaid shall be effective, except after ten (10) Business Days' prior written notice to Agent. If the Administrative Borrower resigns under this Agreement, Borrowers shall be entitled to appoint a successor Administrative Borrower (which shall be a Borrower). Upon the acceptance of its appointment as successor Administrative Borrower hereunder, such successor Administrative Borrower shall succeed to all the rights, powers and duties of the retiring Administrative Borrower and the term "Administrative Borrower" shall mean such successor Administrative Borrower and the retiring or terminated Administrative Borrower's appointment, powers and duties as Administrative Borrower shall be terminated.

17.15 **Currency Indemnity.** If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any of the other Loan Documents, it becomes necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due under this Agreement or under any of the other Loan Documents in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the Exchange Rate at which Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency prevailing on the Business Day before the day on which judgment is given. In the event that there is a change in the Exchange Rate prevailing between the Business Day before the day on which the judgment is given and the date of receipt by Agent of the amount due, Borrowers will, on the date of receipt by Agent, pay such additional amounts, if any, as may be necessary to ensure that the amount received by Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by Agent is the amount then due under this Agreement or such other of the Loan Documents in the Currency Due. If the amount of the Currency Due which Agent is able to purchase is less than the amount of the Currency Due originally due to it, Loan Parties shall indemnify and save Agent harmless from and against loss or damage arising as a result of such deficiency. The indemnity contained herein shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Loan Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Agent from time to time and shall continue in

full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any of the other Loan Documents or under any judgment or order.

17.16 Anti-Money Laundering Legislation.

(a) Each Loan Party acknowledges that, pursuant to the Proceeds of Crime Money Laundering) and Terrorist Financing Act (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws, under the laws of Canada (collectively, including any guidelines or orders thereunder, “**AML Legislation**”), Agent and Lenders may be required to obtain, verify and record information regarding each Loan Party, its respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. Administrative Borrower shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or Agent, or any prospective assign or participant of a Lender or Agent, necessary in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If Agent has ascertained the identity of any Loan Party or any authorized signatories of any Loan Party for the purposes of applicable AML Legislation, then the Agent:

(i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a “written agreement” in such regard between each Lender and the Agent within the meaning of applicable AML Legislation; and

(ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

(c) Notwithstanding the provisions of this Section and except as may otherwise be agreed in writing, each Lender agrees that Agent has no obligation to ascertain the identity of the Loan Parties or any authorized signatories of the Loan Parties on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Loan Parties or any such authorized signatory in doing so.

17.17 Quebec Interpretation. For all purposes of any assets, liabilities or entities located in the Province of Quebec and for all purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Quebec, (a) “personal property” shall include “movable property”, (b) “real property” shall include “immovable property”, (c) “tangible property” shall include “corporeal property”, (d) “intangible property” shall include “incorporeal property”, (e) “security interest”, “mortgage” and “lien” shall include a “hypothec”, “prior claim” and a “resolutive clause”, (f) all references to filing, registering or recording under the Code or PPSA shall include publication under the Civil Code of Quebec, (g) all references to “perfection” or “perfected” liens or security interest shall include a reference to an “opposable” or “set up” lien or security interest as against third parties, (h) any “right of offset”, “right of setoff” or similar expression shall include a “right of compensation”, (i) “goods” shall include corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (j) an “agent” shall include a “mandatary”, (k) “construction liens” shall include “legal hypothecs”, (l) “joint and several” shall include solidary, (m) “gross negligence or willful misconduct” shall be deemed to be “intentional or gross fault”, (n) “beneficial ownership” shall include “ownership on behalf of another as mandatary”, (o) “easement” shall include “servitude”, (p) “priority” shall include “prior claim”, (q) “survey” shall include “certificate of location and plan”, and (r) “fee simple title” shall include “absolute ownership”.

17.18 **English Language Only.** The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated hereby be drawn up in the English language only and that all other documents contemplated hereunder or relating hereto, including notices, shall also be drawn up in the English language only. Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit soient rédigés en langue anglaise seulement et que tous les documents, y compris tous avis, envisagés par cette convention et les autres documents peuvent être rédigés en langue anglaise seulement.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

U.S. BORROWERS:

POLYONE CORPORATION

By: /s/ Daniel O’Byron
Name: Daniel O’Byron
Title: Treasurer

**GLS INTERNATIONAL, INC.
NEU SPECIALTY ENGINEERED
MATERIALS, LLC**

By: /s/ Woodrow W. Ban
Name: Woodrow W. Ban
Title: Assistant Secretary

CANADIAN BORROWER:

POLYONE CANADA INC.

By: /s/ Woodrow W. Ban
Name: Woodrow W. Ban
Title: Secretary

GUARANTORS

M.A. HANNA ASIA HOLDING COMPANY

By: /s/ Woodrow W. Ban
Name: Woodrow W. Ban
Title: Assistant Secretary

POLYONE LLC

By: /s/ Woodrow W. Ban
Name: Woodrow W. Ban
Title: Manager

**CONEXUS, INC.
POLYMER DIAGNOSTICS, INC.
COLORMATRIX GROUP, INC.
COLORMATRIX HOLDINGS, INC.
THE COLORMATRIX CORPORATION
CHROMATICS, INC.
GAYSON SILICONE DISPERSIONS, INC.**

By: /s/ Woodrow W. Ban
Name: Woodrow W. Ban
Title: Secretary

COLORMATRIX-BRAZIL, LLC

By: The ColorMatrix Corporation, its sole member

By: /s/ Woodrow W. Ban
Name: Woodrow W. Ban
Title: Secretary

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

WELLS FARGO CAPITAL FINANCE, LLC, as Agent, Swing Line
Lender and a Lender

By: /s/ Anwar S. Young
Name: Anwar S. Young
Title: Director

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WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as a Lender

By: /s/ Domenic Cosentino

Name: Domenic Cosentino

Title: Vice President

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

BANK OF AMERICA, N.A.,
as a Syndication Agent and a Lender

By: /s/ Charles Fairchild
Name: Charles Fairchild
Title: Assistant Vice President

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

BANK OF AMERICA, N.A.,
CANADA BRANCH, as a Lender

By: /s/ Medina Sales de Andrade
Name: Medina Sales de Andrade
Title: Vice President

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U.S. BANK NATIONAL ASSOCIATION,
as a Syndication Agent and a Lender

By: /s/ Christopher Fudge

Name: Christopher Fudge

Title: Vice President

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U.S. BANK NATIONAL ASSOCIATION,
CANADA BRANCH, as a Lender

By: /s/ Joseph Rauhala

Name: Joseph Rauhala

Title: Principal Officer

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CITIBANK, NA,
as a Lender

By: /s/ Matthew Paquin
Name: Matthew Paquin
Title: Vice President and Director

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

HSBC BANK USA, N.A.,
as a Lender

By: /s/ Frank M. Eassa
Name: Frank M. Eassa
Title: AVP

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

KEYBANK NATIONAL ASSOCIATION,
as a Documentation Agent and a Lender

By: /s/ Paul A. Taubeneck

Name: Paul A. Taubeneck

Title: Vice President

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

PNC BANK, NATIONAL ASSOCIATION,
as a Documentation Agent and a Lender

By: /s/ Roger F. Reeder

Name: Roger F. Reeder

Title: Vice President

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[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

PNC BANK CANADA BRANCH,
as a Lender

By: /s/ Mike Danby

Name: Mike Danby

Title: Assistant Vice President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

FORM OF ASSIGNMENT AND ACCEPTANCE AGREEMENT

This **ASSIGNMENT AND ACCEPTANCE AGREEMENT** (“Assignment Agreement”) is entered into as of _____ between _____ (“Assignor”) and _____ (“Assignee”). Reference is made to the Agreement described in Annex I hereto (the “Credit Agreement”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Credit Agreement.

1. In accordance with the terms and conditions of Section 13 of the Credit Agreement, the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, that interest in and to the Assignor’s rights and obligations under the Loan Documents as of the date hereof with respect to the Obligations owing to the Assignor, and Assignor’s portion of the Commitments, all to the extent specified on Annex I.

2. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; (b) makes no representation or warranty and assumes no responsibility with respect to (i) any statements, representations or warranties made in or in connection with the Loan Documents, or (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any other instrument or document furnished pursuant thereto; (c) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of their respective obligations under the Loan Documents or any other instrument or document furnished pursuant thereto, and (d) represents and warrants that the amount set forth as the Purchase Price on Annex I represents the amount owed by Borrowers to Assignor with respect to Assignor’s share of the Revolving Loans assigned hereunder, as reflected on Assignor’s books and records.

3. The Assignee (a) confirms that it has received copies of the Credit Agreement and the other Loan Documents, together with copies of the financial statements referred to therein and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement; (b) agrees that it will, independently and without reliance upon Agent, Assignor, or any other Lender, based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under the Loan Documents; (c) confirms that it is an Eligible Transferee; (d) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (e) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender; [and (f) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee’s status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty.]

4. Following the execution of this Assignment Agreement by the Assignor and Assignee, the Assignor will deliver this Assignment Agreement to the Agent for recording by the Agent. The effective date of this Assignment (the "Settlement Date") shall be the latest to occur of (a) the date of the execution and delivery hereof by the Assignor and the Assignee, (b) the receipt by Agent for its sole and separate account a processing fee in the amount of \$3,500 (if required by the Credit Agreement), (c) the receipt of any required consent of the Agent, and (d) the date specified in Annex I.

5. As of the Settlement Date (a) the Assignee shall be a party to the Credit Agreement and, to the extent of the interest assigned pursuant to this Assignment Agreement, have the rights and obligations of a Lender thereunder and under the other Loan Documents, and (b) the Assignor shall, to the extent of the interest assigned pursuant to this Assignment Agreement, relinquish its rights and be released from its obligations under the Credit Agreement and the other Loan Documents, provided, however, that nothing contained herein shall release any assigning Lender from obligations that survive the termination of this Agreement, including such assigning Lender's obligations under Article 15 and Section 17.9(a) of the Credit Agreement.

6. Upon the Settlement Date, Assignee shall pay to Assignor the Purchase Price (as set forth in Annex I). From and after the Settlement Date, Agent shall make all payments that are due and payable to the holder of the interest assigned hereunder (including payments of principal, interest, fees and other amounts) to Assignor for amounts which have accrued up to but excluding the Settlement Date and to Assignee for amounts which have accrued from and after the Settlement Date. On the Settlement Date, Assignor shall pay to Assignee an amount equal to the portion of any interest, fee, or any other charge that was paid to Assignor prior to the Settlement Date on account of the interest assigned hereunder and that are due and payable to Assignee with respect thereto, to the extent that such interest, fee or other charge relates to the period of time from and after the Settlement Date.

7. This Assignment Agreement may be executed in counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. This Assignment Agreement may be executed and delivered by telecopier or other facsimile transmission all with the same force and effect as if the same were a fully executed and delivered original manual counterpart.

8. THIS ASSIGNMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement and Annex I hereto to be executed by their respective officers, as of the first date written above.

[NAME OF ASSIGNOR]

as Assignor

By _____
Name:
Title:

[NAME OF ASSIGNEE]

as Assignee

By _____
Name:
Title:

ACCEPTED THIS ____ DAY OF _____

WELLS FARGO CAPITAL FINANCE, LLC,
as Agent

By _____
Name:
Title:

ANNEX FOR ASSIGNMENT AND ACCEPTANCE

ANNEX I

1. Borrowers:

PolyOne Corporation (“Parent”), GLS International, Inc. (“GLS”), PolyOne Canada Inc. (“PolyOne Canada”) and NEU Specialty Engineered Materials, LLC (“NEU” and, together with Parent, GLS, PolyOne Canada and any Person that may form time to time become a borrower, each a “Borrower” and, collectively, “Borrowers”)

2. Name and Date of Credit Agreement:

Credit Agreement, dated as of December 21, 2011, by and among Borrowers, certain subsidiaries of Parent, as Guarantors, the lenders from time to time a party thereto (the “Lenders”), Wells Fargo Capital Finance, LLC, as the agent for the Lenders

3. Date of Assignment Agreement: _____

4. Amounts:

a. Assigned Amount of [US] [Canadian] Commitment \$ _____

b. Assigned Amount of [US] [Canadian] Revolving Loans \$ _____

5. Settlement Date: _____

6. Purchase Price \$ _____

7. Notice and Payment Instructions, etc.

Assignee:	Assignor:
_____	_____
_____	_____
_____	_____

8. Agreed and Accepted:

[ASSIGNOR]	[ASSIGNEE]
By: _____	By: _____
Title: _____	Title: _____

Accepted:
WELLS FARGO CAPITAL FINANCE, LLC,
as Agent

By _____
Name:
Title:

FORM OF US BORROWING BASE CERTIFICATE

See attached



Summary Page Borrowing Base Certificate

Date _____
Name PolyOne Corporation

A/R As of: _____
Inventory As of: _____

The undersigned, PolyOne Corporation (“Borrower”), pursuant to that certain Credit Agreement dated as of _____ (as amended, restated, modified, supplemented, refinanced, renewed, or extended from time to time, the “Credit Agreement”), entered into among Borrower, the lenders signatory thereto from time to time and Wells Fargo Capital Finance, LLC, a Delaware limited liability company as the arranger and administrative agent (in such capacity, together with its successors and assigns, if any, in such capacity, “Agent”), hereby certifies to Agent that the following items, calculated in accordance with the terms and definitions set forth in the Credit Agreement for such items are true and correct, and that Borrower is in compliance with and, after giving effect to any currently requested Advances, will be in compliance with, the terms, conditions, and provisions of the Credit Agreement.

Accounts Receivable

	US	Canada	Consolidated
Accounts Receivable Balance per Aging Report Assigned To Wells Fargo Capital Finance			
Less Ineligibles (detailed on page 2)			
Net Eligible Accounts Receivable			
Accounts Receivable Availability before Sublimit(s)			
Net Available Accounts Receivable after Sublimit(s)			

Inventory

	US	Canada	Consolidated
Inventory Balance Assigned To Wells Fargo Capital Finance			
Less Ineligibles (detailed on page 3)			
Eligible Inventory			
Inventory Availability before Sublimit(s)			
Available Inventory after 50% of Maximum Credit Sublimit(s)			

Summary

Availability before Credit Line & Reserves
Total Credit Line

Suppressed Availability

Total Availability before Reserves
Reserves

Total Reserves

Availability before Loan Balance	
Letter of Credit Balance	As of:_____
Loan Ledger Balance	As of:_____
Cash in-transit	
Adjusted Loan Balance	

Net Availability

Additionally, the undersigned hereby certifies and represents and warrants to the Lender Group on behalf of Borrower that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document, any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document, and as of the effective date of any advance, continuation or conversion requested above is true and correct in all material respects (except to the extent any representation or warranty expressly related to an earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof or each such effective date), (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above, and (iv) all of the foregoing is true and correct as of the effective date of the calculations set forth above and that such calculations have been made in accordance with the requirements of the Credit Agreement.

	List of attachments with this Borrowing Base Certificate:
Authorized Signer	Page 2 - Accounts Receivable Availability Detail
	Page 2a - Accounts Receivable Summary
	Page 2b - Accounts Receivable Concentrations
	Page 2c - Accounts Receivable Dilution
	Page 3 - Inventory Availability Detail
	Page 3a - Inventory Availability Detail
	Page 3b - Inventory Availability Summary

Accounts Receivable Availability Detail

Name: PolyOne Corporation
Report based on Aging dated:

		Loan ID #: Division Name:	TBD US PolyOne	TBD US GLS	TBD Color Matrix	TBD Canada PolyOne (USD)	Total
Aging Spreads:							
	Future						
	0 - 30 DOI						
	31 - 60 DOI						
	61 - 90 DOI						
	91 - 120 DOI						
	121+ DOI						
A/R Aging Balance:							
Ineligibles:							
ERS	Past Due-						
ERS	Past Due Credits						
ERS	CrossAge						
ERS	Intercompany						
ERS	Foreign						
ERS	Government						
ERS	COD						
ERS	Debit Memo						
ERS	Customer Deposits						
ERS	Employee Sales						
ERS	Progress Billing						
ERS	Extended Terms						
ERS	Finance Charges						
ERS	Guaranteed						
ERS	Coop Advertising						
ERS	Samples						
ERS	Consignment Sales						
ERS	Bill & Hold						
ERS	Bankrupt/Doubtful						
ERS	Contra						
ERS	Other1						
ERS	Other2						
ERS	Other3						
ERS	Other4						
ERS	Other5						
ERS	Other6						
Manual	Manual1						
Manual	Manual2						
Manual	Manual3						
Manual	Manual4						
Manual	Manual5						
Manual	Concentration Cap						
Manual	Reserve grossed up as Ineligible						
Manual	Reserve grossed up as Ineligible						
Manual	Dilution Ineligible (grossed up)						
Total Ineligible A/R:		—	—	—	—	—	—
Eligible A/R		—	—	—	—	—	—
Advance Rate							
A/R Availability before Sublimit(s)		—	—	—	—	—	—
Line Limit or Sublimit(s)							
Net A/R Availability		—	—	—	—	—	—

RM Signature _____

Accounts Receivable Availability Summary

Name: PolyOne Corporation
Report based on Aging dated:

		Loan ID #:	TBD US PolyOne (USD)	TBD Canada PolyOne (USD)	Total
Aging Spreads:		Pool Name:			
	Future	—	—	—	—
	1 - 30 DOI	—	—	—	—
	31 - 60 DOI	—	—	—	—
	61 - 90 DOI	—	—	—	—
	91 - 120 DOI	—	—	—	—
	121+ DOI	—	—	—	—
A/R Aging Balance:		—	—	—	—
Ineligibles:					
ERS	Past Due-	—	—	—	—
ERS	Past Due Credits	—	—	—	—
ERS	CrossAge	—	—	—	—
ERS	Intercompany	—	—	—	—
ERS	Foreign	—	—	—	—
ERS	Government	—	—	—	—
ERS	COD	—	—	—	—
ERS	Debit Memo	—	—	—	—
ERS	Customer Deposits	—	—	—	—
ERS	Employee Sales	—	—	—	—
ERS	Progress Billing	—	—	—	—
ERS	Extended Terms	—	—	—	—
ERS	Finance Charges	—	—	—	—
ERS	Guaranteed	—	—	—	—
ERS	Coop Advertising	—	—	—	—
ERS	Samples	—	—	—	—
ERS	Consignment Sales	—	—	—	—
ERS	Bill & Hold	—	—	—	—
ERS	Bankrupt/Doubtful	—	—	—	—
ERS	Contra	—	—	—	—
ERS	Other1	—	—	—	—
ERS	Other2	—	—	—	—
ERS	Other3	—	—	—	—
ERS	Other4	—	—	—	—
ERS	Other5	—	—	—	—
ERS	Other6	—	—	—	—
Manual	Manual1	—	—	—	—
Manual	Manual2	—	—	—	—
Manual	Manual3	—	—	—	—
Manual	Manual4	—	—	—	—
Manual	Manual5	—	—	—	—
Manual	Manual6	—	—	—	—
Manual	Concentration Cap	—	—	—	—
Manual	Reserve grossed up as Ineligible	—	—	—	—
Manual	Reserve grossed up as Ineligible	—	—	—	—
Manual	Dilution Ineligible (grossed up)	—	—	—	—
Total Ineligible A/R:		—	—	—	—
Eligible A/R		—	—	—	—
Advance Rate					
A/R Availability before Sublimit(s)		—	—	—	—
Line Limit or Sublimit(s)					
Net A/R Availability		—	—	—	—

FYI - Total Eligible Receivables to US Based Multinational Corporations with a BBB- rating or better

AR CONCENTRATIONS
PolyOne Corporation

As of: _____

Consolidated		<u>% or \$ Allowed of Eligible AR</u>	<u>% of Eligible</u>	<u>% of AR</u>	<u>Total</u>	<u>Future</u>	<u>0 -30 DOI</u>	<u>31 -60 DOI</u>	<u>61 -90 DOI</u>	<u>91 -120 DOI</u>	<u>121+ DOI</u>	Ineligibles	<u>Eligible A/R</u>	<u>Conc Cap</u>	<u>Conc IE</u>	<u>% of Balance</u>
<u>#</u>	<u>Customer Name Calc</u>											<u>Total</u>				
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
Total Analyzed			0%	0%	—	—	—	—	—	—	—	—	—		—	
CONSOLIDATED TOTAL AR				#N/A	—	—	—	—	—	—	—					
Remaining AR				#N/A	—	—	—	—	—	—	—					
Ineligible AR Prior to Concentration																
Ineligible					—											
Net Eligible AR Prior to Concentration																
Ineligible					—											
Concentration Caps or Limits per LSA:																
Names (Customer_Name_Calc)								% or Dollar Cap								
All Others										10%						

Inventory Availability Detail

Name: PolyOne Corporation

Based on the Inventory Perpetual dated:											
Loan ID #:			TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
Inventory Category:			<u>US -RM</u>	<u>US -WIP</u>	<u>US -FG</u>	<u>US -Stores</u>	<u>US -In-transit</u>	<u>GLS -RM</u>	<u>GLS -In-transit</u>	<u>GLS -FG</u>	<u>Total</u>
ERS Inventory Total:											
Manual Inventory Total:											
Total Gross Inventory:											
ERS	WIP										
ERS	Stores										
ERS	Outside Processors (Subcontractors)										
ERS	Consigned										
ERS	Packaging										
ERS	QC Hold										
ERS	Semi-Finished										
ERS	R&D										
ERS	Offgrade, Scrap, Rework										
ERS	Locations < \$100M										
Manual	Slow Moving (GL# 148530, 148510)										
Manual	In-transit not shipped to PolyOne										
Manual	Manual3										
Manual	Reserve grossed up as Ineligible										
Manual	Appraisal Reserve (grossed up)										
Total Ineligible Inventory:											
Eligible Inventory											
Advance Rate											
Availability before Sublimit			—	—	—	—	—	—	—	—	—
Sublimits											—
Net Inventory Availability			—	—	—	—	—	—	—	—	—

RM Signature _____

Appraisal Review

As of: _____

	<u>US -RM</u>	<u>US -WIP</u>	<u>US -FG</u>	<u>US -Stores</u>	<u>US -In-transit</u>	<u>GLS -RM</u>	<u>GLS -In-transit</u>	<u>GLS -FG</u>
Eligible Inventory per Appraisal	—	—	—	—	—	—	—	—
Appraised NOLV %	—	—	—	—	—	—	—	—
% of NOLV	—	—	—	—	—	—	—	—
Appraised Value	—	—	—	—	—	—	—	—
Appraisal Reserve	—	—	—	—	—	—	—	—
Appraisal Ineligible (grossed up)	—	—	—	—	—	—	—	—

Inventory Availability Detail

Name: PolyOne Corporation

Based on the Inventory Perpetual dated:

		Loan ID #:	TBD Canada - RM (USD)	TBD Canada - WIP (USD)	TBD Canada - FG (USD)	TBD Canada - In-transit	Total
Inventory Category:							
ERS Inventory Total:							
Manual Inventory Total:							
Total Gross Inventory:							
ERS	Ineligible1						
ERS	Ineligible2						
ERS	Ineligible3						
ERS	Ineligible4						
ERS	Ineligible5						
ERS	Ineligible6						
ERS	Ineligible7						
ERS	Ineligible8						
ERS	Ineligible9						
ERS	Ineligible10						
Manual	Manual1						
Manual	Manual2						
Manual	Manual3						
Manual	Reserve grossed up as Ineligible						
Manual	Appraisal Reserve (grossed up)						
Total Ineligible Inventory:							
Eligible Inventory							
Advance Rate							
Availability before Sublimit							
Sublimits							
Net Inventory Availability							

RM Signature _____

Appraisal Review

As of: _____

	Canada - RM (USD)	Canada - WIP (USD)	Canada - FG (USD)	Canada - In-transit
Eligible Inventory per Appraisal	—	—	—	—
Appraised NOLV %	_____	_____	_____	_____
% of NOLV				
Appraised Value	—	—	—	—
Appraisal Reserve	—	—	—	—
Appraisal Ineligible (grossed up)	—	—	—	—

Inventory Availability Summary

Name: PolyOne Corporation

Based on the Inventory Perpetual dated:

		Loan ID #:	TBD US Consolidated Total	TBD Canada Total	Consolidated
Inventory Category:					
ERS Inventory Total:			—	—	—
Manual Inventory Total:			—	—	—
Total Gross Inventory:			—	—	—
ERS	WIP		—	—	—
ERS	Stores		—	—	—
ERS	Outside Processors (Subcontractors)		—	—	—
ERS	Consigned		—	—	—
ERS	Packaging		—	—	—
ERS	QC Hold		—	—	—
ERS	Semi-Finished		—	—	—
ERS	R&D		—	—	—
ERS	Offgrade, Scrap, Rework		—	—	—
ERS	Locations < \$100M		—	—	—
Manual	Slow Moving (GL# 148530, 148510)		—	—	—
Manual	In-transit not shipped to PolyOne		—	—	—
Manual	Manual3		—	—	—
Manual	Reserve grossed up as Ineligible		—	—	—
Manual	Appraisal Reserve (grossed up)		—	—	—
Total Ineligible Inventory:			—	—	—
Eligible Inventory			—	—	—
Advance Rate					
Availability before Sublimit			—	—	—
Sublimits			—	—	—
Net Inventory Availability			—	—	—

In-Transit Inventory Availability Summary

Name: PolyOne Corporation

Based on the Inventory Perpetual dated:

		Loan ID #:	TBD US Total	TBD Canada Total	TBD Consolidated Total (USD)
		Inventory Category:			
		ERS Inventory Total:	—	—	—
		Manual Inventory Total:	—	—	—
		Total Gross Inventory:	—	—	—
ERS	WIP		—	—	—
ERS	Stores		—	—	—
ERS	Outside Processors (Subcontractors)		—	—	—
ERS	Consigned		—	—	—
ERS	Packaging		—	—	—
ERS	QC Hold		—	—	—
ERS	Semi-Finished		—	—	—
ERS	R&D		—	—	—
ERS	Offgrade, Scrap, Rework		—	—	—
ERS	Locations < \$100M		—	—	—
Manual	Slow Moving (GL# 148530, 148510)		—	—	—
Manual	In-transit not shipped to PolyOne		—	—	—
Manual	Reserve grossed up as Ineligible		—	—	—
Manual	Appraisal Reserve (grossed up)		—	—	—
Total Ineligible Inventory:			—	—	—
Eligible Inventory			—	—	—
Advance Rate					
Availability before Sublimit			—	—	—
Sublimits			—	—	—
Net Inventory Availability			—	—	—

FORM OF BANK PRODUCTS PROVIDER LETTER AGREEMENT

[Letterhead of Specified Bank Products Provider]

[Date]

Wells Fargo Capital Finance, LLC as Agent
One Boston Place, 18th Floor
Boston, Massachusetts 02108
Attention: Portfolio Manager
Fax No.: (617) 523-4021

Reference is hereby made to that certain Credit Agreement, dated as of December 21, 2011 (as amended, restated, supplemented, or modified from time to time, the “Credit Agreement”), by and among the lenders party thereto (such lenders, together with their respective successors and assigns, are referred to hereinafter each individually as a “Lender” and collectively as the “Lenders”), Wells Fargo Capital Finance, LLC, as agent for the Lenders (together with its successors and assigns in such capacity, “Agent”), PolyOne Corporation (“Parent”), GLS International, Inc. (“GLS”), PolyOne Canada Inc. (“PolyOne Canada”) and NEU Specialty Engineered Materials, LLC (“NEU” and, together with Parent, GLS, PolyOne Canada and any Person that may from time to time become a borrower, each a “Borrower” and, collectively, “Borrowers”) and certain subsidiaries of Parent. Capitalized terms used herein but not specifically defined herein shall have the meanings ascribed to them in the Credit Agreement.

Reference is also made to that certain [describe the Bank Product Agreement or Agreements] (the “Specified Bank Product Agreement [Agreements]”) dated as of [] by and between [Lender or Affiliate of Lender] (the “Specified Bank Products Provider”) and [identify the Loan Party or Subsidiary].

1. Appointment of Agent. The Specified Bank Products Provider hereby designates and appoints Agent, and Agent by its signature below hereby accepts such appointment, as its agent under the Credit Agreement and the other Loan Documents. The Specified Bank Products Provider hereby acknowledges that it has reviewed Sections 15.1, 15.2, 15.3, 15.4, 15.6, 15.7, 15.8, 15.9, 15.11, 15.12, 15.13, 15.14, 15.15, 15.19, and 17.5 (collectively such sections are referred to herein as the “Agency Provisions”), including, as applicable, the defined terms referenced therein (but only to the extent used therein), and agrees to be bound by the provisions thereof. Specified Bank Products Provider and Agent each agree that the Agency Provisions which govern the relationship, and certain representations, acknowledgements, appointments, rights, restrictions, and agreements, between the Agent, on the one hand, and the Lenders or the Lender Group, on the other hand, shall, from and after the date of this letter agreement also apply to and govern, *mutatis mutandis*, the relationship between the Agent, on the one hand, and the Specified Bank Product Provider with respect to the Bank Products provided pursuant to the Specified Bank Product Agreement[s], on the other hand.

2. Acknowledgement of Certain Provisions of Credit Agreement. The Specified Bank Products Provider hereby acknowledges that it has reviewed the provisions of Sections 2.3(b), 14.1, 15.10, 15.11, and 17.5 of the Credit Agreement, including, as applicable, the defined terms referenced therein, and agrees to be bound by the provisions thereof. Without limiting the generality of any of the foregoing referenced provisions, Specified Bank Product Provider

understands and agrees that its rights and benefits under the Loan Documents, strictly in its capacity as a Specified Bank Products Provider and without limiting such party's rights otherwise, if any, as a Lender and/or Issuing Lender under the Loan Documents, consist solely of it being a beneficiary of the Liens and security interests granted to Agent and the right to share in Collateral as set forth in the Credit Agreement.

3. **Reporting Requirements.** Agent shall have no obligation to calculate the amount due and payable with respect to any Bank Products. On a monthly basis (not later than the tenth (10th) Business Day of each calendar month) or as more frequently as Agent shall request, the Specified Bank Products Provider agrees to provide Agent with a written report, in form and substance satisfactory to Agent, detailing Specified Bank Products Provider's reasonable determination of the credit exposure (and mark- to-market exposure) of each Borrower and its Subsidiaries in respect of the Bank Products provided by Specified Bank Products Provider pursuant to the Specified Bank Products Agreement[s]. If Agent does not receive such written report within the time period provided above, Agent shall be entitled to assume that the reasonable determination of the credit exposure of Borrowers and its Subsidiaries with respect to the Bank Products provided pursuant to the Specified Bank Products Agreement[s] is either (a) the amount of credit exposure most recently reported to the Agent in accordance with the terms and provisions hereof (so long as such report has been provided to the Agent within the immediately preceding sixty (60) day period) or, (b) if no such report has been provided to the Agent within the immediately preceding sixty (60) day period, zero.

4. **Bank Product Reserve Conditions.** Specified Bank Products Provider further acknowledges and agrees that Agent shall have the right, but shall have no obligation to establish, maintain, relax or release reserves in respect of any of the Bank Product Obligations and that if reserves are established there is no obligation on the part of the Agent to determine or insure whether the amount of any such reserve is appropriate or not. If Agent so chooses to implement a reserve, Specified Bank Products Provider acknowledges and agrees that Agent shall be entitled to rely on the information in the reports described above to establish the Bank Product Reserve Amount.

5. **Bank Product Obligations.** From and after the delivery to Agent of this letter agreement duly executed by Specified Bank Product Provider and the acknowledgement of this letter agreement by Agent and Administrative Borrower (on behalf of the Borrowers), the obligations and liabilities of Parent and its Subsidiaries to Specified Bank Product Provider in respect of Bank Products evidenced by the Specified Bank Product Agreement[s] shall constitute Bank Product Obligations (and which, in turn, shall constitute Obligations), and Specified Bank Product Provider shall constitute a Bank Product Provider until such time as Specified Bank Products Provider or its affiliate is no longer a Lender. Specified Bank Products Provider acknowledges that other Bank Products (which may or may not be Specified Bank Products) may exist at any time. Notwithstanding anything to the contrary contained herein, in the Credit Agreement or otherwise, Specified Bank Products Provider acknowledges and agrees that to the extent that it may at any time hold, or have been granted a pledge of, or security interest or other Lien in, any cash, Cash Equivalents, securities or other investment property or other assets to secure any of the Bank Product Obligations at any time owing to it, Specified Bank Product Provider shall not be entitled, solely as it relates to the Bank Product Obligations owing to it and no other Obligations, to the benefit of the Liens and security interests granted to Agent or to any share in the Collateral as set forth in the Credit Agreement or otherwise, in each case up to the amount of the value of the assets subject to the pledge, security interest or other Lien of Specified Bank Product Provider securing the Bank Product Obligations owing to Specified Bank Products

Provider, and any of its rights as a Lender to any proceeds of the Collateral in respect of such Bank Product Obligations shall be reduced by the amount of such collateral.

6. **Notices.** All notices and other communications provided for hereunder shall be given in the form and manner provided in Section 11 of the Credit Agreement, and, if to Agent, shall be mailed, sent, or delivered to Agent in accordance with Section 11 in the Credit Agreement, if to any Loan Party, shall be mailed, sent, or delivered to Administrative Borrower in accordance with Section 11 in the Credit Agreement, and, if to Specified Bank Products Provider, shall be mailed, sent or delivered to the address set forth below, or, in each case as to any party, at such other address as shall be designated by such party in a written notice to the other party.

If to Specified Bank
Products Provider:

Attn: _____
Fax No. _____

7. **Miscellaneous.** This letter agreement is for the benefit of the Agent, the Specified Bank Products Provider, the Loan Parties and each of their respective successors and assigns (including any successor agent pursuant to Section 15.9 of the Credit Agreement, but excluding any successor or assignee of a Specified Bank Products Provider that does not qualify as a Bank Product Provider). Unless the context of this letter agreement clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” This letter agreement may be executed in any number of counterparts and by different parties on separate counterparts. Each of such counterparts shall be deemed to be an original, and all of such counterparts, taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this letter by telefacsimile or other means of electronic transmission shall be equally effective as delivery of a manually executed counterpart.

8. **Governing Law.**

(a) THE VALIDITY OF THIS LETTER AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS LETTER AGREEMENT SHALL BE TRIED AND LITIGATED ONLY IN THE STATE COURTS, AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, FEDERAL COURTS, LOCATED IN THE COUNTY OF NEW YORK, STATE OF NEW YORK. EACH BORROWER, SPECIFIED BANK PRODUCTS PROVIDER, AND AGENT WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS

OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 8(b).

(c) TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER, SPECIFIED BANK PRODUCTS PROVIDER, AND AGENT EACH HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS LETTER AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH BORROWER, SPECIFIED BANK PRODUCTS PROVIDER, AND AGENT EACH REPRESENTS TO THE OTHERS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS LETTER AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

[signature pages to follow]

Sincerely,

[SPECIFIED BANK PRODUCTS PROVIDER]

By: _____
Name: _____
Title: _____

Acknowledged, accepted, and agreed
as of the date first written above:

POLYONE CORPORATION,
as Administrative Borrower

By: _____
Name: _____
Title: _____

Acknowledged, accepted, and
agreed as of _____, 20__:

WELLS FARGO CAPITAL FINANCE, LLC,
as Agent

By: _____
Name: _____
Title: _____

EXHIBIT B-3

FORM OF CANADIAN BORROWING BASE

See attached



Summary Page Borrowing Base Certificate

Date _____
Name PolyOne Corporation

A/R As of: _____
Inventory As of: _____

The undersigned, PolyOne Corporation (“Borrower”), pursuant to that certain Credit Agreement dated as of _____ (as amended, restated, modified, supplemented, refinanced, renewed, or extended from time to time, the “Credit Agreement”), entered into among Borrower, the lenders signatory thereto from time to time and Wells Fargo Capital Finance, LLC, a Delaware limited liability company as the arranger and administrative agent (in such capacity, together with its successors and assigns, if any, in such capacity, “Agent”), hereby certifies to Agent that the following items, calculated in accordance with the terms and definitions set forth in the Credit Agreement for such items are true and correct, and that Borrower is in compliance with and, after giving effect to any currently requested Advances, will be in compliance with, the terms, conditions, and provisions of the Credit Agreement.

Accounts Receivable

	US	Canada	Consolidated
Accounts Receivable Balance per Aging Report Assigned To Wells Fargo Capital Finance			
Less Ineligibles (detailed on page 2)			
Net Eligible Accounts Receivable			
Accounts Receivable Availability before Sublimit(s)			
Net Available Accounts Receivable after Sublimit(s)			

Inventory

	US	Canada	Consolidated
Inventory Balance Assigned To Wells Fargo Capital Finance			
Less Ineligibles (detailed on page 3)			
Eligible Inventory			
Inventory Availability before Sublimit(s)			
Available Inventory after 50% of Maximum Credit Sublimit(s)			

Summary

Availability before Credit Line & Reserves
Total Credit Line

Suppressed Availability

Total Availability before Reserves
Reserves

Total Reserves

Availability before Loan Balance

Letter of Credit Balance

As of: _____

Loan Ledger Balance

As of: _____

Cash in-transit

Adjusted Loan Balance

Net Availability

Additionally, the undersigned hereby certifies and represents and warrants to the Lender Group on behalf of Borrower that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document, any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document, and as of the effective date of any advance, continuation or conversion requested above is true and correct in all material respects (except to the extent any representation or warranty expressly related to an earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof or each such effective date), (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above, and (iv) all of the foregoing is true and correct as of the effective date of the calculations set forth above and that such calculations have been made in accordance with the requirements of the Credit Agreement.

Authorized Signer

List of attachments with this Borrowing Base Certificate:

Page 2 - Accounts Receivable Availability Detail
Page 2a - Accounts Receivable Summary
Page 2b - Accounts Receivable Concentrations
Page 2c - Accounts Receivable Dilution
Page 3 - Inventory Availability Detail
Page 3a - Inventory Availability Detail
Page 3b - Inventory Availability Summary

Accounts Receivable Availability Detail

Name: PolyOne Corporation
Report based on Aging dated:

		Loan ID #: Division Name:	TBD US PolyOne	TBD US GLS	TBD Color Matrix	TBD Canada PolyOne (USD)	Total
Aging Spreads:							
	Future						
	0 - 30 DOI						
	31 - 60 DOI						
	61 - 90 DOI						
	91 - 120 DOI						
	121+ DOI						
A/R Aging Balance:							
Ineligibles:							
ERS	Past Due-						
ERS	Past Due Credits						
ERS	CrossAge						
ERS	Intercompany						
ERS	Foreign						
ERS	Government						
ERS	COD						
ERS	Debit Memo						
ERS	Customer Deposits						
ERS	Employee Sales						
ERS	Progress Billing						
ERS	Extended Terms						
ERS	Finance Charges						
ERS	Guaranteed						
ERS	Coop Advertising						
ERS	Samples						
ERS	Consignment Sales						
ERS	Bill & Hold						
ERS	Bankrupt/Doubtful						
ERS	Contra						
ERS	Other1						
ERS	Other2						
ERS	Other3						
ERS	Other4						
ERS	Other5						
ERS	Other6						
Manual	Manual1						
Manual	Manual2						
Manual	Manual3						
Manual	Manual4						
Manual	Manual5						
Manual	Concentration Cap						
Manual	Reserve grossed up as Ineligible						
Manual	Reserve grossed up as Ineligible						
Manual	Dilution Ineligible (grossed up)						
Total Ineligible A/R:			—	—	—	—	—
Eligible A/R			—	—	—	—	—
Advance Rate							
A/R Availability before Sublimit(s)			—	—	—	—	—
Line Limit or Sublimit(s)							
Net A/R Availability			—	—	—	—	—
RM Signature							

Accounts Receivable Availability Summary

Name: PolyOne Corporation
Report based on Aging dated:

		Loan ID #:	TBD	TBD	
		Pool Name:	US PolyOne (USD)	Canada PolyOne (USD)	Total
Aging Spreads:					
	Future		—	—	—
	1 - 30 DOI		—	—	—
	31 - 60 DOI		—	—	—
	61 - 90 DOI		—	—	—
	91 - 120 DOI		—	—	—
	121+ DOI		—	—	—
A/R Aging Balance:					
Ineligibles:					
ERS	Past Due-		—	—	—
ERS	Past Due Credits		—	—	—
ERS	CrossAge		—	—	—
ERS	Intercompany		—	—	—
ERS	Foreign		—	—	—
ERS	Government		—	—	—
ERS	COD		—	—	—
ERS	Debit Memo		—	—	—
ERS	Customer Deposits		—	—	—
ERS	Employee Sales		—	—	—
ERS	Progress Billing		—	—	—
ERS	Extended Terms		—	—	—
ERS	Finance Charges		—	—	—
ERS	Guaranteed		—	—	—
ERS	Coop Advertising		—	—	—
ERS	Samples		—	—	—
ERS	Consignment Sales		—	—	—
ERS	Bill & Hold		—	—	—
ERS	Bankrupt/Doubtful		—	—	—
ERS	Contra		—	—	—
ERS	Other1		—	—	—
ERS	Other2		—	—	—
ERS	Other3		—	—	—
ERS	Other4		—	—	—
ERS	Other5		—	—	—
ERS	Other6		—	—	—
Manual	Manual1		—	—	—
Manual	Manual2		—	—	—
Manual	Manual3		—	—	—
Manual	Manual4		—	—	—
Manual	Manual5		—	—	—
Manual	Manual6		—	—	—
Manual	Concentration Cap		—	—	—
Manual	Reserve grossed up as Ineligible		—	—	—
Manual	Reserve grossed up as Ineligible		—	—	—
Manual	Dilution Ineligible (grossed up)		—	—	—
Total Ineligible A/R:					
Eligible A/R					
Advance Rate					
A/R Availability before Sublimit(s)					
Line Limit or Sublimit(s)					
Net A/R Availability					

FYI - Total Eligible Receivables to US Based Multinational Corporations with a BBB-rating or better

AR CONCENTRATIONS
PolyOne Corporation

As of: _____

Consolidated												Ineligibles				% of
#	Customer Name Calc	% or \$ Allowed of Eligible AR	% of Eligible	% of AR	Total	Future	0 - 30 DOI	31 - 60 DOI	61 - 90 DOI	91 - 120 DOI	121+ DOI	Total	Eligible A/R	Conc Cap	Conc IE	Balance
1																
2																
3																
4																
5																
6																
7																
8																
9																
10																
	Total Analyzed		0%	0%	—	—	—	—	—	—	—	—	—		—	
CONSOLIDATED																
	TOTAL AR			#N/A	—	—	—	—	—	—	—	—				
	Remaining AR			#N/A	—	—	—	—	—	—	—	—				
	Ineligible AR Prior to Concentration Ineligible				—											
	Net Eligible AR Prior to Concentration Ineligible				—											

Concentration Caps or Limits per LSA:

Names (Customer Name Calc)	% or Dollar Cap
All Others	10%

Inventory Availability Detail

Name: PolyOne Corporation

Based on the Inventory Perpetual dated:

		Loan ID #:	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Inventory Category:		US - RM	US - WIP	US - FG	US - Stores	US - In-transit	GLS - RM	GLS - In-transit	GLS - FG	Total
ERS Inventory Total:										
Manual Inventory Total:										
Total Gross Inventory:										
ERS	WIP									
ERS	Stores									
ERS	Outside Processors (Subcontractors)									
ERS	Consigned									
ERS	Packaging									
ERS	QC Hold									
ERS	Semi-Finished									
ERS	R&D									
ERS	Offgrade, Scrap, Rework									
ERS	Locations < \$100M									
Manual	Slow Moving (GL# 148530, 148510)									
Manual	In-transit not shipped to PolyOne									
Manual	Manual3									
Manual	Reserve grossed up as Ineligible									
Manual	Appraisal Reserve (grossed up)									
Total Ineligible Inventory:										
Eligible Inventory										
Advance Rate										
Availability before Sublimit		—	—	—	—	—	—	—	—	—
Sublimits		—	—	—	—	—	—	—	—	—
Net Inventory Availability		—	—	—	—	—	—	—	—	—

RM Signature _____

Appraisal Review

As of: _____

	US - RM	US - WIP	US - FG	US -Stores	US In-transit	GLS - RM	GLS- In-transit	GLS - FG
Eligible Inventory per Appraisal	—	—	—	—	—	—	—	—
Appraised NOLV %	—	—	—	—	—	—	—	—
% of NOLV								
Appraised Value	—	—	—	—	—	—	—	—
Appraisal Reserve	—	—	—	—	—	—	—	—
Appraisal Ineligible (grossed up)	—	—	—	—	—	—	—	—

Inventory Availability Detail
Name: PolyOne Corporation

Based on the Inventory Perpetual dated: _____

		Loan ID #:	TBD	TBD	TBD	TBD	
			Canada - RM (USD)	Canada - WIP (USD)	Canada - FG (USD)	Canada - In-transit	Total
Inventory Category:							
ERS Inventory Total:							
Manual Inventory Total:							
Total Gross Inventory:							
ERS	Ineligible1						
ERS	Ineligible2						
ERS	Ineligible3						
ERS	Ineligible4						
ERS	Ineligible5						
ERS	Ineligible6						
ERS	Ineligible7						
ERS	Ineligible8						
ERS	Ineligible9						
ERS	Ineligible10						
Manual	Manual1						
Manual	Manual2						
Manual	Manual3						
Manual	Reserve grossed up as Ineligible						
Manual	Appraisal Reserve (grossed up)						
Total Ineligible Inventory:							
Eligible Inventory							
Advance Rate							
Availability before Sublimit							
Sublimits							
Net Inventory Availability							

RM Signature _____

Appraisal Review

As of: _____

	Canada - RM (USD)	Canada - WIP (USD)	Canada - FG (USD)	Canada - In-transit
Eligible Inventory per Appraisal	—	—	—	—
Appraised NOLV %				
% of NOLV				
Appraised Value	—	—	—	—
Appraisal Reserve	—	—	—	—
Appraisal Ineligible (grossed up)	—	—	—	—

Inventory Availability Summary
Name: PolyOne Corporation

Based on the Inventory Perpetual dated: _____

		Loan ID #:	TBD US Consolidated Total	TBD Canada Total	Consolidated
Inventory Category:					
ERS Inventory Total:			—	—	—
Manual Inventory Total:			—	—	—
Total Gross Inventory:			—	—	—
ERS	WIP		—	—	—
ERS	Stores		—	—	—
ERS	Outside Processors (Subcontractors)		—	—	—
ERS	Consigned		—	—	—
ERS	Packaging		—	—	—
ERS	QC Hold		—	—	—
ERS	Semi-Finished		—	—	—
ERS	R&D		—	—	—
ERS	Offgrade, Scrap, Rework		—	—	—
ERS	Locations < \$100M		—	—	—
Manual	Slow Moving (GL# 148530, 148510)		—	—	—
Manual	In-transit not shipped to PolyOne		—	—	—
Manual	Manual3		—	—	—
Manual	Reserve grossed up as Ineligible		—	—	—
Manual	Appraisal Reserve (grossed up)		—	—	—
Total Ineligible Inventory:			—	—	—
Eligible Inventory			—	—	—
Advance Rate					
Availability before Sublimit			—	—	—
Sublimits			—	—	—
Net Inventory Availability			—	—	—

In-Transit Inventory Availability Summary
Name: **PolyOne Corporation**

Based on the Inventory Perpetual dated: _____

		Loan ID #:	TBD US Total	TBD Canada Total	TBD Consolidated Total (USD)
Inventory Category:					
ERS Inventory Total:			—	—	—
Manual Inventory Total:			—	—	—
Total Gross Inventory:			—	—	—
ERS	WIP		—	—	—
ERS	Stores		—	—	—
ERS	Outside Processors (Subcontractors)		—	—	—
ERS	Consigned		—	—	—
ERS	Packaging		—	—	—
ERS	QC Hold		—	—	—
ERS	Semi-Finished		—	—	—
ERS	R&D		—	—	—
ERS	Offgrade, Scrap, Rework		—	—	—
ERS	Locations < \$100M		—	—	—
Manual	Slow Moving (GL# 148530, 148510)		—	—	—
Manual	In-transit not shipped to PolyOne		—	—	—
Manual	Reserve grossed up as Ineligible		—	—	—
Manual	Appraisal Reserve (grossed up)		—	—	—
Total Ineligible Inventory:			—	—	—
Eligible Inventory			—	—	—
Advance Rate					
Availability before Sublimit			—	—	—
Sublimits					
Net Inventory Availability			—	—	—

EXHIBIT C-1

FORM OF COMPLIANCE CERTIFICATE

[on Administrative Borrower's letterhead]

To: Wells Fargo Capital Finance, LLC
One Boston Place, 18th Floor
Boston, Massachusetts 02108
Attention: Portfolio Manager

Re: Compliance Certificate dated _____

Ladies and Gentlemen:

Reference is hereby made to that certain Credit Agreement, dated as of December 21, 2011 (as amended, restated, supplemented, or modified from time to time, the "Credit Agreement"), by and among the lenders party thereto (such lenders, together with their respective successors and assigns, are referred to hereinafter each individually as a "Lender" and collectively as the "Lenders"), Wells Fargo Capital Finance, LLC, as agent for the Lenders (together with its successors and assigns in such capacity, "Agent"), PolyOne Corporation ("Parent"), GLS International, Inc. ("GLS"), PolyOne Canada Inc. ("PolyOne Canada") and NEU Specialty Engineered Materials, LLC ("NEU" and, together with Parent, GLS, PolyOne Canada and any Person that may form time to time become a borrower, each a "Borrower" and, collectively, "Borrowers") and certain subsidiaries of Parent. Capitalized terms used in this Compliance Certificate have the meanings set forth in the Credit Agreement unless specifically defined herein.

Pursuant to Schedule 5.1 of the Credit Agreement, the undersigned officer of Administrative Borrower hereby certifies that:

1. The financial information of Parent and its Subsidiaries furnished in Schedule 1 attached hereto, has been prepared in accordance with GAAP (except for year-end adjustments and the lack of footnotes), and fairly presents in all material respects the financial condition of Parent and its Subsidiaries.
2. Such officer has reviewed the terms of the Credit Agreement and has made, or caused to be made under his/her supervision, a review in reasonable detail of the transactions and condition of Parent and its Subsidiaries during the accounting period covered by the financial statements delivered pursuant to Schedule 5.1 of the Credit Agreement.
3. Such review has not disclosed the existence on and as of the date hereof, and the undersigned does not have knowledge of the existence as of the date hereof, of any event or condition that constitutes a Default or Event of Default, except for such conditions or events listed on Schedule 2 attached hereto, specifying the nature and period of existence thereof and what action Parent and its Subsidiaries have taken, are taking, or propose to take with respect thereto.

4. The representations and warranties of Parent and its Subsidiaries set forth in the Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof (except to the extent they relate to a specified date), except as set forth on Schedule 3 attached hereto.

5. Parent and its Subsidiaries are in compliance with each covenant contained in Section 7 of the Credit Agreement as demonstrated on Schedule 4 hereof.

6. The amount by which the Existing Note Secured Debt Limit exceeds the aggregate principal amount of the Loans plus the Letter of Credit Usage outstanding and the calculations that are the basis for the determination of such amount, are set forth on Schedule 5 hereof.

IN WITNESS WHEREOF, this Compliance Certificate is executed by the undersigned this _____ day of _____, _____.

POLYONE CORPORATION,
as Administrative Borrower

By: _____
Name: _____
Title: _____

SCHEDULE 1

Financial Information

SCHEDULE 2

Default or Event of Default

SCHEDULE 3

Representations and Warranties

SCHEDULE 4

Financial Covenants

SCHEDULE 5

Existing Note Secured Debt Limit

EXHIBIT L-1

FORM OF LIBOR NOTICE

Wells Fargo Capital Finance, LLC, as Agent
One Boston Place, 18th Floor
Boston, Massachusetts 02108

Ladies and Gentlemen:

Reference hereby is made to that certain Credit Agreement, dated as of December 21, 2011 (the “Credit Agreement”), among PolyOne Corporation (“Parent”), GLS International, Inc. (“GLS”), PolyOne Canada Inc. (“PolyOne Canada”) and NEU Specialty Engineered Materials, LLC (“NEU” and, together with Parent, GLS, PolyOne Canada and any Person that may form time to time become a borrower, each a “Borrower” and, collectively, “Borrowers”), certain subsidiaries of Parent, the lenders signatory thereto (the “Lenders”), and Wells Fargo Capital Finance, LLC, as the agent for the Lenders (“Agent”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

This LIBOR Notice represents Borrowers’ request to elect the LIBOR Option with respect to outstanding [US Revolving Loans] [Canadian Revolving Loans] in the amount of \$ _____ (the “LIBOR Rate Advance”), and is a written confirmation of the telephonic notice of such election given to Agent.

The LIBOR Rate Advance will have an Interest Period of [1, 2, [or] 3] month(s) commencing on _____.

This LIBOR Notice further confirms Administrative Borrower’s acceptance, for purposes of determining the rate of interest based on the LIBOR Rate under the Credit Agreement, of the LIBOR Rate as determined pursuant to the Credit Agreement.

Administrative Borrower (on behalf of the Borrowers) represents and warrants that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document or any agreement, instrument, certificate, document or other writing furnished at any time under or in connection with any Loan Document, and as of the effective date of any advance, continuation or conversion requested above, is true and correct in all material respects (except to the extent any representation or warranty expressly related to an earlier date), (ii) each of the covenants and agreements contained in any Loan Document have been performed (to the extent required to be performed on or before the date hereof or each such effective date), and (iii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above.

Dated: _____

POLYONE CORPORATION,
as Administrative Borrower

By _____
Name: _____
Title: _____

Acknowledged by:

WELLS FARGO CAPITAL FINANCE, LLC,
as Agent

By: _____
Name: _____
Title: _____

EXHIBIT L-2
FORM OF BA RATE NOTICE

Wells Fargo Capital Finance, LLC, as Agent
One Boston Place, 18th Floor
Boston, Massachusetts 02108

Ladies and Gentlemen:

Reference hereby is made to that certain Credit Agreement, dated as of December 21, 2011 (the “Credit Agreement”), among PolyOne Corporation (“Parent”), GLS International, Inc. (“GLS”), PolyOne Canada Inc. (“PolyOne Canada” or “Canadian Borrower”) and NEU Specialty Engineered Materials, LLC (“NEU” and, together with Parent, GLS, PolyOne Canada and any Person that may from time to time become a borrower, each a “Borrower” and, collectively, “Borrowers”), certain subsidiaries of Parent, the lenders signatory thereto (the “Lenders”), and Wells Fargo Capital Finance, LLC, as the agent for the Lenders (“Agent”). Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement.

This BA Rate Notice represents the undersigned Canadian Borrower’s request to elect the BA Rate Option with respect to outstanding Canadian Revolving Loans denominated in Canadian Dollars in the amount of C\$_____ (the “BA Rate Loan”), and is a written confirmation of the telephonic notice of such election given to Agent].

The BA Rate Loan will have an Interest Period of [1, 2 or 3] month(s) commencing on _____.

Canadian Borrower represents and warrants that (i) as of the date hereof, each representation or warranty contained in or pursuant to any Loan Document and as of the effective date of any advance, continuation or conversion requested above, is true and correct in all material respects (except to the extent any representation or warranty expressly related to an earlier date and except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof), and (ii) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the request above.

Dated: _____

POLYONE CANADA INC.,
as Canadian Borrower

By: _____
Name: _____
Title: _____

Acknowledged by:

WELLS FARGO CAPITAL FINANCE, LLC,
as Agent

By: _____
Name: _____
Title: _____

SCHEDULE A-1
AGENT’S ACCOUNT

Bank:
Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco, CA

Account Name:
(a) Wells Fargo Capital Finance, LLC
Ref: PolyOne Corporation

SCHEDULE A-2
AGENT'S CANADIAN ACCOUNT

CAD Wire Instructions:

Bank:	TD Canada Trust
Bank Address:	55 King Street West, Toronto, Ontario, Canada M5K 1A2
Transit Number	10202
Bank Number:	004
Canadian Clearing Code:	000410202
SWIFT Number:	TDOMCATTOR
Beneficiary:	Wells Fargo Capital Finance Corporation Canada
Beneficiary Address:	40 King Street West Suite 2500, Toronto, ON M5H 3Y2 Canada
Ordering Customer:	PolyOne Canada Inc.

USD Wire Instructions:

Bank:	TD Canada Trust
Bank Address:	55 King Street West, Toronto, Ontario, Canada M5K 1A2
Transit Number	10202
Bank Number:	004
Canadian Clearing Code:	000410202
SWIFT Number:	TDOMCATTOR
Beneficiary:	Wells Fargo Capital Finance Corporation Canada
Beneficiary Address:	40 King Street West Suite 2500, Toronto, ON M5H 3Y2 Canada
Ordering Customer:	PolyOne Canada Inc.

Intermediary Bank for USD Payment (Only for paying from Non-Canadian Bank):

U.S. Correspondent Bank:	Bank of America, N.A.
Bank Address:	New York, NY

SCHEDULE A-3
AUTHORIZED PERSONS

Woodrow Ban
Daniel O'Bryon
John Hornickel

SCHEDULE C-1
COMMITMENTS

Lender	US COMMITMENT ¹	CANADIAN COMMITMENT
WELLS FARGO CAPITAL FINANCE, LLC	\$ 100,000,000	\$ 0
WELLS FARGO CAPITAL FINANCE CORPORATION CANADA	\$ 0	\$ 8,333,000
BANK OF AMERICA, N.A.	\$ 75,000,000	\$ 0
BANK OF AMERICA, N.A., CANADA BRANCH	\$ 0	\$ 6,250,000
US BANK NATIONAL ASSOCIATION	\$ 30,000,000	\$ 0
US BANK NATIONAL ASSOCIATION, CANADA BRANCH	\$ 0	\$ 2,500,000
KEYBANK NATIONAL ASSOCIATION	\$ 30,000,000	\$ 2,500,000
PNC BANK, NATIONAL ASSOCIATION	\$ 25,000,000	\$ 0
PNC BANK CANADA BRANCH	\$ 0	\$ 2,083,000
CITIBANK NA	\$ 20,000,000	\$ 1,667,000
HSBC BANK USA, N.A.	\$ 20,000,000	\$ 1,667,000
TOTAL	\$ 300,000,000 ²	\$ 25,000,000

¹ The US Commitment of any Lender shall be reduced by such Lender’s (or its Affiliates’) Pro Rata Share of the Canadian Revolver Usage.

² The aggregate US Dollar Equivalent of the sum of the Canadian Revolver Usage and the US Revolver Usage shall not exceed \$300,000,000 at any time (except as such amount may be increased pursuant to Section 2.12).

SCHEDULE C-2
REMEDIATION PROPERTIES

611 Kororoit Creek Road, Altona, Victoria, Australia
21300 Doral Road, Town of Brookfield, Wisconsin
Highway 169, Nashwauk, MN
2468 Industrial Parkway, Calvert City, Kentucky
2475 Industrial Boulevard, Calvert City, Kentucky
216 Paterson Plank Road, Carlstadt, New Jersey
7377 Highway 3214, Convent, Louisiana
N1/2, Section 1, T42N, R35W, Stambaugh Township, Iron County, Michigan
52 Richboynton Road, Dover, New Jersey
150 South Connell Avenue, Dyersburg, Tennessee
60 Mayfield Drive, Edison, New Jersey
10 Ruckle Avenue, Farmingdale, New Jersey
325 Lucy Road, Howell, Michigan
77 Saint David Street, Kawartha Lakes, Ontario
521 King Street West, Kitchener, Ontario
2400 Miller Cut-Off Road, La Porte, Texas
Fern Valley Road, Louisville, Kentucky
4200 Bells Lane, Louisville, Kentucky
300 Needham Street, Newton, Massachusetts
8281 National Highway, Pennsauken, New Jersey
26 Washington Street, Perth Amboy, New Jersey
7 Kelley Road, Plaistow, New Hampshire
68th Street & Pulaski Highway, Rosedale, Maryland
789 Old New Brunswick Road, Somerset, New Jersey
9316 South Atlantic Avenue, South Gate, California
8800 Thorold Townline Rd, Thorold, Ontario
111 Day Drive, Three Rivers, Michigan
1947-1997 Bloor Street West, Toronto, Ontario
170 North Main Street, Wharton, New Jersey
1318 East 12th Street, Wilmington, Delaware
944 Valley Avenue, Winchester, Virginia
Bergen County, New Jersey³

³ This is a long creek and this is the address that the company has on its record.

SCHEDULE D-1
DESIGNATED ACCOUNT

Entity	Name and Address of Bank
PolyOne Corporation	Mellon Bank 500 Ross St. Pittsburgh, PA 15262
PolyOne Canada Inc. (for Canadian revolving loans)	Bank of Montreal 100 King St., West Toronto, ON M5X 1H3

SCHEDULE E-1
EXISTING LETTERS OF CREDIT

Issuing Bank	Issue Date	Expiration Date	L/C Number	Curr. Amount	Beneficiary
PNC Bank	10/11/2011	6/26/2012	SLC18115916	\$ 48,082.50	EPA SUPERFUND DIVISION
PNC Bank	8/12/2005	6/26/2012	SCL0011397	\$ 1,565,000.00	Ohio Bureau of Workers
PNC Bank	9/23/2005	6/26/2012	SCL0011464	\$ 3,785,000.00	Liberty Mutual
PNC Bank	9/23/2005	6/26/2012	SCL0011542	\$ 25,000.00	Travellers
PNC Bank	1/30/2006	4/8/2012	SCL012021	\$ 35,000.00	National Union Fire
PNC Bank	1/30/2006	4/8/2012	SCL012022	\$ 900,000.00	National Union Fire
PNC Bank	1/30/2006	5/8/2012	SCL012023	\$ 1,509,000.00	Commonwealth KY
PNC Bank	3/12/2009	12/31/2011	SCL015513	\$ 412,525.40	US Hazardous Substance Superfund
PNC Bank	11/16/2009	6/26/2012	SCL013416	\$ 329,490.00	Bank of America, Atlanta, Georgia
PNC Bank	1/30/2006	5/13/2012	SCL012025	\$ 2,112,292.00	Reliance Ins.
PNC Bank	1/30/2006	4/29/2012	SCL012027	\$ 220,000.00	Self-insurance plans
PNC Bank	2/27/2006	5/1/2012	SCL012166	\$ 450,000.00	Illinois Industrial
PNC Bank	8/26/2009	6/26/2012	SCL015761	\$ 558,125.00	Dyersburg Electric System
PNC Bank	10/11/2011	6/26/2012	SCL18115917	\$ 1,000,000.00	Emergency & Remedial Response Div US Env
PNC Bank	1/11/2010	12/31/2010	SCL015902	\$ 0.00	US Hazardous Substance Superfund
PNC Bank	7/1/2011	6/27/2012	SCL18115286	\$ 1,300,500.00	S.I.R./ Quantum
PNC Bank	8/12/2011	6/26/2012	SCL18115525	\$ 250,000.00	Shawnee Chemical Company Inc
PNC Bank	4/21/2009	3/3/2012	SCL015499	\$ 287,825.88	Trade Finance Operations

SCHEDULE I-1
IMMATERIAL SUBSIDIARIES

Auseon Limited
Burton Rubber Company
Butler Brothers
Geon Development, Inc.
Hanna Proprietary Limited
Hanna-Itasca Company
Hollinger Development Company
L.E. Carpenter & Company
LP Holdings Inc.
M. A. Hanna Plastic Group, Inc.
MAG International
O'Sullivan Plastics LLC
PolyOne Funding Canada Corporation
PolyOne Funding Corporation
PolyOne Engineered Films, LLC
PolyOne Wilflex Australasia Pty. Ltd.
RA Products, Inc.
Regalite Plastics, LLC
Shawnee Holdings, LLC
The Geon Company Australia Limited
Canadian Films Venture Inc.

**SCHEDULE M-1
MORTGAGED REAL PROPERTY**

<u>PROPERTY OWNER</u>	<u>ADDRESS</u>	<u>CITY</u>	<u>STATE</u>
ALLIED COLOR INDUSTRIES INC. (NOW KNOWN AS POLYONE CORPORATION)	7601 NORTH GLEN HARBOR RD	GLENDALE	ARIZONA
THE GEON COMPANY (NOW KNOWN AS POLYONE CORPORATION)	2104 EAST 223RD STREET	CARSON	CALIFORNIA
WINFLEX INC. (NOW KNOWN AS POLYONE CORPORATION)	8155 COBB CENTER DRIVE	KENNESAW	GEORGIA
P.M.S. CONSOLIDATED (NOW KNOWN AS POLYONE CORPORATION)	2400 E DEVON AVE	ELK GROVE VILLAGE	ILLINOIS
THE GEON COMPANY (NOW KNOWN AS POLYONE CORPORATION)	1546 COUNTY RD 1450 NORTH	HENRY	ILLINOIS
THE GEON COMPANY (NOW KNOWN AS POLYONE CORPORATION)	3100 NORTH 35TH STREET	TERRE HAUTE	INDIANA
THE GEON COMPANY (NOW KNOWN AS POLYONE CORPORATION)	4250 BELLS LANE	LOUISVILLE	KENTUCKY
THE GEON COMPANY (NOW KNOWN AS POLYONE CORPORATION)	ROUTE 130 & PORCUPINE ROAD	PEDRICKTOWN	NEW JERSEY
POLYONE CORPORATION	80 NORTHWEST STREET	NORWALK	OHIO
POLYONE CORPORATION AND	554 MOORE ROAD BUILDING 482; 552 MOORE ROAD -	AVON LAKE	OHIO
THE GEON COMPANY (NOW KNOWN AS POLYONE CORPORATION)	GATE 6 AND ALL ADDRESSES AND LOCATIONS OWNED BY POLYONE IN AVON LAKE, OH		

M.A. HANNA COMPANY (NOW KNOWN AS POLYONE CORPORATION)	2513 HIGHLAND AVENUE	BETHLEHEM	PENNSYLVANIA
M.A. HANNA COMPANY (NOW KNOWN AS POLYONE CORPORATION)	107 JACKSON STREET	DYERSBURG	TENNESSEE
M.A. HANNA COMPANY (NOW KNOWN AS POLYONE CORPORATION)	10100 PORTER ROAD AND 5200 HIGHWAY 146	SEABROOK	TEXAS
POLYONE CORPORATION	4402 AND 4403A PASADENA FREEWAY (HWY 225)	PASADENA	TEXAS
DH COMPOUNDING COMPANY (NOW KNOWN AS POLYONE CORPORATION)	1260 CARDEN DRIVE	CLINTON	TENNESSEE

Deliverables Within 90 Days After Closing

(A) Evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Agent may deem necessary or desirable in order to create a valid second and subsisting Lien on the property described therein in favor of the Agent for the benefit of the Lender Group and the Bank Product Providers and that all filing, documentary, stamp, intangible and recording taxes and fees have been paid (or have been delivered to the applicable title insurer for the payment at the time of recording),

(B) Fully paid American Land Title Association Lender's Extended Coverage title insurance policies (the "Mortgage Policies"), with endorsements and in amounts acceptable to the Agent, issued, coinsured and reinsured by title insurers reasonably acceptable to the Agent, insuring the Mortgages to be valid second and subsisting Liens on the property described therein, free and clear of all defects (including, but not limited to, mechanics' and materialmen's Liens) and encumbrances, excepting only Permitted Liens and matters acceptable to Agent in its sole discretion, and providing for such other affirmative insurance (including endorsements for future advances under the Loan Documents, for mechanics' and materialmen's Liens and for zoning of the applicable property, *provided* that a zoning report from Bock & Clark Corp. or another professional firm reasonably acceptable to the Agent may be delivered in lieu of such zoning endorsement) and such coinsurance and direct access reinsurance as the Agent may deem reasonably necessary or desirable,

(C) American Land Title Association/American Congress on Surveying and Mapping form surveys (each, an "ALTA Survey"), for which all necessary fees (where applicable) have been paid, and dated no more than 90 days after the Closing Date, certified to the Agent and the issuer of the Mortgage Policies in a manner satisfactory to the Agent and consistent with ALTA Survey requirements by a land surveyor duly registered and licensed in the States in which the property described in such surveys is located and acceptable to the Agent, showing all buildings and other improvements, any off-site improvements that either materially affect the operation of the Mortgaged Property or encroach onto the Mortgaged Property, the location of any easements, parking spaces, rights of way, building set-back lines and other dimensional regulations and encroachments, either by such improvements or on to such property, and other defects, other than Permitted Liens and other defects acceptable to the Agent; *provided, however*, that notwithstanding the requirements set forth in this clause (c), historical ALTA Surveys previously delivered to the Agent for the below properties shall be deemed to comply with such requirements: (i) 8155 Cobb Center Drive, Kennesaw, GA; (ii) 2400 E Devon Avenue, Elk Grove Village, IL; (iii) 3100 North 35th Street, Terre Haute, IN; (iv) Route 130 & Porcupine Road, Pedricktown, New Jersey; (v) 80 Northwest Street, Norwalk, OH; (vi) 2513 Highland Avenue, Bethlehem, PA and (vii) Highway 146, Seabrook, TX.

(D) Evidence of the insurance required by the terms of the Mortgages, including, if applicable, a completed "Life-of-Loan" Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property located in the United States (and with respect to any such facility that is located within a special flood zone (i) a notice about special flood hazard area status and flood disaster assistance duly executed by the Parent and each applicable Loan Party relating

thereto and (ii) evidence of insurance with respect to such facility as set forth in Section 5.6 and otherwise in form and substance reasonably satisfactory to the Agent),

(E) Opinions of local counsel for the Loan Parties (i) in states in which each Mortgage Property is located, with respect to the enforceability of the Mortgages and necessary requirements in order to perfect the Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Agent and (ii) in states in which each Loan Party party to a Mortgage is organized or formed, with respect to the valid existence, corporate power and authority of such Loan Party in granting the Mortgage, in form and substance reasonably satisfactory to the Agent,

(F) Evidence that all other action that the Agent may deem reasonably necessary or desirable in order to create valid second and subsisting Liens on the property described in the Mortgages has been taken, and

(G) Environmental assessment reports, each in scope, form and substance satisfactory to the Agent; *provided* that with respect to real properties listed on Schedule M-1 on the Closing Date, “Phase-I” reports shall be delivered solely with respect to Route 130 and Porcupine Rd., Pedricktown, NJ 08067; 1546 County Rd 1450 North, Henry, IL 61537; and 33587 Walker Road, Avon Lake, OH 44012 (and all other addresses constituting the Avon Lake campus).

**SCHEDULE P-1
PERMITTED DISPOSITIONS**

<u>PROPERTY OWNER</u>	<u>ADDRESS</u>
POLYONE CORPORATION	3401 JOINT VENTURE LANE, LOUISVILLE, KY
THE HANNA MINING COMPANY (NOW KNOWN AS POLYONE CORPORATION)	ITASCA, MN. PARCEL ID NUMBER: 25-020-4401; 25-520-0120.
POLYONE CORPORATION	7 GUENTHER BOULEVARD, ST. PETERS, MO
POLYONE CORPORATION	1804-1808 RIVER ROAD, BURLINGTON, NJ
POLYONE CORPORATION	DEFOREST, WI PARCEL ID NUMBER: 118/0910-084-8020-1
POLYONE CORPORATION	21300 DORAL ROAD, BROOKFIELD, WI
POLYONE CANADA INC.	NIAGARA FALLS, ONTARIO, CANADA PARCEL ID NUMBER: PARTS 25, 26, 27 AND 33, PLAN 59R - 10639 - PIN 64262-0005; PART 32, PLAN 59R-10639 (WAS PART 1, PLAN 59R-6285)-PIN 640058-0026; PART 23, PLAN 59R-10639 (WAS PART 4, PLAN 59R-6285)-PIN 640058-0148
POLYONE CORPORATION	2700 PAPIN STREET, ST. LOUIS, MO 63103

SCHEDULE P-2
PERMITTED INDEBTEDNESS

1. Indebtedness associated with Liens set forth on Schedule P-3.
2. Guarantee, dated as of April 17, 2008, in the amount of approximately Euro 54, 215.
 - a. Guarantor: Royal Bank of Scotland
 - b. Beneficiary: Uni-Invest, B.V.
 - c. Applicant: ColorMatrix Europe Ltd.
 - d. Nature of Underlying Obligations: securing rent payment obligations under the lease agreement between ColorMatrix Europe Ltd. and Uni-Invest, B.V.
3. Letter of Credit, dated as of April 4, 2007, in the amount of approximately \$111,191.04.
 - a. Issuing Bank: General Electric Capital Corporation.
 - b. Beneficiary: 680 North L.L.C.
 - c. Applicant: The ColorMatrix Corporation.
 - d. Nature of Underlying Obligations: securing rent payment obligations under the lease agreement between The ColorMatrix Corporation and 680 North L.L.C.
4. ColorMatrix do Brasil Indústria e Comércio de Pigmentos e Aditivos Ltda. has obtained a Bank Credit, dated August 11, 2011, issued by Itaú Unibanco S.A. for a revolving credit facility of up to 900,000 Brazilian reals.
5. Letter of Credit, dated as of March 6, 2006, in the face amount of CAD 293,688.75.
 - a. Issuing Bank: Bank of Montreal.
 - b. Beneficiary: Workplace Safety & Insurance Board
 - c. Applicant: PolyOne Canada Inc.
 - d. Nature of Underlying Obligations: securing obligations relating to Canadian workers compensation.

SCHEDULE P-3
PERMITTED INVESTMENTS

Borrower or any Restricted Subsidiary holds an Equity Interest in the following entities:

<u>HOLDER</u>	<u>ENTITY NAME</u>	<u>PERCENTAGE OF OWNERSHIP</u>
POLYONE CORPORATION	HANSARD STEAMSHIP COMPANY	33%
POLYONE CORPORATION	EARLY STAGE	2%
POLYONE CORPORATION	KIMBERLY IRON COMPANY, LTD.	14%
POLYONE CORPORATION	NORTH COAST	1%
POLYONE CORPORATION	PARAMOUNT COAL COMPANY	50%
POLYONE CORPORATION	PILOT KNOB PELLET CO.	50%
POLYONE CORPORATION	SYNGOLD	4.26%
POLYONE CORPORATION	ORANGEVILLE-BRAMPTON RAIL ACCESS GROUP INC.	12.5%
POLYONE CORPORATION	ALTONA PROPERTIES PTY. LTD.	37%
POLYONE CORPORATION	OHIO INNOVATION	2%
GEON DEVELOPMENT, INC.		4%
GEON DEVELOPMENT, INC.	CLEVELAND DEVELOPMENT	2%
HANNA PROPRIETARY LIMITED	MAG INTERNATIONAL	50%

SCHEDULE P-4
PERMITTED LIENS

U.S.

Debtor	State	Jurisdiction	Secured Party	UCC Filing No./Filing Date	Collateral
POLYONE CORPORATION	IL	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: 016600504 File Date: 9/14/11	*For information purposes only 1 Used Toyota 7FGCU25 Serial #89951 83/189” Mast, 42” forks. Side Shifter, Strobe Light
POLYONE CORPORATION	IL	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: 016649600 File Date: 9/30/11	*For information purposes only 1 Used Toyota 7FGCU15 Serial #70125 83/189” Mast, 42” forks. Side Shifter, LPG Powered

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	CISCO SYSTEMS CAPITAL CORPORATION	UCC: OH00039906742 File Date: 10/15/01 Amendment: 20020510796 File Date: 2/19/02 Continuation: 20061090698 File Date: 4/19/06 Continuation: 20112510276 File Date: 9/8/11	All of Debtor’s right, title and interest, now existing and hereafter arising in property described on financing statement. Leased Equipment on Master Agreement, dated 4/19/01 Equipment is defined as routers, router components, other computer networking and telecommunications equipment manufactured by Cisco Systems, Inc., together with related software and software license rights. Amend address of Debtor
Polyone Corporation	OH	State	BASF Corporation	UCC: OH00042647474 File Date: 12/13/01 Amendment: 20052870150 File Date: 10/12/05 Correction: 20053610118 File Date: 12/20/05 Continuation: 20062260778 File Date: 8/11/06	BASF-owned products on consignment, which include: Hallogen Blue K 6911 D, K6912 D, K 7090 Hallogen Green K 8805, K 6683, K 6730 Z Luwx AL 3 Paliogen Red K 3811 HD and 5 others Amend Secured Party address

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corporation	OH	State	Tennant Financial Services	UCC: OH00044522301 File Date: 1/28/02 Continuation: 20063030438 File Date: 10/30/06	Tennant Model 7300 Cylindrical Scrubber with any and all additions, attachments, accessories, etc. Pursuant to rental agreement. *Filed solely as a precaution
PolyOne Corporation	OH	State	Amended: LANXESS Corporation Amended: Bayer Polymers LLC Original Secured Party: Bayer Corporation	UCC: OH00051752337 File Date: 7/10/02 Amendment: 20030800302 File Date: 3/19/03 Amendment: 20042020018 File Date: 7/20/04 Continuation: 20070990368 File Date: 4/9/07	Consignor's products listed on Attachment 1 of financing statement, consisting of: <ul style="list-style-type: none"> EPR Rubber Emulsions Rubber *True Consignment

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corporation	OH	State	NMHG Financial Services Inc.	UCC: OH00053737509 File Date: 8/30/02 Continuation: 20070750794 File Date: 3/16/07	“All of the equipment now or hereafter leased by Lessor to Lessee; and all accessories additions, replacements, and substitutions thereto and therefor and all proceeds including insurance proceeds, thereof. 4134468 NMHG Cost Center 08A23”

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
Polyone Corporation	OH	State	Assignee: Presidio Technology Capital, LLC	UCC: OH00060687309 File Date: 3/5/03	All right, title and interest to Leased Equipment under Master Lease Agreement No. 130, dated 12/17/02
			Assignee: Highbridge/Zwirn Special Opportunities Fund, L.P.	Assignment: 20031480486 File Date: 5/27/03	Various computer equipment (several hundred items), described on Lease Schedules 001, 002, 004 and 08, attached to the several assignments and amendments.
			Assignee: Information Leasing Corporation	Amendment: 20032250470 File Date: 8/12/03	
			Original Secured Party: Sayers Finance Corporation	Amendment: 20043380470 File Date: 12/2/04	
				Amendment: 20043380530 File Date: 12/2/04	
				Assignment: 20043380530 File Date: 12/2/04	
				Continuation: 20072830530 File Date: 10/9/07	
				Assignment: 20110940104 File Date: 4/1/11	

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	Amended: Supplyone Cleveland, Inc. Original Secured Party: National Paper & Packaging Co.	UCC: OH00067980772 File Date: 9/2/03 Continuation: 20081850562 File Date: 7/3/08 Amendment: 20092170520 File Date: 8/5/09	All inventory and other goods listed on Exhibit A of financing statement whenever sold, consigned or delivered to or for Consignee by Consignor. Several dozen items are listed, all described as “Bags” or “Liners”
Polyone Corporation	OH	State	Popular Leasing U.S.A., Inc.	UCC: OH00074219697 File Date: 2/24/04 Continuation: 20090420286 File Date: 2/11/09	“Lease #: 43755.01 One (1) New 202 Gallon Agitating Ultasonic [sic] Parts Washer, Model SK-1749”
POLYONE CORPORATION	OH	State	mitsui plastics, inc.	UCC: OH00087090820 File Date: 3/8/05 Continuation: 20093340122 File Date: 11/25/09	All plastic goods placed or consigned onto premises of Polyone Corporation *Filing made for notice purposes

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	General Electric Capital Corporation	UCC: OH00100338389 File Date: 4/1/06 Continuation: 20110460372 File Date: 2/15/11	All equipment under certain MRK ML# 0116943 Schedule 001 PDA#01, GE Lease Agreement 7370924 Schedule 002, including all accessories, accessions, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00107673821 File Date: 10/17/06	*For informational purposes only Two new Toyota model 7BRU18, Serial Numbers 32936 and 32938, equipped with 42 inch forks, two batteries and two chargers.
PolyOne Corporation	OH	State	General Electric Capital Corporation	UCC: OH00108698460 File Date: 11/9/06 Continuation: 20112440066 File Date: 9/1/11 Amendment: 20112440062 File Date: 9/1/11	All equipment under certain MRK ML# 0116943 Schedule 001 PDA #2, GE Lease Agreement 7370924 Schedule 005, including all accessories, accessions, etc. Amend Secured Party address
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00109475954 File Date: 12/4/06	*For informational purposes only One new Toyota Model 7FGCU25 S/N 04338, equipped with side shifter, 42” forks, backup alarm, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00109496544 File Date: 12/4/06	*For informational purposes only One new Toyota Model 7FGCU25 S/N 69880, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00110232549 File Date: 12/22/06	*For informational purposes only Five new Toyotas Model 7FGCU25 S/Ns 04871, 04904, 04928, 04964 and 04999, each equipped with side shifter, 42” forks, backup alarm, etc.
PolyOne Corporation	OH	State	Zeon Chemicals L.P.	UCC: OH00110707627 File Date: 1/9/07	Consigned goods, defined as all items furnished by Secured Party to Consignee. Consigned goods are described as products 2301X36, 2301X50, 1430X20 and Zealloy (R) 1422
POLYONE CORPORATION	OH	State	General Electric Capital Corporation	UCC: OH00111253695 File Date: 1/24/07	All equipment under certain MRK ML# 0116943 Schedule 001 PDA #3, GE Lease Agreement 7370924 Schedule 004, including all accessories, accessions, etc.
PolyOne Corporation	OH	State	Wells Fargo Equipment Finance, Inc.	UCC: OH00112693466 File Date: 3/9/07	*Transaction intended to be a true lease One (1) New 2006 Trackmobile 4150TM, Serial Number LGN 98208-1106, including all options, attachments and accessories.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	Toyota Motor Credit Corporation	UCC: OH00113735881 File Date: 4/6/07	*Transaction constitutes a true lease Eight (8) Toyota Forklift Model # 8FGCU25 Serial #s: 10698, 10868, 10926, 10869, 10596, 10893, 10894, 10897
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00114063615 File Date: 4/17/07	*For informational purposes only One new Toyota Model 7FBEU18 S/N 16747, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00115318435 File Date: 5/18/07	*For informational purposes only Two (2) new Toyotas Model 7FBEU18 S/N 69448, 69449, each equipped with side shifter, 42” forks, backup alarm, etc.
PolyOne Corporation	OH	State	General Electric Capital Corporation	UCC: OH00115735136 File Date: 5/31/07	All equipment under certain MRK ML# 0116943 Schedule 001 Final, GE Lease Agreement 7370924 Schedule 006, including all accessories, accessions, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP OLIVER-ALLEN TECHNOLOGY LEASING	UCC: OH00117302828 File Date: 7/17/07 Amendment: 20073200472 File Date: 11/15/07	All equipment pursuant to Equipment Schedule No. 01 to Master Lease Agreement, dated 7/2/07. Equipment is described as various computer and telecommunications equipment, software, and software license rights. Amend Collateral
POLYONE CORPORATION DBA POLYONE DISTRIBUTION COMPANY	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00117635257 File Date: 7/26/07	*For informational purposes only Sixteen (16) Toyotas Model # 8FGCU25. S/N: 13541, 13375, 13038, 13200, etc.
Polyone Corporation	OH	State	National City Commercial Capital Company, LLC	UCC: OH00117982424 File Date: 8/7/07	Equipment and other goods pursuant to Rental Schedule Number 98908000 to Master Lease Agreement, dated 7/25/07. Equipment is described as 40 or so “1977, ACF 5,250 cubic feet, covered hopper car”(s). No serial numbers.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00119874336 File Date: 10/5/07	*For informational purposes only One new Toyota Model 7FBCU25 S/N 70268, equipped with side shifter, 42” forks, backup alarm, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00120175286 File Date: 10/15/07	*For informational purposes only One new Toyota Model 8FGCU25 S/N 15096, equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00120183617 File Date: 10/15/07	*For informational purposes only Three (3) new Toyotas Model 8FGCU25 S/N 11003, 11004, 11011, each equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00120574878 File Date: 10/26/07	*For informational purposes only One new Advance Terra 4300B S/N 073424726
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00121288579 File Date: 11/19/07	*For informational purposes only Two (2) new Toyotas Model 7FBCU25 S/N 70468, 70480, each equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00121380383 File Date: 11/21/07	*For informational purposes only One new Toyota Model 8FGCU25 S/N 16407, equipped with side shifter, 42” forks, backup alarm, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00121558138 File Date: 11/29/07	*For informational purposes only One used Toyota Model 7FGCU25 S/N 75992, equipped with side shifter, 189” FSV Mast
POLYONE CORPORATION	OH	State	U.S. BANCORP OLIVER- ALLEN TECHNOLOGY LEASING	UCC: OH00121652188 File Date: 12/3/07 Amendment: 20080780520 File Date: 3/17/08	All equipment pursuant to Equipment Schedule No. 02 to Master Lease Agreement, dated 7/2/07. Equipment is described as various computer and telecommunications equipment, software, and software license rights. Amend Collateral
Polyone Corporation	OH	State	National City Commercial Capital Company, LLC	UCC: OH00121894948 File Date: 12/11/07	Equipment and other goods pursuant to Rental Schedule Number 401672000 to Master Lease Agreement, dated 7/25/07. Equipment is described as 40 or so “1977/1978/1979, ACF, 5,250 cubic feet covered hopper car”(s). No serial numbers.
POLYONE CORPORATION	OH	State	U.S. BANCORP OLIVER- ALLEN TECHNOLOGY LEASING	UCC: OH00124415412 File Date: 3/3/08 Amendment: 20081640748 File Date: 6/12/08	All equipment pursuant to Equipment Schedule No. 02 to Master Lease Agreement, dated 7/2/07. Equipment is described as various computer and telecommunications equipment. Amend Collateral

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00124952036 File Date: 3/19/08	*For informational purposes only One new Toyota Model 8FGCU32 S/N 11294, equipped with side shifter, 48” forks, backup alarm, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00124954616 File Date: 3/19/08	*For informational purposes only One new Toyota Model 8FGCU32 S/N 11273, equipped with backup alarm, 189” FSV Mast, Dual 4 Way Hosing, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION CO	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00124954727 File Date: 3/19/08	*For informational purposes only One new Toyota Model 8FGCU32 S/N 11263, equipped with Integral Side Shifter, 42” Forks, backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION DBA POLYONE DISTRIBUTION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00125115942 File Date: 3/25/08	*For informational purposes only One used Toyota Model 7FGCU25 S/N 67167, equipped with side shifter, 42” forks, 189” FSV Mast
POLYONE CORPORATION CT CORPORATION, AGENT	OH	State	AMERICAN AXLE & MANUFACTURING, INC.	UCC: OH00125252073 File Date: 3/28/08	“RAW MATERIALS, WORK IN PROCESS, FINISHED GOODS, TOOLS AND INVENTORY, MACHINERY AND EQUIPMENT OWNED BY SECURED PARTY AND IN THE POSSESSION OF DEBTOR FROM TIME TO TIME”

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	Assigned: Bank Financial F.S.B. Original Secured Party: Somerset Leasing Corp. II	UCC: OH00125320927 File Date: 4/1/08 Amendment: 20093550179 File Date: 12/21/09 Assignment: 20112790168 File Date: 10/5/11	*Intended to be a true lease Leased equipment under schedule no.1 to Lease Agreement dated 1/17/08. Equipment: 1 Briggs 4350TM TrackMobile RailCar Mover, *Cummins B5.9-C152 Turbocharged Diesel Engine, 6 Cylinder, 359 Cubic Inch, 152BHP etc. Amendment: New equipment location
POLYONE CORPORATION DBA POLYONE DISTRIBUTION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00125831112 File Date: 4/18/08	*For informational purposes only One new Toyota Model 8FGCU30 S/N 11900, equipped with side shifter, 42” Forks, backup alarm, 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00127151071 File Date: 6/2/08 Amendment: 20082610098 File Date: 9/15/08	All equipment and other personal property pursuant to Equipment Schedule No. 04 to Master Lease Agreement, dated 7/2/07. Equipment on attached Exhibit is described as various computer and network equipment. Amend Collateral
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00127154996 File Date: 6/3/08	*For informational purposes only One (1) New advance Exterra S/N 2053546

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00127169624 File Date: 6/3/08	*For informational purposes only One (1) Advance Terra 4300B S/N 081208964
PolyOne Corporation	OH	State	Somerset Leasing Corp. I	UCC: OH00128496446 File Date: 7/28/08	*Intended to be a true lease Equipment under Schedule No. 2 to Lease Agreement, dated 1/17/08. Equipment is described as 1 7413 Tennant Model T5 Walk Behind Scrubber T5-10389390
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00129168290 File Date: 8/27/08	*For informational purposes only Two (2) new Toyotas Model 8FGCU25 S/N 21072, 21589 equipped with side shifter, 42” forks, backup alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00129207345 File Date: 8/28/08	*For informational purposes only One new Toyota Model 6BWS152L04 S/N 10154, equipped with 48” pallet forks, UL type EE Rating, Battery Discharge Indicator, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00129370138 File Date: 9/5/08	*For informational purposes only Two (2) new Toyotas Model 6BWR152L24 S/N 30406, 60409 equipped with 36” pallet forks, UL type EE Rating, Battery Discharge Indicator, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00129537960 File Date: 9/12/08 Amendment: 20092670368 File Date: 9/23/09	All equipment and other personal property pursuant to Schedule No. 05 to Master Lease Agreement, dated 7/2/07. Equipment is described on attached exhibit as various computer and network equipment, several dozen items. Amend Collateral
PolyOne Corporation	OH	State	Assigned: BankFinancial FSB Original Secured Party: Somerset Leasing Corp. XIV	UCC: OH00129848131 File Date: 9/26/08 Assignment: 20112690187 File Date: 9/23/11	*Intended to be a true lease Equipment under Schedule No. 3 to Lease Agreement dated 1-17-08. Equipment includes forklifts, batteries and battery chargers.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00130292307 File Date: 10/17/08	*For informational purposes only Two (2) new Ametek Chargers Model 1050 T3-24 S/N 308CS68260, 308CS68261
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00130294987 File Date: 10/17/08	*For informational purposes only Two (2) new Deka batteries model 24-85D-21 S/N 1804FR, 3267DR
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00131007688 File Date: 11/18/08	*For informational purposes only One new Advance 4300 Captor LP S/N 1000002500

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	KANEKA TEXAS CORPORATION	UCC: OH00131529563 File Date: 12/10/08	*Filing made for Notice purposes only All impact modifiers and processing aids now or hereafter acquired by Consignor and thereafter placed on premises of Consignee
Polyone Corp.	OH	State	M & R Sales & Service	UCC: OH00133359261 File Date: 3/16/09	1 P/N GTRZ162214122036A Gauntlet Z Press 16X22 S/N 030979382G 1 P/N CAYZ182220360 Cayenne Z Quartz Flash 18X22 S/N 030979358C 1 P/N CAYZ182220360 Cayenne Z Quartz Flash 18X22 S/N 030979355C and 4 others
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00133854261 File Date: 4/9/09	*For informational purposes only One used Toyota Model 7FGCU25 S/N 83158, equipped with side shifter, 42” forks, 189” FSV mast, single internal hosing
POLYONE CORPORATION	OH	State	AIR LIQUIDE INDUSTRIAL US LP	UCC: OH00133945830 File Date: 4/13/09	“TELEMETRY- DATAL ONE VESSEL- PE, S/N 05866, 4700 GAL”

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00135861935 File Date: 7/8/09 Amendment: 20093340260 File Date: 11/25/09	All equipment and other personal property pursuant to Schedule 007 to Master Lease Agreement, dated 7/2/07. Equipment described on exhibit to amendment as various computer equipment. Amend Collateral
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00135862058 File Date: 7/8/09 Amendment: 20092670364 File Date: 9/23/09	All equipment and other personal property pursuant to Schedule 06 to Master Lease Agreement, dated 7/2/07. Equipment described on exhibit to amendment as sixteen (16) “Steelhead 250 w/2 Onboard GBE” Amend Collateral
PolyOne Corporation	OH	State	MRK Leasing, Ltd.	UCC: OH00136154008 File Date: 7/22/09	Equipment pursuant to Lease # 0116943.003. Described on Schedule A as “Steelhead 5050 with 4 Onboard GBE” and several other similar items.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00136268069 File Date: 7/28/09	*For informational purposes only One new Toyota 7FBCU25 S/N 72480. Sideshifter, 42” forks, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00136947887 File Date: 9/2/09 Amendment: 20100600239 File Date: 3/1/10	Equipment and other personal property pursuant to Equipment Schedule No. 08 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer equipment. Amend Collateral
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00136947998 File Date: 9/2/09 Amendment: 20102700071 File Date: 9/24/10	Equipment and other personal property pursuant to Equipment Schedule No. 08 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer equipment. Amend Collateral
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00137062983 File Date: 9/8/09	*For informational purposes only One new Toyota 8FGU25 S/N 19655. Sideshifter, 48” forks, etc.
PolyOne Corporation	OH	State	Georgia-Pacific Corrugated LLC	UCC: OH00137200816 File Date: 9/15/09	Consigned inventory in Consignment Agreement, dated 3/1/02. Laminated bulk boxes and caps located at buyer’s sites.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00137362919 File Date: 9/23/09	*For informational purposes only One used Toyota 7FBCU25 S/N 64964. Sideshifter, 42” forks, 83/189” Mast

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
PolyOne Corporation	OH	State	MRK Leasing, Ltd.	UCC: OH00138016765 File Date: 10/26/09	Equipment pursuant to Lease #0116943.002. Described on Schedule A as 3 LXE VXS Vehicle Mounted Computers.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00139644414 File Date: 1/13/10 Amendment: 20102700073 File Date: 9/24/10	Equipment and other personal property pursuant to Equipment Schedule No. 010 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer and networking equipment. Amend Collateral
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE INC.	UCC: OH00139644525 File Date: 1/13/10 Amendment: 20102700074 File Date: 9/24/10	Equipment and other personal property pursuant to Equipment Schedule No. 011 to Master Lease Agreement, dated 7/2/07. Exhibit A to Amendment describes as various computer and audio/visual equipment. Amend Collateral
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140059547 File Date: 2/2/10	*For informational purposes only “One (1) New Advance Convertamatic 26 S/N 1000031977”

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140262053 File Date: 2/15/10	*For informational purposes only “One (1) New Genie Z34/22 S/N Z3410-7789, Equipped With: Tool Tray, Low Volt Interrupt”
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140262164 File Date: 2/15/10	*For informational purposes only Two (2) New Toyota Models 30-7FBCU25 S/N 61031, 61033, Each Equipped With: Side shifter, 42” forks, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140765473 File Date: 3/12/10	*For informational purposes only Two (2) New Toyota Models 7HBW23 S/N 36605, 36607, Each Equipped With: 42” X 27” forks, removable 48” LBR, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00140868522 File Date: 3/18/10	*For informational purposes only Three (3) New Toyota Models 8FGCU30 S/N 13976, 13997, 13999 Each Equipped With: Side shifter, 42” forks, Backup alarm, etc.
PolyOne Corporation	OH	State	U.S. Bancorp Equipment Finance, Inc.	UCC: OH00143650211 File Date: 7/15/10	One (1) Used 2008 Trackmobile, Model 4350TM; together with all replacements, parts, repairs, additions, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144197513 File Date: 8/6/10 Amendment: 20102220281 File Date: 8/10/10	*For informational purposes only One new Toyota Model 7BN20203FSV S/N 50942. Equipped with: Side shifter, 48” forks, etc. Amendment modifies collateral description slightly.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144293810 File Date: 8/12/10	*For informational purposes only One new Toyota Model 8FGCU25 S/N 28677. Equipped with: Side shifter, 42” forks, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144553135 File Date: 8/25/10	*For informational purposes only Four (4) new Toyotas Model 7FBEU15 S/N 21545, 21569, 51271, 21592. Each equipped with: 42” forks, Backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00144554036 File Date: 8/25/10	*For informational purposes only One new Toyota Model 7FBEU15 S/N 21550. Equipped with: 42” forks, backup alarm, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00144572923 File Date: 8/26/10	Equipment and other personal property pursuant to Equipment Schedule No. 013 to Master Lease Agreement, dated 7/2/07.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00144573046 File Date: 8/26/10	Equipment and other personal property pursuant to Equipment Schedule No. 012 to Master Lease Agreement, dated 7/2/07.
PolyOne Corporation	OH	State	Partial Assignee: Wells Fargo Equipment Finance, Inc. Original Secured Party: Summit Funding Group, Inc.	UCC: OH00145278293 File Date: 9/30/10 Partial Assignment: 20103070146 File Date: 11/2/10 Amendment: 20103070146 File Date: 11/2/10 Partial Assignment: 20110330076 File Date: 1/31/11 Amendment: 20110330076 File Date: 1/31/11	All present and future goods pursuant to Master Lease Agreement 2417, dated 8/23/10 Partial Assignment on 11/2/10 to Wells Fargo, Schedule Number 001 to Master Lease Agreement Partial Assignment on 1/31/11 to Wells Fargo, Schedule Number 002 to Master Lease Agreement

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00145429052 File Date: 10/7/10	Equipment and other personal property pursuant to Equipment Schedule No. 014 to Master Lease Agreement, dated 7/2/07.
POLYONE CORPORATION	DE	State	DE LAGE LANDEN FINANCIAL SERVICES, INC.	UCC: OH00145429385 File Date: 10/7/10	“ALL EQUIPMENT OF ANY MAKE OR MANUFACTURE, TOGETHER WITH ALL ACCESSORIES AND ATTACHMENTS FINANCED BY OR LEASED TO LESSEE BY LESSOR UNDER MASTER LEASE AGREEMENT NUMBER _498_.”
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146965342 File Date: 12/20/10	*For informational purposes only Three (3) new Toyotas Model 8FGU25 S/N 32186, 32197, 32268. Each equipped with: Side shifter, 42” forks, Backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146968601 File Date: 12/20/10	*For informational purposes only One (1) new Toyota Model 8FGU25 S/N 32198. Equipped with: Side shifter, 48” forks, Backup alarm, 189” FSV Mast, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146968823 File Date: 12/20/10	*For informational purposes only One (1) new Toyota Model 8FGU32 S/N 30940. Equipped with: Backup alarm, 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146969491 File Date: 12/20/10	*For informational purposes only Two (2) new Toyotas Model 8FGU25 S/N 32250, 32270. Equipped with: Side shifter, 48” forks, Backup alarm, 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146969835 File Date: 12/20/10	*For informational purposes only Three (3) new Toyotas Model 8HBW30 S/N 40141, 40142, 40143. Each equipped with: 48” X 27” forks, UL Type EE Rating, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00146977266 File Date: 12/20/10	*For informational purposes only Two (2) new Toyotas Model 6BWR15 S/N 30509, 30510, 40143. Equipped with: 42” forks, battery discharge indicator, UL Type EE Rating, etc.
POLYONE CORPORATION	OH	State	ENTEK MANUFACTURING, INC.	UCC: OH00147079192 File Date: 12/23/10	One 40mm Extrusion Line – Serial #83681-0401008, including, but not limited to, Extruder, RSLinx program, Spare screw set on shafts, Vent stack, etc.
POLYONE CORPORATION	OH	State	ENTEK MANUFACTURING, INC.	UCC: OH00147079203 File Date: 12/23/10	One 40mm Extrusion Line – Serial #83735-0401000, including, but not limited to, Extruder, Spare screw set on shafts, etc.
POLYONE CORPORATION	OH	State	U.S. BANCORP EQUIPMENT FINANCE, INC.	UCC: OH00148179882 File Date: 2/14/11	All equipment, inventory and/or rights in any software, whether now owned or hereafter acquired, financed under that certain Master Lease Agreement, dated 7/2/07, together with all substitutions, replacements, parts, repairs, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00149158203 File Date: 4/1/11	*For informational purposes only One (1) new Toyota Model 8FGU25 S/N 33854. Equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00149158314 File Date: 4/1/11	*For informational purposes only One (1) new Toyota Model 8FGCU25 S/N 31335. Equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00149863238 File Date: 5/2/11	*For informational purposes only One (1) new Toyota 7FBEU15 S/N 22475. Equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150185556 File Date: 5/13/11 Amendment: 20111390203 File Date: 5/19/11	*For informational purposes only One (1) new Raymond R40TT S/N EZ-10-AF50397. Equipped with: S/S, 42” forks 211” TT Mast, etc. Amendment corrects S/N on battery

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150279151 File Date: 5/18/11	*For informational purposes only Two (2) new Toyotas 8FBCU30 S/N 60423, 60424. Each equipped with: S/S, 42” forks 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150361510 File Date: 5/20/11	*For informational purposes only (1) New Advance SC800 s/n 4000015726
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150395925 File Date: 5/23/11	*For informational purposes only Two (2) new Toyotas 7FBEU20 S/N 19147, 19148. Each equipped with: S/S, 42” forks 189” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150415393 File Date: 5/24/11	*For informational purposes only Three (3) new Toyotas 8FBCU30 S/N 60416, 60420, 60478. Each equipped with: S/S, 48” forks 187” FSV Mast, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00150675040 File Date: 6/3/11	*For informational purposes only (1) New Advance Adgressor 2820 S/N 1000044240
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00151302355 File Date: 6/30/11	*For informational purposes only (1) New Toyota 7FGCU35 S/N 71667, Equipped with S/S, 42” forks, etc.

<u>Debtor</u>	<u>State</u>	<u>Jurisdiction</u>	<u>Secured Party</u>	<u>UCC Filing No./Filing Date</u>	<u>Collateral</u>
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00151627464 File Date: 7/15/11	*For informational purposes only (1) New Toyota 8FGCU25 S/N 32435, Equipped with S/S, 42” forks, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00152426550 File Date: 8/24/11	*For informational purposes only Three (3) new Toyotas 8FBCU25 S/N 33652, 33701, 33834. Each equipped with: S/S, 42” forks Back up alarm, etc.
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00153134077 File Date: 9/28/11	*For informational purposes only Five (5) new Toyotas 8FGCU25 S/N 34605, 34648, 34678, 34716, 34739. Each equipped with: S/S, 42” forks back up alarm, etc.
POLYONE CORPORATION	OH	State	FEDERAL EQUIPMENT COMPANY	UCC: OH00153378073 File Date: 10/7/11	Inventory #20245 – One (1) Used Union Process Lab Attritor, Model 1, Type B, stainless steel, jacketed bowl, 2.5 gallon total capacity etc. etc. Serial #154
POLYONE CORPORATION	OH	State	TOYOTA MOTOR CREDIT CORPORATION	UCC: OH00153725818 File Date: 10/26/11	*For informational purposes only Two (2) new Toyotas 8FGCU25 S/N 33791, 33835. Each equipped with: S/S, 42” forks 187” back up alarm, etc.

Debtor	State	Jurisdiction	Secured Party	UCC Filing No./Filing Date	Collateral
PolyOne Corporation	TX	State	TENNANT FINANCIAL SERVICES	UCC: 030000478719 File Date: 9/6/02 Continuation: 0700126110 File Date: 4/16/07	Equipment; including all improvements, attachments, and accessories thereto. 4147379-001 Tennant M5700 Scrubber MPV Cost Center 39H7

- Certificate of Deposit, in the balance of \$2,700,000.00, at the Bank of America located at 100 North Tryon Street, Charlotte, North Carolina 28255. This is cash collateral for certain credit card programs of PolyOne Corporation with Bank of America. Account number: 406231.

Permitted Liens with respect to Exclusive License Agreements¹

- Exclusive License Agreement, dated March 12, 2004, between CM Corporation and Container Science, Inc.
- License Agreement, dated February 13, 2009, between ColorMatrix Holdings, Inc. and Amcor Pet Packaging USA, Inc.
- License Agreement, dated November 6, 2008, between ColorMatrix Holdings, Inc. and Artenius Pet Packaging Europe, Inc.
- Joint Development Agreement, dated February 25, 2010, between ColorMatrix Group, Inc. and Printpack, Inc.
- Joint Development Agreement, dated August 2002, between ColorMatrix Group, Inc. and Container Science, Inc., as amended February 21, 2011.
- Joint Development Agreement, dated June 14 2004, between ColorMatrix Europe Ltd. and Dupont Sabanci Polyester Europe BV, as amended on July 24, 2006.
- Joint Research Development and Supply Agreement, dated September 6, 2009, between ColorMatrix Group, Inc. and DSM Micabs, B.V.
- Joint Development Agreement, dated March 16, 2009, between ColorMatrix Group, Inc. and PPG Industries, Inc.

¹ The Permitted Liens in connection with such outbound exclusive license agreements relate only to restrictions on the ability of PolyOne Corporation or its Subsidiaries which are party to such license agreement, to use or dispose of certain intellectual property as provided in the license agreements.

Canada

DEBTOR	JURISDICTION	SECURED PARTY	FILE NO./ REGISTRATION NO. AND COLLATERAL
POLYONE CANADA INC.	ONTARIO	TOYOTA MOTOR CREDIT CORPORATION	671045805/ 20110628 1659 1862 2643 EQUIPMENT, MOTOR VEHICLE INCLUDED 2011 TOYOTA 8FGCU25 VIN: 32435 THIS FINANCING STATEMENT IS FOR INFORMATIONAL PURPOSES ONLY. THE SECURED PARTY IS THE OWNER OF THE FOLLOWING PROPERTY (1) NEW TOYOTA 8FGCU25 S/N 32435 EQUIPT WITH S/S, 42 FORKS, 189 FSV MAST, LIGHTS, NON-MARKING TIRES, UL TYPE LP W/O TANK
POLYONE CANADA INC.	ONTARIO	PRAXAIR CANADA INC.	662069844/ 20100610 1316 1793 6605 EQUIPMENT EQUIPMENT SUPPLIED BY THE SECURED PARTY, CONSISTING OF BULK CRYOGENIC STORAGE TANKS USED FOR THE STORAGE, FILLING AND DELIVERY OF INDUSTRIAL AND MEDICAL GASES INCLUDING, WITHOUT

POLYONE CANADA INC. ONTARIO

DONLEN FLEET
LEASING
LTD./LOCATION DE
FLOTTE DONLEN
LTEE.

LIMITATION, ARGON, HYDROGEN, CARBON DIOXIDE, NITROGEN, NITROUS OXIDE AND OXYGEN, AND CRYOGENIC FREEZERS, TOGETHER WITH ALL RELATED ACCESSORIES, PARTS, COMPONENTS AND ATTACHMENTS AND ALL PROCEEDS OF OR RELATING TO ANY OF THE FOREGOING AS WELL AS ALL PRESENT OR AFTER-ACQUIRED PROPERTY THAT MAY BE DERIVED FROM THE SALE OR OTHER DISPOSITION OF THE COLLATERAL DESCRIBED HEREIN.

633066183/
20070226 1954 1531 9178

EQUIPMENT, ACCOUNTS, OTHER, MOTOR VEHICLE INCLUDED ALL MOTOR VEHICLES NOW OR HEREAFTER LEASED BY THE SECURED PARTY TO THE DEBTOR, INCLUDING, WITHOUT LIMITATION, ALL ACCESSORIES, SPARE PARTS, REPLACEMENTS, MANUALS, DOCUMENTS OF TITLE AND ACCESSIONS RELATING TO ANY SUCH MOTOR VEHICLES AND ALL PROCEEDS (IN ANY FORM OF PERSONAL PROPERTY) IN RESPECT OF ANY OF THE FOREGOING. THIS FILING IS PROTECTION WITH RESPECT TO VEHICLES LEASED TO DEBTOR UNDER A LEASE INTENDED TO BE A TRUE LEASE.

POLYONE CANADA INC.	ONTARIO	DONLEN FLEET LEASING LTD./ LOCATION DE FLOTTE DONLEN LTD.	633066192/ 20070226 1954 1531 9179 20090402 1450 1530 0933 EQUIPMENT, ACCOUNTS, OTHER, MOTOR VEHICLE INCLUDED ALL MOTOR VEHICLES NOW OR HEREAFTER LEASED BY THE SECURED PARTY TO THE DEBTOR, INCLUDING, WITHOUT LIMITATION, ALL ACCESSORIES, SPARE PARTS, REPLACEMENTS, MANUALS, DOCUMENTS OF TITLE AND ACCESSIONS RELATING TO ANY SUCH MOTOR VEHICLES AND ALL PROCEEDS (IN ANY FORM OF PERSONAL PROPERTY) IN RESPECT OF ANY OF THE FOREGOING. THIS FILING IS PROTECTION WITH RESPECT TO VEHICLES LEASED TO DEBTOR UNDER A LEASE INTENDED TO BE A TRUE LEASE.
POLYONE CANADA INC. POLYONE CORPORATION	ONTARIO	ZEON CHEMICALS L.P.	632093256/ 20070112 1221 2505 0237 INVENTORY, EQUIPMENT ZEON CHEMICALS L.P. MAY CONSIGN CERTAIN PARTS AND/OR RAW MATERIALS ON A NO-CHARGE BASIS TO CONSIGNEE FOR INCORPORATION INTO THE PRODUCTS PRODUCED BY CONSIGNEE. FOR THE

			<p>PURPOSES OF THIS AGREEMENT, CONSIGNED GOODS ARE DEFINED AS ALL ITEMS FURNISHED BY ZEON CHEMICALS L.P. OR CAUSED BY ZEON CHEMICALS L.P. TO BE FURNISHED TO CONSIGNEE. A DESCRIPTION OF THE CONSIGNED GOODS IS THE FOLLOWING PRODUCTS WILL BE INCLUDED IN THIS CONSIGNMENT AGREEMENT, 2301X36, 2301X50, 1430X20, ZEALLOY (R) 1422. CONSIGNED GOODS WILL BE LOCATED AND USED AT AVON LAKE, OHIO, ELYRIA, OHIO, TERRE HAUTE, INDIANA, RANCHO CUCAMONGA, CALIFORNIA, NIAGARA FALLS, ONTARIO, CANADA. CONSIGNED GOODS ARE AND WILL REMAIN THE PROPERTY OF ZEON CHEMICALS L.P.. ZEON CHEMICALS L.P. SHALL HAVE THE RIGHT AT ANY TIME TO RECALL ANY OF THE CONSIGNED GOODS.</p>
POLYONE CANADA, INC.	ONTARIO	DONLEN FLEET LEASING LTD.	<p>630739161/ 20061120 1941 1531 8265 EQUIPMENT, ACCOUNTS, OTHER, MOTOR VEHICLE INCLUDED 2007 CHEVROLET IMPALA V.I.N.: 2G1WU58RX79207566</p>
POLYONE CANADA INC.	ONTARIO	THE CORPORATION OF THE TOWN OF	<p>888453369/ 20021022 1003 1793 5710</p>

		ORANGEVILLE	EQUIPMENT, OTHER
			EQUIPMENT LEASED BY THE SECURED PARTY TO THE DEBTOR FOR USE AT A PLASTICIZER SYNTHESIS PLANT LOCATED AT 15 TIDEMAN DRIVE, AND A POLYMAER COMPOUNDING PLANT LOCATED AT 17 TIDEMAN DRIVE, AS MORE PARTICULARLY DESCRIBED IN A LEASE AGREEMENT DATED AS OF AUGUST 26, 2002 BETWEEN THE SECURED PARTY AND THE DEBTOR, AS IT MAY BE AMENDED FROM TIME TO TIME.
POLYONE CANADA INC.	QUEBEC	PRAXAIR CANADA INC.	10-0388782-0001 RIGHTS OF OWNERSHIP OF THE LESSOR UNDER A LEASING AGREEMENT ALL MOVABLE PROPERTY.
POLYONE CANADA, INC. (FURTHER TO AN AMENDMENT REGISTERED UNDER NUMBER 09-0174392-0002)	QUEBEC	DONLEN FLEET LEASING LTD. LOCATION DE FLOTTES DONLEN LTEE	07-0101357-0035 RIGHTS RESULTING FROM A LEASE ALL MOTOR VEHICLES LEASED BY THE SECURED PARTY TO THE DEBTOR. THIS REGISTRATION IS A GLOBAL REGISTRATION UNDER SECTION 2961.1 OF THE CIVIL CODE OF QUEBEC.

Foreign

Liens against the accounts receivable solely of ColorMatrix do Brasil Indústria e Comércio de Pigmentos e Aditivos Ltda., which secure only borrowings under the Bank Credit, dated August 11, 2011, issued by Itaú Unibanco S.A. for a revolving credit facility of up to 900,000 Brazilian reales.

Schedule 1.1

As used in the Agreement, the following terms shall have the following definitions:

“Account” means an account (as that term is defined in the Code).

“Account Debtor” means any Person who is obligated on an Account, chattel paper, or a general intangible.

“Acquired Indebtedness” means Indebtedness of a Person whose assets or Equity Interests are acquired by a Restricted Subsidiary in a Permitted Acquisition; provided, that, such Indebtedness • was in existence prior to the date of such Permitted Acquisition, and • was not incurred in connection with, or in contemplation of, such Permitted Acquisition.

“Acquisition” means • the purchase or other acquisition by a Person or its Subsidiaries of all or substantially all of the assets of (or any division or business line of) any other Person (other than of a Subsidiary), or • the purchase or other acquisition (whether by means of a merger, consolidation, amalgamation or otherwise) by a Person or its Subsidiaries of all or substantially all of the Equity Interests of any other Person (other than of a Subsidiary).

“Additional Documents” has the meaning specified therefor in Section 5.11(b) of the Agreement.

“Administrative Borrower” has the meaning specified therefor in Section 17.14 of the Agreement.

“Affected Lender” has the meaning specified therefor in Section 2.11(b) of the Agreement.

“Affiliate” means, as applied to any Person, any other Person who controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” means the possession, directly or indirectly through one or more intermediaries, of the power to direct the management and policies of a Person, whether through the ownership of Equity Interests, by contract, or otherwise; provided, that, for purposes of the definition of Eligible Accounts and Section 6.11 of the Agreement: • any Person which owns directly or indirectly ten percent (10%) or more of the Equity Interests having ordinary voting power for the election of directors or other members of the governing body of a Person or ten percent (10%) or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed an Affiliate of such Person, and • each partnership in which a Person is a general partner shall be deemed an Affiliate of such Person.

“Agent” has the meaning specified therefor in the preamble to the Agreement.

“Agent-Related Persons” means Agent, together with its Affiliates, officers, directors, employees, attorneys, and agents.

“Agent’s Account” means the Deposit Account of Agent identified on Schedule A-1.

“Agent’s Canadian Account” means the Deposit Accounts of Agent identified on Schedule A-2.

“Agent’s Liens” means the Liens granted by any Loan Party to Agent under the Loan Documents.

“Agreement” means the Credit Agreement to which this Schedule 1.1 is attached.

“AML Legislation” has the meaning specified in Section 17.15 of the Agreement.

“Applicable Margin” means, with respect to Base Rate Loans, BA Rate Loans and LIBOR Rate Loans, the applicable percentage (on a per annum basis) set forth below based on the Quarterly Average Excess Availability for the immediately preceding three (3) month period:

Tier	Quarterly Average Excess Availability	Applicable LIBOR Rate Margin	Applicable Base Rate Margin	Applicable BA Rate Margin
1	Equal to or greater than \$200,000,000	1.75%	0.75%	0.75%
2	Greater than or equal to \$100,000,000 but less than \$200,000,000	2.00%	1.00%	1.00%
3	Less than \$100,000,000	2.25%	1.25%	1.25%

provided, that, (i) the Applicable Margin shall be calculated and established once every three (3) months and shall remain in effect until adjusted for the next three (3) month period, (ii) each adjustment of the Applicable Margin shall be effective as of the first day of each such three (3) month period based on the Quarterly Average Excess Availability for the immediately preceding three (3) month period, (iii) notwithstanding anything to the contrary contained herein, the Applicable Margin through March 31, 2012, shall be the amount for Tier 2 set forth above and (iv) in the event that Borrowers fail to provide any US Borrowing Base Certificate, Canadian Borrowing Base Certificate or other information with respect thereto for any period on the date required hereunder, effective as of the date on which such US Borrowing Base Certificate, Canadian Borrowing Base Certificate or other information was otherwise required, at Agent’s option, the Applicable Margin shall be based on the highest rate above until the next Business Day after a US Borrowing Base Certificate, Canadian Borrowing Base Certificate or other information is provided for the applicable period at which time the Applicable Margin shall be adjusted as otherwise provided herein. In the event that at any time after the end of any three (3) month period the Quarterly Average Excess Availability for such three (3) month period used for the determination of the Applicable Margin was greater than the actual amount of the Quarterly Average Excess Availability for such period as a result of the inaccuracy of information provided by or on behalf of Borrowers to Agent for the calculation of Excess Availability, the Applicable Margin for such period shall be adjusted to the applicable percentage based on such actual Quarterly Average Excess Availability and any additional interest for the applicable period as a result of such recalculation shall be promptly paid to Agent. The foregoing shall not be construed to limit the rights of Agent or Lenders with respect to the amount of interest payable after an Event of Default whether based on such recalculated percentage or otherwise. The Series G Guarantee Reserve Amount shall not be included in the calculation of Quarterly Average Excess Availability for purposes of determining the Applicable Margin.

“Application Event” means the occurrence of (a) a failure by Borrowers to repay all of the Obligations in full on the Maturity Date, or (b) an Event of Default and the election by Agent or the Required Lenders to require that payments and proceeds of Collateral be applied pursuant to Section 2.3(b)(ii) of the Agreement.

“Arrangers” means, collectively, Wells Fargo Capital Finance, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated.

“Assignee” has the meaning specified therefor in Section 13.1(a) of the Agreement.

“Assignment and Acceptance” means an Assignment and Acceptance Agreement substantially in the form of Exhibit A-1.

“Authorized Person” means any one of the individuals identified on Schedule A-3, as such schedule is updated from time to time by written notice from Administrative Borrower to Agent.

“Availability” means, as of any date of determination, • the lesser of the Borrowing Base or the Maximum Credit minus • the Revolver Usage.

“Bank Product” means any one or more of the following financial products or accommodations extended to Parent or its Subsidiaries by a Bank Product Provider: • credit cards, • credit card processing services, • debit cards, • stored value cards, • purchase cards (including so-called “procurement cards” or “P-cards”), • Cash Management Services, or • transactions under Hedge Agreements.

“Bank Product Agreements” means those agreements entered into from time to time by Parent or its Subsidiaries with a Bank Product Provider in connection with the obtaining of any of the Bank Products.

“Bank Product Collateralization” means providing cash collateral (pursuant to documentation reasonably satisfactory to Agent) to be held by Agent for the benefit of the Bank Product Providers (other than the Hedge Providers), except as Agent may otherwise agree, in an amount determined by Agent as reasonably sufficient to satisfy the reasonably estimated credit exposure with respect to the then existing Bank Product Obligations (other than Hedge Obligations).

“Bank Product Obligations” means • all obligations, liabilities, reimbursement obligations, fees, or expenses owing by Parent or its Subsidiaries to any Bank Product Provider pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, • all Hedge Obligations, and • all amounts that Agent or any Lender is obligated to pay to a Bank Product Provider as a result of Agent or such Lender purchasing participations from, or executing guarantees or indemnities or reimbursement obligations to, a Bank Product Provider with respect to the Bank Products provided by such Bank Product Provider to Parent or its Subsidiaries; provided, that, in order for any item described in clauses (a) (b), or (c) above, as applicable, to constitute “Bank Product Obligations”, the applicable Bank Product must have been provided on or after the Closing Date and Agent shall have received a Bank Product Provider Agreement within ten (10) days after the date of the provision of the applicable Bank Product to Parent or its Subsidiaries.

“Bank Product Provider” means any Lender or any of its Affiliates; provided, that, no such Person shall constitute a Bank Product Provider with respect to a Bank Product unless and until Agent shall have received a Bank Product Provider Agreement from such Person and with respect to the applicable Bank Product within ten (10) days (or such later date as Agent may agree) after the provision of such Bank Product to Parent or its Subsidiaries.

“Bank Product Provider Agreement” means an agreement in substantially the form attached hereto as Exhibit B-2, in form and substance reasonably satisfactory to Agent, duly executed by the applicable Bank Product Provider, Borrowers, and Agent.

“Bank Product Reserve Amount” means, as of any date of determination, the Dollar amount of reserves that Agent has determined in its Permitted Discretion to establish (based upon the Bank Product

Providers' reasonable determination of their credit exposure to Parent and its Subsidiaries in respect of Bank Product Obligations) in respect of Bank Products then provided or outstanding (taking into account any cash collateral then in the possession of a Bank Product Provider).

“Bankruptcy Code” means title 11 of the United States Code, as in effect from time to time.

“BA Rate” means • for a Lender that is a Schedule I chartered bank under the Bank Act (Canada), CDOR and • for any other Lender, the lesser of • the discount rate at which such Lender is prepared to purchase bankers' acceptances and CDOR plus ten (10) basis points.

“BA Rate Deadline” has the meaning specified therefor in Section 2.15(b) of the Agreement.

“BA Rate Loan” means each portion of the Canadian Revolving Loans that bears interest at a rate determined by reference to the BA Rate.

“BA Rate Notice” means a notice substantially in the form of Exhibit L-2.

“BA Rate Option” has the meaning specified therefor in Section 2.15 of the Agreement.

“BA Funding Losses” has the meaning specified therefor in Section 2.15 of the Agreement.

“Base Rate” means (a) for Base Rate Loans consisting of Canadian Revolving Loans in Canadian Dollars, the greater of (i) the prime lending rate as quoted by a Schedule I bank in Canada designated from time to time by Agent and (ii) the ninety (90) day BA Rate quoted from time to time, plus one and one-half percent (1.5%) and (b) for Base Rate Loans consisting of US Revolving Loans and for all other purposes, the greatest of (i) the Federal Funds Rate plus one-half percent ($\frac{1}{2}\%$), (ii) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of one (1) month and shall be determined on a daily basis), plus one percent (1%), and (iii) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its “prime rate”, with the understanding that the “prime rate” is one of Wells Fargo's base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate.

“Base Rate Loan” means each portion of the Revolving Loans that bears interest at a rate determined by reference to the Base Rate.

“BIA” means the Bankruptcy and Insolvency Act (Canada), R.S.C. 1985, c. B-3, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all official rules, regulations and interpretations thereunder or related thereto.

“Board of Directors” means, as to any Person, the board of directors (or comparable managers) of such Person or any committee thereof duly authorized to act on behalf of the board of directors (or comparable managers).

“Borrowers” means, collectively, US Borrowers and Canadian Borrowers.

“Borrowing” means a borrowing consisting of Revolving Loans made on the same day by the Lenders (or Agent on behalf thereof), or by Swing Lender in the case of a Swing Loan, or by Agent in the case of a Protective Advance.

“Borrowing Base” means, at any time, the sum of the US Borrowing Base plus the Canadian Borrowing Base.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which banks are authorized or required to close in the state of New York, or, in the case of Canadian Loans, the Province of Ontario except that, if a determination of a Business Day shall relate to a LIBOR Rate Loan, the term “Business Day” also shall exclude any day on which banks are closed for dealings in Dollar deposits in the London interbank market.

“CAM Exchange” has the meaning specified therefor in Section 9.4(a) of the Agreement.

“CAM Exchange Date” has the meaning specified therefor in Section 9.4(a) of the Agreement.

“CAM Percentage” has the meaning specified therefor in Section 9.4(d) of the Agreement.

“Canadian Borrowers” means (a) PolyOne Canada Inc., a federally incorporated Canadian corporation and (b) any other person that after the Closing Date becomes a Canadian borrower under the Agreement; sometimes being referred to herein individually as a “Canadian Borrower”

“Canadian Borrowing Base” means, at any time, the amount equal to:

- the amount equal to eighty-five percent (85%) of the amount of Eligible Accounts of each Canadian Borrower, plus
- the amount equal to the lesser of: (A) sixty-five percent (65%) multiplied by the Value of Eligible Inventory of each Canadian Borrower, (B) eighty-five percent (85%) of the Net Recovery Percentage multiplied by the Value of such Eligible Inventory or (C) fifty percent (50%) of the Canadian Maximum Credit, minus,
- the aggregate amount of reserves applicable to Canadian Borrowers, if any, established by Agent under Sections 2.1(e) and (f) of the Agreement.

“Canadian Borrowing Base Certificate” means a certificate in the form of Exhibit B-3.

“Canadian Collateral” means Collateral consisting of assets or interests in assets of Canadian Loan Parties, and the proceeds thereof.

“Canadian Commitment” means, with respect to each Lender, its Canadian Commitment, and, with respect to all Lenders, their Canadian Commitments, in each case as such Dollar amounts are set forth beside such Lender’s name under the applicable heading on Schedule C-1 or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

“Canadian Dollars” or “C\$” means lawful currency of Canada.

“Canadian Dollar Denominated Loan” means a Revolving Loan denominated in Canadian Dollars.

“Canadian Excess Availability” shall mean, as of any date of determination, the amount equal to: • the lesser of: (i) the Canadian Borrowing Base and (ii) the Canadian Maximum Credit (in each case

after giving effect to any applicable reserves), minus, without duplication, • the amount of the Canadian Revolver Usage.

“Canadian Guarantors” means any Person organized under the laws of a jurisdiction in Canada that becomes a guarantor in respect of the Canadian Obligations after the Closing Date pursuant to the Agreement; sometimes being referred to herein individually as a “Canadian Guarantor”.

“Canadian Lender” means, at any time, each Lender having a Canadian Commitment or a Canadian Revolving Loan owing to it or a participating interest in a Canadian Letter of Credit; sometimes being referred to herein collectively as “Canadian Lenders”.

“Canadian Letter of Credit Disbursement” means a payment by Issuing Lender or Underlying Issuer pursuant to a Canadian Letter of Credit.

“Canadian Letter of Credit Usage” means, as of any date of determination, the aggregate undrawn amount of all outstanding Canadian Letters of Credit.

“Canadian Letters of Credit” means all Letters of Credit issued for the account of a Canadian Borrower.

“Canadian Loan Account” has the meaning specified therefor in Section 2.7 of this Agreement.

“Canadian Loan Parties” means Canadian Borrowers and Canadian Guarantors.

“Canadian Maximum Credit” means the US Dollar Equivalent of \$25,000,000, as decreased by the amount of reductions in the Canadian Commitments in accordance with Section 2.3(c) of the Agreement or increased by the amount of increases in the Canadian Commitments in accordance with Section 2.12 of the Agreement.

“Canadian Obligations” means all Obligations of Canadian Borrowers.

“Canadian Pension Plan” means any plan, program or arrangement that is a pension plan for the purposes of any applicable pension benefits legislation or any tax laws of Canada or a Province thereof, whether or not registered under any such laws, which is maintained or contributed to by, or to which there is or may be an obligation to contribute by, any Borrower or Guarantor in respect of any Person’s employment in Canada with such Borrower or Guarantor.

“Canadian Revolver Usage” means, as of any date of determination, the sum of (a) the principal amount of outstanding Loans to Canadian Borrowers, plus (b) the amount of the Canadian Letter of Credit Usage.

“Canadian Revolving Loans” has the meaning specified therefor in Section 2.1(b) of the Agreement.

“Canadian Security Agreement” means the Security agreement, dated of even date herewith, in form and substance reasonably satisfactory to Agent, executed and delivered by the Canadian Loan Parties.

“Canadian Security Documents” means the Canadian Security Agreement, the Quebec Hypothec and any other Loan Document that grants or purports to grant a Lien on any Canadian Collateral.

“Canadian Swing Loan Limit” means \$5,000,000; provided, that, the aggregate amount of US Swing Loans and Canadian Swing Loans at any time outstanding shall not exceed \$50,000,000.

“Canadian Swing Loan” has the meaning specified therefor in Section 2.2(b)(ii) of the Agreement.

“Canadian Underlying Letter of Credit” means a Canadian Letter of Credit issued by an Underlying Issuer.

“Capital Expenditures” means, with respect to any Person for any period, the aggregate of all expenditures by such Person and its Subsidiaries during such period that are capital expenditures as determined in accordance with GAAP, whether such expenditures are paid in cash or financed (excluding • for purposes only of Section 7.2 of the Agreement, normal replacements and maintenance which are properly charged to current operations, • any such expenditure to the extent constituting a Permitted Acquisition or made with the proceeds of any sale or other disposition of fixed assets (so long as such proceeds are applied (or committed to be applied pursuant to a written purchase order or contract) within one year of such sale), • expenditures made from insurance proceeds or condemnation awards, and • expenditures that are accounted for as capital expenditures of such Person and that are actually paid for by a non-Affiliate third party).

“Capitalized Lease Obligation” means that portion of the obligations under a Capital Lease that is required to be capitalized in accordance with GAAP.

“Capital Lease” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“Cash Dominion Event” means at any time (a) the Excess Availability Conditions are not satisfied or (b) an Event of Default shall occur and be continuing; provided, that, (i) to the extent that the Cash Dominion Event has occurred due to clause (a) of this definition, if the Excess Availability Conditions are satisfied for at least sixty (60) consecutive days, the Cash Dominion Event shall no longer be deemed to exist or be continuing until such time as the Excess Availability Conditions may again not be satisfied and (ii) a Cash Dominion Event may not be cured as contemplated by clause (i) more than two (2) times in any twelve (12) month period.

“Cash Equivalents” means any of the following Investments: • securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) maturing not more than one year after the date of acquisition; • time deposits in and certificates of deposit of any Eligible Bank, provided that such Investments have a maturity date not more than two (2) years after date of acquisition and that the average term of all such Investments is one (1) year or less from the respective dates of acquisition; • repurchase obligations with a term of not more than one hundred eighty (180) days for underlying securities of the types described in clause (a) above entered into with any Eligible Bank; • direct obligations issued by any state of the United States or any political subdivision or public instrumentality thereof, provided, that, such Investments mature, or are subject to tender at the option of the holder thereof, within three hundred sixty-five (365) days after the date of acquisition and, at the time of acquisition, have a rating of at least A from Standard & Poor’s Rating Group (“S&P”) or A-2 from Moody’s Investors Service, Inc. (“Moody’s”), or an equivalent rating by any other nationally recognized rating agency; • commercial paper of any Person other than an Affiliate of Parent and other than structured investment vehicles, provided, that, such Investments have one of the two highest ratings obtainable from either S&P or Moody’s and mature within one hundred eighty (180) days after the date of acquisition; • overnight and demand deposits in and bankers’ acceptances of any Eligible Bank and demand deposits in any bank or trust company to the extent insured by the Federal Deposit Insurance

Corporation against the Bank Insurance Fund; • money market funds substantially all of the assets of which comprise Investments of the types described in clauses (a) through (f); • instruments equivalent to those referred to in clauses (a) through (g) above or funds equivalent to those referred to in clause (g) above denominated in U.S. dollars, Euros or any other foreign currency comparable in credit quality and tenor to those referred to in such clauses and customarily used by corporations for cash management purposes in jurisdictions outside the United States to the extent reasonably required in connection with any business conducted by any Restricted Subsidiary organized in such jurisdiction, all as determined in good faith by Parent; and • investments with guaranteed principal approved by the board of directors of Parent consisting of investments in GE Interest Plus, so long as such Investments are rated at least “A-2” by Moody’s or at least “A” by S&P. “Eligible Bank” means a Lender or any Affiliate of a Lender or such other bank or trust company that (i) is licensed, chartered or organized and existing under the laws of the United States of America or Canada, or any state, territory, province or possession thereof, (ii) as of the time of the making or acquisition of an Investment in such bank or trust company, has combined capital and surplus in excess of \$500,000,000 and (iii) the senior Indebtedness of which is rated at least “A-2” by Moody’s or at least “A” by S&P.

“Cash Management Services” means any cash management or related services including treasury, depository, return items, overdraft, controlled disbursement, merchant store value cards, e-payables services, electronic funds transfer, interstate depository network, automatic clearing house transfer (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) and other cash management arrangements.

“CCAA” means the Companies’ Creditors Arrangement Act, R.S.C. 1985, c.C-36, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all official rules, regulations and interpretations thereunder or related thereto.

“CDOR” means, on any day, the annual rate of interest which is the rate equal to the average rate for Canadian Dollar bankers’ acceptances issued on such day for a term equal or comparable to the applicable Interest Period or, if no Interest Period is specified, thirty (30) days) for the purpose of calculating the interest rate applicable as such rate appears on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc. 2000, definitions, as modified and amended from time to time) rounded to the nearest 1/100th of 1% (with 0.005% being rounded up), as of 10:00 a.m. (Toronto, Ontario time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day; provided, that, if such rate does not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be the average of the rates applicable to Canadian Dollar bankers’ acceptances having an equivalent term quoted by the Schedule I Canadian chartered banks as of 10:00 a.m. (Toronto, Ontario time) on such day, or if such day is not a Business Day, then on the immediately preceding Business Day.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980.

“CERCLIS” means the Comprehensive Environmental Response, Compensation and Liability Information System maintained by the U.S. Environmental Protection Agency.

“CFC” means a controlled foreign corporation (as that term is defined in the IRC).

“CFC Holding Company” means any Subsidiary of the Parent which is a Domestic Subsidiary that has no material assets or material operations other than the Equity Interests of a CFC.

“Change of Control” means:

- any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an “option right”)), directly or indirectly, of thirty percent (30%) or more of the equity securities of Parent entitled to vote for members of the board of directors or equivalent governing body of Parent on a fully-diluted basis (and taking into account all such securities that such “person” or “group” has the right to acquire pursuant to any option right); or
- during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or
- except as otherwise expressly permitted herein, Parent shall cease to be the direct or indirect holder and owner of one hundred percent (100%) of the Equity Interests of Borrowers; or
- a “change of control” or any comparable term under, and as defined in, the Term Loan Credit Agreement, the 2015 Notes, the 2020 Notes or other Indebtedness outstanding in an aggregate principal amount in excess of \$35,000,000 shall have occurred.

“Closing Date” means the date of the making of the initial Revolving Loan (or other extension of credit) under the Agreement.

“Code” means the New York Uniform Commercial Code, as in effect from time to time.

“Collateral” means all assets and interests in assets and proceeds thereof now owned or hereafter acquired by any Loan Party in or upon which a Lien is granted by such Person in favor of Agent or the Lenders under any of the Loan Documents.

“Collateral Access Agreement” means a landlord waiver, bailee letter, or acknowledgement agreement of any lessor, warehouseman, processor, consignee, or other Person in possession of, having a Lien upon, or having rights or interests in Parent’s or its Subsidiaries’ books and records, Equipment, or Inventory, in each case, in form and substance reasonably satisfactory to Agent.

“Collections” means all cash, checks, notes, instruments, and other items of payment (including insurance proceeds, cash proceeds of asset sales, rental proceeds, and tax refunds).

“ColorMatrix Acquisition” means the merger of ColorNewton, Inc., a Delaware corporation and wholly-owned Subsidiary of Parent with ColorMatrix Group, Inc., with ColorMatrix Group, Inc. as the

surviving corporation and the surviving corporation being a wholly-owned Subsidiary of Parent pursuant to the ColorMatrix Acquisition Documents.

“ColorMatrix Acquisition Agreement” means the Agreement and Plan of Merger, dated as of September 30, 2011, by and among ColorMatrix Group, Inc., Audax ColorMatrix Holdings, LLC, 2011 ColorNewton, Inc. and PolyOne Corporation.

“ColorMatrix Acquisition Documents” means the ColorMatrix Acquisition Agreement and all other documents related thereto and executed in connection therewith.

“Commitment” means, with respect to each Lender, its US Commitment or Canadian Commitment, as applicable, and, with respect to all Lenders, their US Commitments or Canadian Commitments, as applicable.

“Commitment Letter” means the Commitment Letter, dated September 30, 2011, by and among WFCF, the Arrangers and Parent.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C-1 delivered by the chief financial officer of Administrative Borrower to Agent.

“Confidential Information” has the meaning specified therefor in Section 17.9(a) of the Agreement.

“Consolidated EBITDA” means, at any date of determination, an amount equal to Consolidated Net Income of Parent and its Restricted Subsidiaries on a consolidated basis for the most recently completed twelve (12) consecutive fiscal months plus • the following to the extent deducted in calculating such Consolidated Net Income: • Consolidated Interest Expense, • the provision for Federal, State, local and foreign income taxes payable, • depreciation and amortization expense, • other non-recurring expenses reducing such Consolidated Net Income of which the aggregate amount of cash items shall not exceed the lesser of three percent (3%) of Consolidated EBITDA for such period or \$7,500,000 (provided, that, the aggregate amount of the non-recurring expenses consisting of cash items referred to in this clause (iv), plus the amount of environmental remediation costs and expenses under clause (xvii) below shall not exceed \$12,000,000) or do not represent a cash item in such period or any future period, excluding write-offs or write-downs of receivables or inventory, • non-cash compensation expense in respect of stock option plans, restricted stock and other employee equity compensation plans, • non-cash goodwill or other intangible asset impairment charges and write-offs of goodwill and other intangible assets, in each case, pursuant to ASC 350 or any similar rule announced by the Financial Accounting Standards Board, • fees and expenses (including without limitation, prepayment fees and expenses associated with the repayment, redemption or discharge of any indebtedness of the business of Coloratrix Group, Inc. and its Subsidiaries) incurred in connection with (A) if incurred prior to or within ninety (90) days after the Closing Date, the Transactions, or (B) the Agreement and the other Loan Documents related to amendments and waivers thereof, including any legal fees in connection therewith, • non-cash restructuring charges, • non-cash effects of changes in accounting principles, • losses from asset sales not in the ordinary course of business, • non-cash losses on the early extinguishment of Indebtedness, • non-cash purchase accounting charges required by ASC 805 or any similar rule announced by the Financial Accounting Standards Board, • non-cash unrealized losses and charges with respect to Hedging Agreements, including such losses and charges which arise from foreign currency losses, • other non-cash items to the extent such non-cash items are not accruals for future payments, • foreign currency translation losses, • non-recurring cash costs and expenses relating to the assimilation and integration of the business of Colormatrix Group, Inc. and its Subsidiaries incurred on or prior to February 28, 2013 in

an aggregate amount not to exceed \$5,000,000 (in each case, of or by Parent and its Subsidiaries for such period) and • environmental remediation costs and expenses not to exceed \$7,000,000 per fiscal year related to the Real Property at the locations set forth on Schedule C-2, provided, that, (A) the aggregate amount of the non-recurring expenses consisting of cash items referred to in clause (iv) above, plus the amount of environmental remediation costs and expenses under this clause (xvii) shall not exceed \$12,000,000 and (B) to the extent that such environmental remediation costs and expenses in any fiscal year commencing with the fiscal year ending December 31, 2012 are less than \$7,000,000, then such limit for the immediately following year shall be increased by up to \$1,000,000 of such difference; and minus • the following to the extent included in calculating such Consolidated Net Income: (i) Federal, State, Provincial, local and foreign income tax credits; (ii) interest income, (ii) any gains from asset sales not in the ordinary course of business, (iii) non-cash effects of changes in accounting principles, (iv) non-cash gains on the early extinguishment of Indebtedness, (v) non-cash unrealized gains with respect to Hedging Agreements, (vi) other non-cash income or gains, and (vii) foreign currency translation gains (in each case of or by Parent and its Restricted Subsidiaries for such period).

“Consolidated Interest Expense” means, for any period, as to any Person, as determined in accordance with GAAP, the amount equal to the consolidated interest expense of such Person for such period, whether paid or accrued (including capitalized interest with respect to Fixed Charges for such period), excluding to the extent related to the Transactions, all prepayment of any original issue discount and all upfront and arrangement fees due and payable on the Closing Date and all prepayment fees and expenses associated with the repayment, redemption or discharge of any indebtedness of the ColorMatrix Group, Inc.

“Consolidated Net Income” means, at any date of determination, the net income (or loss) of Parent and its Restricted Subsidiaries, on a consolidated basis, for the relevant period determined in accordance with GAAP; provided, that, Consolidated Net Income shall exclude (a) extraordinary gains and extraordinary losses (and any associated tax benefits or costs) for such period, (b) gains or losses in respect of any sale, transfer, exclusive license, lease or other disposition (including any sale and leaseback transaction) of any property by Parent or any of its Restricted Subsidiaries, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith (net of fees and expenses relating to the transaction giving rise thereto), on an after-tax basis and (c) the net income of any Subsidiary during such period to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such income is not permitted by operation of the terms of its Governing Documents or any agreement, instrument or Law applicable to such Subsidiary during such period, except that the Parent’s equity in any net loss of any such Subsidiary for such period shall be included in determining Consolidated Net Income.

“Control Agreement” means a control agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by a Borrower or one of its Subsidiaries, Agent, and the applicable securities intermediary (with respect to a Securities Account) or bank (with respect to a Deposit Account).

“Controlled Account Agreement” has the meaning specified therefor in the Security Agreement.

“Copyright Security Agreement” has the meaning specified therefor in the Security Agreement.

“Currency Due” has the meaning specified in Section 17.15 of this Agreement.

“Daily Balance” means, as of any date of determination and with respect to any Obligation, the amount of such Obligation owed at the end of such day.

“Default” means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

“Defaulting Lender” means, subject to Section 2.13(b), any Lender that (a) has failed to (i) fund all or any portion of its Revolving Loans or participations in Swing Loans, Protective Advances or Letters of Credit within two (2) Business Days of the date any of the foregoing were required to be funded by it hereunder unless such Lender notifies Agent and Administrative Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (which conditions precedent, together with the applicable default, if any, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Agent, any Issuing Lender, any Swing Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Loans) within two (2) Business Days of the date when due, (b) has notified Administrative Borrower, Agent or any Issuing Lender or Swing Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lenders’ obligation to fund a Revolving Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with the applicable default, if any, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by Agent or Administrative Borrower, to confirm in writing to Agent and Administrative Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by Agent and Administrative Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under the Bankruptcy Code or any other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization or similar debtor relief laws of the United States or other applicable jurisdiction, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by Agent that a Lender is a Defaulting Lender under clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.13(b)) upon delivery of written notice of such determination to Administrative Borrower, each Issuing Lender, each Swing Lender and each Lender.

“Defaulting Lender Rate” means • for the first three (3) days from and after the date the relevant payment is due, the Base Rate, and • thereafter, the interest rate then applicable to Revolving Loans that are Base Rate Loans (inclusive of the Applicable Margin applicable thereto).

“Deposit Account” means any deposit account (as that term is defined in the Code).

“Designated Account” means the Deposit Account of Administrative Borrower identified on Schedule D-1.

“Designated Account Bank” has the meaning specified therefor in Schedule D-1.

“Disqualified Equity Interest” means, with respect to any Person, any Equity Interest in such Person that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable, either mandatorily or at the option of the holder thereof) or upon the happening of any event or condition:

- matures or is mandatorily redeemable (other than solely for Equity Interests in such Person that do not constitute Disqualified Equity Interests and cash in lieu of fractional shares of such Equity Interests), whether pursuant to a sinking fund obligation or otherwise;
- is convertible or exchangeable at the option of the holder thereof for Indebtedness or Equity Interests (other than solely for Equity Interests in such Person that do not constitute Disqualified Equity Interest and cash in lieu of fractional shares of such Equity Interests); or
- is redeemable (other than solely for Equity Interests in such Person that do not constitute Disqualified Equity Interest and cash in lieu of fractional shares of such Equity Interests) or is required to be repurchased by such Person or any of its Affiliates, in whole or in part, at the option of the holder thereof;

in each case, on or prior to the date that is ninety-one (91) days after the Maturity Date; provided, that, an Equity Interest that would not constitute a Disqualified Equity Interest but for terms thereof giving holders thereof the right to require such Person to redeem or purchase such Equity Interest upon the occurrence of an “asset sale” or a “change of control” shall not constitute a Disqualified Equity Interest if any such requirement becomes operative only after repayment in full in cash of all of the Obligations, the cancellation or expiration of all Letters of Credit and the termination of the Commitments.

“Dollars” or “\$” means lawful currency of the United States.

“Domestic Subsidiary” means any direct or indirect Subsidiary of a Loan Party other than a Foreign Subsidiary.

“Eligible Accounts” means those Accounts created by any Borrower in the ordinary course of its business, that arise out of the sale of goods or rendition of services by such Borrower, as the case may be, that comply with each of the representations and warranties respecting Eligible Accounts made in the Loan Documents, and that are not excluded from being Eligible Accounts as a result of the failure to satisfy any of the criteria set forth below. In determining the amount to be included, Eligible Accounts shall be calculated net of customer deposits, taxes, discounts, credits, allowances, rebates and unapplied cash. Eligible Accounts shall not include the following:

- Accounts that the Account Debtor has failed to pay within one hundred and twenty (120) days of the original invoice date, within sixty (60) days of the original due date or Accounts with payment terms of more than ninety (90) days,
- Accounts owed by an Account Debtor (or its affiliates) where fifty percent (50%) percent or more of all Accounts owed by that Account Debtor (or its affiliates) are deemed ineligible under clause (a) above,
- Accounts with respect to which the Account Debtor is an Affiliate of a Borrower or an employee or agent of a Borrower or any affiliate of a Borrower,
- Accounts arising in a transaction wherein goods are placed on consignment or are sold pursuant to a guaranteed sale, a sale or return, a sale on approval, a bill and hold, or any other terms by

reason of which the payment by the Account Debtor may be conditional; except, that, up to \$10,000,000 at any time outstanding of Accounts arising from transactions under which the subject goods are pre-billed by not more than five (5) days prior the shipping date and are shipped by a Borrower FOB destination and which otherwise satisfy all of the requirements of this definition of Eligible Accounts shall constitute Eligible Accounts hereunder,

- Accounts that are not payable in Dollars or Canadian Dollars,
- Accounts with respect to which the Account Debtor either (i) does not maintain its chief executive office in the United States or Canada unless such Accounts are Eligible Foreign Accounts, or (ii) is not organized under the laws of the United States or Canada or any state or province thereof unless such Accounts are Eligible Foreign Accounts, or (iii) is the government of any foreign country or sovereign state, or of any state, province, municipality, or other political subdivision thereof, or of any department, agency, public corporation, or other instrumentality thereof, unless the Account is supported by an irrevocable letter of credit reasonably satisfactory to Agent (as to form, substance, and issuer or domestic confirming bank) that has been delivered to Agent and is directly drawable by Agent,
- Accounts with respect to which the Account Debtor is either (i) the United States or Canada or any department, agency, or instrumentality thereof (other than Accounts with respect to which Borrowers have complied, to the reasonable satisfaction of Agent, with the Assignment of Claims Act, 31 USC §3727 or the Financial Administration Act (Canada)), or (ii) any State of the United States or province or territory of Canada,
- Accounts with respect to which the Account Debtor is a creditor of a Borrower, has or has asserted a right of setoff, or has disputed its obligation to pay all or any portion of the Account, to the extent of the amount of such claim, right of setoff, or dispute,
- Accounts with respect to an Account Debtor whose total obligations owing to Borrowers exceed ten percent (10%) of all Eligible Accounts, to the extent of the obligations owing by such Account Debtor in excess of such percentage; provided, that, in each case, the amount of Eligible Accounts that are excluded because they exceed the foregoing percentage shall be determined by Agent based on all of the otherwise Eligible Accounts prior to giving effect to any eliminations based upon the foregoing concentration limit,
- Accounts with respect to which the Account Debtor is subject to an Insolvency Proceeding, is not solvent, has gone out of business, or as to which a Borrower has received notice of an imminent Insolvency Proceeding or a material impairment of the financial condition of such Account Debtor,
- Accounts, the collection of which, Agent, in its Permitted Discretion, believes to be doubtful by reason of the Account Debtor's financial condition,
- Accounts that are not subject to the valid and perfected first priority Agent's Lien, other than, as to priority, the Permitted Liens under clause (c) to the extent such Liens may apply to Accounts,
- Accounts that are subject to any lien other than Agent's Lien or those permitted in clauses (b) and (c) of the definition of the term Permitted Liens (but only to the extent that Agent has established a reserve in respect thereof) and any other liens permitted under this Agreement that are subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent between the holder of such security interest or lien and Agent,

- Accounts with respect to which (i) the goods giving rise to such Account have not been shipped and billed to the Account Debtor, or (ii) the services giving rise to such Account have not been performed and billed to the Account Debtor,
- Accounts with respect to which the Account Debtor is a Sanctioned Person or Sanctioned Entity, or
- Accounts that represent the right to receive progress payments or other advance billings that are due prior to the completion of performance by Borrowers of the subject contract for goods or services.

The criteria for Eligible Accounts set forth above may only be changed and any new criteria for Eligible Accounts may only be established by Agent based on either: (i) an event, condition or other circumstance arising after the Closing Date, or (ii) an event, condition or other circumstance existing on the Closing Date to the extent that such event, condition or circumstance has not been identified by a Borrower to the field examiners of Agent prior to the Closing Date (except to the extent that it may have been identified but Agent, in consultation with Borrowers, has intentionally elected not to establish a reserve with respect thereto as of the Closing Date), in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Accounts as determined by Agent in its Permitted Discretion. Any Accounts that are not Eligible Accounts shall nevertheless be part of the Collateral. For avoidance of doubt, any Accounts determined ineligible under more than one clause above shall be calculated without duplication.

“Eligible Domestic In-Transit Inventory” means Inventory that would otherwise be Eligible Inventory (other than for its location) that has been shipped from a location of any Borrower or from the manufacturer or wholesale distributor thereof within the United States or Canada for receipt at a location of any Borrower within the United States or Canada and permitted hereunder, within thirty (30) days of shipment, but in either case, which has not yet been delivered to such Borrower, for which the purchase order is in the name of a Borrower, title has passed to such Borrower (and Agent has received such evidence thereof as it has requested) and which is insured in accordance with the terms of the Agreement; provided, that, the aggregate amount of Inventory constituting Eligible Domestic In-Transit Inventory for purposes of the calculation of the Borrowing Base at any time will not exceed \$7,000,000.

“Eligible Foreign Account Debtor” means a Subsidiary of each of the following entities, which Subsidiary does not maintain its chief executive office in the United States or is not organized under the laws of any State of the United States: (a) Whirlpool Corporation, (b) PPG Industries, (c) Valspar Corporation, (d) Corning Inc., (e) 3M Company, (f) Dow Chemical Company, (g) Meadwestvaco Corporation, (h) Avery Dennison Corporation, (i) Baxter International, (j) The Procter & Gamble Company and (k) Stanley Black & Decker, Inc.

“Eligible Foreign Accounts” means Accounts that would otherwise be Eligible Accounts (other than for the Account Debtor of such Account not maintaining its chief executive office in the United States or not being organized under the laws of the United States or any state thereof) for which the Account Debtor is an Eligible Foreign Account Debtor; provided, that, (a) such Accounts are invoiced from the United States and payable in US Dollars, (b) such Eligible Foreign Account Debtor maintains a rating from S&P of BBB- or better and (c) the aggregate amount of Accounts constituting Eligible Foreign Accounts for purposes of the calculation of the Borrowing Base at any time will not exceed \$15,000,000.

“Eligible Inventory” means Inventory owned by any Borrower consisting of finished goods held for sale in the ordinary course of its business and raw materials for such finished goods, that complies

with each of the representations and warranties respecting Eligible Inventory made in the Loan Documents, and that is not excluded from being Eligible Inventory as a result of the failure to satisfy any of the criteria set forth below. In determining the amount to be so included, Inventory shall be valued at the lower of cost or market on a basis consistent with historical accounting practices of Borrowers, without regard to intercompany profit or increases for currency exchange rates. An item of Inventory shall not be included in Eligible Inventory if:

- a Borrower does not have good and valid title thereto,
- a Borrower does not have actual and exclusive possession thereof (either directly or through a bailee or agent of Borrowers),
- it is not located at one of the Borrower's owned or leased locations in the continental United States or Canada,
- it is in-transit to or from a location of a Borrower (other than in-transit between a Borrower's location in the continental United States or Canada and another Loan Party's location in the continental United States or Canada) unless such Inventory is Eligible Domestic In-Transit Inventory,
- it is located on real property leased by a Borrower (unless Agent has received a satisfactory Collateral Access Agreement executed by the lessor with respect thereto or established a reserve in respect thereof) or in a contract warehouse (unless Agent has received a satisfactory Collateral Access Agreement executed by the warehouseman with respect thereto or established a reserve in respect thereof and is segregated or otherwise separately identifiable from goods of others, if any, stored on the premises of such warehouse) unless such Inventory is Eligible Domestic In-Transit Inventory;
- it is the subject of a bill of lading or other document of title (other than the same delivered to Agent as to goods in transit between locations of Loan Parties as provided in clause (d) above),
- subject to clause (h) below, it is not subject to the valid and perfected first priority Lien of Agent,
- it is subject to any Lien other than Agent's Lien and those permitted in clauses (b), (c) or (d) of the definition of Permitted Liens (but only to the extent that Agent has established a reserve in respect thereof) and any other liens permitted under this Agreement that are subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent between the holder of such Lien and Agent,
- it consists of goods returned or rejected by a Borrower's customer,
- it consists of goods that are obsolete or slow moving, restrictive or custom items, work-in-process, or goods that constitute spare parts, packaging and shipping materials, supplies used or consumed in Borrowers' business, bill and hold goods, defective goods, "seconds," or Inventory acquired on consignment,
- it contains or bears any intellectual property rights licensed to such Borrower unless Agent is satisfied that it may sell or otherwise dispose of such Inventory without • infringing the rights of such licensor, • violating any contract with such licensor, • incurring any liability with respect to the payment of royalties other than royalties incurred pursuant to the sale of such Inventory under the current licensing agreement (provided, that, as of the date hereof based on the information received by Agent

prior to the date hereof, the only license agreements that restrict Agent's ability to dispose of any Inventory are those that Agent has identified to Administrative Borrower on or prior to the date hereof), or

- it was acquired in connection with a Permitted Acquisition, until the completion of an appraisal and field examination of such Inventory, in each case, reasonably satisfactory to Agent (which appraisal and field examination may be conducted prior to the closing of such Permitted Acquisition).

The criteria for Eligible Inventory set forth above may only be changed and any new criteria for Eligible Inventory may only be established by Agent based on either: (i) an event, condition or other circumstance arising after the Closing Date, or (ii) an event, condition or other circumstance existing on the Closing Date to the extent that such event, condition or circumstance has not been identified by a Borrower to the field examiners of Agent prior to the Closing Date (except to the extent that it may have been identified but Agent, in consultation with Borrowers, has intentionally elected not to establish a reserve with respect thereto as of the Closing Date), in either case under clause (i) or (ii) which adversely affects or could reasonably be expected to adversely affect the Inventory as determined by Agent in its Permitted Discretion. Any Inventory that is not Eligible Inventory shall nevertheless be part of the Collateral. For avoidance of doubt, any Inventory determined ineligible under more than one clause above shall be calculated without duplication.

"Eligible Transferee" means • a commercial bank organized under the laws of the United States, or Canada or any state or province thereof, and having total assets in excess of \$500,000,000, • a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development or a political subdivision of any such country and which has total assets in excess of \$500,000,000, provided that such bank is acting through a branch or agency located in the United States, • a finance company, insurance company, or other financial institution or fund that is engaged in making, purchasing, or otherwise investing in commercial loans in the ordinary course of its business and having (together with its Affiliates) total assets in excess of \$500,000,000, • any Affiliate (other than individuals) of a pre-existing Lender, and • any other Person approved by Agent. Nothing in this definition shall be construed to affect the rights of Administrative Borrower to consent to any assignment of any Lender's rights and obligations under the Agreement to an Eligible Transferee in accordance with Section 13.1 of the Agreement.

"Environmental Law" means any and all Federal, State, Provincial, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liabilities" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrowers, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equipment” means equipment (as that term is defined in the Code).

“Equity Interests” shall mean, with respect to any Person, all of the shares, interests, participations or other equivalents (however designated) of such Person’s capital stock or partnership, limited liability company or other equity, ownership or profit interests at any time outstanding, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), but excluding any interests in phantom equity plans and any debt security that is convertible into or exchangeable for such shares, and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with Parent within the meaning of Section 414(b) or (c) of the IRC (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the IRC).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of any US Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by a US Borrower or any ERISA Affiliate from a Multiemployer Plan or notification to a US Borrower or any ERISA Affiliate that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate a Pension Plan, or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan within the meaning of Section 430 of the Code or Section 303 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Parent or any ERISA Affiliate.

“Event of Default” has the meaning specified therefor in Section 8 of the Agreement.

“Excess Availability” shall mean, as of any date of determination, the sum of US Excess Availability plus Canadian Excess Availability.

“Excess Availability Conditions” means at any time that either (a) Excess Availability is less than ten percent (10%) of the Maximum Credit for any one (1) Business Day, (b) US Excess Availability is less than seven and one-half percent (7.5%) of the Maximum Credit for any one (1) Business Day, (c) Excess Availability is less than twelve and one-half percent (12.5%) of the Maximum Credit for any three (3) consecutive Business Days or (d) US Excess Availability is less than ten percent (10%) of the Maximum Credit for any three (3) consecutive Business Days.

“Exchange Act” means the Securities Exchange Act of 1934, as in effect from time to time.

“Exchange Rate” means on any date, as determined by Agent, the spot selling rate posted by Reuters on its website for the sale of the applicable currency for US Dollars or applicable Judgment Currency at approximately 11:00 a.m., local time, on such date; provided, that if, for any reason, no such spot rate is being quoted, the spot selling rate shall be determined by reference to such publicly available service for displaying exchange rates as may be reasonably selected by Agent, or, in the event no such service is available, such spot selling rate shall instead be the rate reasonably determined by Agent as the spot rate of exchange in the market where its foreign currency exchange operations in respect of the applicable currency are then being conducted, at or about 11:00 a.m., local time, on the applicable date for the purchase of the relevant currency for delivery two (2) Business Days later.

“Excluded Subsidiary” means (a) any CFC if the pledge of its assets or more than sixty-five percent (65%) of its voting shares in favor of Agent would result in adverse tax consequences to Parent, (b) any Subsidiary of a CFC, (c) CFC Holding Company and (d) each Immaterial Subsidiary.

“Existing Credit Facility” means the Amended and Restated Credit Agreement, dated as of April 4, 2007, by and among The ColorMatrix Corporation, ColorMatrix UK Holdings Ltd., certain of their Affiliates, the lenders party thereto, General Electric Capital Corporation, as US Agent and GE Corporate Finance SAS, as European Agent, and the other agreements, documents and instruments executed in connection therewith.

“Existing Letters of Credit” means those letters of credit issued for the account of a Borrower by an Issuing Lender and outstanding on the Closing Date, which are described on Schedule E-1 to the Agreement.

“Existing Note Secured Debt Limit” means the amount of any Indebtedness that may be secured by Permitted Liens (as defined in the 2020 Notes Indenture) up to the amounts set forth in clause (b) of such definition thereof. As of the date hereof, the only such limitation that is applicable to the Indebtedness under the Agreement is set forth in Section 4.12 of the 2020 Note Indenture.

“Existing Subordinated Loan Agreement” means the Senior Subordinated Loan Agreement, dated as of April 4, 2007, by and among The ColorMatrix Corporation, ColorMatrix UK Holdings, Ltd., the other credit parties thereto, OFS Agency Services, LLC, as US Agent and European Agent and the lenders party thereto.

“Existing Securitization Facility” means the Second Amended and Restated Receivables Purchase Agreement, dated as of June 26, 2007, by and among PolyOne Funding Corporation, as seller, Parent, as servicer, the banks and other financial institutions party thereto, as purchasers and Citicorp U.S.A, Inc., as agent, and the other agreements, documents and instruments executed in connection therewith.

“FATCA” means Sections 1471, 1472, 1473 and 1474 of the IRC (and any successor thereto), the United States Treasury Regulations promulgated thereunder and published guidance with respect thereto.

“Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it.

“Fee Letter” means the fee letter, dated of even date with the Agreement, among Borrowers and Agent, in form and substance reasonably satisfactory to Agent.

“**Fixed Charge Coverage Ratio**” means, for any Person and its Subsidiaries, with respect to any date of determination, the ratio of (a) the amount equal to (i) Consolidated EBITDA of any such Person and its Subsidiaries on a consolidated basis, as of the end of a fiscal month for the immediately preceding twelve (12) consecutive fiscal months for which Agent has received financial statements, minus (ii) Capital Expenditures of such Person and its Subsidiaries during such period to the extent not financed by a third party, to (b) Fixed Charges of such Person and its Subsidiaries for such period.

“**Fixed Charges**” means, with respect to any fiscal period and with respect to Parent determined on a consolidated basis in accordance with GAAP, the sum, without duplication, of (a) Consolidated Interest Expense paid in cash during such period, (b) principal payments in respect of Indebtedness that are required to be paid during such period (excluding (i) any payments required to be made under the Term Loan Agreement based on excess cash flow, (ii) the repayment of the 2011 Notes, the 2012 Notes and the 2015 Notes and (iii) other mandatory prepayments made with Net Cash Proceeds arising from the transaction requiring such mandatory prepayment under the terms of the applicable Indebtedness), and (c) all Federal, State, Provincial, local and foreign income taxes paid in cash during such period, and (d) all Restricted Payments paid in cash during such period, provided, that, so long as at the time of any Restricted Payments used to purchase the common Equity Interests of Parent, and after giving effect thereto, the aggregate amount of Excess Availability plus Qualified Cash is greater than \$125,000,000 (and on and after any assets of ColorMatrix Group, Inc. or any of its Subsidiaries may be included in the Borrowing Base, greater than \$140,000,000), such Restricted Payments in an aggregate amount of up to \$25,000,000 in the 2011 fiscal year of Parent and up to \$50,000,000 in the 2012 fiscal year of Parent shall not be included in Fixed Charges.

“**Foreign Lender**” means any Lender or Participant that is not a United States person within the meaning of IRC Section 7701(a)(30).

“**Foreign Subsidiary**” means a direct or indirect Subsidiary of a Loan Party organized or incorporated under the laws of a jurisdiction other than a State of the United States, the United States, the District of Columbia, a Province or Territory of Canada or Canada.

“**Fronting Exposure**” means, at any time there is a Defaulting Lender, (a) with respect to any Issuing Lender, such Defaulting Lender’s Pro Rata Share of the outstanding Letters of Credit with respect to Letters of Credit issued by such Issuing Lender other than outstanding Letters of Credit as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or subject to Letter of Credit Collateralization in accordance with the terms hereof, and (b) with respect to any Swingline Lender, such Defaulting Lender’s Pro Rate Share of outstanding Swing Loans made by such Swing Lender other than Swing Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders.

“**Funding Date**” means the date on which a Borrowing occurs.

“**Funding Losses**” has the meaning specified therefor in Section 2.10(b)(ii) of the Agreement.

“**GAAP**” means generally accepted accounting principles as in effect from time to time in the United States, consistently applied; provided, that, all calculations relative to liabilities shall be made without giving effect to Statement of Financial Accounting Standards No. 159.

“**Governing Documents**” means, with respect to any Person, the certificate or articles of incorporation, articles of association, by-laws, certificate of formation, limited liability agreement, limited partnership agreement or other organizational documents of such Person.

“Governmental Authority” means any federal, state, local, or other governmental or administrative body, instrumentality, board, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

“Guarantors” means, collectively, US Guarantors and Canadian Guarantors.

“Guaranty” means the guaranty, dated of even date with the Agreement, by US Loan Parties in favor of Agent, for the benefit of the Lender Group and the Bank Product Providers in respect of the US Obligations and the Canadian Obligations.

“Hazardous Materials” means • substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or “EP toxicity”, • oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, • any flammable substances or explosives or any radioactive materials, and • asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“Hedge Agreement” means any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement; sometimes being collectively referred to herein as “Hedge Agreements”.

“Hedge Obligations” means any and all obligations or liabilities, whether absolute or contingent, due or to become due, now existing or hereafter arising, of Parent or its Subsidiaries arising under, owing pursuant to, or existing in respect of Hedge Agreements entered into with one or more of the Bank Product Providers.

“Hedge Provider” means any Lender or any of its Affiliates; provided, that, no such Person shall constitute a Hedge Provider unless and until Agent shall have received a Bank Product Provider Agreement from such Person, and with respect to the applicable Hedge Agreement, within ten (10) days after the execution and delivery of such Hedge Agreement with Parent or its Subsidiaries.

“Hedge Termination Value” means, in respect of any one or more Hedge Agreement, after taking into account the effect of any legally enforceable netting agreement relating to such Hedge Agreements, (a) for any date on or after the date such Hedge Agreements have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for Hedge

Agreements, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Hedge Agreements (which may include a Lender or any Affiliate of a Lender) or by such other method as the Hedge Provider with respect thereto may use for such purposes.

“Immaterial Subsidiary.” means, as at any date, any Subsidiary of Parent set forth on Schedule I-1 of the Agreement (as may be amended from time to time by notice from Parent to Agent), provided, that, any Subsidiary designated as an Immaterial Subsidiary (a) did not, as of the last day of the fiscal quarter of Parent most recently ended, have assets with a value in excess of three percent (3%) of total assets or revenues representing in excess of three percent (3%) of total revenues of Parent and its Subsidiaries, in each case, on a consolidated basis as of such date, (b) taken together with all Immaterial Subsidiaries as of the last day of the fiscal quarter of Parent most recently ended, did not have assets with a value in excess of seven and one-half percent (7.5%) of total assets or revenues representing in excess of seven and one-half percent (7.5%) of total revenues of Parent and its Subsidiaries, in each case, on a consolidated basis as of such date, (c) no assets of any such Subsidiary shall be included in the Borrowing Base, and (d) no such Subsidiary shall conduct either manufacturing or sales activities.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds (other than surety or similar bonds), debentures, notes, loan agreements or other similar instruments;
- the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guaranties, surety bonds and similar instruments;
- the Hedge Termination Value of any Hedge Agreement;
- all obligations of such Person to pay the deferred purchase price of property or services (other than (i) current trade accounts payable in the ordinary course of business in accordance with customary trade practices and (ii) earnouts or similar obligations unless and until such amounts are earned);
- indebtedness of others (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- all obligations of such Person in respect of Capital Leases and all monetary obligations of such Person under (i) a so-called synthetic, off-balance sheet or tax retention lease, or (ii) an agreement for the use or possession of property (including sale and leaseback transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of the Bankruptcy Code or any other debtor relief laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment) and all obligations of such Person in respect of transactions entered into by such Person that are intended to function primarily as a borrowing of funds (including any minority interest transactions that function primarily as a borrowing) but are not otherwise included in the definition of “Indebtedness” or as a liability on the consolidated balance sheet of such Person and its Subsidiaries in accordance with GAAP;

- all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in cash, Cash Equivalents or other “Indebtedness” in respect of any Disqualified Equity Interest in such Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and
- any obligation of such Person guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person that constitutes Indebtedness under any of clauses (a) through (g) above (but specifically excluding the Series G Guarantee other than for purposes of Section 8.5).

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person.

“Indemnified Liabilities” has the meaning specified therefor in Section 10.3 of the Agreement.

“Indemnified Person” has the meaning specified therefor in Section 10.3 of the Agreement.

“Insolvency Proceeding” means any proceeding commenced by or against any Person under any provision of the Bankruptcy Code the CCAA or the BIA or under any other provincial, state or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Intercompany Subordination Agreement” means an intercompany subordination agreement, dated of even date with the Agreement, executed and delivered by certain Loan Parties and certain of their Subsidiaries and Agent, the form and substance of which is reasonably satisfactory to Agent.

“Interest Period” means, (a) with respect to each LIBOR Rate Loan, a period commencing on the date of the making of such LIBOR Rate Loan (or the continuation of a LIBOR Rate Loan or the conversion of a Base Rate Loan to a LIBOR Rate Loan) and ending one (1), two (2), or three (3) months thereafter and (b) with respect to each BA Rate Loan, a period commencing on the date of making of such BA Rate Loan (or the continuation of a BA Rate Loan or the conversion of a Base Rate Loan in Canadian Dollars to a BA Rate Loan and ending one (1), two (2), or three (3) months thereafter; provided, that, in each case, • interest shall accrue at the applicable rate based upon the LIBOR Rate or BA Rate, as applicable from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, • any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, • with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is one (1), two (2), or three (3) months after the date on which the Interest Period began, as applicable, and • Borrowers may not elect an Interest Period which will end after the Maturity Date.

“Inventory” means inventory (as such term is defined in the Code).

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, guarantee or assumption of debt of, or purchase or other

acquisition of any other debt or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit (including a division) or all or substantially all of the business of, such Person. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IRC” means the Internal Revenue Code of 1986, as amended, as in effect from time to time.

“Issuing Lender” means • any issuer of Existing Letters of Credit, but only as to such Existing Letters of Credit and not as to any other Letters of Credit, and • WFCF, Bank of America, N.A. or any other Lender that, at the request of Administrative Borrower and with the consent of Agent, agrees, in such Lender’s sole discretion, to become an Issuing Lender for the purpose of issuing Letters of Credit or Reimbursement Undertakings pursuant to Section 2.9 of the Agreement and the Issuing Lender shall be a Lender.

“Judgment Currency” has the meaning specified in Section 17.15 of the Agreement.

“Juffali Investment” means an initial Investment in the amount of approximately \$2,500,000 made by Parent and/or its Subsidiaries in the existing joint venture with E.A. Juffali & Brothers Company Limited, together with any additional Investments made by Parent and/or its Subsidiaries in such joint venture in an amount not to exceed \$20,000,000 in the aggregate.

“Laws” means, collectively, all international, foreign, Federal, State, Provincial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“Lender” has the meaning set forth in the preamble to the Agreement, shall include the Issuing Lender and the Swing Lender, and shall also include any other Person made a party to the Agreement pursuant to the provisions of Section 13.1 of the Agreement and “Lenders” means each of the Lenders or any one or more of them.

“Lender Group” means each of the Lenders (including the Issuing Lender and the Swing Lender) and Agent, or any one or more of them.

“Lender Group Expenses” means all • costs or expenses (including taxes, and insurance premiums) that were due and owing by Parent or its Subsidiaries and were, in accordance with the provisions of the Loan Documents, paid, advanced, or incurred by the Lender Group, • reasonable out-of-pocket fees or charges paid or incurred by Agent in connection with the Lender Group’s transactions with Parent or its Subsidiaries under any of the Loan Documents, including, fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, and PPSA and UCC searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles, or similar searches with respect to Canadian Loan Parties), filing, recording, publication, appraisal (including periodic collateral appraisals to the extent of the fees and charges (and up to the amount of any limitation) contained in the Agreement or the Fee Letter), real estate surveys, real estate title policies and endorsements, and environmental audits, • Agent’s customary fees and charges (as adjusted from time to time) with respect to the disbursement of funds (or the receipt of funds) to or for the account of any Borrower (whether by wire transfer or otherwise), together with any out-of-pocket costs and expenses incurred in connection therewith, • out-of-pocket

charges paid or incurred by Agent resulting from the dishonor of checks payable by or to any Loan Party, • all reasonable and documented out-of-pocket expenses and costs heretofore and from time to time hereafter incurred by Agent during the course of periodic field examinations of the Collateral and Borrowers' operations, plus a per diem charge at Agent's then standard rate for Agent's examiners in the field and office (which rate as of the date hereof is \$1,000 per person per day), and a per diem charge at Agent's then standard rate for the establishment of electronic collateral reporting systems, subject to the limitations set forth in Section 5.7 of the Agreement, • reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by the Lender Group in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents, • Agent's and each Arranger's reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees of not more than one primary counsel in the United States, one primary counsel in Canada and one local counsel in each relevant jurisdiction) incurred in advising, structuring, drafting, reviewing, administering (including travel, meals, and lodging), syndicating, or amending the Loan Documents, • subject to the limitations set forth below in this clause (h), Agent's and each Lender's reasonable out-of-pocket costs and expenses (including reasonable accountants, consultants, and other advisors fees and expenses and reasonable attorneys' fees for not more than one primary counsel in the United States, one primary counsel in Canada and one local counsel in each relevant jurisdiction and up to one additional counsel in the United States and one additional counsel in Canada for all other Lenders taken together) incurred in connection with a "workout," a "restructuring," or an Insolvency Proceeding concerning Parent or any of its Subsidiaries or in exercising rights or remedies under the Loan Documents, or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral permitted by the Agreement, and including, during the continuance of an Event of Default, in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, and • usage charges, charges, fees, costs and expenses for amendments, renewals, extensions, transfers, or drawings from time to time imposed by the Underlying Issuer or incurred by the Issuing Lender in respect of Letters of Credit and out-of-pocket charges, fees, costs and expenses paid or incurred by the Underlying Issuer or Issuing Lender in connection with the issuance, amendment, renewal, extension, or transfer of, or drawing under, any Letter of Credit or any demand for payment thereunder.

"Lender Group Representatives" has the meaning specified therefor in Section 17.9 of the Agreement.

"Lender-Related Person" means, with respect to any Lender, such Lender, together with such Lender's Affiliates, officers, directors, employees, attorneys, and agents.

"Letter of Credit" means a letter of credit issued by Issuing Lender or a letter of credit issued by Underlying Issuer, as the context requires.

"Letter of Credit Collateralization" means either • providing cash collateral (pursuant to documentation reasonably satisfactory to Agent, including provisions that specify that the Letter of Credit fee and all usage charges set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding) to be held by Agent in an amount equal to one hundred three percent (103%) of the then existing Letter of Credit Usage, • causing the Letters of Credit to be returned to the Issuing Lender, or • providing Agent with a standby letter of credit, in form and substance reasonably satisfactory to Agent, from a commercial bank acceptable to Agent (in its sole discretion) in an amount equal to one hundred three percent (103%) of the then existing Letter of Credit Usage; it being understood that the Letter of Credit fee and all usage charges set forth in the Agreement will continue to accrue while the Letters of Credit are outstanding and that any such fees that accrue must be an amount that can be drawn under any such standby letter of credit.

“Letter of Credit Disbursement” means a US Letter of Credit Disbursement or a Canadian Letter of Credit, Disbursement, as applicable.

“Letter of Credit Usage” means US Letter of Credit Usage or Canadian Letter of Credit Usage, as applicable.

“LIBOR Deadline” has the meaning specified therefor in Section 2.10(b)(i) of the Agreement.

“LIBOR Notice” means a written notice in the form of Exhibit L-1.

“LIBOR Option” has the meaning specified therefor in Section 2.10(a) of the Agreement.

“LIBOR Rate” means the rate per annum rate appearing on Bloomberg L.P.’s (the “Service”) Page BBAM1/(Official BBA USD Dollar Libor Fixings) (or on any successor or substitute page of such Service, or any successor to or substitute for such Service) two (2) Business Days prior to the commencement of the requested Interest Period, for a term and in an amount comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrowers in accordance with the Agreement, which determination shall be conclusive in the absence of manifest error.

“LIBOR Rate Loan” means each portion of a Revolving Loan that bears interest at a rate determined by reference to the LIBOR Rate.

“Lien” means any mortgage, deed of trust, pledge, hypothecation, assignment, charge, deposit arrangement, encumbrance, easement, lien (statutory or other), security interest, hypothec or other security arrangement and any other preference, priority, or preferential arrangement of any kind or nature whatsoever, including any conditional sale contract or other title retention agreement, the interest of a lessor under a Capital Lease and any synthetic or other financing lease having substantially the same economic effect as any of the foregoing.

“Loan Account” means the US Loan Account or the Canadian Loan Account, as the case may be.

“Loan Documents” means the Agreement, any US Borrowing Base Certificate, any Canadian Borrowing Base Certificate, the Controlled Account Agreements, the Control Agreements, any Copyright Security Agreement, the Fee Letter, the Guaranty, the Term Loan Intercreditor Agreement, any Intercompany Subordination Agreement, the Letters of Credit, the Mortgages, any Patent Security Agreement, the Security Agreement, any Trademark Security Agreement, any perfection certificate, any note or notes executed by any Borrower in connection with the Agreement and payable to any member of the Lender Group, any Canadian Security Document, any letter of credit application entered into by any Borrower in connection with the Agreement, and any other agreement entered into, now or in the future, by Parent or any of its Subsidiaries in connection with the Agreement.

“Loan Party” means any Borrower or any Guarantor.

“Loans” means Revolving Loans, Swing Loans, Overadvances and Protective Advances.

“Margin Stock” as defined in Regulation U of the Board of Governors of the Federal Reserve System as in effect from time to time.

“Material Adverse Effect” means • a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) of Parent and its Subsidiaries taken as a whole, or as it relates to representations and warranties specifically relating to the Revolving Loan Priority Collateral, of Loan Parties taken as a whole, • a material impairment of the rights and remedies of Agent or any Lender under the Loan Documents taken as a whole, or of the ability of any Loan Party to perform its obligations under the Loan Documents to which it is a party, or • a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

“Material Contract” means, with respect to any Person, each contract or agreement the loss of which has, or could reasonably be expected to have, a Material Adverse Effect.

“Material Real Property” means fee owned real property with a fair market value in excess of \$5,000,000.

“Maturity Date” has the meaning specified therefor in Section 3.3 of the Agreement.

“Maximum Credit” means the sum of the US Maximum Credit and the Canadian Maximum Credit, provided, that, in no event shall the Maximum Credit exceed \$300,000,000, as such amount may be decreased by the amount of decreases in the US Commitments in accordance with Section 2.3(c) of the Agreement or as such amount may be increased by the amount of increases in the US Commitments in accordance with Section 2.12 of the Agreement.

“Moody's” has the meaning specified therefor in the definition of Cash Equivalents.

“Mortgage Policies” has the meaning specified therefor in Section 4(b) to Schedule 5.16.

“Mortgaged Property” means the real property that is owned by any Loan Party on the Closing Date listed on Schedule M-1 and any Material Real Property acquired after the Closing Date.

“Mortgages” means, individually and collectively, one or more mortgages, deeds of trust, or deeds to secure debt, executed and delivered by Parent or its Subsidiaries in favor of Agent, in form and substance reasonably satisfactory to Agent, that encumber the Real Property Collateral.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which Parent or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a plan within the meaning of Section 210(a) of ERISA or Section 413(c) of the IRC to which Parent or any ERISA Affiliate is obligated to make contributions.

“Net Cash Proceeds” means the aggregate cash or Cash Equivalents received by any Loan Party or any Restricted Subsidiary in respect of any sale or other disposition (including any involuntary loss, damage or destruction or involuntary condemnation, seizure or taking or confiscation or requisition) or issuance or incurrence of Indebtedness or issuance of any Equity Interests (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received in cash), net of (a) reasonable and customary fees and expenses associated in connection therewith (including, without limitation, legal, accounting and investment banking fees, sales commissions and placement fees), (b) taxes paid or payable to any taxing authorities by Parent or such Subsidiary in connection with such sale or other disposition, in each case to the extent, but only to the extent, that the amounts so deducted are, at the time of receipt of such cash, actually paid or payable to a

Person that is not an Affiliate of Parent or any of its Subsidiaries, and are properly attributable to such transaction, (c) in the case of any such sale or other disposition, the amount of any Indebtedness secured by any Permitted Lien on any asset (other than Indebtedness owing to Agent or any Lender under the Agreement or the other Loan Documents and Indebtedness assumed by the purchaser of such asset) which is required to be, and is, repaid in connection with such sale or disposition (including, without limitation, prepayment premiums and/or penalties thereon), (d) in the case of any sale or other disposition, any portion of such proceeds deposited in an escrow account or subject to a similar arrangement in any event in accordance with the terms of such sale or other disposition (provided that such amounts shall be treated as Net Cash Proceeds upon the receipt of cash from such escrow account by such Loan Party or such Subsidiary) and (e) in the case of any sale or other disposition, any portion of any such proceeds which Parent determines in good faith should be reserved for post-closing adjustments and indemnities; it being understood that “Net Cash Proceeds” shall include, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by any Loan Party or any Subsidiary in any such sale or other disposition, or issuance or incurrence of Indebtedness of issuance of any Equity Interests.

“**Net Recovery Percentage**” means the fraction, expressed as a percentage (a) the numerator of which is the amount equal to the recovery on the aggregate amount of the applicable category of Eligible Inventory at such time on a “net orderly liquidation value” basis as set forth in the most recent acceptable inventory appraisal received by Agent in accordance with the requirements of the Agreement, net of operating expenses, liquidation expenses and commissions reasonably anticipated in the disposition of such assets and (b) the denominator of which is the original cost of the aggregate amount of the Eligible Inventory subject to such appraisal.

“**Non-Consenting Lender**” has the meaning specified therefor in [Section 14.2\(a\)](#) of the Agreement.

“**Non-Defaulting Lender**” means, at any time, each Lender that is not a Defaulting Lender at such time.

“**Non-Loan Party**” means a Subsidiary of Parent that is not a Loan Party.

“**NPL**” means the National Priorities List under CERCLA.

“**Obligations**” means • all loans (including the Revolving Loans (inclusive of Protective Advances and Swing Loans)), debts, principal, interest (including any interest that accrues after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), reimbursement or indemnification obligations with respect to Reimbursement Undertakings or with respect to Letters of Credit (irrespective of whether contingent), premiums, liabilities (including all amounts charged to the Loan Account pursuant to the Agreement), obligations (including indemnification obligations), fees (including the fees provided for in the Fee Letter), Lender Group Expenses (including any fees or expenses that accrue after the commencement of an Insolvency Proceeding, regardless of whether allowed or allowable in whole or in part as a claim in any such Insolvency Proceeding), guaranties, covenants, and duties of any kind and description owing by any Loan Party pursuant to or evidenced by the Agreement or any of the other Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all other expenses or other amounts that any Borrower is required to pay or reimburse by the Loan Documents or by law or otherwise in connection with the Loan Documents, • all debts, liabilities, or obligations (including reimbursement obligations, irrespective of whether contingent) owing by any Borrower or any other Loan Party to an Underlying Issuer now or hereafter arising from or in respect of Underlying Letters of Credit, and • all Bank Product Obligations. Any reference in the

Agreement or in the Loan Documents to the Obligations shall include all or any portion thereof and any extensions, modifications, renewals, or alterations thereof, both prior and subsequent to any Insolvency Proceeding.

“OFAC” means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

“Originating Lender” has the meaning specified therefor in Section 13.1(e) of the Agreement.

“Overadvance” has the meaning specified therefor in Section 2.3(e)(i) of the Agreement.

“Parent” has the meaning specified therefor in the preamble to the Agreement.

“Participant” has the meaning specified therefor in Section 13.1(e) of the Agreement.

“Patent Security Agreement” has the meaning specified therefor in the Security Agreement.

“Patriot Act” has the meaning specified therefor in Section 4.18 of the Agreement.

“Payoff Date” means the first date on which all of the Obligations are paid in full and the Commitments of the Lenders are terminated.

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the IRC and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430 and 436 of the IRC and Sections 302 and 303 of ERISA.

“Pension Plan” means any “employee pension benefit plan” (as such term is defined in Section 3(2) of ERISA) (excluding a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by Parent and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the Pension Funding Rules.

“Permitted Acquisition” means any Acquisition; provided, that:

- as of the date of any such Acquisition and after giving effect thereto, no Event of Default shall exist or have occurred and be continuing,
- (i) the Excess Availability at any time during the immediately preceding sixty (60) consecutive day period shall have been not less than twenty percent (20%) of the Maximum Credit and (ii) the US Excess Availability at any time during the immediately preceding sixty (60) consecutive day period shall have been not less than fifteen percent (15%) of the Maximum Credit, and after giving effect to the Acquisition and the making of any payment in respect thereof, on a pro forma basis using the most recent calculation of the Borrowing Base immediately prior to any such payment, the Excess Availability and the US Excess Availability shall be not less than the applicable amount specified above,
- the Acquisition shall be with respect to an operating company or division or line of business that engages in a line of business substantially similar, reasonably related or incidental to, or a reasonable extension of, the business that Parent and its Subsidiaries are engaged in,

- in the case of any Acquisition of Equity Interests, the board of directors (or other comparable governing body) of the Person to be acquired shall have duly approved such Acquisition and such person shall not have announced that it will oppose such Acquisition or shall not have commenced any action which alleges that such Acquisition will violate applicable law,
- in the case of any Acquisition that involves consideration in the aggregate in excess of \$35,000,000 or on and after the aggregate amount of the consideration for all Acquisitions after the Closing Date is in excess of \$75,000,000, as to any Acquisition thereafter, Agent shall have received not less than fifteen (15) Business Days prior to the anticipated closing date of the proposed Acquisition prior written notice of the proposed Acquisition, and including the (i) parties to such Acquisition, (ii) the proposed date and amount of the Acquisition, (iii) description of the assets or shares to be acquired and (iv) the total purchase price for the assets to be purchased and the terms of payment of such purchase price), together with copies of the acquisition agreement and other material documents relative to the proposed Acquisition,
- in the case of any Acquisition that involves consideration in the aggregate in excess of \$35,000,000 or on and after the aggregate amount of the consideration for all Acquisitions after the Closing Date is in excess of \$75,000,000, as to any Acquisition thereafter, Agent shall have received reasonably satisfactory projections for the period that is the lesser of six (6) months or until the end of the then current fiscal year after the date of such Acquisition showing, on a pro forma basis after giving effect to the Acquisition, (i) minimum Excess Availability at all times during such period of not less than twenty percent (20%) of the Maximum Credit and (ii) minimum US Excess Availability at all times during such period of not less than fifteen percent (15%) of the Maximum Credit,
- any such newly-created or acquired Subsidiary shall comply with the requirements of Section 5.11 to the extent applicable;
- in the case of any Acquisition that involves consideration in the aggregate in excess of \$35,000,000 or on and after the aggregate amount of the consideration for all Acquisitions after the Closing Date is in excess of \$75,000,000, as to any Acquisition thereafter, Parent shall have delivered to Agent and each Lender, at least five (5) Business Days prior to the date on which any such Acquisition is to be consummated, a certificate of an Authorized Person, in form and substance reasonably satisfactory to Agent and the Required Lenders, certifying that all of the requirements set forth in this definition of Permitted Acquisition have been satisfied or will be satisfied on or prior to the consummation of such purchase or other acquisition;
- if Parent requests that any assets acquired pursuant to such Acquisition be included in the Borrowing Base, Agent shall have completed a field examination with respect to the business and assets subject to the Acquisition (the “Acquired Business”) in accordance with Agent’s customary procedures and practices and as otherwise required by the nature and circumstances of the business of the Acquired Business, the scope and results of which shall be satisfactory to Agent in its Permitted Discretion and any Accounts or Inventory of the Acquired Business shall only be Eligible Accounts or Eligible Inventory to the extent that Agent has so completed such field examination with respect thereto and as to Inventory has received a satisfactory appraisal (and has completed customary legal due diligence with respect thereto with results satisfactory to Agent) and the criteria for Eligible Accounts and Eligible Inventory set forth herein are satisfied with respect thereto in accordance with this Agreement (or such other or additional criteria as Agent may, at its option, establish with respect thereto in accordance with the definitions of Eligible Accounts or Eligible Inventory, as applicable, and subject to such reserves as Agent may establish in connection with the Acquired Business in accordance with Sections 2.1(e) and 2.1(f) of the Agreement).

“Permitted Discretion” means a determination made in good faith in the exercise of its reasonable business judgment based on how an asset-based lender with similar rights providing a credit facility of the type set forth herein would act in similar circumstances at the time with the information then available to it.

“Permitted Dispositions” means:

- sales or other dispositions of obsolete or worn out property or assets that are no longer necessary or required for the operation of the business (including insignificant or immaterial parcels of Real Property), whether now owned or hereafter acquired, in the ordinary course of business,
- sales of Inventory in the ordinary course of business,
- the use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of the Agreement or the other Loan Documents,
- sales or other dispositions of assets (other than Revolving Loan Priority Collateral) to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property,
- the sale or other disposition of property by Parent or any Subsidiary of Parent to any Loan Party or other Subsidiary, provided, that, (i) if the transferor of such property is a Borrower, then the transferee thereof must be another Loan Party, (ii) if the transferor of such property is a Guarantor, then the transferee must be either a Borrower or Guarantor, (iii) to the extent such transaction constitutes an Investment, such transaction is a Permitted Investment and (iv) to the extent of any Lien of Agent with respect to such property prior to its sale or other disposition, the Lien of Agent on such property shall continue in all respects and shall not be deemed released or terminated as a result of such sale or other disposition and Borrowers and Guarantors shall execute and deliver such agreements, documents and instruments as Agent may request with respect thereto,
- dispositions permitted by Section 6.3,
- the sale of accounts receivable in connection with the collection or compromise thereof in the ordinary course of business consistent with the practices of Parent and its Subsidiaries as of the date hereof,
- the grant by Parent and its Subsidiaries after the date hereof of a non-exclusive license of any Intellectual Property owned by Parent and its Subsidiaries in the ordinary course of business consistent with past practice,
- the granting of Permitted Liens,
- any involuntary loss, damage or destruction of property, or any involuntary condemnation, seizure or taking, by exercise of the power of eminent domain or otherwise, or confiscation or requisition of use of property,
- the leasing, subleasing or non-exclusive licensing or sublicensing of tangible assets (which shall not include Inventory) or intangible assets (or an assignment of a lease or license or sublease of assets of any Loan Party in the ordinary course of business that do not materially interfere with the business of Parent and its Restricted Subsidiaries, taken as a whole,

- the abandonment or other disposition of intellectual property in the ordinary course of business consistent with past practices that is not material and is no longer used or useful in the business of Parent or its Subsidiaries,
- the making of a Restricted Payment or a Permitted Investment that in each case is expressly permitted to be made pursuant to the Agreement,
- sales or other dispositions of the Real Property listed on Schedule P-1;
- sales by Parent or any of its Restricted Subsidiaries of property (other than Revolving Loan Priority Collateral) pursuant to any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a “Sale and Lease-Back Transaction”); provided, that, • the lease contemplated by such Sale and Lease-Back Transaction is executed within two hundred seventy (270) days of the sale of such property, and • subject to the terms of the Term Loan Intercreditor Agreement, to the extent Net Cash Proceeds in excess of \$10,000,000 for any one disposition and in excess of \$50,000,000 for all dispositions in any fiscal year are received, the Net Cash Proceeds resulting from such disposition pursuant to this clause shall be applied to the Obligations, if not otherwise applied to repay Term Loan Indebtedness or any other Indebtedness which is required to be repaid with such Net Cash Proceeds under the terms of such Indebtedness,
- any surrender or waiver of contractual rights or the settlement, release or surrender of contractual rights or other litigation claims in the ordinary course of business (other than any such contractual rights or claims related to Accounts, payment intangibles or Inventory constituting Revolving Loan Priority Collateral) ,
- the termination of any Hedge Agreement,
- any other sale or other disposition of property by Parent or any Restricted Subsidiary for consideration in any one case not to exceed \$1,000,000, or in the case of any sale or other disposition of Revolving Loan Priority Collateral, in the aggregate as to all such sales or other dispositions, not to exceed \$2,500,000,
- sales of interests in or assets of Unrestricted Subsidiaries or Immaterial Subsidiaries,
- sales or other transfers by a Loan Party of any Equity Interests held in a first tier Subsidiary that is organized under the laws of a jurisdiction other than the United States, to a Restricted Subsidiary (including any Excluded Subsidiary), provided, that, one hundred percent (100%) (or sixty-five percent (65%) in the case of any first tier Foreign Subsidiary) of the Equity Interests of the Restricted Subsidiary to whom such Equity Interests are sold or otherwise transferred are subject to the Lien of Agent pursuant to the Loan Documents,
- sales or other dispositions of assets of Loan Parties not otherwise subject to the provisions set forth in this definition, provided, that, as to any such sale or other disposition, each of the following conditions is satisfied:
 - not less than seventy-five percent (75%) of the consideration to be received by the Loan Parties shall be paid or payable in cash and shall be paid contemporaneously with consummation of the transaction,

- the consideration received by such Loan Party in respect of the sale or other disposition of such assets shall be for the fair value of such assets determined in a commercially reasonable manner based on an arm's length transaction,
- in the case of any sale or other disposition of Revolving Loan Priority Collateral, as of the date of such sale or other disposition and after giving effect thereto, using the most recent calculation of the Borrowing Base prior to the date of any such payment, on a pro forma basis, Excess Availability shall be not less than twenty percent (20%) of the Maximum Credit and US Excess Availability shall be not less than fifteen percent (15%) of the Maximum Credit,
- at any time a Cash Dominion Event exists, subject to the terms of the Term Loan Intercreditor Agreement, in the case of any sale or other disposition of Revolving Loan Priority Collateral, the Net Cash Proceeds from any such sale or other disposition, shall be applied to the Obligations (without permanent reduction thereof), and in the case of any sale or other disposition of any Collateral other than Revolving Loan Priority Collateral, the Net Cash Proceeds in excess of \$10,000,000 in any one sale or other disposition or in excess of \$50,000,000 for all such sales or other dispositions in any fiscal year, shall be applied to the Obligations,
- the aggregate consideration for all property sold or otherwise disposed of in reliance on this clause (u) shall not exceed \$75,000,000, and
- as of the date of any such sale or other disposition, and in each case after giving effect thereto, no Event of Default shall exist or have occurred and be continuing.

“Permitted Indebtedness” means:

- Indebtedness under the Loan Documents, and including Indebtedness owed to Underlying Issuers with respect to Underlying Letters of Credit,
- subject to the terms of the Term Loan Intercreditor Agreement, Indebtedness under any Term Loan Document in an aggregate outstanding principal amount not to exceed \$400,000,000 and any Refinancing Indebtedness with respect thereto,
- Indebtedness outstanding on the date hereof and listed on Schedule P-2 and any Refinancing Indebtedness with respect thereto,
- guarantees • by a Loan Party of other Permitted Indebtedness of another Loan Party, • by a Non-Loan Party of Permitted Indebtedness of another Non-Loan Party, • by a Non-Loan Party of Permitted Indebtedness of a Loan Party unless such Non-Loan Party shall have also provided a guarantee of the Obligations substantially on the terms set forth in the applicable Guaranty, and • by a Loan Party of Permitted Indebtedness of a Non-Loan Party, provided, that, (A) as of the date of the execution and delivery of any such guarantee under this clause (iv), and after giving effect thereto, such Loan Party would be permitted to make a Permitted Investment in such Non-Loan Party under clause (d)(ii)(D) of the definition of Permitted Investments, such that all of the conditions set forth in clause (d)(ii)(D) of the definition of Permitted Investments shall be satisfied as to any such guarantee treating the guarantee as a Permitted Investment for this purpose, including that (1) the maximum amount of the liability of the Loan Parties under all of such guarantees, plus (2) the amount of the Permitted Investments by Loan Parties under such clause (d)(ii)(D), shall not in the aggregate exceed \$100,000,000 at any time outstanding, and (B) if the Indebtedness being guaranteed is subordinated to the Obligations, such guarantee shall be subordinated to the guarantee of the Obligations on terms at least as favorable to Agent and the Lenders as those contained in the subordination provisions of such Indebtedness,

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- Permitted Purchase Money Indebtedness and any Refinancing Indebtedness in respect of such Indebtedness,
 - contingent liabilities in respect of any indemnification obligation, adjustment of purchase price, or similar obligation of the applicable Loan Party incurred in connection with the consummation of one or more Permitted Acquisitions or Permitted Dispositions,
 - other Indebtedness of Restricted Subsidiaries that are Non-Loan Parties in an aggregate principal amount for all such Persons not to exceed \$100,000,000 at any time outstanding,
 - Acquired Indebtedness in an amount not to exceed \$50,000,000 outstanding at any one time and any Refinancing Indebtedness in respect of such Indebtedness,
 - Indebtedness incurred in the ordinary course of business under customs, stay, performance, surety, statutory, and appeal bonds, and completion guarantees (or obligations in respect of letters of credit related thereto),
 - Indebtedness consisting of insurance premium financing in the ordinary course of business,
 - the incurrence by any Loan Party or its Subsidiaries of Indebtedness under Hedge Agreements that are incurred for the bona fide purpose of hedging the interest rate, commodity, or foreign currency risks associated with any Loan Party's and its Subsidiaries' operations and not for speculative purposes,
 - Indebtedness consisting of deferred compensation to employees of Parent or any Restricted Subsidiary in the ordinary course of business and consistent with the current practices of Parent and such Subsidiary,
 - Indebtedness (including obligations in respect of letters of credit or bank guarantees or similar instruments) incurred by Parent or any Restricted Subsidiary constituting reimbursement obligations in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance; provided, that, upon the drawing of such letters of credit or the incurrence of such Indebtedness with respect to reimbursement obligations regarding workers' compensation claims, such obligations are reimbursed within thirty (30) days following such drawing or incurrence;
 - Indebtedness and other obligations in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management or treasury services arrangements and deposit accounts;
 - Indebtedness evidenced by the 2015 Notes in an aggregate outstanding principal amount not to exceed \$50,000,000 and any Refinancing Indebtedness with respect thereto,
 - Indebtedness evidenced by the 2020 Notes in an aggregate outstanding principal amount not to exceed \$360,000,000 and any Refinancing Indebtedness with respect thereto,
 - the Indebtedness arising under the Series G Guarantee in an aggregate outstanding principal amount not to exceed \$42,656,250,

- unsecured Indebtedness of any Loan Party owing to former employees, officers, or directors (or any spouses, ex-spouses, or estates of any of the foregoing) incurred in connection with the repurchase by such Loan Party of the Equity Interests of such Loan Party that has been issued to such Persons, provided, that, the aggregate amount of all such Indebtedness outstanding at any one time does not exceed \$2,000,000,
- guarantees by PolyOne International Finance Company in respect of Indebtedness otherwise permitted under this Agreement of any Subsidiary that is not a Loan Party,
- (i) unsecured Indebtedness (including Subordinated Debt) of Parent or any other Loan Party; provided, that, as to any such Indebtedness, — such Indebtedness shall have a maturity date that is at least ninety-one (91) days after the Maturity Date, and shall not include covenants, defaults and remedy provisions that are more restrictive in any material respect to Parent and its Subsidiaries than the Term Loan Agreement taken as a whole and shall not have any financial maintenance covenants, — the Fixed Charge Coverage Ratio (calculated based on the preceding twelve (12) consecutive month period ending on the fiscal month end for which Agent has received financial statements immediately prior to the date of the incurrence of such Indebtedness), on a pro forma basis, immediately after giving effect to such Indebtedness shall be not less than 1.10 to 1.00, — as of the date of the incurring of any such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing, — in the case of any such Indebtedness in an aggregate principal amount in excess of \$50,000,000, such Indebtedness shall not have scheduled amortization payments in excess of one percent (1%) of the principal amount thereof in any fiscal year, and — if such Indebtedness is owed to a seller of assets to Parent or any other Loan Party, it is expressly subordinate in right of payment to the prior payment in full in cash of the Obligations and otherwise subject to related subordination provisions on terms reasonably acceptable to Agent, and (ii) any Refinancing Indebtedness in respect of the Indebtedness permitted under clause (i) above,
- unsecured Indebtedness of Parent owing to the Director of Development of the State of Ohio in the principal amount not to exceed \$2,200,000 in connection with the construction of a facility by Parent located at 33587 Walker Road, Avon Lake, Ohio 44012; provided, that, (i) Parent shall provide Agent with not less than five (5) Business Days written notice prior to the incurrence of such Indebtedness and (ii) as of the date of the incurrence of such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing,
- Indebtedness permitted by clause (d) of the definition of Permitted Investments.

“Permitted Investments” means:

- (i) Investments in cash and Cash Equivalents of any Non-Loan Party and (ii) Investments in cash and Cash Equivalents of any Loan Party, so long as (solely in the case of this clause (ii)) if a Cash Dominion Event exists, no Revolving Loans (including Swing Loans, Overadvances and Protective Advances) are then outstanding; except that notwithstanding that any Revolving Loans (including Swing Loans, Overadvances and Protective Advances) are outstanding, Loan Parties may from time to time in the ordinary course of business consistent with their current practices as of the date hereof, (A) make deposits of cash or other immediately available funds in operating demand deposit accounts used for disbursements to the extent required to provide funds for amounts drawn or anticipated to be drawn shortly on such accounts and such funds may be held in Cash Equivalents consisting of overnight investments until so drawn (so long as such funds and Cash Equivalents are not held more than three (3) Business Days from the date of the initial deposit thereof), and (B) make other Investments in cash or Cash Equivalents in an aggregate amount not to exceed \$10,000,000 at any time,

- advances to officers, directors and employees of the Borrower and Subsidiaries in an aggregate amount not to exceed \$5,000,000 at any time outstanding, for travel, entertainment, relocation packages and analogous ordinary business purposes;
- Investments in negotiable instruments deposited or to be deposited for collection in the ordinary course of business,
- (i) Investments by Parent and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, and (ii) additional Investments by (A) a Loan Party in another Loan Party, (B) a Non-Loan Party in another Non-Loan Party, (C) a Non-Loan Party in a Loan Party, provided, that, in the case of any such Investments constituting Indebtedness, such Indebtedness shall be subordinated and otherwise subject to the terms and conditions of the Intercompany Subordination Agreement, and (D) additional Investments by a Loan Party in a Non-Loan Party, provided, that, as to any such Investment under this clause (D), each of the following conditions is satisfied: (1) as of the date of such Investment and after giving effect thereto, no Event of Default shall exist or have occurred and be continuing, (2) the aggregate amount of all such Investments after the date hereof, plus the maximum amount of the liability of the Loan Parties under all guarantees by Loan Parties of Indebtedness of Non-Loan Parties as provided in clause (d)(iv) of the definition of Permitted Indebtedness, shall not, in the aggregate, exceed \$100,000,000 outstanding at any one time, (3) at any time the aggregate amount of all of such Investments is greater than \$20,000,000 and after giving effect thereto, using the most recent calculation of the Borrowing Base prior to the date of any such Investment, on a pro forma basis, Excess Availability shall be not less than twenty percent (20%) of the Maximum Credit and US Excess Availability shall be not less than ten percent (10%) of the Maximum Credit and (4) Agent shall have received reasonably satisfactory projections for the period that is the lesser of six (6) months or until the end of the then current fiscal year after the date of such Investment showing, on a pro forma basis after giving effect to the Investment, (x) minimum Excess Availability at all times during such period of not less than twenty percent (20%) of the Maximum Credit and (y) minimum US Excess Availability at all times during such period of not less than ten percent (10%) of the Maximum Credit, provided, that, this clause (4) shall not be applicable so long as: the aggregate amount of all such Permitted Investments are less than \$20,000,000, and at the time of making any such Permitted Investment, the sum of the Excess Availability plus Qualified Cash is greater than \$125,000,000 (and on and after any assets of ColorMatrix Group, Inc. or any of its Subsidiaries may be included in the Borrowing Base, greater than \$140,000,000);
- Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;
- guarantees permitted under the definition of Permitted Indebtedness,
- Investments existing on the date hereof (other than those referred to clause (d)(i) of this definition above) and set forth on Schedule P-3,
- Investments (including debt obligations and Equity Interests) received by Parent or any of its Restricted Subsidiaries in connection with • the bankruptcy or reorganization of any Person obligated to Parent or such Restricted Subsidiary, • in settlement of obligations of any Person to Parent or such Subsidiary, or disputes by Parent or such Subsidiary with, any Person, in either case arising in the ordinary course of business, provided, that, there shall be no such settlements with respect to Accounts or other Revolving Loan Priority Collateral at any time an Event of Default exists or has occurred or is continuing, except as Agent may otherwise agree, • the foreclosure with respect to any secured

Investment or other transfer of title with respect to any secured Investment and • the non-cash proceeds of any sale or other disposition to the extent permitted as a Permitted Disposition,

- advances of payroll payments to employees in the ordinary course of business consistent with current practices,
- guarantees by Parent or any Restricted Subsidiary of leases (other than any Capital Lease) or of other obligations of such Restricted Subsidiary that do not constitute Indebtedness, in each case entered into in the ordinary course of business, provided, that, as of the date of the execution and delivery of any such guarantee under this clause (j), and after giving effect thereto, (i) such Loan Party would be permitted to make a Permitted Investment in such Non-Loan Party under clause (d)(ii)(D) of the definition of Permitted Investments, such that all of the conditions set forth in clause (d)(ii)(D) of the definition of Permitted Investments shall be satisfied as to any such guarantee treating the guarantee as a Permitted Investment for this purpose except for the conditions in clauses (2) and (4) of such clause (d)(ii)(D), and (ii) the sum of (A) the maximum amount of the liability of Parent and such Restricted Subsidiaries under all of such guarantees, plus (B) the amount of Letters of Credit for the benefit of, or in connection with, the business of a Non-Loan Party (other than in the case of a Letter of Credit for the benefit of the business of Parent and its Subsidiaries generally) under Section 2.9(a), shall not in the aggregate exceed \$50,000,000 at any time outstanding,
- Investments (other than an Acquisition) to the extent the consideration paid therefor consists of Equity Interests of Parent (other than any Disqualified Equity Interests),
- Investments held by a Person acquired in a Permitted Acquisition to the extent that such Investments were not made in contemplation of or in connection with such Permitted Acquisition and were in existence on the date of such Permitted Acquisition,
- advances made in connection with purchases of goods or services in the ordinary course of business, including advances to suppliers,
- deposits of cash made in the ordinary course of business to secure performance of operating leases,
- deposits of cash for leases, utilities, worker's compensation and similar matters in the ordinary course of business,
- Investments resulting from entering into • Bank Product Agreements, or • agreements relative to Indebtedness arising from Hedge Agreements that is permitted under clause (k) of the definition of Permitted Indebtedness,
- the Juffali Investment, provided, that, all of such Investment is made prior to the third anniversary of the Closing Date,
- promissory notes issued by an Excluded Subsidiary payable to a Loan Party in exchange for Equity Interests of such Loan Party transferred to such Excluded Subsidiary pursuant to a Permitted Disposition under clause (t) of the definition of the term Permitted Disposition,
- Investments in Immaterial Subsidiaries or Unrestricted Subsidiaries in an aggregate amount not to exceed \$2,500,000 in any fiscal year in connection with environmental remediation costs and expenses incurred by such Subsidiaries,

- Investments constituting Permitted Acquisitions,
- Investments by a Loan Party and its Restricted Subsidiaries, including loans and advances to any direct or indirect parent of a Loan Party, if such Loan Party or Restricted Subsidiary would be permitted to make a Restricted Payment in such amount under Section 6.8, provided, that, the amount of any such Investment shall also be deemed to be a Restricted Payment under the applicable clause of Section 6.8 for all purposes of the Agreement,
- Investments in the ordinary course of business consisting of (i) endorsements of instruments for collection or deposit or (ii) customary trade arrangements with customers,
- Investments by Parent and its Restricted Subsidiaries not otherwise permitted under this definition; provided, that, with respect to each Investment made pursuant to this clause (w):
 - after giving effect thereto, the aggregate amount of all such Investments pursuant to this clause (w) (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) shall not exceed the amount equal to the sum of (A) \$75,000,000 plus (B) fifty percent (50%) of the Consolidated Net Income for all fiscal quarters of Parent for which Consolidated Net Income is positive and that have ended after the Closing Date (commencing with the fiscal quarter ending on December 31, 2011) and for which annual and quarterly financial statements shall have been received by Agent pursuant to Section 5.1 (treated as one continuous accounting period) prior to the date of determination, less one hundred percent (100%) of the Consolidated Net Income for all fiscal quarters of Parent for which Consolidated Net Income is negative and that have ended after the Closing Date (commencing with the fiscal quarter ending on December 31, 2011) and for which annual and quarterly financial statements shall have been delivered to Agent pursuant to Section 5.1 (treated as one continuous accounting period) prior to the date of determination,
 - the Fixed Charge Coverage Ratio (calculated based on the preceding twelve (12) consecutive month period ending on the fiscal month end for which Agent has received financial statements immediately prior to the date of the incurrence of such Indebtedness), on a pro forma basis, immediately after giving effect to such Indebtedness shall be not less than 1.10 to 1.00,
 - as of the date of such Investment and after giving effect thereto, using the most recent calculation of the Borrowing Base prior to the date of any such payment, on a pro forma basis, Excess Availability shall be not less than twenty percent (20%) of the Maximum Credit and US Excess Availability shall be not less than fifteen percent (15%) of the Maximum Credit, and
 - as of the date of any such Investment, and in each case after giving effect thereto, no Default or Event of Default shall exist or have occurred and be continuing.

“Permitted Liens” means:

- Liens granted to, or for the benefit of, Agent to secure the Obligations,
- Liens existing on the date hereof and listed on Schedule P-4 securing Indebtedness in effect on the Closing Date or any Refinancing Indebtedness in respect thereof,
- Liens for unpaid taxes, assessments or similar charges not yet due or which are subject to a Permitted Protest,

- carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising by operation of law in the ordinary course of business which are not overdue for a period of more than thirty (30) days or which are subject to a Permitted Protest,
- pledges or deposits of cash in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA,
- deposits of cash to secure the performance of bids, trade contracts and leases (other than Indebtedness for borrowed money), statutory obligations, surety and appeal bonds, performance bonds, completion guarantees and other obligations of a like nature incurred in the ordinary course of business and obligations in respect of letters of credit issued for the account of Parent or any of its Restricted Subsidiaries for the payment of its obligations under any of the foregoing in the ordinary course of business and consistent with the current practice of Parent and such Subsidiaries,
- easements, rights-of-way, survey exceptions, restrictions (including zoning restrictions), covenants, licenses, municipal regulations, reservations of oil, gas and mineral rights, encroachments, protrusions or other minor title deficiencies, and other similar encumbrances with respect to Real Property which do not materially adversely affect the conduct of the business of the applicable Person or the ownership of its properties and which could not individually or in the aggregate reasonably be expected to materially adversely affect the value of said properties or materially impair their use in the operation of the business of the applicable Person,
- Liens securing judgments for the payment of money that do not constitute an Event of Default under Section 8.3 of the Agreement,
- purchase money Liens securing Indebtedness permitted under clause (c) of the definition of Permitted Indebtedness; provided, that, (i) such Liens do not at any time encumber any property other than the property purchased or acquired financed by such Indebtedness (except that the collateral for the Indebtedness arising from the Purchase Money Indebtedness for one item of Equipment may be collateral for other Purchase Money Indebtedness for other items of Equipment owing to the same Person) and (ii) the Indebtedness secured thereby consists only of the Indebtedness that was incurred to pay the purchase price for the purchase or acquisition of the property and such Indebtedness does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;
- Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,
- Liens solely on any cash earnest money deposits made by Parent or any of its Subsidiaries in connection with any letter of intent or purchase agreement with respect to a Permitted Acquisition,
- Liens on assets subject to a Permitted Disposition prior to the effectiveness of such Permitted Disposition consisting of the agreement by the owner of such assets to sell or otherwise dispose of such asset pursuant to such Permitted Disposition,
- Liens in favor of the 2015 Note Trustee in and on the assets and properties of Borrowers and Guarantors constituting Collateral that equally and ratably secure the Indebtedness permitted under clause (o) of the definition of Permitted Indebtedness to the extent such Liens are required under the terms of the 2015 Note Indenture, provided, that, (i) in the event that at any time the

obligation of Parent and its Subsidiaries to grant a Lien to secure the 2015 Note Obligations shall cease or no longer be applicable for any reason, then the Liens granted to the Note Trustee to secure the 2015 Note Obligations shall automatically and without further action terminate as to such 2015 Note Obligations and (ii) such Liens are at all times subject to the terms of the 2015 Note Intercreditor Agreement,

- Liens in favor of the Series G Noteholders in and on the assets and properties of Borrowers and Guarantors constituting Collateral that equally and ratably secure the Indebtedness permitted under clause (q) of the definition of Permitted Indebtedness to the extent such Liens are required under the terms of the Series G Guarantee, provided, that, (i) in the event that at any time the obligation of Parent and its Subsidiaries to grant a Lien to secure the obligations under the Series G Guarantee shall cease or no longer be applicable for any reason, then the Liens granted to the Series G Noteholders to secure the obligations under the Series G Guarantee shall automatically and without further action terminate as to such obligations and (ii) such Liens are at all times subject to the terms of the Series G Guarantee Lien Acknowledgement,
- Liens in favor of the Term Loan Agent in and on the assets and properties of Borrowers and Guarantors constituting Collateral to secure the Indebtedness permitted under clause (b) of the definition of Permitted Indebtedness; provided, that, such Liens are at all times subject to the terms of the Term Loan Intercreditor Agreement,
- any interest or title of a lessor, sublessor, licensor or sublicensor (or their lenders) under any leases, subleases, licenses or sublicenses of tangible assets (or agreements in connection therewith) or any intellectual property entered into by the Parent or any Restricted Subsidiary in the ordinary course of business, and any license or sublicense on a non-exclusive basis of any tangible or intangible asset (including intellectual property) by Parent or any Subsidiary in the ordinary course of business that is a Permitted Disposition and that does not materially interfere with the business of Parent and its Subsidiaries,
- Liens (i) of a collecting bank arising under Section 4-208 of the Uniform Commercial Code on the items in the course of collection and (ii) in favor of a banking or other financial institution arising as a matter of law encumbering deposits or other funds or assets maintained with a financial institution (including the right of set off) and that are within the general parameters customary in the banking industry, including, without limitation, customary liens for customary fees and expenses relating to the operation and maintenance of such deposits and (iii) consisting of rights of setoff related to, or Liens on cash subject to, pooling arrangements in connection with cash management,
- (i) Liens granted in the ordinary course of business on the unearned portion of insurance premiums securing the financing of insurance premiums and (ii) Liens on the cash surrender value of existing life insurance policies owned by Parent or any of its Restricted Subsidiaries to secure non-recourse obligations of Parent or such Subsidiary to the issuer of such insurance policies (so that such issuer only has recourse to such cash surrender value),
- Liens existing on property (other than Revolving Loan Priority Collateral) at the time of its acquisition or existing on the property of any Person at the time such Person becomes a Restricted Subsidiary, in each case after the date hereof (other than Liens on the Equity Interests of any Person that becomes a Restricted Subsidiary); provided, that, (i) such Lien was not created in contemplation of, or in connection with, such acquisition or such Person becoming a Restricted Subsidiary, (ii) such Lien does not extend to or cover any other assets or property (other than the proceeds or products thereof and after-acquired property subjected to a Lien pursuant to terms existing at the time of such acquisition), and (iii) the Indebtedness secured thereby (or, as applicable, Refinancing Indebtedness thereof) is permitted under clause (h) of the definition of the term Permitted Indebtedness,

- Liens arising from precautionary UCC financing statement filings (or similar filings under other applicable Law) in connection with operating leases, consignment of goods or similar types of transactions,
- Liens on assets of Restricted Subsidiaries that are Non-Loan Parties to the extent Indebtedness secured thereby is permitted under clause (g) of the definition of Permitted Indebtedness,
- Liens on assets of a Non-Loan Party to secure Indebtedness of such Non-Loan Party to a Loan Party or another Non-Loan Party arising pursuant to Investments permitted under clause (d)(ii) of the definition of Permitted Investments,
- options, put and call arrangements, rights of first refusal and similar rights relating to Permitted Investments in joint ventures, partnerships and the like, and
- Liens on Collateral of ColorMatrix Group, Inc. or its Subsidiaries existing on the Closing Date and securing Indebtedness under the Existing Credit Facility that has been paid in full in cash on the Closing Date; provided, that, such Liens as to Loan Parties shall be terminated and released on the Closing Date immediately without further action upon the receipt of such payment by the lenders under such facility pursuant to the terms of the pay-off letter with respect thereto (except as to the pledge of the Equity Interests of any Foreign Subsidiaries where additional actions are required for the release of such Liens under applicable Laws) and all agreements, documents and instruments required for the termination of the evidence or record of such Liens with any Governmental Authority shall have been delivered to Agent on the Closing Date pursuant to the terms of such pay-off letter,
- other Liens on assets other than the Revolving Loan Priority Collateral to secure obligations permitted hereunder that do not exceed \$50,000,000 at any time outstanding.

The inclusion of Permitted Liens in this Agreement is not intended to evidence an agreement to subordinate any Lien created by any Loan Document to any Permitted Lien. Notwithstanding anything to the contrary and except as permitted under clauses (a), (m), (n) and (o) of this definition of Permitted Liens, Parent shall not, nor shall it permit any Restricted Subsidiary to, directly or indirectly create, incur, assume or suffer to exist any Lien upon (i) the Equity Interest of any Immaterial Subsidiary or any Person in which Parent or any Subsidiary owns any Equity Interests other than a wholly-owned Subsidiary and (ii) Indebtedness of a Non-Loan Party that is owed to a Loan Party.

“Permitted Protest” means the right of Parent or any of its Subsidiaries to protest any Lien (other than any Lien that secures the Obligations), taxes (other than payroll taxes or taxes that are the subject of a United States federal tax lien or to the exercise of the Canadian federal government supergarnish right), or rental payment, provided that • a reserve with respect to such obligation is established on Parent’s or its Subsidiaries’ books and records in such amount as is required under GAAP, • any such protest is instituted promptly and prosecuted diligently by Parent or its Subsidiary, as applicable, in good faith, and has the effect (or any orders entered into in connection therewith has the effect) of preventing the forfeiture or sale of the property subject to any Lien with respect thereto, and • Agent is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of Agent’s Liens.

“Permitted Purchase Money Indebtedness” means, as of any date of determination, Purchase Money Indebtedness incurred after the Closing Date in an aggregate principal amount outstanding at any one time not in excess of \$35,000,000.

“Person” means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan but excluding a Multiple Employer Plan or a Multiemployer Plan), maintained for employees of Parent, any of its Subsidiaries or any ERISA Affiliate or any such Plan to which Parent, any of its Subsidiaries or any ERISA Affiliate is required to contribute on behalf of any of its employees.

“PPSA” means the Personal Property Security Act (Ontario), the Civil Code of Québec or any other applicable Canadian Federal or Provincial statute pertaining to the granting, perfecting, priority or ranking of security interests, liens, hypothecs on personal property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time. References to sections of the PPSA shall be construed to also refer to any successor sections.

“Priority Payables” means, as to any Borrower or Guarantor at any time, (a) the full amount of the liabilities of such Borrower or Guarantor at such time which (i) have a trust imposed to provide for payment or a security interest, pledge, lien or charge ranking or capable of ranking senior to or pari passu with security interests, liens or charges securing the Obligations under Federal, Provincial, State, county, district, municipal, or local law in Canada or (ii) have a right imposed to provide for payment ranking or capable of ranking senior to or pari passu with the Obligations under local or national law, regulation or directive, including, but not limited to, claims for unremitted and/or accelerated rents, taxes, wages, withholding taxes, VAT and other amounts payable to an insolvency administrator, employee withholdings or deductions and vacation pay, workers’ compensation obligations, government royalties or pension fund obligations in each case to the extent such trust, or security interest, lien or charge has been or may be imposed and (b) the amount equal to the percentage applicable to Inventory in the calculation of Excess Availability multiplied by the aggregate Value of the Eligible Inventory which Agent, in good faith, considers is or may be subject to retention of title by a supplier or a right of a supplier to recover possession thereof, where such supplier’s right has priority over the security interests, hypothecs, liens or charges securing the Obligations, including, without limitation, Eligible Inventory subject to a right of a supplier to repossess goods pursuant to Section 81.1 of the Bankruptcy and Insolvency Act (Canada) or any applicable laws granting revendication or similar rights to unpaid suppliers or any similar laws of Canada or any other applicable jurisdiction (provided, that, to the extent such Inventory has been identified and has been excluded from Eligible Inventory, the amount owing to the supplier shall not be considered a Priority Payable).

“Pro Forma Financial Statements” has the meaning specified therefor in clause (j) of Schedule 3.1 of the Agreement.

“Projections” means Parent’s forecasted • balance sheets, • profit and loss statements, and • cash flow statements, all prepared on a basis consistent with Parent’s historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

“Pro Rata Share” means, as of any date of determination:

- with respect to a Lender’s obligation to make US Revolving Loans and right to receive payments of principal, interest, fees, costs, and expenses with respect thereto, • prior to the US Commitments being terminated or reduced to zero, the percentage obtained by dividing (A) such Lender’s US Commitment, by (B) the aggregate US Commitments of all Lenders, and • from and after the time that the US Commitments have been terminated or reduced to zero, the percentage obtained by dividing

- (A) the outstanding principal amount of such Lender's US Revolving Loans by (B) the outstanding principal amount of all US Revolving Loans,
- with respect to a Lender's obligation to participate in US Letters of Credit and Reimbursement Undertakings with respect thereto, to reimburse the Issuing Lender with respect thereto, and right to receive payments of fees with respect thereto, • prior to the US Commitments being terminated or reduced to zero, the percentage obtained by dividing (A) such Lender's US Commitment, by (B) the aggregate US Commitments of all Lenders, and • from and after the time that the US Commitments have been terminated or reduced to zero, the percentage obtained by dividing (A) the outstanding principal amount of such Lender's US Revolving Loans by (B) the outstanding principal amount of all US Revolving Loans; provided, that, if all of the US Revolving Loans have been repaid in full and US Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the US Commitments had not been terminated or reduced to zero and based upon the US Commitments as they existed immediately prior to their termination or reduction to zero,
 - with respect to a Lender's obligation to make Canadian Revolving Loans and right to receive payments of principal, interest, fees, costs, and expenses with respect thereto, (i) prior to the Canadian Commitments being terminated or reduced to zero, the percentage obtained by dividing (A) such Lender's Canadian Commitment, by (B) the aggregate Canadian Commitments of all Lenders, and (ii) from and after the time that the Canadian Commitments have been terminated or reduced to zero, the percentage obtained by dividing (A) the outstanding principal amount of such Lender's Canadian Revolving Loans by (B) the outstanding principal amount of all Canadian Revolving Loans,
 - with respect to a Lender's obligation to participate in Canadian Letters of Credit and Reimbursement Undertakings with respect thereto, to reimburse the Issuing Lender with respect thereto, and right to receive payments of fees with respect thereto, (i) prior to the Canadian Commitments being terminated or reduced to zero, the percentage obtained by dividing (A) such Lender's Canadian Commitment, by (B) the aggregate Canadian Commitments of all Lenders, and (ii) from and after the time that the Canadian Commitments have been terminated or reduced to zero, the percentage obtained by dividing (A) the outstanding principal amount of such Lender's Canadian Revolving Loans by (B) the outstanding principal amount of all Canadian Revolving Loans; provided, that, if all of the Canadian Revolving Loans have been repaid in full and Canadian Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the Canadian Commitments had not been terminated or reduced to zero and based upon the Canadian Commitments as they existed immediately prior to their termination or reduction to zero,
 - with respect to all other matters as to a particular Lender (including the indemnification obligations arising under Section 15.7 of the Agreement), • prior to the Commitments being terminated or reduced to zero, the percentage obtained by dividing (A) such Lender's Commitment, by (B) the aggregate amount of Commitments of all Lenders, and • from and after the time that the Commitments have been terminated or reduced to zero, the percentage obtained by dividing (A) the outstanding principal amount of such Lender's Revolving Loans, by (B) the outstanding principal amount of all Revolving Loans; provided, that, if all of the Revolving Loans have been repaid in full and Letters of Credit remain outstanding, Pro Rata Share under this clause shall be determined based upon subclause (i) of this clause as if the Commitments had not been terminated or reduced to zero and based upon the Commitments as they existed immediately prior to their termination or reduction to zero.

"Protective Advances" has the meaning specified therefor in Section 2.2(d)(i) of the Agreement.

“Purchase Money Indebtedness” means Indebtedness (other than the Obligations, but including Capitalized Lease Obligations), incurred at the time of, or within twenty (20) days after, the purchase, lease, construction, replacement, repair or improvement of any personal or real property (other than any Revolving Loan Priority Collateral) for the purpose of financing all or any part of the costs of such purchase, lease, construction, replacement, repair or improvement thereof (including pursuant to conditional sale, title retention, consignment or similar arrangements for the sale or purchase of goods).

“Qualified Cash” means, as of any date of determination, the amount of unrestricted cash or, subject to the terms below, Cash Equivalents of US Borrowers that are (a) subject to the valid, enforceable and first priority perfected security interest of Agent in Deposit Accounts or in Securities Accounts maintained at Wells Fargo or another Lender, which Deposit Account or Securities Account are subject to a Control Agreement (and for which Agent shall have received evidence, in form and substance reasonably satisfactory to Agent, of the amount of such cash or Cash Equivalents held in such deposit account or investment account as of the date of such determination) (b) free and clear of any other Lien other than (i) those permitted in clause (n) of the definition of the term Permitted Liens (but as to liens referred to in clause (n) only to the extent that Agent has established a reserve in respect thereof) and (ii) any other liens permitted under this Agreement that are subject to an intercreditor agreement in form and substance reasonably satisfactory to Agent between the holder of such Lien and Agent. For purposes of this definition, “Qualified Cash” shall only include Cash Equivalents maturing within ninety (90) days from the date of the acquisition thereof.

“Quarterly Average Excess Availability” means, at any time, the daily average of the aggregate amount of the Excess Availability for the immediately preceding three (3) month period, commencing on the first day of such three (3) month period, as calculated by Agent in accordance with the terms of the Agreement.

“Quebec Hypothec” means a hypothec, dated on or about the date of the Agreement, in form and substance reasonably satisfactory to Agent and all other documents contemplated thereby or delivered in connection therewith, each executed and delivered by the Canadian Loan Parties.

“Quebec Series G Guarantee Security Documents” means the deed of hypothec entered into on the date of the Agreement by PolyOne Canada, as grantor, in favor of each Series G Noteholder, as fondé de pouvoir under article 2692 of the Civil Code of Quebec.

“Real Property,” means any estates or interests in real property now owned or hereafter acquired by any Loan Party and the improvements thereto.

“Real Property Collateral” means the Real Property identified on Schedule 4.5(c) and any Real Property hereafter acquired by any Loan Party which is subject to a Lien in favor of Agent.

“Receiver” has the meaning specified therefore in Section 9.3 of the Agreement.

“Record” means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

“Refinancing Indebtedness” means Indebtedness of any Loan Party arising after the Closing Date issued in exchange for, or the proceeds of which are used to extend, refinance, replace or substitute for other Indebtedness to the extent permitted hereunder so long as:

- in the case of any Indebtedness in excess of \$50,000,000, • Agent shall have received not less than five (5) Business Days’ prior written notice of the intention to incur such Refinancing

Indebtedness, with reasonable detail concerning the terms of such Indebtedness and such other information with respect thereto as Agent may reasonably request and • promptly upon Agent's request, Agent shall have received true, correct and complete copies of all agreements, documents and instruments evidencing or otherwise related to such Indebtedness, as duly authorized, executed and delivered by the parties thereto,

- the Refinancing Indebtedness shall have a Weighted Average Life to Maturity and a final maturity equal to or greater than the Weighted Average Life to Maturity and the final maturity, respectively, of the Indebtedness being extended, refinanced, replaced, or substituted for,
- the Refinancing Indebtedness shall rank in right of payment no more senior than, and be at least subordinated (if already subordinated) to, the Obligations as the Indebtedness being extended, refinanced, replaced or substituted for,
- the Refinancing Indebtedness will not have any obligors who were not obligors in respect of the Indebtedness being extended, refinanced, replaced or substituted for,
- the negative covenants (including financial covenants) and events of default and collateral (if any) of any Refinancing Indebtedness shall be no less favorable in any material respect to the Loan Parties or the Lenders than the terms of any agreement or instrument governing the Indebtedness being refinanced, refunded, renewed or extended, taken as a whole considering all of the circumstances at the time of the incurrence of such Refinancing Indebtedness (and if secured, such Refinancing Indebtedness shall be subject to intercreditor terms no less favorable to Agent and Lenders than the terms of the Term Loan Intercreditor Agreement),
- such Indebtedness shall be at rates and with fees or other charges that do not exceed the then applicable market rates,
- as of the date of incurring such Refinancing Indebtedness and after giving effect thereto, no Event of Default shall exist or have occurred and be continuing,
- the principal amount of such Refinancing Indebtedness shall not exceed the principal amount of the Indebtedness so extended, refinanced, replaced or substituted for (plus the amount of reasonable refinancing fees and expenses incurred in connection therewith outstanding on the date of such event).

“Reimbursement Undertaking” has the meaning specified therefor in Section 2.9(a) of the Agreement.

“Related Fund” means, with respect to any Lender that is an investment fund, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

“Remedial Action” means all actions taken to • clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address the release of Hazardous Materials in the indoor or outdoor environment, • prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, • restore or reclaim natural resources or the environment, • perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or • conduct any other actions with respect to the release of Hazardous Materials required by Environmental Laws.

“Replacement Lender” has the meaning specified therefor in Section 2.11(b) of the Agreement.

“Report” has the meaning specified therefor in Section 15.16 of the Agreement.

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

“Required Availability” means the sum of • Excess Availability, plus • Qualified Cash shall be not less than \$145,000,000; provided, that, not less than fifty percent (50%) of the sum of such amounts shall be Excess Availability.

“Required Lenders” means, at any time, Lenders whose aggregate Pro Rata Shares (calculated under clause (e) of the definition of Pro Rata Shares) exceed fifty percent (50%); provided, that, at any time there are two (2) or more Lenders, “Required Lenders” must include at least two (2) Lenders who are not Affiliates. For purposes of calculating Pro Rata Share, the Commitments of any Defaulting Lender in determining Required Lenders at any time shall be deemed to be zero.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests of Parent or any of its Subsidiaries, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests or on account of any return of capital to Parent or such Subsidiary’s stockholders, partners or members (or the equivalent Person thereof), or payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any Equity Interests of Parent or any of its Subsidiaries, or any setting apart of funds or property for any of the foregoing.

“Restricted Subsidiary” means each Subsidiary of Parent that is not an Unrestricted Subsidiary.

“Revolver Usage” means the sum of US Revolver Usage and Canadian Revolver Usage.

“Revolving Loan Priority Collateral” has the meaning specified therefor in the Term Loan Intercreditor Agreement.

“Revolving Loans” means, collectively, US Revolving Loans and Canadian Revolving Loans.

“Sanctioned Entity” means • a country or a government of a country, • an agency of the government of a country, • an organization directly or indirectly controlled by a country or its government, • a Person resident in or determined to be resident in a country, in each case, that is subject to a country sanctions program administered and enforced by OFAC.

“Sanctioned Person” means a person named on the list of Specially Designated Nationals maintained by OFAC.

“S&P” has the meaning specified therefor in the definition of Cash Equivalents.

“SEC” means the United States Securities and Exchange Commission and any successor thereto.

“Securities Account” means a securities account (as that term is defined in the Code).

“Securities Act” means the Securities Act of 1933, as amended from time to time, and any successor statute.

“Security Agreement” means a security agreement, dated as of even date with the Agreement, in form and substance reasonably satisfactory to Agent, executed and delivered by US Loan Parties.

“Seller” means Audax ColorMatrix Holdings, LLC and each of its shareholders immediately prior to the effectiveness of the ColorMatrix Acquisition.

“Series G Guarantee” means the Guarantee, dated as of December 22, 1997, by Parent in favor of the holders of the Series G Notes, whereby Parent has guaranteed the obligations and liabilities of the SunBelt Chlor Alkali Partnership under the Series G Notes.

“Series G Guarantee Lien Acknowledgement” means the Lien Acknowledgement, dated of even date herewith, by Agent with respect to the Liens granted to the Series G Noteholders pursuant to the Series G Guarantee Security Agreements, as acknowledged and agreed to by Borrowers and Guarantors, acknowledging the equal and ratable Liens of the Series G Noteholders.

“Series G Guarantee Reserve Amount” means the amount of the obligations of Parent or any of its Subsidiaries under the Series G Guarantee.

“Series G Guarantee Security Agreements” means, collectively, (a) the Security Agreement, dated of even date with the Agreement, by the Loan Parties, as grantors, in favor of each Series G Noteholder and (b) the Quebec Series G Guarantee Security Documents.

“Series G Noteholders” means, collectively, each holder of the Series G Notes; sometimes being referred to herein individually as a “Series G Noteholder”.

“Series G Notes” means the Guaranteed Secured Senior Notes due 2017, Series G issued by SunBelt Chlor Alkali Partnership.

“Settlement” has the meaning specified therefor in Section 2.2(e)(i) of the Agreement.

“Settlement Date” has the meaning specified therefor in Section 2.2(e)(i) of the Agreement.

“Solvent” means, with respect to any Person on any date of determination, taking into account any right of reimbursement, contribution or similar right available to such Person from other Persons, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“Specified Canadian Pension Plan” means any Canadian Pension Plan which contains a “defined benefit provision”, as defined in subsection 147.1(1) of the Income Tax Act (Canada).

“Subordinated Debt” shall mean any Indebtedness of a Loan Party that is subject to, and subordinate in right of payment to, the right of Agent and Lenders to receive the prior final payment and satisfaction in cash in full of all of the Obligations and subject to such other terms and conditions as Agent may require with respect thereto.

“Subsidiary” of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the Equity Interests having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

“Supermajority Lenders” means, at any time, Lenders whose aggregate Pro Rata Shares (calculated under clause (e) of the definition of Pro Rata Shares) are not less than sixty six and two-thirds percent (66 2/3 %); provided, that, at any time there are two (2) or more Lenders, “Supermajority Lenders” must include at least two (2) Lenders who are not Affiliates. For purposes of calculating Pro Rate Share, the Commitments of any Defaulting Lender in determining Supermajority Lenders at any time shall be deemed to be zero.

“Swing Lender” means WFCF or any other US Lender (with respect to US Swing Loans) or Canadian Lender (with respect to Canadian Swing Loans) that, at the request of Administrative Borrower and with the consent of Agent agrees, in such Lender’s sole discretion, to become the Swing Lender under Section 2.2(b) of the Agreement.

“Swing Loans” means, collectively, US Swing Loans and Canadian Swing Loans.

“Taxes” means any taxes, levies, imposts, duties, similar fees, assessments or other similar charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments and all interest, penalties or similar liabilities with respect thereto; provided, that, Taxes shall exclude • any tax imposed on or measured by, in whole or in part, the revenue, net income, net profits, net assets, capital or net worth (and franchise taxes imposed in lieu thereof) of any Lender or any Participant (including any branch profits taxes), in each case imposed by the jurisdiction (or by any political subdivision or taxing authority thereof) (A) in which such Lender or such Participant is organized (B) in which such Lender’s or such Participant’s principal office is located, (C) in which such Lender or such Participant is doing business, including, for the avoidance of doubt, branch profits taxes and branch interest taxes (other than as a result of entering into any Loan Document or taking any action contemplated thereunder), (D) in which it has a present or former connection other than as a result of the Loan Documents or taking any action contemplated thereunder or (E) in the case of any Foreign Lender, in which its applicable Lending Office is located, in each case as a result of a present or former connection between such Lender or such Participant and the jurisdiction or taxing authority imposing the tax (other than any such connection arising solely from such Lender or such Participant having executed, delivered or performed its obligations or received payment under, or enforced its rights or remedies under the Agreement or any other Loan Document); • taxes resulting from a Lender’s or a Participant’s failure to comply with the requirements of Section 16(c) or (d) of the Agreement, • any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction in which any Borrower is located, (iv) in the case of a Foreign Lender, any United States federal withholding taxes imposed on amounts payable to such Foreign Lender as a result of such Foreign Lender’s failure to comply with FATCA to establish a complete exemption from withholding thereunder, and (v) any United States federal withholding taxes that would be imposed on amounts payable to a Foreign Lender based upon the applicable withholding rate in effect at the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), except that Taxes shall include — (A) any amount that such Foreign Lender (or its assignor, if any) was previously entitled to receive pursuant to Section 16(a) of the Agreement, if any, with respect to such withholding tax at the

time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), and — additional United States federal withholding taxes that may be imposed after the time such Foreign Lender becomes a party to the Agreement (or designates a new lending office), as a result of a change in law, rule, regulation, order or other decision with respect to any of the foregoing by any Governmental Authority.

“Tax Lender” has the meaning specified therefor in Section 14.2(a) of the Agreement.

“Term Loan Agent” means Bank of America, N.A., in its capacity as agent for the Term Loan Lenders, and its successors and assigns including any replacement.

“Term Loan Agreement” means the Credit Agreement, dated of even date with the Agreement, among Term Loan Agent, Term Loan Lenders, Borrowers and Guarantors.

“Term Loan Documents” means, collectively: (a) the Term Loan Agreement and (b) all other agreements, instruments, documents and certificates executed and delivered to, or in favor of, the Term Loan Agent or the Term Loan Lenders in connection therewith.

“Term Loan Facility” means the Term Loan Agreement as it may be amended or refinanced in accordance with the terms of the Term Loan Intercreditor Agreement.

“Term Loan Indebtedness” means the Indebtedness evidenced by the Term Loan Documents.

“Term Loan Intercreditor Agreement” means the Intercreditor Agreement, dated of even date herewith, by and among Agent, Lenders, Term Loan Agent and Term Loan Lenders, as acknowledged and agreed to by Borrowers and Guarantors, providing for such parties’ relative rights and priorities with respect to the assets and properties of Borrowers and Guarantors and related matters.

“Term Loan Lenders” means the financial institutions from time to time party to the Term Loan Agreement as lenders, together with their respective successors and assigns.

“Term Loan Priority Collateral” has the meaning specified therefor in the Term Loan Intercreditor Agreement.

“Trademark Security Agreement” has the meaning specified therefor in the Security Agreement.

“Transactions” means, collectively, (a) the consummation of the ColorMatrix Acquisition, (b) the entering into by the Loan Parties and their applicable Subsidiaries of the Term Loan Documents, (c) the entering into by the Loan Parties and their applicable Subsidiaries of the Loan Documents to which they are or are intended to be a party, (d) payment in full of all amounts due under the Existing Credit Facility, the Existing Securitization Facility, the Existing Subordinated Loan Agreement and the 2012 Notes and termination of all Liens securing obligations under the Existing Credit Facility, the Existing Securitization Facility and/or the 2012 Notes, (e) the termination of the 2006 Guarantee and Agreement, and (f) the payment of the fees and expenses incurred in connection with the consummation of the foregoing.

“2011 Notes” means the 6.58% medium term notes due 2011 issued by Parent.

“2015 Note Obligations” means the Indebtedness of Parent evidenced by the 2015 Notes and governed by the 2015 Note Indenture.

“2015 Note Reserve Amount” means the amount of the Indebtedness and other obligations arising under any existing Indebtedness of the Loan Parties that may at any time receive the benefit of Agent’s Liens, including the obligations arising under the 2015 Notes, until such time as Agent has received evidence, in form and substance reasonably satisfactory to Agent, that such Indebtedness is no longer secured by Agent’s Liens.

“2015 Notes” means the 7.500% Debentures due 2015 issued by Parent.

“2015 Note Indenture” means the Indenture, dated as of December 1, 1995, by and between The Geon Company (predecessor in interest to Parent) and the 2015 Note Trustee.

“2015 Note Intercreditor Agreement” means the Intercreditor Agreement, dated of even date herewith, by and between Agent and the 2015 Note Trustee, as acknowledged and agreed to by Borrowers and Guarantors, providing for such parties relative rights and priorities with respect to the assets and properties of Borrowers and Guarantors and related matters.

“2015 Note Security Agreement” means the Security Agreement, dated of event date herewith, between the Loan Parties, as grantors, and the 2015 Note Trustee, as collateral agent.

“2015 Note Trustee” means Bank of New York Mellon Trust Company, N.A., in its capacity as trustee under the 2015 Note Indenture.

“2006 Guarantee and Agreement” means the Guarantee and Agreement, dated June 6, 2006, among Parent, Citicorp USA, Inc., as administrative agent, and the other financial institutions named therein.

“2012 Notes” means the 8.875% Senior Notes due 2012 issued by Parent.

“2020 Note Indenture” means, collectively, (a) the Indenture, dated as of September 24, 2010, by and between Parent and Wells Fargo Bank, N.A., as trustee with respect to the 2020 Notes and (b) First Supplemental Indenture, dated as of September 24, 2010, by and between Parent and Wells Fargo Bank, N.A., as trustee with respect to the 2020 Notes.

“2020 Notes” means the 7.375% Senior Notes due 2020 issued by Parent.

“Underlying Issuer” means Wells Fargo, Bank of America, N.A. or Bank of Montreal or one of their respective Affiliates.

“Underlying Letter of Credit” means a Letter of Credit that has been issued by an Underlying Issuer.

“Unrestricted Subsidiary” means any Subsidiary of Parent designated by Parent as an Unrestricted Subsidiary hereunder by written notice to Agent; provided, that, Parent shall only be permitted to so designate a Subsidiary as an Unrestricted Subsidiary after the Closing Date and so long as each of the following conditions is satisfied: • as of the date thereof and after giving effect thereto, no Event of Default exists or has occurred and is continuing, • immediately after giving effect to such designation, Borrowers shall be in compliance, on a pro forma basis, with the financial covenants set forth in Section 7, • such Subsidiary shall not be a Borrower hereunder, • such Unrestricted Subsidiary shall be capitalized (to the extent capitalized by the Parent or any of its Restricted Subsidiaries) through Investments as permitted by, and in compliance with, Section 6.10, • without duplication of clause (c), any assets owned by such Unrestricted Subsidiary at the time of the initial designation thereof shall be

treated as Investments pursuant to Section 6.10, • such Subsidiary shall have been or will promptly be designated an “unrestricted subsidiary” (or otherwise not be subject to the covenants) under the Term Loan Facility, the 2015 Notes and the 2020 Notes, if applicable, and • Agent shall have received an officer’s certificate executed by an Authorized Person of Parent, certifying compliance with the requirements of preceding clauses (a) through (f), and containing the calculations and information required by the preceding clause (b), and (2) any subsidiary of an Unrestricted Subsidiary. Parent may designate any Unrestricted Subsidiary to be a Restricted Subsidiary for purposes of the Agreement (each, a “Subsidiary Redesignation”); provided, that, (i) as of the date thereof, and after giving effect thereto, no Event of Default exists or has occurred and is continuing, (ii) immediately after giving effect to such Subsidiary Redesignation, Borrowers shall be in compliance, on a pro forma basis, with the financial covenants set forth in Section 7, (iii) Agent shall have received an officer’s certificate executed by an Authorized Person of Parent, certifying compliance with the requirements of preceding clauses (i) and (ii), and containing the calculations and information required by the preceding clause (ii), and (iv) no Unrestricted Subsidiary that has been designated as a Restricted Subsidiary pursuant to a Subsidiary Redesignation may again be designated as an Unrestricted Subsidiary.

“United States” means the United States of America.

“US Borrowers” means, collectively, (a) PolyOne Corporation, an Ohio corporation, (b) GLS International, Inc., an Illinois corporation, (c) NEU Specialty Engineered Materials, LLC, an Ohio limited liability company, and (d) any other person that after the Closing Date becomes a US Borrower under the Agreement; sometimes being referred to herein individually as a “US Borrower”.

“US Borrowing Base” means, at any time, the amount equal to:

- (a) eighty-five percent (85%) of the amount of Eligible Accounts of each US Borrower, plus
- (b) the least of: (A) sixty-five percent (65%) multiplied by the Value of Eligible Inventory of each US Borrower, (B) eighty-five percent (85%) percent of the Net Recovery Percentage multiplied by the Value of such Eligible Inventory or (C) fifty percent (50%) percent of the US Maximum Credit, minus,
- (c) the aggregate amount of reserves applicable to US Borrowers, if any, established by Agent under Sections 2.1(e) and (f) of the Agreement.

“US Borrowing Base Certificate” means a certificate in the form of Exhibit B-1.

“US Collateral” means Collateral consisting of assets or interests in assets of US Loan Parties, and the proceeds thereof.

“US Commitment” means, with respect to each Lender, its US Commitment, and, with respect to all Lenders, their US Commitments, in each case as such Dollar amounts are set forth beside such Lender’s name under the applicable heading on Schedule C-1 or in the Assignment and Acceptance pursuant to which such Lender became a Lender under the Agreement, as such amounts may be reduced or increased from time to time pursuant to assignments made in accordance with the provisions of Section 13.1 of the Agreement.

“US Dollar Denominated Loan” means a Revolving Loan denominated in US Dollars.

“US Dollar Equivalent” means at any time (a) as to any amount denominated in US Dollars, the amount thereof at such time, and (b) as to any amount denominated in any other currency, the equivalent amount in US Dollars calculated by Agent in good faith at such time using the Exchange Rate in effect on the Business Day of determination.

“US Dollars”, “US\$” and “\$” shall each mean lawful currency of the United States.

“US Excess Availability” shall mean, as of any date of determination, the amount equal to: • the lesser of: (i) the US Borrowing Base and (ii) the US Maximum Credit (in each case after giving effect to any applicable reserves), minus, without duplication, • the amount of the US Revolver Usage.

“US Guarantors” means, collectively, the following (together with their respective successors and assigns): (a) PolyOne, LLC, a Delaware limited liability company, (b) Polymer Diagnostics, Inc., an Ohio corporation, (c) Conexis, Inc., a Nevada corporation, (d) MA Hanna Asia Holding Company, a Delaware corporation, (e) ColorMatrix Holdings, Inc., a Delaware corporation, (f) The ColorMatrix Corporation, an Ohio corporation, (g) Chromatics, Inc., a Connecticut corporation, (h) ColorMatrix Group Inc., a Delaware corporation, (i) ColorMatrix - Brazil, LLC, an Ohio limited liability company, (j) Gayson Specialty Dispersions, Inc., an Ohio corporation and (k) any other Person that becomes a guarantor in respect of the US Obligations after the Closing Date pursuant to the Agreement; sometimes being referred to herein individually as a “US Guarantor”.

“US Lender” means, at any time, each Lender having a US Commitment or a US Revolving Loan owing to it or a participating interest in a US Letter of Credit or US Swing Loan; sometimes being referred to herein collectively as “US Lenders”.

“US Letter of Credit Disbursement” means a payment by Issuing Lender or Underlying Issuer pursuant to a US Letter of Credit.

“US Letter of Credit Usage” means, as of any date of determination, the aggregate undrawn amount of all outstanding US Letters of Credit.

“US Letters of Credit” means all Letters of Credit issued for the account of one or more US Borrowers.

“US Loan Account” has the meaning specified therefor in Section 2.7 of this Agreement.

“US Loan Parties” means US Borrowers and US Guarantors; each sometimes being referred to individually as a “US Loan Party”.

“US Obligations” means all Obligations of the US Loan Parties (but excluding the Canadian Obligations).

“US Maximum Credit” means \$300,000,000 minus the then outstanding Canadian Revolver Usage, as decreased by the amount of reductions in the US Commitments in accordance with Section 2.3(c) of the Agreement or increased by the amount of increases in the US Commitments in accordance with Section 2.12 of the Agreement (or if less, at any time the aggregate amount of the US Commitments).

“US Revolver Usage” means, as of any date of determination, the sum of (a) the principal amount of outstanding Loans to US Borrowers, plus (b) the amount of the US Letter of Credit Usage.

“US Revolving Loans” has the meaning specified therefor in Section 2.1(a) of the Agreement.

“US Swing Loan Limit” means, at any time, \$50,000,000 minus the then outstanding amount of Canadian Swing Loans.

“US Swing Loan” has the meaning specified therefor in Section 2.2(b)(i) of the Agreement.

“US Underlying Letter of Credit” means a US Letter of Credit issued by an Underlying Issuer.

“Value” shall mean, as determined by Agent in good faith, with respect to Inventory, the lower of • cost computed on a first-in first-out method on a gross book value basis in accordance with GAAP or • market value; provided, that, for purposes of the calculation of the Borrowing Base, • the Value of Inventory shall not include: (A) the portion of the value of Inventory equal to the profit earned by any Affiliate on the sale thereof to any Borrower or (B) write-ups or write-downs in value with respect to currency exchange rates and • notwithstanding anything to the contrary contained herein, the cost of the Inventory shall be computed in the same manner and consistent with the most recent appraisal of Inventory received and accepted by Agent prior to the date hereof.

“VAT” means Value Added Tax imposed in Canada (including Goods and Services Tax, Harmonized Sales Tax and Québec Sales Tax).

“Voidable Transfer” has the meaning specified therefor in Section 17.8 of the Agreement.

“Weighted Average Life to Maturity” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding principal amount of such Indebtedness into (b) the total of the product obtained by multiplying (c) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (d) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

“Wells Fargo” means Wells Fargo Bank, National Association, a national banking association.

“WFCF” means Wells Fargo Capital Finance, LLC, a Delaware limited liability company.

Schedule 3.1

Subject to the applicable provisions of the “Certain Funds Provision” (as such term is defined in the Commitment Letter and Section 3.6), the obligation of each Lender to make its initial extension of credit provided for in the Agreement is subject to the fulfillment, to the satisfaction of each Lender (the making of such initial extension of credit by any Lender being conclusively deemed to be its satisfaction or waiver of the following), of each of the following conditions precedent:

(a) Agent shall have received evidence, in form and substance satisfactory to Agent, that Agent (or will have concurrently with the effectiveness of the Agreement) has a valid perfected first priority security interest in the Revolving Loan Priority Collateral and a valid perfected second priority security interest in the Term Loan Priority Collateral (subordinate only to the security interests under the Term Loan Facility) and other Permitted Liens;

(b) Agent’s receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by an Authorized Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to Agent and each of the Lenders:

(i) executed counterparts of the Agreement;

(ii) a Note executed by the Borrower in favor of each Lender requesting a Note at least two Business Days prior to the Closing Date;

(iii) the Security Agreement, together with related Patent Security Agreements, Trademark Security Agreements and Copyright Security Agreements,

(iv) a disbursement letter executed and delivered by each Borrower to Agent regarding the extensions of credit to be made on the Closing Date,

(v) the Guaranty,

(vi) the Intercompany Subordination Agreement (other than executed counterparts of the Foreign Subsidiaries of Parent to such Agreement, which shall be delivered after the Closing Date pursuant to and in accordance with Schedule 5.16),

(vii) a letter, in form and substance reasonably satisfactory to Agent, from General Electric Capital Corporation, as agent (“Existing Agent”) with respect to the Existing Credit Facility, and termination statements and other documentation evidencing the termination by Existing Agent of its Liens in and to the properties and assets of Parent and its Subsidiaries concurrently with the effectiveness of the Agreement,

(viii) a letter, in form and substance reasonably satisfactory to Agent, from Citicorp U.S.A., Inc., as agent (“Existing Securitization Agent”) with respect to the Existing Securitization Facility, and termination statements and other documentation evidencing the termination by Existing Securitization Agent of its Liens in and to the properties and assets of Parent and its Subsidiaries and the and the repurchase of all of the receivables and other assets of Parent and its Subsidiaries concurrently with the effectiveness of the Agreement,

(ix) a letter, in form and substance reasonably satisfactory to Agent, from OFS Agency Services, LLC, in its capacity as US Agent and European Agent, in connection with the unsecured Indebtedness evidenced by the Existing Subordinated Loan Agreement respecting the amount necessary to repay in full all of such Indebtedness and the release of all relevant Loan Parties from all obligations in connection with such Indebtedness and the Subordinated Loan Agreement concurrently with the effectiveness of the Agreement.

(x) evidence, in form and substance reasonably satisfactory to Agent, that all obligations of Parent in connection with the 2006 Guarantee and Agreement have been fully and finally discharged and terminated and that Parent has been released from all covenants binding upon it under the 2006 Guarantee and Agreement,

(xi) a US Borrowing Base Certificate;

(xii) a Canadian Borrowing Base Certificate;

(xiii) Canadian Security Documents;

(xiv) the 2015 Note Intercreditor Agreement;

(xv) the Term Loan Intercreditor Agreement;

(xvi) the Series G Guarantee Lien Acknowledgement; and

(xvii) evidence, in form and substance reasonably satisfactory to Agent, of the amount of the Existing Note Secured Debt Limit as of the Closing Date, including receiving a certificate from an Authorized Person setting forth the amount of the Existing Note Secured Debt Limit as of the date of the Agreement and the calculations that are the basis of the determination of such amount, in reasonable detail,

(xviii) certified copies of each of the ColorMatrix Acquisition Documents, duly executed by the parties thereto;

(xix) a certificate of merger or other confirmation satisfactory to Arrangers of the consummation of the ColorMatrix Acquisition from the Secretary of State of the State of Delaware; and

(xx) copies of the Term Loan Documents, which shall be in full force and effect and all conditions to the extension of credit thereunder shall have been satisfied,

(c) Agent shall have received a certificate from the Secretary of each Loan Party • attesting to the resolutions of such Loan Party's Board of Directors (or Shareholders, if applicable) authorizing its execution, delivery, and performance of this Agreement and the other Loan Documents to which such Loan Party is a party, • authorizing specific officers of such Loan Party to execute the same, and • attesting to the incumbency and signatures of such specific officers of such Loan Party;

(d) Agent shall have received copies of each Loan Party's Governing Documents, as amended, modified, or supplemented to the Closing Date, certified by the Secretary of such Loan Party;

(e) Agent shall have received a certificate of status with respect to each Loan Party, dated within ten (10) days of the Closing Date, such certificate to be issued by the appropriate officer of the

jurisdiction of organization of such Loan Party, which certificate shall indicate that such Loan Party is in good standing in such jurisdiction;

(f) Agent shall have received certificates of status with respect to each Loan Party, each dated within fifteen (15) days of the Closing Date, such certificates to be issued by the appropriate officer of the jurisdictions (other than the jurisdiction of organization of such Loan Party) in which its failure to be duly qualified or licensed would have a Material Adverse Effect, which certificates shall indicate that such Loan Party is in good standing in such jurisdictions;

(g) Agent shall have received certificates of insurance, together with the endorsements thereto, as are required by Section 5.6, the form and substance of which shall be reasonably satisfactory to Agent;

(h) Agent shall have received opinions of counsel to the Loan Parties, in form and substance reasonably satisfactory to Agent;

(i) Borrowers shall have the Required Availability after giving effect to the initial extensions of credit hereunder and the payment of all fees and expenses required to be paid by Borrowers on the Closing Date under this Agreement or the other Loan Documents;

(j) Agent shall have received: (i) projected monthly balance sheets, income statements, statements of cash flows and availability of Borrowers and Guarantors for the period through the end of the 2012 fiscal year, (ii) projected annual balance sheets, income statements, statements of cash flows and availability of Borrowers and Guarantors through the end of the 2016 fiscal year, in each case as to the projections described in clauses (i) and (ii), with the results and assumptions set forth in all of such projections in form and substance satisfactory to the Arrangers, in good faith, and an opening pro forma balance sheet for Borrowers and Guarantors in form and substance satisfactory to the Arrangers, in good faith, and (iii) any updates or modifications to the projected financial statements of Borrowers and Guarantors previously received by Agent, in each case in form and substance satisfactory to the Arrangers (the "Pro Forma Financial Statements");

(k) Agent shall have received evidence that Borrowers have received (or will receive concurrently with the effectiveness of the Agreement), in immediately available funds, the proceeds of the Term Loan Facility in the amount of not less than \$300,000,000, and that the proceeds thereof, together with cash of Parent has been, or shall be on the Closing Date, used to pay the cash portion of the merger consideration for the ColorMatrix Acquisition and Agent shall have received all of the Term Loan Documents, which shall be on terms and conditions reasonably satisfactory to the Arrangers;

(l) Borrowers shall have paid (or concurrently with the effectiveness of the Agreement shall pay) all Lender Group Expenses incurred in connection with the transactions evidenced by this Agreement for which Borrowers have received notice;

(m) no Material Adverse Effect (as such term is defined in the draft of the ColorMatrix Acquisition Agreement) shall have occurred since December 31, 2010;

(n) Agent shall have received a certification from the chief financial officer of Parent, in form and substance reasonably satisfactory to Agent, that Parent and its Subsidiaries, taken as a whole, are Solvent immediately after giving effect to the transactions contemplated to occur under the Loan Documents on the date hereof;

(o) Agent and Lenders shall have received the payment of all fees required to be paid under the terms of the Fee Letter (or shall be paid concurrently with the initial borrowing under the Agreement) and all expenses to be paid or reimbursed to the Agent and Arrangers that have been invoiced a reasonable period of time prior to the Closing Date shall have been paid, in each case, from the proceeds of Revolving Loans under this Agreement;

(p) the accuracy (i) in all material respects (or in all respects where qualified by materiality or material adverse effect), with respect to Parent and its Subsidiaries (before and after giving effect to the ColorMatrix Acquisition), of the Specified Representations (as such term is defined in the Commitment Letter) and (ii) with respect to the ColorMatrix and its Subsidiaries (before and after giving effect to the ColorMatrix Acquisition), the Closing Date Representations (as such term is defined in the Commitment Letter;

(q) all of the ColorMatrix Acquisition Documents, including without limitation, the ColorMatrix Acquisition Agreement and all schedules thereto, shall be reasonably satisfactory to Agent in all material respects and contemporaneously with the closing of the facility contemplated by this Agreement, the ColorMatrix Acquisition shall be consummated in accordance with the terms of the ColorMatrix Acquisition Agreement without any amendment or waiver thereof that may be materially adverse to the interests of Agent or any Lender, except as otherwise consented to by the Arrangers;

(r) Agent shall have received evidence that Term Loan Agent has received the originals of the stock certificates and membership interest certificates representing all of the issued and outstanding shares of the Equity Interests of each Domestic Subsidiary that is a Loan Party, in each case together with stock powers duly executed in blank with respect thereto; and

(s) Agent shall have received lien, tax and judgment search results for the jurisdiction of organization of each Borrower and Guarantor, the jurisdiction of the chief executive office of each Borrower and Guarantor and all jurisdictions in which material assets of Borrowers and Guarantors are located.

For purposes of determining compliance with the conditions specified in this Schedule 3.1, each Lender that has signed the Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SCHEDULE 4.1
CAPITALIZATION OF BORROWERS AND BORROWERS' SUBSIDIARIES

Parent	Subsidiary	Percentage of Ownership
PolyOne Corporation	Burton Rubber Company	100%
PolyOne Corporation	ColorMatrix Group, Inc.	100%
PolyOne Corporation	Conexus, Inc.	100%
PolyOne Corporation	GEON Development, Inc.	100%
GLS International, Inc.	GLS Hong Kong Limited	100%
PolyOne Corporation	GLS International, Inc.	100%
GLS International, Inc.	GLS Thermoplastic Alloys (Suzhou) Co., Ltd.	100%
GLS International, Inc.	GLS Trading (Suzhou) Co., Ltd.	100%
PolyOne Corporation	Hanna-Itasca Company	100%
PolyOne Corporation	Hanna Proprietary Limited	100%
PolyOne Corporation	Hollinger Development Company	100%
PolyOne Corporation	M.A. Hanna Asia Holding Company	100%
PolyOne Corporation	M.A. Hanna Export Services Corporation	100%
PolyOne Corporation	M.A. Hanna Plastic Group, Inc.	100%
PolyOne Corporation	NEU Specialty Engineered Materials, LLC	100%
PolyOne Corporation	P.I. Europe CV	92%
PolyOne LLC		8%
PolyOne Corporation	Polymer Diagnostics, Inc.	100%
PolyOne Corporation	PolyOne Canada Inc.	100%
PolyOne Corporation	PolyOne Controladora S.A. de C.V.	100%
PolyOne Corporation	PolyOne Funding Corporation	100%
PolyOne Corporation	PolyOne Hong Kong Holding Ltd.	100%
PolyOne Corporation	PolyOne International Trading (Shanghai) Co., Ltd.	100%
PolyOne Corporation	PolyOne LLC	100%
PolyOne Corporation	PolyOne Engineered Films, Inc.	100%
PolyOne Corporation	PolyOne Shenzhen Co. Ltd.	100%
PolyOne Corporation	PolyOne Singapore Pte. Ltd.	100%
Conexus, Inc.	PolyOne Termoplasticos do	0.01%

PolyOne Corporation	Brasil Ltda.	99.99%
PolyOne Corporation	PolyOne Vinyl Compounds Asia Holdings Limited	97.2%
PolyOne Corporation	PolyOne Wilflex Australasia Pty. Ltd.	100%
M.A. Hanna Asia Holding Company	Star Color Co. Ltd.	100%
M.A. Hanna Plastic Group, Inc.	L.E. Carpenter & Company	100%
M.A. Hanna Plastic Group, Inc.	RA Products, Inc.	100%
PolyOne Engineered Films, LLC	O'Sullivan Plastics LLC	100%
PolyOne Engineered Films, LLC	Regalite Plastics, LLC	100%
PolyOne Engineered Films, LLC	Shawnee Holdings, LLC	100%
PolyOne Termoplásticos do Brasil Ltda.	Uniplen Indústria de Polímeros Ltda.	100%
PolyOne Termoplásticos do Brasil Ltda.	Braspenco Indústria de Compostos Plásticos Ltda.	100%
PolyOne Controladora, S.A. de C.V.	PolyOne de Mexico S.A. de C.V.	100%
PolyOne Canada Inc.	Auseon Ltd.	80%
The Geon Company Australia Limited		20%
PolyOne Canada Inc.	The Geon Company Australia Limited	100%
PolyOne Canada Inc.	LP Holdings Inc.	100%
PolyOne Canada Inc.	PolyOne Funding Canada Corporation	100%
P.I. Europe C.V.	PolyOne International Finance Company	100%
P.I. Europe C.V.	PolyOne Management International Holding, S.L. (ETVE)	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Corporation UK Limited – Trading Company	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne España, S.L.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Italy Srl	100%
PolyOne Management International Holding, S.L. (ETVE)	Polimeks Plastik Tic. Ve San. A.S.	100%
PolyOne Management International Holding, S.L. (ETVE)	Tekno Polimer Mühendislik Plastikleri San. Ve Tic. A.S.	100%
PolyOne Management International Holding, S.L. (ETVE)	Tekno Ticaret Mühendislik Plastikleri San. Ve. Tic. A.S.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Magyarorsza KFT.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Belgium SA	100%

PolyOne Management International Holding, S.L. (ETVE)	PolyOne Poland Manufacturing Sp. Z o.o.	100%
PolyOne Management International Holding, S.L. (ETVE)	M.A. Hanna France S.à.r.l.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Deutschland, GmbH	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Luxembourg S.a.R.L.	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Sweden, AB	100%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Europe Logistics S.A.	99.9%
PolyOne Belgium SA		0.1%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne Polska Sp. Z o.o.	99%
PolyOne Belgium SA		1%
PolyOne Management International Holding, S.L. (ETVE)	PolyOne CR s.r.o.	98%
PolyOne Belgium SA		2%
M.A. Hanna France S.à.r.l.	PolyOne France S.A.S.	100%
PolyOne Deutschland, GmbH	PolyOne Color and Additives Germany, GmbH	100%
PolyOne Deutschland, GmbH	PolyOne Th. Bergmann, GmbH	100%
PolyOne Luxembourg S.a.R.L.	PolyOne Korea, Ltd.	100%
PolyOne Vinyl Compounds Asia Holdings Limited	PolyOne (Dongguan) Vinyl Compounds Company Ltd.	100%
PolyOne Hong Kong Holding Limited	PolyOne Suzhou, China	100%
PolyOne Hong Kong Holding Limited	PolyOne Shanghai, China	100%
PolyOne Singapore Pte. Ltd.	PolyOne Polymers India Pvt. Ltd	100%
PolyOne Singapore Pte. Ltd.	PolyOne Japan K.K.	100%
ColorMatrix Group, Inc.	ColorMatrix Holdings, Inc.	100%
ColorMatrix Holdings, Inc.	The ColorMatrix Corporation	100%
The ColorMatrix Corporation	Chromatics, Inc.	100%
The ColorMatrix Corporation	ColorMatrix – Brazil, LLC	100%
The ColorMatrix Corporation	Gayson Silicone Dispersions, Inc.	100%
ColorMatrix Group, Inc.	ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.	100%
ColorMatrix Holdings, Inc.	ColorMatrix Asia Limited	100%

ColorMatrix Holdings, Inc.	ColorMatrix UK Holdings Ltd.	100%
ColorMatrix – Brazil, LLC	ColorMatrix Argentina S.A.	95%
The ColorMatrix Corporation		5%
ColorMatrix – Brazil, LLC	ColorMatrix do Brasil Industria e Comercio de Pigmentos e Aditivos Ltda.	95.18%
ColorMatrix South America, Ltd.		4.82%
ColorMatrix – Brazil, LLC		99% (fixed)
	ColorMatrix Mexico S.A. de C.V.	100% (variable)
The ColorMatrix Corporation		1% (fixed)
ColorMatrix – Brazil, LLC	ColorMatrix South America, Ltd.	100%
ColorMatrix UK Holdings Limited		83.81%
ColorMatrix Group, Inc.	ColorMatrix Europe Limited	16.19%
ColorMatrix Europe Limited	Seola ApS Holding	100%
ColorMatrix Europe Limited	ColorMatrix Europe BV	100%
ColorMatrix Europe Limited	ColorMatrix U.K. Limited	100%
Seola ApS Holding	Colorant Chromatics AG	100%
ColorMatrix Europe BV	ColorMatrix Russia LLC	100%
Colorant Chromatics AG	Shanghai Colorant Chromatics Co, Ltd.	100%
Colorant Chromatics AG	Colorant Chromatics Trading (Shanghai) Co., Ltd.	100%
Colorant Chromatics AG	Colorant Chromatics AB	100%
Colorant Chromatics AG	Colorant GmbH	100%
ColorMatrix Europe Limited	Malachite Group Limited	100%
PolyOne Corporation	Canadian Films Venture Inc.	100%

**SCHEDULE 4.5(c)
REAL PROPERTY**

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website⁵</u>
PolyOne Corporation and The Geon Company (now known as PolyOne Corporation)	Avon Lake, Ohio Campus which consists of buildings and land located at the following addresses in Avon Lake, Ohio (Lorain County): 33587 Walker Road; 552 Moore Road, Bldg 482; 554 Moore Road; Property on the following streets (and in each case, street numbers are not available): Rosehill Ave, Elberton Ave and Greenhill Avenue	\$ 64,654,580.67	\$ 13,520,100
D H Compounding Company (now known as PolyOne Corporation)	1260 Carden Farm Drive, Clinton, TN 37716	\$ 5,366,595.37	\$ 6,169,000
M.A. Hanna Company (now known as PolyOne Corporation)	107 Jackson Street, Dyersburg, TN	\$ 9,103,466.60	\$ 3,958,000
P.M.S. Consolidated (now known as PolyOne Corporation)	2400 E. Devon Avenue, Elk Grove Village, IL 60007	\$ 5,273,257.47	\$ 519,698 (assessed value)

⁵ The amount listed in this column is based solely on the information made available on applicable county tax website. Depending on the applicable county's nomenclature, this amount may have been referenced on the applicable county website as the "fair market value," "cash value," "full cash value", "appraised value", "property value" or similar term. In some cases and where noted, an "assessed value" is the only value that was available on the applicable county website.

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website⁵</u>
Allied Color Industries Inc. (now known as PolyOne Corporation)	7601 North Glen Harbor Blvd., Glendale, AZ 85307	\$ 4,410,197.78	\$ 3,170,900
The Geon Company (now known as PolyOne Corporation)	1546 County Rd 1450 North, Henry, IL 61537	\$ 12,385,906.42	\$ 4,041,798 (assessed value)
Winflex Inc. (now known as PolyOne Corporation)	8155 Cobb Center Drive, Kennesaw, GA 30152	\$ 4,081,936.16	\$ 5,836,600
M. A. Hanna Company (now known as PolyOne Corporation)	2513 Highland Avenue, Bethlehem, PA 18020	\$ 9,168,746.29	\$ 2,351,400
The Geon Company (now known as PolyOne Corporation)	2104 East 223 rd Street, Carson, CA 90745	\$ 5,195,572.72	\$ 3,408,721
PolyOne Corporation	1675 Navarre Rd, Massillon, OH 44646	\$ 4,491,847.37	\$ 5,907,000
Water Street Enterprises Inc. (now known as PolyOne Corporation)	733 East Water Street, North Baltimore, OH 45872	\$ 2,033,786.40	\$ 1,704,600
PolyOne Corporation	80 North West Street, Norwalk, OH 44587	\$ 4,615,217.17	\$ 1,215,700

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website⁵</u>
PolyOne Corporation	Pasadena, TX Campus, which consists of buildings and land located at the following addresses in Pasadena, Texas (Harris County): 4402 and 4403A Pasadena Freeway – Hwy 225 W, Pasadena, TX 77503 And 4403 LaPorte Freeway	\$ 10,103,763.14	\$ 10,383,156.00
M A Hanna Company (now known as PolyOne Corporation)	Seabrook, TX Campus, which consists of buildings and land located at the following addresses in Seabrook, Texas (Harris County): 10100 Porter Road; 5200 Hwy 146; FM 146 ST; 5780 Highway 146; 5306 Hwy 146; additional property on Hwy 146 (no specific street numbers)	\$ 31,752,231.91	\$ 37,170,162.00
The Geon Company (now known as PolyOne Corporation)	Route 130 and Porcupine Rd., Pedricktown, NJ 08067	\$ 8,405,674.87	\$ 30,500,000 (assessed value)
Dennis Chemical Co. (now known as PolyOne Corporation)	2700 Papin Street, St. Louis, MO 63103	\$ 1,744,026.36	
PolyOne Corporation	204 Industrial Park Drive, Sullivan, MO 63080	\$ 1,155,777.91	\$ 760,140
M A Hanna Company (now known as PolyOne Corporation)	2900 Shawnee Industrial Way, Suwanee, GA 30024	\$ 3,114,509.02	\$ 2,143,200 (assessed value)

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website⁵</u>
The Geon Company (now known as PolyOne Corporation)	3100 North 35 th Street, Terre Haute, IN 47804	\$ 6,954,328.21	\$ 2,363,700
Avecor Inc (now known as PolyOne Corporation)	245 Avecor Drive, Niles Ferry Industrial Pkwy, Vonore TN 37885	\$ 6,896,133.85	\$ 1,563,900
The Geon Company (now known as PolyOne Corporation)	4250 Bells Lane, Louisville KY 40211	\$ 2,991,250.98	\$ 764,300 (assessed value)
PolyOne Corporation	2206 Industrial Parkway, Calvert City, KY. (Also referenced as 2468 Industrial Parkway, Calvert City, KY). Site consists of multiple parcels.	0	
PolyOne Canada Inc.	15 and 17 Tideman Drive Orangeville ON, Canada L9W 3K3	\$ 3,650,888	
		\$ (consists of 1,683,765	
		\$ Compound; and 1,967,123 Plasticizer)	
PolyOne Canada Inc.	177 St Andre St PO Box 606 St Remi de Napierville QB, Canada J0L 2L0	\$ 1,668.238	
PolyOne Canada Inc.	77 S. David Street, Lindsay, ON Canada	0	
PolyOne Corporation	7 Guenther Boulevard St. Peters, MO		\$ 974,060
PolyOne Corporation	3601 Joint Venture Lane Louisville, KY	NA – Property will be sold	NA – Property will be sold
PolyOne Corporation (as successor to The Hanna Mining Company).	Itasca, MN Parcel No. 25-020-4401; 25-5200-0120	NA – Property will be sold	NA - Property will be sold

<u>Record Owner</u>	<u>Address</u>	<u>Book Value (which value may also include equipment values)</u>	<u>Value Per County Tax Website⁵</u>
PolyOne Corporation	1804-1808 River Road Burlington, NJ	NA – Property will be sold	NA – Property will be sold
PolyOne Corporation	DeForest, WI Parcel ID Number: 118/0910-084-8020-1	NA – Property will be sold	NA – Property will be sold
PolyOne Corporation	21300 Doral Road Brookfield, WI	NA – Property will be sold	NA – Property will be sold
PolyOne Canada Inc.	Niagara Falls, ON Canada Parcel ID Number: Parts 25, 26, 27 and 33, Plan 59R - 10639 - PIN 64262-0005; Part 32, Plan 59R-10639 (was Part 1, Plan 59R-6285)-PIN 640058-0026; Part 23, Plan 59R-10639 (was Part 4, Plan 59R-6285)-PIN 640058-0148	NA – Property will be sold	NA – Property will be sold
Chromatics, Inc.	19 Francis J. Clarke Circle Bethel, CT 06801		\$ 1,670,600

SCHEDULE 4.5(d)
LEASES

PolyOne Entities

<u>Entity Name</u>	<u>Address</u>	<u>Lessor (Including Address)</u>
PolyOne Corporation	Groton-Shirley Road, S.E., Ayer, MA 01432	GFI Ayer, L.L.C, 133 Pearl Street, Suite 400, Boston, MA 02110, Attention: Steven E. Goodman
PolyOne Corporation	11400 Newport Drive, Suites A/B/C, Rancho Cucamonga, CA 91730	Krausz RC Properties One, LLC, 44 Montgomery Street, Suite 3300, San Francisco, CA 94104
PolyOne Corporation	1610 Phillips Street, Dyersburg, TN 38024	CDSF LTD., LLC, 2207 Kimball Rd., S.E., P.O. Box 20109, Canton, OH 44701, Attention: Douglas J. Sibila
PolyOne Corporation	3160 Neil Armstrong Blvd., Suite F04, Eagan, MN 55121	AMB Property, L.P., c/o CB Richard Ellis, Inc, 7760 France Avenue South, Suite 770, Minneapolis, MN 55435-5852; with a copy to: AMB Property Corporation, Attn: Asset Manager – Minneapolis, Pier 1, Bay 1, San Francisco, CA 94111
PolyOne Distribution Company (now known as PolyOne Corporation)	114 Morehead Rd., Statesville, NC 28677	CDSF LTD. LLC, 2207 Kimball Rd., S.E., P.O. Box 20109, Canton, OH 44701, Attention: Douglas J. Sibila
PolyOne Corporation	225 Industrial Drive, Vonore, TN 37885	Ken and Leyanne Harper, 3601 HELMSLEY COURT, Maryville, TN 37803
PolyOne Corporation	1414 Lowell Street, Elyria, OH 44035	Northern Ohio Associates Limited Partnership, c/o RBS Mansfield Corp., 247 W. 87th Street, Suite 8G, New York, NY 10024
PolyOne Corporation	10100 Porter Road, LaPorte, TX 77571	Granite Underwood Distribution Centers P.O. Box 843856 Dallas, TX 75284-3856 <i>Note: Property is managed by Holt Lundsford Commercial</i>
PolyOne Corporation	7755 National Turnpike, Unit 130, Louisville, KY 40214	LIT Industrial Limited Partnership, 2650 Cedar Springs Rd., Suite 850, Dallas, TX 75204, Attention: James C. Hendricks; with a copy to: Fortis Group, LLC, 462 S. Fourth St., Suite 1810, Louisville, KY 40202, Attention: Property Manager/LIC

PolyOne Canada Inc.	30 Driver Road Brampton ON, Canada L6T 5V2	Airport 407 Business Campus Inc., Suite 500, 10 Carlson Court, Etobicoke, ON M9L 6L2, Attention: VP, Property Management; with a copy to: Airport 407 Business Campus Inc., Suite 300, 55 University Avenue, Toronto, ON M5J 2H7, Attention: Asset Manager
PolyOne Corporation	1275 Windham Pkwy, Romeoville, IL 60446	Offices at Windham Lakes I LLC, 701 West Erie, Chicago, IL 60610, Attention: Steven Kersten, Manager; with copies to: David H. Sachs, Esq., Aronberg Goldgehn Davis & Garmisa, 330 N. Wabash, Suite 1700, Chicago, IL 60611; and to: Nicolson Porter & List, 1300 West Higgins Road, Park Ridge, IL 60068
PolyOne Corporation	3910 Third Parkway, Terre Haute, Indiana	Distributors Terminal Corporation, P.O. Box 3287, Terre Haute, IN 47803
GLS Corporation (now known as PolyOne Corporation)	921 Ridgeview Drive, McHenry, IL and 831 Ridgeview Drive, McHenry, IL	Stantine Limited Partnership Attn: Steven L. Dehmlow 85 W Algonquin Road, Suite 600 Arlington Heights, IL 60005 With a copy to Elizabeth S. Perdue, Esq. Morgan, Lewis & Bockius LLP 77 West Wacker Drive Chicago, IL 60601
GLS Corporation (now known as PolyOne Corporation)	833 Ridgeview Road, McHenry, IL	Kingsbury Limited Partnership Attn: Steven L. Dehmlow 85 W Algonquin Road, Suite 600 Arlington Heights, IL 60005 With a copy to Elizabeth S. Perdue, Esq. Morgan, Lewis & Bockius LLP 77 West Wacker Drive Chicago, IL 60601
NEU Specialty Engineered Materials, LLC	15 Corporate Drive, North Haven, CT 06473 (New Haven County)	Curtis P. Smith c/o MMSG, LLC 254 North Rolling Acres Cheshire, CT 06410 With a copy to: David Wayne Winters 315 Highland Avenue Cheshire, CT 06410

ColorMatrix Entities

Entity Name	Address	Lessor (Including Address)
The ColorMatrix Corporation	30 2nd St. S.W., Barberton, OH 44203	Barberton Community Development Corporation, 542 W. Tuscarawas Ave., Barberton, OH 44203
The ColorMatrix Corporation	Richland Industrial Park, 7204 Burns Street, Forth Worth, Texas	LBM Management, P.O. Box 471105, Fort Worth, TX 76147
The ColorMatrix Corporation	680 N. Rocky River Drive, Berea, OH	680 North LLC Attn: Shimon Eckstein c/o Eckstein Properties 60 Broad St., Suite 3503 New York, NY 10004

SCHEDULE 4.6(a)
STATES OF ORGANIZATION

Loan Parties

<u>Entity Name</u>	<u>Jurisdiction of Organization</u>
PolyOne Corporation	Ohio
Conexus, Inc.	Nevada
GLS International, Inc.	Illinois
M.A. Hanna Asia Holding Company	Delaware
NEU Specialty Engineered Materials, LLC	Ohio
PolyOne LLC	Delaware
Polymer Diagnostics, Inc.	Ohio
PolyOne Canada Inc.	Canada
ColorMatrix Group, Inc.	Delaware
ColorMatrix Holdings, Inc.	Delaware
The ColorMatrix Corporation	Ohio
Chromatics, Inc.	Connecticut
ColorMatrix - Brazil, LLC	Ohio
Gayson Silicone Dispersions, Inc.	Ohio

Other Subsidiaries

<u>Entity Name</u>	<u>Jurisdiction of Organization</u>
Auseon Ltd.	Australia
Braspenco Indústria de Compostos Plásticos Ltda.	Brazil
Burton Rubber Company	Ohio
GEON Development, Inc.	Ohio
GLS Hong Kong Limited	China
GLS Thermoplastic Alloys (Suzhou) Co., Ltd	China
GLS Trading (Suzhou) Co., Ltd.	China
M.A. Hanna France S.à.r.l.	France
Hanna Proprietary Limited	Ohio
Hanna-Itasca Company	Ohio
L. E. Carpenter & Company	Ohio
LP Holdings Inc.	Canada
M.A. Hanna Export Services Corporation	Ohio
M.A. Hanna Plastic Group, Inc.	Ohio
MAG International	Ohio
O'Sullivan Plastics LLC	Ohio
P.I. Europe C.V.	Netherlands
Paramount Coal Company	Ohio
Pilot Knob Pellet Co.	Ohio

Polimeks Plastik Tic. ve San. A.S.	Turkey
PolyOne (Dongguan) Vinyl Compounds Company Ltd.	China
PolyOne Belgium SA	Belgium
PolyOne Color and Additives Germany, GmbH	Germany
PolyOne Controladora, S.A. de C.V.	Mexico
PolyOne Corporation UK Limited – Trading Company	United Kingdom
PolyOne CR s.r.o.	Czech Republic
PolyOne de Mexico S.A. de C.V.	Mexico
PolyOne Deutschland, GmbH	Germany
PolyOne Engineered Films, LLC	Ohio
PolyOne España, S.L.	Spain
PolyOne Europe Logistics S.A.	Belgium
PolyOne France S.A.S.	France
PolyOne Funding Canada Corporation	Canada
PolyOne Funding Corporation	Ohio
PolyOne Hong Kong Holding Limited	Hong Kong
PolyOne International Finance Company	Ireland
PolyOne International Trading (Shanghai) Co., Ltd.	China
PolyOne Italy Srl	Italy
PolyOne Japan K.K.	Japan
PolyOne Korea, Ltd.	Korea
PolyOne Luxembourg S.a.R.L.	Luxembourg
PolyOne Magyarorsza KFT.	Hungary
PolyOne Management International Holding, S.L. (ETVE)	Spain
PolyOne Poland Manufacturing Sp. z o.o.	Poland
PolyOne Polska Sp. z o.o.	Poland
PolyOne Polymers India Pvt. Ltd	India
PolyOne Shanghai, China	China
PolyOne Shenzhen Co., Ltd.	China
PolyOne Singapore Pte. Ltd.	Singapore
PolyOne Suzhou, China	China
PolyOne Sweden, AB	Sweden
PolyOne Termoplásticos do Brasil Ltda.	Brazil
PolyOne Th. Bergmann, GmbH	Germany
PolyOne Vinyl Compounds Asia Holdings Limited	British Virgin Islands
PolyOne Wilflex Australasia Pty. Ltd.	Australia
RA Products, Inc.	Michigan
Regalite Plastics, LLC	Massachusetts
Shawnee Holdings, LLC	Virginia
Star Color Co., Ltd.	Thailand
Sunbelt Chloralkali Partnership	Delaware
Tekno Polimer Mühendislik Plastikleri San. ve Tic. A.S.	Turkey
Tekno Ticaret Mühendislik Plastikleri San. ve Tic. A.S.	Turkey
The Geon Company Australia Limited	Australia
Uniplen Indústria de Polímeros Ltda.	Brazil

Hansand Steamship Company	Ohio
ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.	China
ColorMatrix Asia Limited	Hong Kong
ColorMatrix Mexico S.A. de C.V.	Mexico
ColorMatrix Argentina S.A.	Argentina
ColorMatrix South America Ltd.	British Virgin Islands
ColorMatrix do Brasil INdustria e Comercio de Pigmentos e Aditivos Ltda.	Brazil
ColorMatrix UK Holdings Limited	United Kingdom
ColorMatrix Europe Limited	United Kingdom
Seola ApS Holding	Denmark
ColorMatrix Europe BV	Netherlands
ColorMatrix U.K. Limited	United Kingdom
ColorMatrix Russia LLC	Russia
Shanghai Colorant Chromatics Co. Ltd.	China
Colorant Chromatics Trading (Shanghai) Co., Ltd.	China
Colorant Chromatics AB	Finland
Colorant GmbH	Germany
Malachite Group Limited	British Virgin Islands
Canadian Films Venture Inc.	Canada

SCHEDULE 4.6(b)
CHIEF EXECUTIVE OFFICES

<u>Entity Name</u>	<u>Chief Executive Office</u>
PolyOne Corporation	33587 Walker Rd Avon Lake, Ohio 44012
Conexus, Inc.	33587 Walker Rd Avon Lake, Ohio 44012
GLS International, Inc.	833 Ridgeview Dr McHenry, IL 60050
M.A. Hanna Asia Holding Company	33587 Walker Rd Avon Lake, Ohio 44012
NEU Specialty Engineered Materials, LLC	15 Corporate Dr. North Haven, CT 06473
PolyOne LLC	33587 Walker Rd Avon Lake, Ohio 44012
Polymer Diagnostics, Inc.	33587 Walker Rd Avon Lake, Ohio 44012
PolyOne Canada Inc.	15 Tideman Drive, Orangeville, Ontario, Canada L9W 3K3
ColorMatrix Group, Inc.	680 North Rocky River Dr Berea, Ohio 44017
ColorMatrix Holdings, Inc.	680 North Rocky River Dr Berea, Ohio 44017
The ColorMatrix Corporation	680 North Rocky River Dr Berea, Ohio 44017
Chromatics, Inc.	19 Francis J Clarke Circle, Bethel, CT 06801
ColorMatrix - Brazil, LLC	680 North Rocky River Dr Berea, Ohio 44017
Gayson Silicone Dispersions, Inc.	30 Second Street SW Barberton, Ohio 44203

SCHEDULE 4.6(c)
ORGANIZATIONAL IDENTIFICATION NUMBERS

<u>Entity Name</u>	<u>Federal Tax I.D. No.</u>
PolyOne Corporation	34-1730488
Conexus, Inc.	34-1927668
GLS International, Inc.	36-4468840
M.A. Hanna Asia Holding Company	34-1711629
NEU Specialty Engineered Materials, LLC	80-0511592
PolyOne LLC	76-0735367
Polymer Diagnostics, Inc.	34-1849104
PolyOne Canada Inc.	427700-7
ColorMatrix Group, Inc.	20-4915111
ColorMatrix Holdings, Inc.	20-4822104
The ColorMatrix Corporation	34-1256877
Chromatics, Inc.	57-0742795
ColorMatrix - Brazil, LLC	N/A
Gayson Silicone Dispersions, Inc.	22-2239967

SCHEDULE 4.11
BENEFIT PLANS

Parent withdrew from the National Integrated Group Pension Plan (a Multiemployer Plan) effective October 31, 2010.

SCHEDULE 4.12
ENVIRONMENTAL MATTERS

None.

SCHEDULE 4.17
MATERIAL CONTRACTS

1. Indenture, dated as of December 1, 1995, between the Parent and NBD Bank, as trustee.
2. Indenture, dated as of September 24, 2010, between the Parent and Wells Fargo Bank, N.A., as trustee.
3. First Supplemental Indenture, dated as of September 24, 2010, between the Parent and Wells Fargo Bank, N.A., as trustee.
4. Amended and Restated Letter Agreement, dated as of July 16, 2008, between the Company and Stephen D. Newlin, originally effective as of February 13, 2006.
5. Purchase Agreement, dated as of February 28, 2011, by and between PolyOne Corporation and Olin Corporation.
6. Guarantee by the Company in Favor of Sunbelt Chlor Alkali Partnership of the Guaranteed Secure Senior Notes due 2017, dated December 22, 1997.
7. Agreement and Plan of Merger, dated as of September 30, 2011, by and among PolyOne Corporation, 2011 ColorNewton, Inc., ColorMatrix Group, Inc., and Audax ColorMatrix Holdings, LLC.

SCHEDULE 4.28(a)
THIRD PARTY LOCATIONS

Warehouseman or Bailee

PolyOne Entities

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
PolyOne Corporation	Plastic Express 15450 Salt Lake Avenue City of Industry, CA 91745 Attention: Ray Hufnagel	4200 Industry Drive East, Suite A Fife, WA (Tacoma Location) and 151 Fieldcrest, Edison, NJ
PolyOne Corporation	Pulse Logistics P.O. Box 4944 1048 N. Monroe Kansas City, MO 64120	1600 N. 291 Hwy, Carefree Industrial Park Red Tunnel – Unit #950, Independence, MO 64058
PolyOne Corporation	Aspen Distribution, Inc. Attn: Terry Brewer PO Box 39108 10875 East 40 th Avenue Denver, CO 80239	10875 East 40 th Avenue Denver, CO 80239
PolyOne Corporation	Major Prime Plastics, Inc Attn: John Hadley P.O. Box 6240 649 N. Ardmore Avenue Villa Park, IL 60181	649 N. Ardmore Avenue Villa Park, IL 60181
PolyOne Corporation	G&D Trucking, Inc Durkee Road BNSF Tracks (aka G & D Trucking 26062 Frontage Road) 5281-5289 Channahon, IL 60410	Durkee Road BNSF Tracks (aka G & D Trucking 26062 Frontage Road) 5281- 5289 Channahon, IL 60410
PolyOne Corporation	Priority Transportation, Inc. Attn: Charles Rivera P.O. Box 3894 Marina Station Bo. Mani Mayaguez, Puerto Rico 00681	5412 Road 64 KM01 Mayaguez, PR
PolyOne Corporation	Pulse Transportation Services, Inc. P.O. Box 4944 1048 N. Monroe Kansas City, MO 64120 Attention: Stephen Pulse - President	1600 N. 291 Hwy. Carefree Industrial Park Red Runnel Unit #950 Independence, MO and 3900 Empire Road Kansas City, MO

PolyOne Corporation	Stagecoach Cartage & Distribution, Inc. Attn: Scott McLaughlin 7167 Chino Dr. El Paso, TX 79915	7167 Chino Dr. El Paso, TX 79915 8900 San Gabriel Laredo, TX
PolyOne Corporation	Quality Distribution, Inc. Attn: Sita Jasper 421 John Glenn Road Salt Lake City, UT 84116	421 John Glenn Road Salt Lake City, UT 84116
PolyOne Corporation	Total Transportation Solutions Inc. 20 Casebridge Court Scarborough, ON M1B 3M5 Canada Attention: Mr. Scott Pustai	5003-52 nd Ave. S.E. Calgary, Alberta Canada
PolyOne Corporation	Ee-Jay Motor Transports, Inc. 1501 Lincoln Avenue East St. Louis, IL 62204	1501 Lincoln Avenue East St. Louis, IL 62204
PolyOne Corporation	Plastic Express – Edison 15450 Salt Lake Avenue City of Industry, CA 91745-1112	151 Fieldcrest, Edison, NJ 08837
PolyOne Corporation	PolyOne Corporation c/o NS TBT 1431 Chardon Road Euclid, OH 44117	1431 Chardon Road Euclid, OH 44117
PolyOne Corporation	Florida Bulk Transfer – Miami 3601 NW 62nd Street Miami, FL 33147	3601 NW 62nd Street Miami, FL 33147
PolyOne Corporation	Saddle Creek Corporation 3010 Saddle Creek Road Lakeland, FL 33801 Attention: Thomas Patterson	3010 Saddle Creek Road Lakeland, FL 33801
PolyOne Corporation	Polymer Distribution-Guelph 351 Elizabeth Street Guelph, Ontario Canada N1E 2X9	351 Elizabeth Street Guelph, Ontario Canada N1E 2X9
PolyOne Corporation	Stagecoach Cartage 7167 Chino Dr. El Paso, TX 79915	8900 San Gabriel, Laredo, TX 78045
PolyOne Corporation	A & R PDSI – Jeffersonville 4800 Keystone Blvd. Jeffersonville, IN 47130	4800 Keystone Blvd. Jeffersonville, IN 47130
PolyOne Corporation	Ventura – Lesbro Co. 2418 East 223 rd Street Long Beach, CA 90810	3724 Bandini Boulevard, Los Angeles, CA 90040

PolyOne Corporation	Polymer Distribution, Lachine 1111 12th Avenue Lachine, Quebec Canada H8S 4K9	1111 12th Avenue Lachine, Quebec Canada H8S 4K9
PolyOne Corporation	A&R Distribution, Morris IL 8440 South Tabler Road Morris, IL 60450	8440 South Tabler Road Morris, IL 60450
PolyOne Corporation	Gamas Group 1520 North Industrial Park Nogales, AZ 85621 Plant 1WNZ	1520 North Industrial Park Nogales, AZ 85621 Plant 1WNZ
PolyOne Corporation	Bulkmatic Transport – Pineville NS TBT 2820 Nevada Blvd. Charlotte, NC 28273	2820 Nevada Blvd. Charlotte, NC 28273
PolyOne Corporation	RSI Leasing – Petersburg 1301 E. Washington St. Petersburg, VA 23831	1301 E. Washington St. Petersburg, VA 23831
PolyOne Corporation	A & R Transport 1501 N. Savana Avenue Terra Haute, IN 47804 Plant 1WTB	1501 N. Savana Avenue Terra Haute, IN 47804 Plant 1WTB
PolyOne Corporation	CN Cargoflo 185 West Industrial Avenue Memphis, TN 38109	185 West Industrial Avenue Memphis, TN 38109
PolyOne Corporation	Katoen Natie 6660 Financial Drive Mississauga, Ontario Canada L5N 7J6	6660 Financial Drive Mississauga, Ontario Canada L5N 7J6
PolyOne Corporation	DELAWARE EXPRESS P.O. Box 97 Elkton, MD 21921	1280 Railcar Ave. Edgemoor, DE 19802
PolyOne Corporation	Logistica Integral 11905 Hayter Rd. Laredo TX 78045	11905 Hayter Rd. Laredo TX 78045
PolyOne Corporation	WELLDIX DEL NORTE, S.C. 801 Hallmark Eastpoint Indust., Laredo, TX 78045 Plant 1WLO	801 Hallmark Eastpoint Indust., Laredo, TX 78045 Plant 1WLO
PolyOne Corporation	International Impulse, Inc. 5812 Cromo Drive El Paso, TX 79912 Attention: Abiel Carrillo	1251 N. Industrial Park Nogales, AZ 85621

PolyOne Corporation (Railcar Transfer Station)	Quality Carriers Kansas City, MO Don Benoit Director of Operations and Pricing 4041 Park Oaks Blvd., Suite 200 Tampa, FL 33610 (Phone 800-282-2031 x7286) (dbenoit@qualitydistribution.com)	6808 St. John Avenue Kansas City, MO
PolyOne Corporation (Railcar Transfer Station)	Plastic Express Valla Yard Tom McKeller Vice President Transportation & Terminals Plastic Express 15450 Salt Lake Avenue City of Industry, CA 91745-1112 (Direct Phone 626-322-3288) (Cell Phone 714-906-9091) (www.plasticexpress.com)	8630 Sorenson Ave. Santa Fe Springs, CA

ColorMatrix Entities

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	AMCOR RIGID PLASTICS N.A.	520 Bell Avenue Ames, IA 50010
The Colormatrix Corporation	DEVTECH LABS, INC.	12 Howe Drive Amherst, NH 03031
The Colormatrix Corporation	BEMIS COMPANY, INC.	2521 W Everett Appleton, WI 54914
The Colormatrix Corporation	SAPONA PLASTICS	7039 Hwy 220 S. Asheboro, NC 27205
The Colormatrix Corporation	GRAHAM PACKAGING	1650 Westgate Parkway Atlanta, GA 30336
The Colormatrix Corporation	PORTOLA PACKAGING, Inc.	951 Douglas Road Batavia, IL 60510
The Colormatrix Corporation	TRADEWIND PLASTICS	Francisco De Goya Avenue, Bayamon, Puerto Rico 00960
The Colormatrix Corporation	GRAHAM PET TECHNOLOGIES	7 Technology Drive Bedford, NH 03110
The Colormatrix Corporation	MOHAWK INDUSTRIES	2118 Marlboro Road, Bennettsville, SC 295158328
The Colormatrix Corporation	WESTERN CONTAINER CORPORATION	1600 1st Avenue Big Spring, TX 79720
The Colormatrix Corporation	KYDEX, LLC	6685 Low Street Bloomsburg, PA 17815

Entity Name	Warehouseman or Bailee	Location
The Colormatrix Corporation	HUSKY CANADA	500 Queen Street South Bolton Canada L7E 5S5
The Colormatrix Corporation	STACKTECK SYSTEMS LIMITED	1 Paget Road, Brampton Canada L6T 5S5
The Colormatrix Corporation	PACIFIC PLASTICS INC.	111 South Berry Street Brea, CA 92821
The Colormatrix Corporation	NAMPAC	1591 N. Harvey Mitchell Place, Byan, TX 77803
The Colormatrix Corporation	MERRILL'S PACKAGING, INC.	1529 Rollins Road Burlingame, CA 94010
The Colormatrix Corporation	RUBBERMAID CALGARY	4660 68th Ave. Southeast, Calgary, Canada T2C 4N3
The Colormatrix Corporation	COLGATE PALMOLIVE COMPANY	8800 Guernsey Industrial, Cambridge, Ohio 43725
The Colormatrix Corporation	AMES TRUE TEMPER	465 Railroad Ave. Camphill, PA 17011
The Colormatrix Corporation	NAMPAC	1033 North Production Road, Cedar City, UT 84721
The Colormatrix Corporation	BIG 3 PRECISION	2923 Wabash Avenue Centralia, IL 62801
The Colormatrix Corporation	Bermuda Distribution, Inc	12511 Bermuda Triangle Rd., Chester, VA 23836
The Colormatrix Corporation	PROGRESSIVE PLASTIC INC.	14801 Emery Avenue Cleveland OH 44135
The Colormatrix Corporation	OATEY COMPANY	4700 West 160th Street, Cleveland OH 44135
The Colormatrix Corporation	DEMO - DAVE RUSSELL	18751 Cloverstone Circle, Comelius, NC 28031
The Colormatrix Corporation	BEAULIEU OF AMERICA	509 Fifth Avenue Dalton, GA 30722
The Colormatrix Corporation	NAMPAC	7 Wheeling Road Dayton, NJ 08810
The Colormatrix Corporation	COMPOSITE TECHNOLOGIES CO	401 North Keowee Street, Dayton, OH 454041602
The Colormatrix Corporation	Ancos	4813 County Drive Disputanta, VA 23842
The Colormatrix Corporation	ENERGIZER PERSONAL CARE	800 Silvr Lake Road Dover, DE 19904
The Colormatrix Corporation	PURE TECH PLASTICS	91 East Carmans Road East Farmingdale, NY 11735

Entity Name	Warehouseman or Bailee	Location
The Colormatrix Corporation	PREFORMS	478 Gulf Crescent, Sydport Industrial Park, Edwardsville, Nova Scotia B2A 4T3
The Colormatrix Corporation	TESSY PLASTICS	488 Ny Route 5 West Elbridge, NY 13060
The Colormatrix Corporation	THE PLASTEK GROUP - CPD	2425 W. 23rd Street Erie, PA 16506
The Colormatrix Corporation	ERIE MOLDED PLASTICS INC.	6020 W. Ridge Road Erie, PA 16506
The Colormatrix Corporation	RIDGELINE PIPE MANUFACTURING	2220 Nugget Way Eugene, OR 97403
The Colormatrix Corporation	ACHILLES USA, INC.	1407 80th Street S.W. Everett, WA 98203
The Colormatrix Corporation	ICE RIVER SPRINGS WATER	Grey Road #2 Feversham, Canada N0C 1C0
The Colormatrix Corporation	CENTREX PLASTICS LLC	814 W. Lima Street Findlay, OH 45840
The Colormatrix Corporation	GRAHAM PACKAGING	7959 Vulcan Drive Florence, KY 41042
The Colormatrix Corporation	POM WONDERFUL	2970 S. Orange Avenue Fresno, CA 93725
The Colormatrix Corporation	GEORGIA GULF & AFFILIATES	Highway 51 South Gallman, MS 39077
The Colormatrix Corporation	DIAMOND PLASTICS CORPORATION	1212 Johnstown Road Grand Island, NE 68803
The Colormatrix Corporation	MEADWESTVACO CALMAR	11901 Grandview Road, Grandview, MO 64030
The Colormatrix Corporation	MIDGARD, INC	1255 Nursery Road Green Lane, PA 18054
The Colormatrix Corporation	SURTECO	7104 Cessna Drive Greensboro, NC 27409
The Colormatrix Corporation	KEITH SEABOLT, DEMO	6801 Volunteer Drive, Greenville, TX 75402
The Colormatrix Corporation	MITSUBISHI POLYESTER FILM	2001 Hood Road Greer, SC 29652
The Colormatrix Corporation	J R Products	90 Valley Lake Drive Grey Court, SC 29645
The Colormatrix Corporation	ARMAL, INC.	122 Hudson Industrial Drive, Griffin, GA 30224
The Colormatrix Corporation	THE PLASTEK GROUP - HMD	1015 County Home Road, Hamlet, NC 28345
The Colormatrix Corporation	NORTHERN PIPE PRODUCTS IN	1268 Imperial Road Hampton, IA 50441

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	BERRY PLASTICS CORPORATION	7447 Candlewood Rd. Hanover, MD 21076
The Colormatrix Corporation	PORT ERIE PLASTICS	909 Troupe Road Harborcreek, PA 16421
The Colormatrix Corporation	CONSTAR INTERNATIONAL	1801 Clark Road Harve De Grace, MD 21078
The Colormatrix Corporation	THE RODON GROUP	2800 Sterling Drive Hatfield, PA 19440
The Colormatrix Corporation	WESTERN CONTAINER	110 W.L. Runnels Industri, Hattiesburg, MS 39401
The Colormatrix Corporation	SONOCO PLASTICS, INC.	5801 N. Lindberg Blvd., Hazelwood, MO 63042
The Colormatrix Corporation	GRAHAM PACKAGING	12 Maplewood Drive Hazleton, PA 18201
The Colormatrix Corporation	SIMONA AMERICA	64 N. Conahan Drive Hazleton, PA 18201
The Colormatrix Corporation	CONSTAR INTERNATIONAL	Newark Industrial Park Bl., Hebron, Ohio 43025
The Colormatrix Corporation	Prime Conduit	1405 East Santa Fe Blvd. High Springs, FL 32643
The Colormatrix Corporation	PLASTIC TECHNOLOGIES	1465 Timberwolfe Holland, OH 435280964
The Colormatrix Corporation	B-SIDE PLASTICS	4102 Veterans Drive Houston, TX 77043
The Colormatrix Corporation	VISTA CONTAINER & CLOSURES	4003 Leeland Street Houston, TX 77023
The Colormatrix Corporation	DENVER PLASTICS	560 Dahlia Street Hudson, CO 80642
The Colormatrix Corporation	GRAHAM PACKAGING	2515 Independence Road Iowa City, IA 52240
The Colormatrix Corporation	CONSTAR INTERNATIONAL	595 Industrial Drive Jackson, MS 39209
The Colormatrix Corporation	Igloo Products Corp.	30603 Highway 90 Katy, TX 77494
The Colormatrix Corporation	XTEN INDUSTRIES LLC	9600 55th Street Kenosha, WI 53144
The Colormatrix Corporation	Reduction Engineering	4430 Crystal Parkway Kent, OH 44240
The Colormatrix Corporation	PORTOLA PACKAGING, Inc.	408 Tilthammer Drive, Kingsport, TN 37660
The Colormatrix Corporation	PALMETTO SYNTHETICS	633 Commerce Drive, Kingstreet, SC 29556
The Colormatrix Corporation	PALRAM	9735 Commerce Circle, Kutztown, PA 19556

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	EXTRUSION VINYL & PLASTIC	1311 Godin Avenue Leval, CANADA H7E 2T1
The Colormatrix Corporation	GRAHAM PACKAGING	2447 Palumbo Drive Lexington, KY 40509
The Colormatrix Corporation	ZELLER PLASTIK	1515 Franklin Blvd., Libertyville, IL 60048
The Colormatrix Corporation	APTARGROUP, INC.	901 Technology Way, Libertyville, IL 60048
The Colormatrix Corporation	NAMPAC	2160 Lithonia Industrial, Lithonia, GA 30058
The Colormatrix Corporation	DESIGN MOLDED PLASTICS	8220 Baveraia Road Macedonia, OH 44056
The Colormatrix Corporation	PARAGON PACKAGING INC.	1500 E. Broad Street, Mansfield, TX 76063
The Colormatrix Corporation	CHROMA CORPORATION	3900 West Dayton Street, Mchenry, IL 60050
The Colormatrix Corporation	FERGUSON PRODUCTION, INC.	2130 Industrial Drive, Mcperson, KS 67460
The Colormatrix Corporation	ALTIRA	3225 N.W. 112th Street Miami, FL 33167
The Colormatrix Corporation	SONOCO	245 Britannia Road, Mississauga, Ontario L4Z 4J3
The Colormatrix Corporation	RUBBERMAID HOME PRODUCTS	3200 Gilchrist Road Mogadore, OH 44260
The Colormatrix Corporation	MICHAEL ASCHENBRENER, DEMO	17450 Leggett Road Montville, OH 44064
The Colormatrix Corporation	LOMONT MOLDING, INC.	1516 East Mapleleaf Drive Mt. Pleasant, IA 52641
The Colormatrix Corporation	GRAHAM PACKAGING	102 Kaad Road Muskogee, OK 74401
The Colormatrix Corporation	IPEC HOLDINGS, INC.	185 Northgate Circle New Castle, PA 16105
The Colormatrix Corporation	SILGAN PLASTICS CORPORATION	1858 Meca Way Norcross, GA 30093
The Colormatrix Corporation	FOURMARK MANUFACTURING INC	2690 Plymouth Drive Oakville, Canada L6H 6G7
The Colormatrix Corporation	KIK CORPORATION	101 Mac Intosh Blvd, Ontario, Canada L4K 4R5
The Colormatrix Corporation	CONSTAR INTERNATIONAL	7400 South Orange Avenue, Orlando, FL 32809

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	INFINITI PLASTICS TECHNOLOGY	5400 Commerce Drive Padauch, KY 42001
The Colormatrix Corporation	PRETIUM PACKAGING	2015 S. Main Street Paris, IL 61944
The Colormatrix Corporation	MONTVILLE PLASTICS & RUBB	15567 Main Market Rd (Us 422), Parkman, Ohio 44080
The Colormatrix Corporation	RESILUX AMERICA LLC	265 John Brooks Road, Pendergrass, GA 30567
The Colormatrix Corporation	BERRY PLASTICS CORPORATION	19101 Kapp Drive Peosta, IA 52068
The Colormatrix Corporation	CRESLINE-WEST INC.	3747 West Buckeye Road Phoenix, AZ 85009
The Colormatrix Corporation	VINYLPLEX INC.	1800 Atkinson Avenue Pittsburg, KS 66762
The Colormatrix Corporation	AGI POLYMATRIX	45 Downing Parkway Pittsfield, MA 01201
The Colormatrix Corporation	LOGOPLASTE CHICAGO, LLC	14420 Van Dyke Painfield, IL 60544
The Colormatrix Corporation	PREFERRED PLASTICS INC.	800 E. Bridge Street Plainwell, MI 49080
The Colormatrix Corporation	PLASTIPAK PACKAGING	4211 Amberjack Blvd. Plant City, FL 33567
The Colormatrix Corporation	IPL PLASTICS	140 Ruc Commerciale Quebec, Canada G0R 2Y0
The Colormatrix Corporation	EXTRUCAN	2155 Rue Canadien, Quebec, Canada J2C 7V9
The Colormatrix Corporation	PREMIUM WATERS INC.	1811 No. 30th Street Quincy, IL 62301
The Colormatrix Corporation	CANTEX INC.	130 Woodland Avenue Reno, NV 85923
The Colormatrix Corporation	Alloy Polymers, Inc	3310 Deepwater Terminal Rd., Richland, VA 23234
The Colormatrix Corporation	RING CONTAINER TECHNOLOGIES	4689 Assembly Drive Rockford, IL 61109
The Colormatrix Corporation	CANTEX INC.	Old St. James Street Rolla, MO 65401
The Colormatrix Corporation	JOHN BOMBACE, SALES TECH	111 Ruby Court Rutherford, CT 28139
The Colormatrix Corporation	CLOSURE SYSTEMS INT'L INC	480 North 5600 West Salt Lake City, UT 84116
The Colormatrix Corporation	CLOSURE SYSTEMS INT'L INC	4915 Norman Road Sandston, VA 23150
The Colormatrix Corporation	CLOSURE SYSTEMS INT'L INC	Plant #089 Sandston, Va 23150

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	PIRANHA PLASTICS	3531 Thomas Road Santa Clara CA 95054
The Colormatrix Corporation	KIK-SoCAL INC.	9028 Dice Road Santa Fe Spring, CA 90670
The Colormatrix Corporation	GRAHAM PET TECHNOLOGIES	510 E. Naches Avenue Selah, WA 98942
The Colormatrix Corporation	M & G POLYMERS USA, LLC	6951 Ridge Road, Sharon Cernter, OH 442740590
The Colormatrix Corporation	KOHLER COMPANY	300 South Oklahoma Sheridan, AR 72150
The Colormatrix Corporation	MATTEL MABAMEX	1333 30th Street South Diego, CA 92154
The Colormatrix Corporation	COLORITE	909 E Glendale Avenue Sparks, NV 89431
The Colormatrix Corporation	ALPHA PACKAGING INC.	1555 Page Industrial Blvd St. Louis, MO 63132
The Colormatrix Corporation	LIQUID CONTAINER L.P.	7100 Durand, Unit B Sturtevant, WI 53177
The Colormatrix Corporation	MOHAWK INDUSTRIES	106 Bankson Drive Summerville, GA 30747
The Colormatrix Corporation	JM EAGLE	1820 Midvale Road Sunnyside, WA 98944
The Colormatrix Corporation	WESTERN CONTAINER CORPORATION	2205 70th Avenue East Tacoma, WA 98424
The Colormatrix Corporation	PORTOLA PACKAGING, Inc.	4 South 84th Ave, Suite A, Taolleson, AZ 85353
The Colormatrix Corporation	WEATHERCHEM CORPORATION	2222 Highland Road Twinsburg, OH 44087
The Colormatrix Corporation	YOSHINO AMERICA CORPORATION	2500 Palmer Avenue University Park, IL 604663134
The Colormatrix Corporation	BLACKHAWK AUTOMOTIVE PLASTICS	500 North Warpole Street Upper Sandusky, OH 43351
The Colormatrix Corporation	ELECTRFORM INDUSTRIES	852 Scholz Drive Vandalia, OH 45377
The Colormatrix Corporation	COLORITE	700 Jewel Drive Waco, TX 76712
The Colormatrix Corporation	DENVER PLASTICS	2355 Aspen Street Wahoo, NE 68066
The Colormatrix Corporation	Dura Warehouse	525 South Lemon Avenue, Walnut, CA 91789
The Colormatrix Corporation	BERRY PLASTICS CORPORATION	199 Edison Road Washington, GA 30673

<u>Entity Name</u>	<u>Warehouseman or Bailee</u>	<u>Location</u>
The Colormatrix Corporation	1769 HAWTHORNE LANE	1769 Hawthorne Lane West Chicago, IL 60185
The Colormatrix Corporation	Qualtech Technologies, Inc	1685B Joseph Lloyd Parkway, Willoughby, OH 44094
The Colormatrix Corporation	WEENER PLASTICS	2201 Stantonsburg Road, Wilson, NC 27893
The Colormatrix Corporation	INFILTRATOR SYSTEMS INC.	1315 Enterprise Drive, Winchester, KY 40391
The Colormatrix Corporation	ROYAL GROUP TECHNOLOGIES	1 Royal Gate Boulevard, Woodbridge, Canada L4I 8Z7
The Colormatrix Corporation	ROYTEC VINYL SIDING	91 Royal Group Crescent, Wookdbridge, Canada L4H 1X9
The Colormatrix Corporation	MARK BULLOCK, EQUIP TEST & RESEARCH	2456 Monterey Wooster, OH 44691
The Colormatrix Corporation	GRAHAM PACKAGING	420 Emig Road York, PA 17406

Consignee

PolyOne Entities

<u>Entity Name</u>	<u>Consignee</u>	<u>Location</u>
PolyOne Corporation	Aetna Wire & Cable 1537 Air Rail Ave. Virginia Beach, VA 23455	1537 Air Rail Ave., Virginia Beach, VA
PolyOne Corporation	Schick Manufacturing Inc. (also listed as American Safety Razor Company) 240 Cedar Knolls Road Suite 401 Cedar Knolls, NJ 07927	Cd. Obregon, Sonora, Mexico
PolyOne Corporation	CommScope, Inc. of North Carolina 3642 Highway 70 East PO Box 879 Claremont, NC 28610-0879 Attention: Purchasing CommScope, Inc. of North Carolina 1100 CommScope Place SE Hickory, NC 28602 Attention: General Counsel	6519 CommScope Road, Catawba, NC 28609 & 3642 US HWY 70 East, Claremont, NC 28610

PolyOne Corporation	King Bros, Inc. 29101 The Old Road Valencia, CA 91355	29101 The Old Road, Valencia, CA 91355
PolyOne Corporation	Amesbury Group 105 Washington Street NW Cannon Falls, MN 55009-1150	Bandlock Corporation, 1734 Vineyard Ave., Ontario, CA
PolyOne Corporation	Amesbury Group Inc., Extruded Products Division 105 Washington Street West Cannon Falls, MN 55009	105 Washington Street West, Cannon Falls, MN 55009
PolyOne Corporation	NYX, Inc. – Levan 36667 Schoolcraft Road Livonia, MI 48150-1175	36667 Schoolcraft Road, Livonia, MI
PolyOne Corporation	OFS Fitel, LLC 10 Brightware Blvd. Carrollton, GA 30117	10 Brightwave Blvd., Carrollton, GA
PolyOne Canada Inc.	Prysmian Cables and Systems 425 rue St. Louis St.-Jean sur Richelieu Quebec, Canada J3B 1Y6	425 rue St-Louis, St-Jean-sur-Richelieu, Quebec, Canada J3B 1Y6
	Prysmian Cables and Systems 569 Hwy. 28 By-Pass Abbeville, SC 29620	569 Hwy 28 By-Pass, Abbeville, SC, USA 29620
PolyOne Canada Inc.	Nexans Canada Inc. 670 Gzowski Street Post Office Box 1203 Fergus, Ontario Canada N1W 2W9	670 Gzowski Street, Post Office Box 1203, Fergus, Ontario N1W 2W9
PolyOne Corporation	Superior Essex Communications LP 6120 Powers Ferry Road Atlanta, GA 30339 Attention: Michael D. George – Director of Procurement	6120 Powers Ferry Rd., Atlanta, GA 30339-2923
PolyOne Canada Inc.	Tarkett 1001 Yamaska Street East Franham, Quebec Canada J2N 1J7	1001 Yamaska Street East, Farnham, Quebec J2N 1J7
PolyOne Corporation	Whirlpool Corporation and Maytag Corporation 2000 M-63 Benton Harbor, MI 49022 Attention: Whirlpool Procurement Designated Supplier Lead	Findlay, OH

PolyOne Corporation	Rainin Instrument, LLC 7500 Edgewater DR Main Street Oakland, CA 94621 Attention: Larry Johnson	7500 Edgewater Dr., Oakland, CA
PolyOne Corporation	Nypro Inc. Sending document and letter to Emily.Sho@nypro.com	Nypro San Diego
PolyOne Canada Inc.	Plastiflex Canada, Inc. 595 Riddell Road Orangeville, Ontario Canada L9W 4Z5	595 Riddell Road, Orangeville, Ontario
PolyOne Corporation	J.W. Speaker Corporation N120 W19434 Freistadt Road Germantown, WI 53022	N120 W 19434 Freistadt Road Germantown, WI 53022
PolyOne Distribution Company (now known as PolyOne Corporation)	Genesis Plastic Technologies LLC 27200 Tinkers Ct. Glenwillow, OH 44139 Attention: Jim Mayor	27200 Tinkers Ct., Glenwillow, OH 44139
PolyOne Corporation	Sun Tech Industries 41958 Highway 2 Ravenna, NE 68869 Attention: Shannon Mackey	41958 Highway 2, Ravenna, NE 68869
PolyOne Corporation	David S. Smith (America), Inc. dba Worldwide Dispensers 78 Second Ave. South Lester Prairie, MN 55354 Attention: Jerre Kachmar	78 Second Ave South, Lester Prairie, MN 55354
PolyOne Corporation	Nypro Inc. Sending document and letter to Rhonda.main@nypro.com	Nypro Asheville
PolyOne Corporation	Stanley Black & Decker, Inc. 1000 Stanley Drive New Britain, CT 06053-1675	Stanley Works, 100 Stanley Road, Cheraw, SC 29502
PolyOne Distribution Company (now known as PolyOne Corporation)	Conimar Corporation 1724 N.E. 22 nd Ave. Ocala, FL 34770-4702 Attention: Audrea Allen-Purchasing Agent	N.E. 22 nd Ave., Ocala, FL 34770-4702
PolyOne Distribution Company (now known as PolyOne Corporation)	GW Plastics 239 Pleasant Street Bethel, VT 05032 Attention: Scott Perkins	239 Pleasant Street, Bethel, VT 05032

PolyOne Corporation	Belden 2200 US Highway 27 South Richmond, IN 47374	North West, N St., Richmond, IN 47374 1200 West Columbia Ave., Monticello, KY 42633
PolyOne Corporation	Panduit Corporation 18900 Panduit Drive Tinley Park, IL 60487-3091	18900 Panduit Drive Tinley Park, IL 60487-3091

ColorMatrix Entities

<u>Entity Name</u>	<u>Consignee</u>	<u>Location</u>
The Colormatrix Corporation	Prime Conduit	1776 East Beamer Street, Woodland, CA 95685
The Colormatrix Corporation	Prime Conduit	635 East Lawn Road Nazareth, PA 18064
The Colormatrix Corporation	Prime Conduit	6500 South Interpace Oklahoma City, OK 73135
The Colormatrix Corporation	Prime Conduit	1405 East Santa Fe Blvd. High Springs, FL 32643
The Colormatrix Corporation	Igloo Products Corp.	30603 Highway 90 Katy, TX 77494

SCHEDULE 4.28(b)
LOCATIONS OF INVENTORY AND EQUIPMENT

PolyOne Entities

U.S. Locations

Owned Locations

<u>Entity Name</u>	<u>Location</u>
PolyOne Corporation	552 Moore Road, Avon Lake, OH 44012
PolyOne Corporation	2400 E. Devon Avenue, Elk Grove Village, IL 60007
PolyOne Corporation	7601 North Glen Harbor Blvd., Glendale, AZ 85307
PolyOne Corporation	1546 County Rd 1450 North, Henry, IL 61537
PolyOne Corporation	8155 Cobb Center Drive, Kennesaw, GA 30152
PolyOne Corporation	2104 East 223 rd Street, Carson, CA 90745
PolyOne Corporation	1675 Navarre Rd, Massillon, OH 44646
PolyOne Corporation	733 East Water Street, North Baltimore, OH 45872
PolyOne Corporation	80 N. West Street, Norwalk, OH 44587
PolyOne Corporation	Route 130 and Porcupine Rd., Pedricktown, NJ 08067
PolyOne Corporation	2700 Papin Street, St. Louis, MO 63103
PolyOne Corporation	204 Industrial Park Drive, Sullivan, MO 63080
PolyOne Corporation	2900 Shawnee Industrial Way, Suwanee, GA 30024
PolyOne Corporation	1260 Carden Farm Drive, Clinton, TN 37716
PolyOne Corporation	4250 Bells Lane, Louisville, KY 40211
PolyOne Corporation	554 Moore Road, Avon Lake, OH
PolyOne Corporation	33587 Walker Road, Avon Lake OH 44012
PolyOne Corporation	4403A Pasadena Freeway – Hwy 225 W, Pasadena, TX 77503
PolyOne Corporation	4402 Pasadena Freeway, Pasadena, TX 77503
PolyOne Corporation	3100 North 35 th Street, Terre Haute, IN 47804
PolyOne Corporation	2513 Highland Avenue, Bethlehem, PA 18020
PolyOne Corporation	107 Jackson Street, Dyersburg, TN 38024
PolyOne Corporation	Highway 146, Seabrook, TX 77586
PolyOne Corporation	2104 East 223RD Street, Long Beach, CA 90745

Leased Locations

<u>Entity Name</u>	<u>Location</u>
PolyOne Corporation	1414 Lowell Street, Elyria, OH 44035
PolyOne Corporation	10100 Porter Road, LaPorte, TX 77571
PolyOne Corporation	3160 Neil Armstrong Dr., Eagan, MN 55121
PolyOne Corporation	7755 National Turnpike, Unit 130, Louisville, KY 40214
PolyOne Corporation	15 Corporate Drive, North Haven, CT 06473
PolyOne Corporation	114 Morehead Rd., Statesville, NC 28677
PolyOne Corporation	1610 Phillips Street, Dyersburg, TN 38024
PolyOne Corporation	11400-A Newport Drive, Rancho Cucamonga, CA 91730

Warehouse, Bailee and Consignee Locations

All locations listed on Schedule 4.28(a)

ColorMatrix Entities

Owned Locations

None.

Leased Locations

<u>Entity Name</u>	<u>Location</u>
The Colormatrix Corporation	680 North Rocky River Drive, Berea, Ohio 44017
The Colormatrix Corporation	7204 Burns Street, Richland Hills, TX 76118

Warehouse, Bailee and Consignee Locations

All locations listed on Schedule 4.28(a).

Schedule 5.1

Deliver to Agent, with copies to each Lender, each of the financial statements, reports, or other items set forth set forth below at the following times in form reasonably satisfactory to Agent:

Quarterly (as soon as available, but in any event within 45 days after the end of each of the first three fiscal quarters during each of Parent's fiscal years) so long as no Revolving Loans are outstanding, but prior to any borrowing under the Agreement, Agent shall have received such items monthly for the immediately preceding month if the request for such borrowing is more than 20 days after such month end, or for the month prior to such immediately preceding month, if the request for such borrowing is less than 20 days after such month end, and monthly (as soon as available, but in any event within 30 days after the end of each month during each of Parent's fiscal years (other than the last month of each fiscal quarter) at all times thereafter

as soon as available, but in any event within 90 days after the end of each of Parent's fiscal years

(a) a consolidated balance sheet of Parent and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal quarter and for the portion of Parent's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year (excluding comparisons to the financial statements of ColorMatrix Group, Inc. and its Subsidiaries for any fiscal year ending prior to 2012) and the corresponding portion of the previous fiscal year, all in reasonable detail, certified by the chief executive officer, chief financial officer, treasurer or controller of Parent as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of Parent and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes, and

(b) a Compliance Certificate.

(c) a consolidated balance sheet of Parent and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year (excluding comparisons to the financial statements of ColorMatrix Group, Inc. and its Subsidiaries for any fiscal year ending prior to 2012), all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit, and

(d) a Compliance Certificate.

as soon as available, but in any event within 60 days after the end of each of Parent's fiscal years,

as soon as available, but in any event within 30 days after the end of each of Parent's fiscal years,

if and when filed by Parent,

10 days prior written notice of:

promptly, but in any event within 2 Business Days after any Loan Party has knowledge of any event or condition that constitutes a Default or an Event of Default,

promptly after the commencement thereof, but in any event within 5 days after the service of process with respect thereto on Parent or any of its Subsidiaries,

promptly after the assertion or occurrence thereof,

(e) forecasts prepared by management of Parent, in form reasonably satisfactory to Agent, of consolidated balance sheets and statements of income or operations and cash flows of Parent and its Subsidiaries on a monthly basis for the immediately following fiscal year (including the fiscal year in which the Maturity Date occurs).

(f) a certificate summarizing the insurance coverage (specifying type, amount and carrier) in effect for each Loan Party and its Subsidiaries and containing such additional information as the Agent may reasonably specify.

(g) copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of Parent, and copies of all annual, regular, periodic and special reports and registration statements which Parent may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or with any national securities exchange, and in any case not otherwise required to be delivered to Agent pursuant hereto, and

(h) any other information that is provided by Parent to its shareholders generally.

Any change of the name of any Loan Party (within the meaning of the Code or PPSA, as applicable) or any jurisdiction of organization of each Loan Party at any time on and after the Closing Date.

(i) notice of such event or condition.

(j) notice of all actions, suits, or proceedings brought by or against Parent or any of its Subsidiaries before any Governmental Authority which reasonably could be expected to have a Material Adverse Effect.

(k) notice of any action or proceeding against or of any noncompliance by any Loan Party or any of its Subsidiaries with any Environmental Law or Environmental Permit that could (i) reasonably be expected to have a Material Adverse Effect or (ii) cause any property described in the Mortgages to be subject to any restrictions on ownership, occupancy, or transferability under any Environmental Law.

upon the request of Agent,
promptly with the delivery thereof

together with the delivery of each Compliance Certificate
pursuant to this Schedule 5.1.

- (l) any other information reasonably requested relating to the financial condition of Parent or its Subsidiaries.
- (m) any reports and other information delivered by Parent or its Subsidiaries under the Term Loan Agreement that are not routine;
- (n) copies of any statement or report furnished by Parent or its Subsidiaries, other than those related to routine administrative matters, to any holder of debt securities of any Loan Party or of any of its Subsidiaries pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to this Schedule 5.1.
- (o) a report supplementing Schedules 4.5(b), and 4.5(c), including an identification of all owned and leased real property disposed of by Parent or any Subsidiary thereof during such fiscal year, a description of changes in the information included in such Schedules as may be necessary for such Schedules to be accurate and complete.

Schedule 5.2

Provide Agent (and if so requested by Agent, with copies for each Lender) with each of the documents set forth below at the following times in form reasonably satisfactory to Agent:

Monthly, unless (i) either (A) Excess Availability is less than 15% of the Maximum Credit or (b) US Excess Availability is less than 12.5% of the Maximum Credit or (ii) a Default or an Event of Default has occurred and is continuing, then weekly

Monthly (no later than the 10th day of each month)

- (a) a US Borrowing Base Certificate and a Canadian Borrowing Base Certificate,
- (b) Inventory system/perpetual reports specifying the cost and the wholesale market value of each Borrower's and its Subsidiaries' Inventory, by category, with additional detail showing additions to and deletions therefrom (delivered electronically in an acceptable format, if Borrowers have implemented electronic reporting),
- (c) a detailed aging, by total, of each Borrower's Accounts, together with a reconciliation and supporting documentation for any reconciling items noted (delivered electronically in an acceptable format, if Borrowers have implemented electronic reporting),
- (d) a detailed calculation of those Accounts that are not eligible for the US Borrowing Base or Canadian Borrowing Base, if Borrowers have not implemented electronic reporting, (e) a detailed Inventory system/perpetual report together with a reconciliation to each Borrower's general ledger accounts (delivered electronically in an acceptable format, if Borrowers have implemented electronic reporting),
- (f) with respect to Inventory, such information with respect to the lower of cost or market as Agent may request,
- (g) a detailed calculation of Inventory categories that are not eligible for the US Borrowing Base or the Canadian Borrowing Base, if Borrowers have not implemented electronic reporting,
- (h) a summary aging, by vendor, of each Borrower's and its Subsidiaries' accounts payable and any book overdraft (delivered electronically in an acceptable format, if Borrowers have implemented electronic reporting) and an aging, by vendor, of any held checks,
- (i) a detailed report regarding each Borrower's and its Subsidiaries' cash and Cash Equivalents, including an indication of which amounts constitute Qualified Cash,
- (j) a detailed report identifying and calculating (i) Canadian PST

	(i.e. provincial sales tax) and Canadian GST (i.e. goods and service tax) and (ii) to the extent applicable, Canadian HST (i.e. harmonized sales tax), and
	(k) a monthly Account roll-forward, in a format acceptable to Agent in its discretion, tied to the beginning and ending account receivable balances of each Borrower's general ledger.
Monthly (no later than the 30th day of each month)	(l) a reconciliation of Accounts, trade accounts payable, and Inventory of each Borrower's general ledger accounts to its monthly financial statements including any book reserves related to each category.
Quarterly	(m) a report regarding each Borrower's and its Subsidiaries' accrued, but unpaid, VAT, and (n) a report setting forth the following information with respect to the operations in Canada: (i) number of employees in Canada broken down between sales people and non-sales people, (ii) accrued payroll expenses, (iii) accrued employee expenses, (iv) post-retirement healthcare benefits, (v) post-retirement employee benefits and (vi) other post-employee benefits.

SCHEDULE 5.16
POST-CLOSING DELIVERIES

1. No later than within sixty (60) days following the Closing Date, a Control Agreement, duly authorized, executed and delivered by each applicable Loan Party, the Term Loan Agent and each of the following depository banks: (a) Bank of America, (b) Mellon Bank, (c) PNC Bank, (d) Citibank, (e) Bank of Montreal and (f) Union Bank; in each case, solely with respect to the respective Pledged Deposit Accounts (as such term is defined in the Security Agreement) of the Loan Parties maintained at such banks.
2. No later than within thirty (30) days following the Closing Date, the Intercompany Subordination Agreement, duly authorized, executed and delivered by each Foreign Subsidiary of Parent.
3. No later than within thirty (30) days from the Closing Date, an Estoppel Certificate, in form and substance satisfactory to Agent, from Praxair Canada Inc. limiting the scope of the collateral described in the lease registration made in its favour at the Register of Personal and Movable Real Rights under number 10-0388782-0001.
4. No later than within ninety (90) days following the Closing Date, each of the following items related to real property:
 - (a) Evidence that counterparts of the Mortgages have been duly executed, acknowledged and delivered and are in form suitable for filing or recording in all filing or recording offices that the Agent may deem necessary or desirable in order to create a valid second and subsisting Lien on the property described therein in favor of the Agent for the benefit of the Lender Group and the Bank Product Providers and that all filing, documentary, stamp, intangible and recording taxes and fees have been paid (or have been delivered to the applicable title insurer for the payment at the time of recording),
 - (b) Fully paid American Land Title Association Lender's Extended Coverage title insurance policies (the "Mortgage Policies"), with endorsements and in amounts acceptable to the Agent, issued, coinsured and reinsured by title insurers reasonably acceptable to the Agent, insuring the Mortgages to be valid second and subsisting Liens on the property described therein, free and clear of all defects (including, but not limited to, mechanics' and materialmen's Liens) and encumbrances, excepting only Permitted Liens and matters acceptable to Agent in its sole discretion, and providing for such other affirmative insurance (including endorsements for future advances under the Loan Documents, for mechanics' and materialmen's Liens and for zoning of the applicable property, *provided* that a zoning report from Bock & Clark Corp. or another professional firm reasonably acceptable to the Agent may be delivered in lieu of such zoning endorsement) and such coinsurance and direct access reinsurance as the Agent may deem reasonably necessary or desirable,
 - (c) American Land Title Association/American Congress on Surveying and Mapping form surveys (each, an "ALTA Survey"), for which all necessary fees (where applicable) have been paid, and dated no more than 90 days after the Closing Date, certified to the Agent and the issuer of the Mortgage Policies in a manner satisfactory to the Agent and consistent with ALTA Survey requirements by a land surveyor

duly registered and licensed in the States in which the property described in such surveys is located and acceptable to the Agent, showing all buildings and other improvements, any off-site improvements that either materially affect the operation of the Mortgaged Property or encroach onto the Mortgaged Property, the location of any easements, parking spaces, rights of way, building set-back lines and other dimensional regulations and encroachments, either by such improvements or on to such property, and other defects, other than Permitted Liens and other defects acceptable to the Agent; *provided, however*, that notwithstanding the requirements set forth in this clause (c), historical ALTA Surveys previously delivered to the Agent for the below properties shall be deemed to comply with such requirements: (i) 8155 Cobb Center Drive, Kennesaw, GA; (ii) 2400 E Devon Avenue, Elk Grove Village, IL; (iii) 3100 North 35th Street, Terre Haute, IN; (iv) Route 130 & Porcupine Road, Pedricktown, New Jersey; (v) 80 Northwest Street, Norwalk, OH; (vi) 2513 Highland Avenue, Bethlehem, PA and (vii) Highway 146, Seabrook, TX.

(d) Evidence of the insurance required by the terms of the Mortgages, including, if applicable, a completed “Life-of-Loan” Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each Mortgaged Property located in the United States (and with respect to any such facility that is located within a special flood zone (i) a notice about special flood hazard area status and flood disaster assistance duly executed by the Parent and each applicable Loan Party relating thereto and (ii) evidence of insurance with respect to such facility as set forth in Section 5.6 and otherwise in form and substance reasonably satisfactory to the Agent),

(e) Opinions of local counsel for the Loan Parties (i) in states in which each Mortgage Property is located, with respect to the enforceability of the Mortgages and necessary requirements in order to perfect the Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Agent and (ii) in states in which each Loan Party party to a Mortgage is organized or formed, with respect to the valid existence, corporate power and authority of such Loan Party in granting the Mortgage, in form and substance reasonably satisfactory to the Agent,

(f) Evidence that all other action that the Agent may deem reasonably necessary or desirable in order to create valid second and subsisting Liens on the property described in the Mortgages has been taken, and

(g) Environmental assessment reports, each in scope, form and substance satisfactory to the Agent; *provided* that with respect to real properties listed on Schedule M-1 on the Closing Date, “Phase-I” reports shall be delivered solely with respect to Route 130 and Porcupine Rd., Pedricktown, NJ 08067; 1546 County Rd 1450 North, Henry, IL 61537; and 33587 Walker Road, Avon Lake, OH 44012 (and all other addresses constituting the Avon Lake campus).

SCHEDULE 6.7
CERTAIN CONTRACTUAL RESTRICTIONS

None.

Schedule of Executives with
Continuity Agreements

<u>Title</u>	<u>Name</u>	<u>YearsComp*</u>
Chairman, President and Chief Executive Officer	Stephen D. Newlin	3
Executive Vice President and Chief Financial Officer	Robert M. Patterson	3
Senior Vice President, President of Distribution	Kurt C. Schuering	1
Senior Vice President, Supply Chain and Operations	Thomas J. Kedrowski	3
Senior Vice President and Chief Information and Human Resources Officer	Kenneth M. Smith	3
Senior Vice President, Chief Commercial Officer	Michael E. Kahler	3
Senior Vice President, President of Performance Products and Solutions	Robert M. Rosenau	3
Senior Vice President, President of Europe and South America	Bernard P. Baert	2
Vice President, General Counsel and Secretary	Lisa K. Kunkle	3
Vice President, Mergers and Acquisitions	Joel Rathbun	1
Senior Vice President and President, Global Specialty Engineered Materials	Craig M. Nikrant	1
Senior Vice President and President, Global Specialty Color, Additives and Inks	John V. Van Hulle	1
Vice President, Innovation, Sustainability and Chief Innovation Officer	Cecil C. Chappelow	1
Vice President, Treasurer	Daniel O'Bryon	1
Vice President, Tax	Frank Vari	1
Vice President, Corporate Controller	Vincent W. Shemo	1
Vice President, Marketing	Julie McAlindon	1
Vice President, Planning and Investor Relations	Cynthia D. Tomasch	1
Vice President, Key Account Management	Mark Crist	1

* Years of compensation payable upon change of control.

**POLYONE CORPORATION
SUBSIDIARIES**

<u>NAME</u>	<u>FORMATION JURISDICTION</u>
1997 Chloralkali Venture, Inc.	Alabama
Altona Properties Pty Ltd. (37.4% owned)	Australia
Braspenco Industria de Compostos Plasticos Ltda.	Brazil
Chromatics, Inc.	Connecticut
Colorant Chromatics AB	Finland
Colorant Chromatics AG	Switzerland
Colorant Chromatics Trading Shanghai, Ltd.	China
Colorant GmbH	Germany
ColorMatrix Argentina S.A.	Argentina
ColorMatrix Asia Limited	Hong Kong
ColorMatrix-Brazil, LLC	Ohio
ColorMatrix do Brasil Indústria e Comércio de Pigmentos e Aditivos	Brazil
ColorMatrix Europe BV	Netherlands
ColorMatrix Europe Limited	United Kingdom
ColorMatrix Group, Inc.	Delaware
ColorMatrix Holdings, Inc.	Delaware
ColorMatrix Mexico S.A. de C.V.	Mexico
ColorMatrix Plastic Colorant (Suzhou) Co. Ltd.	China
ColorMatrix Russia LLC	Russia
ColorMatrix South America, Ltd.	British Virgin Islands
ColorMatrix UK Holdings Limited	United Kingdom
ColorMatrix UK Limited	United Kingdom
Conexus, Inc.	Nevada
Gayson Silicone Dispersions, Inc.	Ohio
Geon Development, Inc.	Ohio
GLS Hong Kong Limited	China
GLS International, Inc.	Illinois
GLS Thermoplastic Alloys (Suzhou) Co., Ltd	China
GLS Trading (Suzhou) Co., Ltd.	China
Hanna France SARL	France
Hollinger Development Company	Nevada
L. E. Carpenter & Company	Delaware
LP Holdings	Canada
M.A. Hanna Asia Holding Company	Delaware
M.A. Hanna Export Services Corp.	Barbados
M.A. Hanna Plastic Group, Inc.	Michigan
NEU Specialty Engineered Materials, LLC	Ohio
P.I. Europe CV	Netherlands
Polimeks Plastik San. ve Tic. A.S.	Turkey

Polymer Diagnostics, Inc.
 PolyOne Belgium S.A.
 PolyOne Canada Inc.
 PolyOne Color and Additives Germany, GmbH
 PolyOne Controladora SA de CV
 PolyOne CR s.r.o.
 PolyOne de Mexico S.A. de C.V.
 PolyOne Deutschland, GmbH
 PolyOne Espana, S.L.
 PolyOne Europe Logistics, S.A.
 PolyOne France S.A.S.
 PolyOne Funding Corporation
 PolyOne Funding Canada Corporation
 PolyOne Hong Kong Holding Ltd
 PolyOne Hungary, Ltd
 PolyOne International Financial Services Company
 PolyOne International Trading (Shanghai) Co., Ltd.
 PolyOne Italy, Srl
 PolyOne Japan K.K.
 PolyOne Korea, Ltd.
 PolyOne LLC
 PolyOne Luxembourg S.a.R.L.
 PolyOne Management International Holding, S.L.
 PolyOne Poland Manufacturing, Sp.z.o.o.
 PolyOne Polska, Sp.z.o.o.
 PolyOne Polymers India Pvt. Ltd
 PolyOne Shenzhen Co. Ltd.
 PolyOne Shanghai, China
 PolyOne Singapore, Ltd.
 PolyOne Suzhou, China
 PolyOne Sweden, AB
 PolyOne Termoplásticos do Brasil Ltda.
 PolyOne Th. Bergmann, GmbH
 PolyOne Tianjin, China
 PolyOne Vinyl Compounds Asia Holdings Limited
 PolyOne Vinyl Compounds Dongguan Co. Ltd.
 Seola Aps Holding
 Shanghai Colorant Chromatics Co., Ltd.
 Star Color Co. Ltd.
 Tekno Polimer Muhendislik Plastikleri San. ve Tic. A.S.
 Tekno Ticaret Muhendislik Plastikleri San. ve Tic. A.S.
 The ColorMatrix Corporation
 Uniplen Indústria de Polímeros Ltda.

Ohio
 Belgium
 Canada
 Germany
 Mexico
 Czech Republic
 Mexico
 Germany
 Spain
 Belgium
 France
 Delaware
 Canada
 Hong Kong
 Hungary
 Ireland
 China
 Italy
 Japan
 Korea
 Delaware
 Luxembourg
 Spain
 Poland
 Poland
 India
 China
 China
 Singapore
 China
 Sweden
 Brazil
 Germany
 China
 British Virgin Islands
 China
 Denmark
 China
 Thailand
 Turkey
 Turkey
 Ohio
 Brazil

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-166775) pertaining to the PolyOne Corporation 2010 Equity and Performance Incentive Plan;
- (2) Registration Statement (Form S-3 No. 333-162856) filed on November 4, 2009;
- (3) Registration Statement (Form S-8 No. 333-157486) pertaining to the PolyOne Retirement Savings Plan;
- (4) Registration Statement (Form S-8 No. 333-151057) pertaining to the PolyOne Corporation 2008 Equity and Performance Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-47796) pertaining to Post Effective Amendment No. 3 on Form S-8 to Form S-4 pertaining to the Geon Company 1993 Incentive Stock Plan, the Geon Company 1995 Incentive Stock Plan, the Geon Company 1998 Interim Stock Award Plan, the Geon Company 1999 Incentive Stock Plan, the PolyOne Corporation Deferred Compensation Plan for Non-Employee Directors and the M.A. Hanna Company Long-Term Incentive Plan,
- (6) Registration Statement (Form S-8 No. 333-141029) pertaining to the PolyOne Retirement Savings Plan and the DH Compounding Company Savings and Retirement Plan and Trust,
- (7) Registration Statement (Form S-8 No. 333-141028) pertaining to the M.A. Hanna Company Long-Term Incentive Plan,
- (8) Registration Statement (Form S-8 No. 333-128283) pertaining to the 2005 Equity and Performance Incentive Plan, and
- (9) Registration Statement (Form S-8 No. 333-48002) pertaining to the PolyOne Corporation 2000 Stock Incentive Plan;

of our reports dated February 17, 2012, with respect to the consolidated financial statements of PolyOne Corporation and to the effectiveness of internal control over financial reporting of PolyOne Corporation, included in this Annual Report (Form 10-K) of PolyOne Corporation for the year ended December 31, 2011.

/s/ ERNST & YOUNG LLP

Cleveland, Ohio
February 17, 2012

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form S-8 No. 333-166775) pertaining to the PolyOne Corporation 2010 Equity and Performance Incentive Plan;
- (2) Registration Statement (Form S-3 No. 333-162856) filed on November 4, 2009;
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- (4) Registration Statement (Form S-8 No. 333-151057) pertaining to the PolyOne Corporation 2008 Equity and Performance Incentive Plan,
- (5) Registration Statement (Form S-8 No. 333-47796) pertaining to Post Effective Amendment No. 3 on Form S-8 to Form S-4 pertaining to the Geon Company 1993 Incentive Stock Plan, the Geon Company 1995 Incentive Stock Plan, the Geon Company 1998 Interim Stock Award Plan, the Geon Company 1999 Incentive Stock Plan, the PolyOne Corporation Deferred Compensation Plan for Non-Employee Directors and the M.A. Hanna Company Long-Term Incentive Plan,
- (6) Registration Statement (Form S-8 No. 333-141029) pertaining to the PolyOne Retirement Savings Plan and the DH Compounding Company Savings and Retirement Plan and Trust,
- (7) Registration Statement (Form S-8 No. 333-141028) pertaining to the M.A. Hanna Company Long-Term Incentive Plan,
- (8) Registration Statement (Form S-8 No. 333-128283) pertaining to the 2005 Equity and Performance Incentive Plan, and
- (9) Registration Statement (Form S-8 No. 333-48002) pertaining to the PolyOne Corporation 2000 Stock Incentive Plan;

of our report dated May 3, 2011, with respect to the financial statements of SunBelt Chlor Alkali Partnership, included in the Annual Report (Form 10-K) of PolyOne Corporation for the year ended December 31, 2011.

/s/ ERNST & YOUNG LLP

Cleveland, Ohio
February 17, 2012

CERTIFICATION

I, Stephen D. Newlin, certify that:

1. I have reviewed this Annual Report on Form 10-K of PolyOne Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Stephen D. Newlin
 Stephen D. Newlin
 Chairman, President and Chief Executive Officer

February 17, 2012

POLYONE CORPORATION

CERTIFICATION

I, Robert M. Patterson, certify that:

1. I have reviewed this Annual Report on Form 10-K of PolyOne Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Robert M. Patterson

Robert M. Patterson
Executive Vice President and Chief Financial Officer

February 17, 2012

POLYONE CORPORATION

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of PolyOne Corporation (the "Company") for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen D. Newlin, Chairman, President and Chief Executive Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Stephen D. Newlin

Stephen D. Newlin
Chairman, President and Chief Executive Officer

February 17, 2012

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

POLYONE CORPORATION

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 10-K of PolyOne Corporation (the "Company") for the year ended December 31, 2011, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Robert M. Patterson, Executive Vice President and Chief Financial Officer of the Company, do hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ Robert M. Patterson

Robert M. Patterson
Executive Vice President and Chief Financial Officer

February 17, 2012

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

POLYONE CORPORATION

AUDITED FINANCIAL STATEMENTS

SunBelt Chlor Alkali Partnership
For the Two Months Ended February 28, 2011 and
Years Ended December 31, 2010 and 2009
With Report of Independent Auditors

SunBelt Chlor Alkali Partnership

Audited Financial Statements

For the Two Months Ended February 28, 2011 and
the Years Ended December 31, 2010 and 2009

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Report of Independent Auditors

The Partners
SunBelt Chlor Alkali Partnership

We have audited the accompanying balance sheets of SunBelt Chlor Alkali Partnership as of February 28, 2011 and December 31, 2010, and the related statements of income, partners' capital and cash flows for the two months ended February 28, 2011 and for each of the two years in the period ended December 31, 2010. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SunBelt Chlor Alkali Partnership at February 28, 2011 and December 31, 2010, and the results of its operations and its cash flows for the two months ended February 28, 2011 and for each of the two years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Cleveland, Ohio
May 3, 2011

SunBelt Chlor Alkali Partnership

Balance Sheets

	February 28, 2011	December 31, 2010
Assets		
Current assets:		
Cash	\$ 2,693	\$ 1,000
Marketable securities	8,941,923	—
Receivable from OxyVinyls, LP	7,092,320	4,902,240
Receivables from partners	16,786,212	12,427,474
Inventories	2,255,767	2,741,214
Prepaid expenses and other current assets	909,994	1,109,384
Total current assets	35,988,909	21,181,312
Property, plant and equipment, net	75,719,069	78,103,299
Deferred financing costs, net	547,677	561,035
Total assets	<u>\$ 112,255,655</u>	<u>\$ 99,845,646</u>
Liabilities and partners' capital		
Current liabilities:		
Amounts payable to partners	\$ 8,957,566	\$ 9,124,623
Accrued interest	1,028,016	—
Current portion of long-term debt	12,187,500	12,187,500
Total current liabilities	22,173,082	21,312,123
Long-term debt	73,125,000	73,125,000
Partners' capital	16,957,573	5,408,523
Total liabilities and partners' capital	<u>\$ 112,255,655</u>	<u>\$ 99,845,646</u>

See accompanying notes.

SunBelt Chlor Alkali Partnership

Income Statements

	Two Months Ended February 28, 2011	Year Ended December 31	
		2010	2009
Revenues	\$ 30,469,118	\$ 157,281,096	\$ 167,442,320
Operating costs and expenses:			
Cost of sales	13,233,988	78,349,655	71,292,948
Depreciation	2,661,170	16,118,320	16,186,747
Loss on disposal of assets	—	115,816	397,166
Administrative and general expenses	1,934,303	11,544,676	11,906,084
	<u>17,829,461</u>	<u>106,128,467</u>	<u>99,782,945</u>
Operating income	12,639,657	51,152,629	67,659,375
Other income	—	2,500,000	—
Interest expense, net	<u>(1,040,607)</u>	<u>(7,112,901)</u>	<u>(7,966,219)</u>
Income before taxes	11,599,050	46,539,728	59,693,156
State income tax expense	<u>(50,000)</u>	<u>(387,472)</u>	<u>(315,000)</u>
Net income	<u>\$ 11,549,050</u>	<u>\$ 46,152,256</u>	<u>\$ 59,378,156</u>

See accompanying notes.

SunBelt Chlor Alkali Partnership
Statements of Changes in Partners' Capital

	Partners		Total
	Olin SunBelt	1997 Venture, Inc.	
Balance at December 31, 2008	\$ 6,482,735	\$ 6,482,735	\$ 12,965,471
Cash distributions to partners	(34,410,291)	(34,410,291)	(68,820,582)
Net income	29,689,078	29,689,078	59,378,156
Balance at December 31, 2009	1,761,522	1,761,522	3,523,045
Cash distributions to partners	(22,133,389)	(22,133,389)	(44,266,778)
Net income	23,076,128	23,076,128	46,152,256
Balance at December 31, 2010	2,704,261	2,704,261	5,408,523
Net income	5,774,525	5,774,525	11,549,050
Balance at February 28, 2011	<u>\$ 8,478,786</u>	<u>\$ 8,478,786</u>	<u>\$ 16,957,573</u>

See accompanying notes.

SunBelt Chlor Alkali Partnership

Statements of Cash Flows

	Two Months Ended February 28,	Year Ended December 31	
	2011	2010	2009
Operating activities			
Net income	\$ 11,549,050	\$ 46,152,256	\$ 59,378,156
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	2,661,170	16,118,320	16,186,747
Amortization	13,358	80,148	80,148
Loss on disposal of assets	—	113,590	397,166
Changes in assets and liabilities:			
Receivables from Oxy Vinyls	(2,190,080)	965,717	(3,725,727)
Receivables from partners	(4,358,738)	(5,575,309)	10,499,451
Inventories	485,447	(545,987)	(390,627)
Amounts payable to partners	(167,057)	(101,508)	1,759,301
Accrued interest on long-term debt	1,028,016	—	—
Prepaid expenses and other	224,123	90,377	(84,018)
Net cash provided by operating activities	9,245,289	57,297,604	84,100,597
Investing activities			
Purchases of property, plant and equipment	(301,673)	(858,963)	(3,103,973)
Purchases of marketable securities	(8,941,923)	(15,715,135)	—
Proceeds from maturity of marketable securities	—	15,730,000	—
Net cash used by investing activities	(9,243,596)	(844,098)	(3,103,973)
Financing activities			
Cash distributions to partners	—	(44,266,778)	(68,820,582)
Principal payments on long-term debt	—	(12,187,500)	(12,187,500)
Net cash used by financing activities	—	(56,454,278)	(81,008,082)
Net increase (decrease) in cash	1,693	(772)	(11,458)
Cash at beginning of year	1,000	1,772	13,230
Cash and cash equivalents at end of period	<u>\$ 2,693</u>	<u>\$ 1,000</u>	<u>\$ 1,772</u>

See accompanying notes.

SunBelt Chlor Alkali Partnership

Notes to Financial Statements

For the Two Months Ended February 28, 2011 and
Years Ended December 31, 2010 and 2009

1. Organization

SunBelt Chlor Alkali Partnership (the Partnership) was formed on August 23, 1996, under a Partnership Agreement, between 1997 Chlor Alkali Venture, Inc. and Olin SunBelt Inc. (the Partners). 1997 Chlor Alkali Venture, Inc. is a wholly owned subsidiary of PolyOne Corporation and Olin SunBelt Inc. is a wholly owned subsidiary of the Olin Corporation. Each of the Partners has a 50% interest in the Partnership. The Partnership Agreement provides that the capital investment of the Partners will be maintained and the Partnership's income or loss will be allocated to the Partners based on their ownership interest percentages.

The Partnership was formed for the purpose of construction and operation of a Chlor-Alkali facility. The facility, which is located in McIntosh, Alabama produces chlorine, caustic soda and hydrogen.

On February 28, 2011, PolyOne Corporation sold its 50% interest in the Partnership to Olin Corporation.

2. Significant Accounting Policies

Cash and Cash Equivalents

The Partnership considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents held by the Partnership as of February 28, 2011 and December 31, 2010.

Marketable Securities

Marketable securities are composed of available-for-sale securities and are reported at fair value, based on quoted prices in active markets. During 2011, the Partnership purchased two U.S. Treasury bonds for \$8,941,923. During 2010, the Partnership purchased a U.S. Treasury bond for \$15,715,135 and proceeds in the amount of \$15,730,000 were received upon maturity, resulting in a realized gain of \$14,865 as of December 31, 2010.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)**Property, Plant and Equipment and Depreciation**

Property, plant and equipment are carried at cost. Major renewals and betterments are capitalized. Maintenance and repair expenditures which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation for all plant and equipment is computed using the straight-line method over their estimated useful lives. The ranges of estimated useful lives are as follows:

Land improvements	20 years
Buildings	20 years
Machinery and equipment	5–20 years

Long-lived assets are assessed for impairment when operating profits for the related business or a significant change in the use of an asset indicate that their carrying value may not be recoverable.

Deferred Financing Costs

Costs incurred by the Partnership in obtaining its long-term debt are deferred and amortized over the term of the debt.

Financial Instruments

The carrying values of cash, accounts receivable and accounts payable approximate fair value due to the short-term maturities of these instruments. The fair value of our long-term debt was estimated based on current market rates for debt of similar risk and maturities. At February 28, 2011 and December 31, 2010, the estimated fair value of debt was approximately \$89,200,000 and \$88,000,000, which compares to debt recorded on the balance sheet of \$85,312,500 at February 28, 2011 and December 31, 2010.

Revenue Recognition

The Partnership recognizes revenues upon passage of title which is based on shipping terms.

Notes to Financial Statements (continued)

2. Significant Accounting Policies (continued)

Shipping and Handling Costs

Shipping and handling costs are reflected in costs of sales.

Income Taxes

No provision is made for income taxes other than the Texas state gross margin tax as the Partnership's results of operations are includable in the tax returns of the Partners. The Partnership did not pay taxes during the two months ended February 28, 2011 and paid taxes of \$324,472 and \$317,193 for the years ended December 31, 2010 and 2009, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Risks and Uncertainties

Since the Partnership's major products are commodities, significant changes in the prices of chemical products could have a significant impact on the results of operations for any particular period. The Partnership had one major chlorine customer, OxyVinyls LP, during the periods presented, which accounted for 45%, 47% and 38% of total revenues for the two month period ended February 28, 2011 and for the years ended December 31, 2010 and 2009, respectively.

Subsequent Events

The Company has evaluated subsequent events through May 3, 2011, which is the date the financial statements were available to be issued, and it has concluded there were no subsequent events that required recognition or disclosure.

SunBelt Chlor Alkali Partnership
Notes to Financial Statements (continued)

3. Inventories

Inventories are comprised as follows:

	February 28, 2011	December 31, 2010
Finished goods	\$1,251,376	\$1,744,944
Production parts	1,004,391	996,270
	<u>\$2,255,767</u>	<u>\$2,741,214</u>

4. Property, Plant and Equipment, net

Property, plant and equipment, net are comprised as follows:

	February 28, 2011	December 31, 2010
Land and land improvements	\$ 4,862,826	\$ 4,862,826
Building	4,084,254	4,084,254
Machinery and equipment	239,557,527	239,638,514
Construction-in-process	1,056,885	755,208
	<u>249,561,492</u>	<u>249,340,802</u>
Less allowance for depreciation	173,842,423	171,237,503
	<u>\$ 75,719,069</u>	<u>\$ 78,103,299</u>

Notes to Financial Statements (continued)

5. Transactions With Affiliates

The Partnership has various management service agreements, dated August 23, 1996, with the Olin Corporation. These agreements, which include compensation for managing the facility, an asset utilization fee, a fleet fee and a distribution fee, have terms from five to ten years with five year price adjustment renewals. Charges for these services were \$1,464,296, \$8,960,571 and \$8,412,847 for the two months ended February 28, 2011 and for the year ended December 31, 2010 and 2009, respectively, and are included in administrative and general expenses in the income statements.

The Partnership's cash policy prohibits distributions to the Partners until the cash balance is sufficient to cover both the debt principal payments and interest expense for the year. The Partnership made no distributions to the Partners during the two months ended February 28, 2011. For the years ended December 31, 2010 and 2009, the Partnership made distributions to the Partners totaling \$44,266,778 and \$68,820,582, respectively.

In accordance with the Partnership Operating Agreement, the majority of chlorine produced by the Partnership is sold to OxyVinyls LP. The remaining chlorine and all of the caustic soda produced by the Partnership is marketed and distributed by the Olin Corporation.

SunBelt Chlor Alkali Partnership
Notes to Financial Statements (continued)

6. Long-Term Debt

On December 23, 1997, the Partnership borrowed \$195,000,000 in a private placement of debt. The debt is secured by the property, plant, equipment and inventory of the Partnership. The term of the loan is 20 years at an interest rate of 7.23%. The first principal payment of \$12,187,500 was paid on December 22, 2002, with equal annual payments due through December 22, 2017. Interest is payable semi-annually in arrears on June 22 and December 22. No interest payments were made during the two months ended February 28, 2011. For the years ended December 31, 2010 and 2009, interest payments totaled \$7,049,250 and \$7,930,406, respectively. Through February 28, 2011, the debt was guaranteed by the Partners. As of February 28, 2011, Olin assumed PolyOne's guarantee. Until the guarantee is formally assigned to Olin, PolyOne remains obligated under the guarantee, although Olin has agreed to indemnify PolyOne for amounts that PolyOne may be obligated to pay under the guarantee.

7. Leases

The Partnership has operating leases for certain property, machinery and equipment. At February 28, 2011, future minimum lease payments under noncancelable operating leases are as follows:

2011	\$1,758,630
2012	2,107,826
2013	2,107,826
2014	1,840,451
2015	1,600,462
Thereafter	124,479
Total minimum future lease payments	<u>\$9,539,675</u>

Rent expense was \$349,196, \$2,060,414 and \$1,879,007 for the two months ended February 28, 2011 and for the years ended December 31, 2010 and 2009, respectively.

Notes to Financial Statements (continued)

8. Commitments and Contingencies

The Partnership is subject to legal proceedings and claims that arise in the ordinary course of its business. Management evaluates each claim and provides for any potential loss when the loss is probable and reasonably estimable. In the opinion of management, the ultimate liability with respect to these actions will not materially affect the financial condition, results of operations, or cash flows of the Partnership.

Hurricane Ike caused a business interruption related to the Partnership's operations from September 17, 2008 to October 1, 2008. The Partnership maintains business interruption insurance to partially mitigate any losses incurred. The Partnership recognizes insurance recoveries in the period they are realized. In June 2010, the Partnership received \$2,500,000 in business interruption proceeds relating to Hurricane Ike, which was recorded as other income on the income statement for the year ended December 31, 2010.