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

FORM 10-Q

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2018

☐ **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	**34-1730488**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
33587 Walker Road, Avon Lake, Ohio	**44012**
(Address of principal executive offices)	*(Zip Code)*

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

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

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 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 (§ 232.405 of this chapter) 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of the registrant's outstanding common shares, $0.01 par value, as of June 30, 2018 was 79,941,483.

Part I — Financial Information

Item 1. Financial Statements

PolyOne Corporation
Condensed Consolidated Statements of Income (Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Sales	$ 914.8	$ 814.1	$ 1,816.4	$ 1,610.8
Cost of sales	718.3	626.2	1,421.4	1,240.7
Gross margin	196.5	187.9	395.0	370.1
Selling and administrative expense	119.1	109.9	238.8	210.1
Operating income	77.4	78.0	156.2	160.0
Interest expense, net	(16.1)	(15.2)	(31.6)	(29.8)
Debt extinguishment costs	(0.1)	—	(0.1)	(0.3)
Other income, net	0.4	0.6	1.5	1.5
Income from continuing operations before income taxes	61.6	63.4	126.0	131.4
Income tax expense	(10.1)	(13.8)	(26.8)	(33.5)
Net income from continuing operations	51.5	49.6	99.2	97.9
Loss from discontinued operations, net of income taxes	(0.3)	(231.0)	(1.1)	(232.4)
Net income (loss)	$ 51.2	$ (181.4)	$ 98.1	$ (134.5)
Net loss attributable to noncontrolling interests	0.1	—	0.1	—
Net income (loss) attributable to PolyOne common shareholders	$ 51.3	$ (181.4)	$ 98.2	$ (134.5)
Earnings (loss) per common share attributable to PolyOne common shareholders - Basic:				
Continuing operations	$ 0.65	$ 0.61	$ 1.24	$ 1.20
Discontinued operations	(0.01)	(2.83)	(0.02)	(2.84)
Total	$ 0.64	$ (2.22)	$ 1.22	$ (1.64)
Earnings (loss) per common share attributable to PolyOne common shareholders - Diluted:				
Continuing operations	$ 0.64	$ 0.60	$ 1.23	$ 1.19
Discontinued operations	(0.01)	(2.80)	(0.02)	(2.82)
Total	$ 0.63	$ (2.20)	$ 1.21	$ (1.63)
Weighted-average shares used to compute earnings per common share:				
Basic	79.9	81.8	80.2	81.9
Plus dilutive impact of share-based compensation	0.9	0.7	0.8	0.7
Diluted	80.8	82.5	81.0	82.6
Anti-dilutive shares not included in diluted common shares outstanding	—	—	0.1	0.1
Cash dividends declared per share of common stock	$ 0.175	$ 0.135	$ 0.350	$ 0.270

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

PolyOne Corporation
Consolidated Statements of Comprehensive Income (Unaudited)
(In millions)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net income (loss)	$ 51.2	$ (181.4)	$ 98.1	$ (134.5)
Other comprehensive income (loss)				
Translation adjustments	(26.8)	13.0	(16.2)	19.4
Other	—	(0.2)	—	(0.1)
Total comprehensive income (loss)	24.4	(168.6)	81.9	(115.2)
Comprehensive loss attributable to noncontrolling interests	0.1	—	0.1	—
Comprehensive income (loss) attributable to PolyOne common shareholders	$ 24.5	$ (168.6)	$ 82.0	$ (115.2)

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

PolyOne Corporation
Condensed Consolidated Balance Sheets
(In millions)

	(Unaudited) June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 158.6	$ 243.6
Accounts receivable, net	490.0	392.4
Inventories, net	321.0	327.8
Other current assets	67.6	102.8
Total current assets	1,037.2	1,066.6
Property, net	486.3	461.6
Goodwill	651.6	610.5
Intangible assets, net	437.0	400.0
Other non-current assets	156.4	166.6
Total assets	$ 2,768.5	$ 2,705.3
Liabilities and Equity		
Current liabilities:		
Short-term and current portion of long-term debt	$ 34.6	$ 32.6
Accounts payable	427.5	388.9
Accrued expenses and other current liabilities	126.7	149.1
Total current liabilities	588.8	570.6
Non-current liabilities:		
Long-term debt	1,296.6	1,276.4
Pension and other post-retirement benefits	60.9	62.3
Other non-current liabilities	227.5	196.6
Total non-current liabilities	1,585.0	1,535.3
Equity:		
PolyOne shareholders’ equity	593.9	598.5
Noncontrolling interests	0.8	0.9
Total equity	594.7	599.4
Total liabilities and equity	$ 2,768.5	$ 2,705.3

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

PolyOne Corporation
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In millions)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating Activities		
Net income (loss)	$ 98.1	$ (134.5)
Adjustments to reconcile net income to net cash used by operating activities:		
Loss from classification to held for sale, net of tax	—	229.3
Depreciation and amortization	45.0	52.6
Accelerated depreciation and fixed asset charges associated with restructuring activities	—	0.9
Gain from sale of closed facilities	—	(3.1)
Debt extinguishment costs	0.1	0.3
Share-based compensation expense	5.5	5.7
Change in assets and liabilities, net of the effect of acquisitions:		
Increase in accounts receivable	(87.0)	(98.5)
Decrease (increase) in inventories	15.5	(17.8)
Increase in accounts payable	34.0	39.5
Decrease in pension and other post-retirement benefits	(5.0)	(6.7)
Increase (decrease) in accrued expenses and other assets and liabilities - net	2.7	(24.0)
Net cash provided by operating activities	108.9	43.7
Investing Activities		
Capital expenditures	(31.5)	(34.1)
Business acquisitions, net of cash acquired	(98.6)	(137.9)
Sale of and proceeds from other assets	—	9.8
Net cash used by investing activities	(130.1)	(162.2)
Financing Activities		
Borrowings under credit facilities	552.8	699.6
Repayments under credit facilities	(535.9)	(555.0)
Purchase of common shares for treasury	(45.3)	(34.3)
Cash dividends paid	(28.2)	(22.2)
Repayment of long-term debt	(3.3)	(3.3)
Payments of withholding tax on share awards	(2.4)	(2.7)
Debt financing costs	(0.5)	(1.9)
Net cash (used) provided by financing activities	(62.8)	80.2
Effect of exchange rate changes on cash	(1.0)	2.7
Decrease in cash and cash equivalents	(85.0)	(35.6)
Cash and cash equivalents at beginning of period	243.6	226.7
Cash and cash equivalents at end of period	$ 158.6	$ 191.1

See Accompanying Notes to the Unaudited Condensed Consolidated Financial Statements.

Note 1 — BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Form 10-Q instructions and in the opinion of management contain all adjustments, including those that are normal, recurring and necessary to present fairly the financial position, results of operations and cash flows for the periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. These interim financial statements should be read in conjunction with the financial statements and accompanying notes included in the annual report on Form 10-K for the year ended December 31, 2017 of PolyOne Corporation. When used in this quarterly report on Form 10-Q, the terms “we,” “us,” “our,” “PolyOne” and the “Company” mean PolyOne Corporation and its consolidated subsidiaries.

Operating results for the three and six months ended June 30, 2018 are not necessarily indicative of the results that may be attained in subsequent periods or for the year ending December 31, 2018.

Accounting Standards Adopted

On January 1, 2018, the Company adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* and all related amendments (the Standard), for all contracts using the modified retrospective method. The Standard implements a five-step process for revenue recognition that focuses on transfer of control and defines a contract as “an agreement between two or more parties that creates legally enforceable rights and obligations." The adoption of the Standard did not significantly impact the timing and measurement of revenue recognition. Additionally, we concluded that the methodology for which we historically estimated and recognized variable consideration (e.g. rebates) is consistent with the requirements of the Standard. As a result, we did not recognize a cumulative effect adjustment to the opening balance of retained earnings.

At contract inception, PolyOne assesses the goods and services promised to a customer and identifies a performance obligation for each promised good or service that is distinct. Our contracts, generally in the form of purchase orders or written contracts, specify the product or service that is promised to the customer. The typical contract life is less than 12 months and contains only one performance obligation, to provide conforming goods or services to the customer. Revenue is recognized at the point in time when control of the product is transferred to the customer, which typically occurs when products are shipped from our facilities with the exception of certain contract manufacturing arrangements.

Within the Performance Products & Solutions (PP&S) segment, there are certain contract manufacturing arrangements where PolyOne charges the customer a conversion fee for processing raw materials that are owned and controlled by the customer. PolyOne will recognize revenue for these contract manufacturing arrangements over time, as we convert customer owned material, and have elected the “right to invoice” practical expedient available within ASC 606-10-55-18 as our measure of progress. Order fulfillment cycles are short and at any given time we have a right to payment from a customer in an amount that corresponds directly with the value of our performance completed to-date.

The revenue streams within the Company are consistent with those disclosed for our reportable segments, within Note 9, *Segment Information*. For descriptions of our product offerings and segments see Note 14, *Segment Information* in our annual report on Form 10-K for the year ended December 31, 2017. We offer more than 35,000 polymer solutions to over 10,000 customers across the world. No customer accounts for more than 3% of our consolidated revenues and we do not have a high concentration of business in one particular end market.

In October 2016, the FASB issued Accounting Standards Update (ASU) 2016-16, Income Taxes (Topic 740), *Intra-Entity Transfers of Assets Other than Inventory* (ASU 2016-16), which requires companies to recognize the income tax effects of intercompany sales or transfers of assets, other than inventory, in the income statement as income tax expense or benefit in the period the sale or transfer occurs. We recognized an adjustment of $17.0 million to beginning retained earnings upon adoption of this standard on January 1, 2018 from transactions completed as of December 31, 2017.

In March 2017, the FASB issued ASU 2017-07, *Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* (ASU 2017-07). This standard requires the presentation of the service cost component of the net periodic benefit cost in the same income statement line item as other employee compensation costs arising from services rendered during the period. All other components of net periodic benefit cost must be presented below operating income. The Company has adopted ASU 2017-07 as of January 1, 2018.

ASU 2017-07 provides a practical expedient to utilize previously disclosed components of net periodic benefit costs as an estimate for retrospective presentation. Utilizing this practical expedient, the Company reclassified non-service components of net periodic benefit cost from *Cost of sales* and *Selling and administrative expense* into *Other income, net* on the Condensed Consolidated Statements of Income. The adoption of ASU 2017-07 resulted in $1.5 million and $2.0 million for the three months ended June 30, 2018 and 2017, respectively, and $2.9 million and $4.0 million for the six months ended June 30, 2018 and 2017, respectively, of the non-service components of net periodic benefit gain presented in *Other income, net*. For additional detail on the components of our annual net periodic benefit cost, please see Note 10, *Employee Benefit Plans* in our annual report on Form 10-K for the year ended December 31, 2017.

Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02), which requires a lessee to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with a lease term of more than twelve months. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement and presentation of expenses and cash flows arising from a lease. The Company will adopt ASU 2016-02 on January 1, 2019. The implementation team is analyzing our current lease portfolio and assessing the transition method, available practical expedients and the impact this standard will have on our Consolidated Financial Statements as well as future disclosure requirements.

Note 2 — BUSINESS COMBINATIONS

On January 2, 2018, the Company acquired the outstanding shares of IQAP Masterbatch Group S.L. (IQAP) for $73.0 million, net of cash acquired. IQAP is an innovative provider of specialty colorants and additives based in Spain with customers primarily throughout Europe. The IQAP results are reported in the Color, Additives and Inks segment. The preliminary purchase price allocation resulted in intangible assets of $31.9 million, goodwill of $24.5 million, property, plant and equipment of $24.1 million, other liabilities of $20.8 million and net working capital of $13.3 million. Goodwill is not deductible for tax purposes. The intangible assets that have been acquired are being amortized over a period of 13 to 20 years. IQAP's sales included in the three and six months ended June 30, 2018 results were $16.2 million and $33.0 million, respectively.

On May 31, 2018, the Company acquired the outstanding shares of PlastiComp, Inc. (PlastiComp) for total consideration of $44.3 million, inclusive of contingent earn-out consideration that will be finalized two years from the date of acquisition. PlastiComp specializes in long-fiber reinforced thermoplastics and its results are reported in the Specialty Engineered Materials segment. The preliminary purchase price allocation resulted in intangible assets of $18.9 million and goodwill of $17.5 million. Goodwill is not deductible for tax purposes. The intangible assets that have been acquired are being amortized over a period of 15 to 18 years.

Note 3 — DISCONTINUED OPERATIONS

On July 19, 2017, PolyOne divested its Designed Structures and Solutions segment (DSS) to an affiliate of Arsenal Capital Partners for $115.0 million cash. The sale resulted in the recognition of an after-tax loss of $228.8 million that was primarily recognized during the second quarter of 2017.

The following table summarizes the discontinued operations associated with DSS for the three and six months ended June 30, 2018 and 2017, which is reflected within the *Loss from discontinued operations, net of income taxes* line of the Condensed Consolidated Statements of Income.

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Sales	$ —	$ 104.2	$ —	$ 206.3
Loss on sale	$ (0.4)	$ (295.9)	$ (1.5)	$ (295.9)
Loss from operations	—	(3.0)	—	(5.3)
Loss before taxes	(0.4)	(298.9)	(1.5)	(301.2)
Income tax benefit	0.1	67.9	0.4	68.8
Loss from discontinued operations, net of taxes	$ (0.3)	$ (231.0)	$ (1.1)	$ (232.4)

Note 4 — GOODWILL AND INTANGIBLE ASSETS

Goodwill as of June 30, 2018 and December 31, 2017 and changes in the carrying amount of goodwill by segment were as follows:

(In millions)	Specialty Engineered Materials	Color, Additives and Inks	Performance Products and Solutions	PolyOne Distribution	Total
Balance December 31, 2017	$ 173.2	$ 424.5	$ 11.2	$ 1.6	$ 610.5
Acquisition of businesses	17.5	25.1	—	—	42.6
Currency translation and other adjustments	(0.5)	(1.0)	—	—	(1.5)
Balance June 30, 2018	$ 190.2	$ 448.6	$ 11.2	$ 1.6	$ 651.6

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

(In millions)	As of June 30, 2018 Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	$ 278.4	$ (68.2)	$ (0.4)	$ 209.8
Patents, technology and other	187.9	(60.5)	(0.5)	126.9
Indefinite-lived trade names	100.3	—	—	100.3
Total	$ 566.6	$ (128.7)	$ (0.9)	$ 437.0

(In millions)	As of December 31, 2017 Acquisition Cost	Accumulated Amortization	Currency Translation	Net
Customer relationships	$ 257.3	$ (61.5)	$ 0.1	$ 195.9
Patents, technology and other	158.2	(54.4)	—	103.8
Indefinite-lived trade names	100.3	—	—	100.3
Total	$ 515.8	$ (115.9)	$ 0.1	$ 400.0

Note 5 — INVENTORIES, NET

Components of *Inventories, net* are as follows:

(In millions)	June 30, 2018	December 31, 2017
Finished products	$ 186.6	$ 203.3
Work in process	6.5	5.1
Raw materials and supplies	127.9	119.4
Inventories, net	$ 321.0	$ 327.8

Note 6 — PROPERTY, NET

Components of *Property, net* are as follows:

(In millions)	June 30, 2018	December 31, 2017
Land and land improvements [(1)]	$ 47.5	$ 40.7
Buildings [(2)]	315.6	303.5
Machinery and equipment	1,069.1	1,038.0
Property, gross	1,432.2	1,382.2
Less accumulated depreciation and amortization	(945.9)	(920.6)
Property, net	$ 486.3	$ 461.6

(1) Land and land improvements include properties under capital leases of $1.7 million as of June 30, 2018 and December 31, 2017.
(2) Buildings include properties under capital leases of $16.5 million as of June 30, 2018 and December 31, 2017.

Note 7 — INCOME TAXES

The Tax Cuts and Jobs Act (TCJA) was enacted on December 22, 2017. Among other things, effective in 2018, the TCJA reduces the U.S. federal corporate tax rate from 35% to 21%, exempts from U.S. federal income taxation dividends from certain foreign corporations to their U.S. shareholders, eliminates or reduces the effect of various federal tax deductions and creates new taxes on certain outbound payments and future foreign earnings generated after 2017. The TCJA also requires U.S. companies to pay a one-time transition tax on earnings of foreign corporate subsidiaries that are at least ten-percent owned by such U.S. companies and that were previously deferred from U.S. taxation.

We have not completed our accounting for the tax effects of the enactment of the TCJA; however, in compliance with the SEC's amendment to Staff Accounting Bulletin (SAB) 118 (issued December 22, 2017), we have made a reasonable estimate of the effects on our existing deferred income tax balances and the one-time transition tax, which was included as a component of income tax expense from continuing operations for the year ending December 31, 2017. We have made a measurement period adjustment related to an opportunity resulting from the enactment of the TCJA. This adjustment resulted in a favorable impact to our rate during the respective three and six months ended June 30, 2018. Once we have finalized our 2017 tax returns, we will update our estimates including the consideration of additional clarifications on the TCJA from the U.S. government. Any additional adjustments to our provisional amounts will be disclosed in our respective filings within the one-year measurement period provided by SAB 118.

We elected to recognize the resulting tax on the global intangible low-taxed income (GILTI) as a period expense in the period the tax is incurred, and we included a provisional estimate for GILTI in our estimated annual effective tax rate.

During the three months ended June 30, 2018, the Company’s effective tax rate of 16.4% was below the Company's U.S. federal statutory rate of 21.0%. This was primarily a result of foreign permanent items (6.4%), impact from lower statutory tax rate differences on foreign earnings (1.5%) and a favorable impact resulting from the SAB 118 measurement period adjustment noted above (3.4%). The repatriation of current year earnings (4.3%), state taxes (1.6%) and the impact of GILTI to our current year operations (1.7%) partially offset this favorability.

During the six months ended June 30, 2018, the Company's effective tax rate of 21.3% was above the Company's US federal statutory rate of 21.0%. This was primarily a result of foreign taxes from repatriation of certain foreign earnings from prior periods and the current year (4.8%), state taxes (1.8%) and the impact of GILTI to our current year operations (1.6%). Largely offsetting these items were favorable impacts from foreign permanent items (3.8%), lower statutory tax rate differences on foreign earnings (1.7%) and the SAB 118 measurement period adjustment noted above (1.7%).

During the three and six months ended June 30, 2017, the Company’s effective tax rate of 21.8% and 25.5%, respectively, were below the Company's federal statutory rate of 35.0% primarily due to favorable impact of lower statutory tax rate differences on foreign earnings (8.6% and 8.2%, respectively) and foreign permanent items (2.0% and 1.4%, respectively).

Note 8 — FINANCING ARRANGEMENTS

Debt consists of the following instruments:

As of June 30, 2018 (In millions)		Principal Amount		Unamortized discount and debt issuance cost		Net Debt	Weighted average interest rate
Senior secured revolving credit facility due 2022	$	74.0	$	—	$	74.0	3.19%
Senior secured term loan due 2022		634.2		8.1		626.1	3.65%
5.25% senior notes due 2023		600.0		5.4		594.6	5.25%
Other debt (1)		36.5		—		36.5	
Total debt	$	1,344.7	$	13.5	$	1,331.2	
Less short-term and current portion of long-term debt		34.6		—		34.6	
Total long-term debt, net of current portion	$	1,310.1	$	13.5	$	1,296.6	

As of December 31, 2017 (In millions)		Principal Amount		Unamortized discount and debt issuance cost		Net Debt	Weighted average interest rate
Senior secured revolving credit facility due 2022	$	56.5	$	—	$	56.5	2.77%
Senior secured term loan due 2022		637.5		8.5		629.0	3.27%
5.25% senior notes due 2023		600.0		6.0		594.0	5.25%
Other debt (1)		29.5		—		29.5	
Total debt	$	1,323.5	$	14.5	$	1,309.0	
Less short-term and current portion of long-term debt		32.6		—		32.6	
Total long-term debt, net of current portion	$	1,290.9	$	14.5	$	1,276.4	

(1) Other debt includes capital lease obligations of $17.9 million and $17.8 million as of June 30, 2018 and December 31, 2017, respectively.

On April 11, 2018, the Company entered into a fifth amendment to its senior secured term loan. Under the terms of the amended senior secured term loan, the margin was reduced by 25 basis points to 175 basis points. At the Company's discretion, interest is based upon (i) a margin rate of 175 basis points plus the 1-, 2-, 3-, or 6-month LIBOR, subject to a floor of 75 basis points, or (ii) a margin rate of 75 basis points plus a Prime Rate, subject to a floor of 175 basis points.

The agreements governing our senior secured revolving credit facility and our senior secured term loan, and the indentures and credit agreements governing other debt, contain a number of customary financial and restrictive covenants that, among other things, limit our ability to: consummate asset sales, incur additional debt or liens, consolidate or merge with any entity 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. As of June 30, 2018, we were in compliance with all covenants.

The estimated fair value of PolyOne's debt instruments at June 30, 2018 and December 31, 2017 was $1,343.1 million and $1,343.3 million, respectively, compared to carrying values of $1,331.2 million and $1,309.0 million as of June 30, 2018 and December 31, 2017, respectively. The fair value of PolyOne's debt instruments was estimated using prevailing market interest rates on debt with similar creditworthiness, terms and maturities and represent Level 2 measurements within the fair value hierarchy.

Note 9 — SEGMENT INFORMATION

Operating income is the primary measure that is reported to our chief operating decision maker (CODM) 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 expenses 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 realignment 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; actuarial gains and losses associated with our pension and other post-retirement benefit plans; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by our CODM. These costs are included in *Corporate and eliminations*.

PolyOne has four reportable segments: (1) Color, Additives and Inks; (2) Specialty Engineered Materials; (3) Performance Products and Solutions; and (4) PolyOne Distribution.

Segment information for the three and six months ended June 30, 2018 and 2017 is as follows:

(In millions)	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	Sales to External Customers	Total Sales	Operating Income	Sales to External Customers	Total Sales	Operating Income
Color, Additives and Inks	$ 272.7	$ 273.7	$ 45.3	$ 218.1	$ 223.7	$ 38.6
Specialty Engineered Materials	152.6	165.5	21.1	146.1	158.7	19.6
Performance Products and Solutions	170.9	191.9	22.6	163.3	184.2	22.3
PolyOne Distribution	318.6	323.3	18.7	286.6	290.8	20.3
Corporate and eliminations	—	(39.6)	(30.3)	—	(43.3)	(22.8)
Total	$ 914.8	$ 914.8	$ 77.4	$ 814.1	$ 814.1	$ 78.0

(In millions)	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	Sales to External Customers	Total Sales	Operating Income	Sales to External Customers	Total Sales	Operating Income
Color, Additives and Inks	$ 541.8	$ 544.6	$ 87.4	$ 424.6	$ 435.5	$ 73.7
Specialty Engineered Materials	303.3	328.6	41.2	292.7	317.8	42.5
Performance Products and Solutions	341.5	382.9	45.3	325.5	367.9	44.4
PolyOne Distribution	629.8	638.8	36.9	568.0	576.9	38.9
Corporate and eliminations	—	(78.5)	(54.6)	—	(87.3)	(39.5)
Total	$ 1,816.4	$ 1,816.4	$ 156.2	$ 1,610.8	$ 1,610.8	$ 160.0

(In millions)	Total Assets	
	June 30, 2018	December 31, 2017
Color, Additives and Inks	$ 1,253.2	$ 1,146.8
Specialty Engineered Materials	605.0	545.1
Performance Products and Solutions	282.2	275.8
PolyOne Distribution	265.9	250.9
Corporate and eliminations	362.2	486.7
Total assets	2,768.5	2,705.3

Note 10 — COMMITMENTS AND CONTINGENCIES

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 the environmental investigation and remediation of certain sites. While government agencies frequently assert that PRPs are jointly and severally liable at these sites, in our experience, the interim and final allocations of liability costs are generally made based on the relative contribution of waste. We may also 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 position, results of operations or cash flows.

In September 2007, the United States District Court for the Western District of Kentucky in the case of Westlake Vinyls, Inc. v. Goodrich Corporation, et al., held that PolyOne must pay the remediation costs at the former Goodrich Corporation Calvert City facility (now largely owned and operated by Westlake Vinyls), together with certain defense costs of Goodrich Corporation. The rulings also provided that PolyOne can seek indemnification for contamination attributable to Westlake Vinyls.

Following the Court rulings, the parties to the litigation agreed to settle all claims regarding past environmental costs incurred at the site. The settlement agreement provides a mechanism to pursue allocation of future remediation costs at the Calvert City site to Westlake Vinyls. We will adjust our accrual, in the future, consistent with any such future allocation of costs. Additionally, we continue to pursue available insurance coverage related to this matter and recognize gains as we receive reimbursement.

The environmental obligation at the site arose as a result of an agreement between The B.F.Goodrich Company (n/k/a Goodrich Corporation) and our predecessor, The Geon Company, at the time of the initial public offering in 1993. Under the agreement, The Geon Company agreed to indemnify Goodrich Corporation for certain environmental costs at the site. Neither PolyOne nor The Geon Company ever operated the facility.

Since 2009, PolyOne, along with respondents Westlake Vinyls, Inc., and Goodrich Corporation, have worked with the United States Environmental Protection Agency (USEPA) on the investigation of contamination at the site as well as evaluation of potential remedies to address the contamination. On December 1, 2017, the USEPA issued a proposed plan for the site, followed by the issuance of a proposed plan amendment on June 20, 2018, containing an updated preferred remedy. The public comment period for the USEPA's proposed plan amendment ended on July 20, 2018. Subsequent to the closure of the public comment period, the USEPA is expected to issue its Record of Decision (ROD) in 2018. Our current reserve of $105.6 million reflects the updated preferred remedy in the proposed plan amendment. We expect that the ROD will confirm selection of the USEPA's preferred remedy, but note that changes to the remedy may result in an adjustment to our current reserve.

On March 13, 2013, PolyOne acquired Spartech Corporation (Spartech). One of Spartech's subsidiaries, Franklin-Burlington Plastics, Inc. (Franklin-Burlington), operated a plastic resin compounding facility in Kearny, New Jersey, located adjacent to the Passaic River. The USEPA requested that companies located in the area of the lower Passaic River, including Franklin-Burlington, cooperate in an investigation of contamination of approximately 17 miles of the lower Passaic River Study Area (the LPRSA). In response, Franklin-Burlington and approximately 70 other companies (collectively, the Cooperating Parties) agreed, pursuant to an Administrative Order on Consent (AOC) with the USEPA, to assume responsibility for development of a Remedial Investigation and Feasibility Study (RIFS) of the LPRSA. The RIFS costs are exclusive of any costs that may ultimately be required to remediate the LPRSA or costs associated with natural resource damages that may be assessed. By agreeing to bear a portion of the cost of the RIFS, Franklin-Burlington did not admit to any liability or agree to bear any such remediation or natural resource damage costs.

In 2015, the Cooperating Parties submitted to the USEPA a remedial investigation report and feasibility study for the LPRSA, and are currently engaged in technical discussions with the USEPA regarding those documents. Neither of those documents contemplates who is responsible for remediation or how such costs might be allocated to PRPs. In March 2016, the USEPA issued a Record of Decision selecting a remedy for an eight-mile portion of the LPRSA at an estimated and discounted cost of $1.4 billion. On March 31, 2016, the USEPA sent a Notice of Potential Liability to over 100 companies, including Franklin-Burlington, and several municipalities for this eight-mile portion. In September 2016, the USEPA reached an agreement with Occidental Chemical Corporation (OCC), which orders OCC to perform the remedial design for the lower eight mile portion of the Passaic River. In September 2017, the USEPA sent a letter to over 80 companies, including Franklin-Burlington, indicating that the USEPA would engage the recipients in an allocation process for the lower eight miles of the LPRSA and has engaged a third-party allocator as part of that process. Along with other parties, Franklin-Burlington is participating in the development of this allocation process with the allocator retained by the USEPA, and this process is expected to continue into at least 2019.

Based on the currently available information, we have found no evidence that Franklin-Burlington contributed any of the primary contaminants of concern to the lower Passaic River. A timeline as to when an allocation of the remedial costs may be determined is not yet known and any allocation to Franklin-Burlington has not been determined. As a result of these uncertainties, we are unable to estimate a liability related to this matter and, as of June 30, 2018, we have not accrued for costs of remediation related to the lower Passaic River.

During the three months ended June 30, 2018 and 2017, PolyOne recognized $8.7 million and $5.0 million, respectively, of expense related to environmental remediation costs. During the six months ended June 30, 2018 and 2017, PolyOne recognized $11.8 million and $7.2 million, respectively, of expense related to environmental remediation activities. During the three and six months ended June 30, 2018, PolyOne received $1.6 million and $2.3 million, respectively, of insurance recoveries for previously incurred environmental costs. During the three and six months ended June 30, 2017, PolyOne received $3.8 million of insurance recoveries for previously incurred environmental costs. These expenses and insurance recoveries are included within *Cost of sales* within our Condensed Consolidated Statements of Income. Insurance recoveries are recognized as a gain when received.

Our Condensed Consolidated Balance Sheets include accruals totaling $114.2 million and $117.1 million as of June 30, 2018 and December 31, 2017, respectively, based on our estimates of probable future environmental expenditures relating to previously contaminated sites. These undiscounted amounts are included in *Accrued expenses and other liabilities* and *Other non-current liabilities* on the accompanying Condensed Consolidated Balance Sheets. The accruals represent our best estimate of probable future costs that we can reasonably estimate, based upon currently available information and technology and our view of the most likely remedy. Depending upon the results of future testing, completion and results of remedial investigation and feasibility studies, the ultimate remediation alternatives undertaken, changes in regulations, technology development, 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 June 30, 2018. However, such additional costs, if any, cannot be currently estimated.

Note 11 — EQUITY

Changes in accumulated other comprehensive loss year-to-date as of June 30, 2018 and 2017 were as follows:

(In millions)	Cumulative Translation Adjustment	Pension and Other Post-Retirement Benefits	Other	Total
Balance at January 1, 2018	$ (58.6)	$ 5.2	$ —	$ (53.4)
Translation adjustments	(16.2)	—	—	(16.2)
Balance at June 30, 2018	$ (74.8)	$ 5.2	$ —	$ (69.6)
Balance at January 1, 2017	$ (99.8)	$ 5.2	$ 0.4	$ (94.2)
Translation adjustments	19.4	—	—	19.4
Unrecognized gain	—	—	(0.1)	(0.1)
Balance at June 30, 2017	$ (80.4)	$ 5.2	$ 0.3	$ (74.9)

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our Business

We are a premier provider of specialized polymer materials, services and solutions with operations in specialty engineered materials, advanced composites, color and additive systems and polymer distribution. 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 quarterly report on Form 10-Q, the terms “we,” “us,” “our”, “PolyOne” and the “Company” mean PolyOne Corporation and its consolidated subsidiaries.

Highlights and Executive Summary

A summary of PolyOne’s sales, operating income, net income (loss) and net income (loss) attributable to PolyOne common shareholders follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2018	2017	2018	2017
Sales	$ 914.8	$ 814.1	$ 1,816.4	$ 1,610.8
Operating income	$ 77.4	$ 78.0	$ 156.2	$ 160.0
Net income from continuing operations	$ 51.5	$ 49.6	$ 99.2	$ 97.9
Loss from discontinued operations, net of income taxes	(0.3)	(231.0)	(1.1)	(232.4)
Net income (loss)	$ 51.2	$ (181.4)	$ 98.1	$ (134.5)
Net income (loss) attributable to PolyOne common shareholders	$ 51.3	$ (181.4)	$ 98.2	$ (134.5)

Recent Developments

On January 2, 2018, the Company completed the acquisition of IQAP Masterbatch Group S.L. (IQAP) for $73.0 million, net of cash acquired. IQAP is an innovative provider of specialty colorants and additives based in Spain with customers throughout Europe. The IQAP results are reported in the Color, Additives and Inks segment. IQAP is expected to add approximately $56.0 million to total sales on an annual basis.

On May 31, 2018, the Company acquired the outstanding shares of PlastiComp, Inc. (PlastiComp) for total consideration of $44.3 million, inclusive of contingent earn-out consideration that will be finalized two years from the date of acquisition. PlastiComp specializes in long-fiber reinforced thermoplastics and its results are reported in the Specialty Engineered Materials segment.

Results of Operations — *The three and six months ended June 30, 2018 compared to three and six months ended June 30, 2017:*

(Dollars in millions, except per share data)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Variances — Favorable (Unfavorable) Change	Variances — Favorable (Unfavorable) % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Variances — Favorable (Unfavorable) Change	Variances — Favorable (Unfavorable) % Change
Sales	$ 914.8	$ 814.1	$ 100.7	12.4 %	$ 1,816.4	$ 1,610.8	$ 205.6	12.8 %
Cost of sales	718.3	626.2	(92.1)	(14.7)%	1,421.4	1,240.7	(180.7)	(14.6)%
Gross margin	196.5	187.9	8.6	4.6 %	395.0	370.1	24.9	6.7 %
Selling and administrative expense	119.1	109.9	(9.2)	(8.4)%	238.8	210.1	(28.7)	(13.7)%
Operating income	77.4	78.0	(0.6)	(0.8)%	156.2	160.0	(3.8)	(2.4)%
Interest expense, net	(16.1)	(15.2)	(0.9)	(5.9)%	(31.6)	(29.8)	(1.8)	(6.0)%
Debt extinguishment costs	(0.1)	—	(0.1)	nm	(0.1)	(0.3)	0.2	66.7 %
Other income, net	0.4	0.6	(0.2)	(33.3)%	1.5	1.5	—	— %
Income from continuing operations before income taxes	61.6	63.4	(1.8)	(2.8)%	126.0	131.4	(5.4)	(4.1)%
Income tax expense	(10.1)	(13.8)	3.7	26.8 %	(26.8)	(33.5)	6.7	20.0 %
Net income from continuing operations	51.5	49.6	1.9	3.8 %	99.2	97.9	1.3	1.3 %
Loss from discontinued operations, net of income taxes	(0.3)	(231.0)	230.7	99.9 %	(1.1)	(232.4)	231.3	99.5 %
Net income (loss)	51.2	(181.4)	232.6	128.2 %	98.1	(134.5)	232.6	172.9 %
Net loss attributable to noncontrolling interests	0.1	—	0.1	nm	0.1	—	0.1	nm
Net income (loss) attributable to PolyOne common shareholders	$ 51.3	$ (181.4)	$ 232.7	128.3 %	$ 98.2	$ (134.5)	$ 232.7	173.0 %
Earnings (loss) per common share attributable to PolyOne common shareholders - Basic:								
Continuing operations	$ 0.65	$ 0.61			$ 1.24	$ 1.20		
Discontinued operations	(0.01)	(2.83)			(0.02)	(2.84)		
Total	$ 0.64	$ (2.22)			$ 1.22	$ (1.64)		
Earnings (loss) per common share attributable to PolyOne common shareholders - Diluted:								
Continuing operations	$ 0.64	$ 0.60			$ 1.23	$ 1.19		
Discontinued operations	(0.01)	(2.80)			(0.02)	(2.82)		
Total	$ 0.63	$ (2.20)			$ 1.21	$ (1.63)		

nm - not meaningful

Sales

Sales increased $100.7 million, or 12.4%, in the three months ended June 30, 2018 compared to the three months ended June 30, 2017 driven by organic sales growth of 6.4%, an increase from acquisitions of 4.3% and a favorable foreign exchange impact of 1.7%.

Sales increased $205.6 million, or 12.8%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 driven by organic sales growth of 6.1%, an increase from acquisitions of 4.4% and a favorable foreign exchange impact of 2.3%.

Cost of sales

As a percent of sales, cost of sales increased from 76.9% in the three months ended June 30, 2017 to 78.5% in the three months ended June 30, 2018 and from 77.0% in the six months ended June 30, 2017 to 78.3% in the six months ended June 30, 2018, primarily as a result of raw material cost inflation and increased logistics costs in North America.

Selling and administrative expense

Selling and administrative expense increased $9.2 million during the three months ended June 30, 2018 compared to the three months ended June 30, 2017. This increase was primarily driven by costs associated with acquired businesses, unfavorable foreign exchange and additional investments in commercial resources.

Selling and administrative expense increased by $28.7 million during the six months ended June 30, 2018 compared to the six months ended June 30, 2017. This increase was driven by $12.3 million associated with acquired businesses, unfavorable foreign exchange of $5.3 million, a $4.3 million favorable legal settlement received in 2017 and a $3.8 million reversal of certain non-income tax reserves in 2017 due to the expiration of statute of limitations.

Income taxes

During the three months ended June 30, 2018, the Company’s effective tax rate was 16.4% compared to 21.8% for the three months ended June 30, 2017, primarily due to the enactment of the Tax Cuts and Jobs Act (TCJA), which lowered the U.S. federal corporate tax rate from 35% to 21%, foreign permanent items (4.4%) and the SEC Staff Accountant Bulletin (SAB) 118 measurement period adjustment (3.4%) for the three months ended June 30, 2018. The following items offset such decreases as compared to 2017: foreign withholding tax from repatriation of certain foreign earnings (4.7%) and the impact of the tax on global intangible low-taxed income (GILTI) to our current operations (1.7%).

During the six months ended June 30, 2018, the Company's effective tax rate was 21.3% compared to 25.5% for the six months ended June 30, 2017, primarily due to the enactment of the TCJA, foreign permanent items (2.4%) and the SAB 118 measurement period adjustment (1.7%) for the six months ended June 30, 2018. These decreases were offset by foreign withholding tax from repatriation of certain foreign earnings (3.8%) and the impact of GILTI to our current operations (1.6%).

SEGMENT INFORMATION

Operating income is the primary measure that is reported to our chief operating decision maker (CODM) 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 expenses 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 realignment 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; actuarial gains and losses associated with our pension and other post-retirement benefit plans; and certain other items that are not included in the measure of segment profit or loss that is reported to and reviewed by our CODM. These costs are included in *Corporate and eliminations*.

PolyOne has four reportable segments: (1) Color, Additives and Inks; (2) Specialty Engineered Materials; (3) Performance Products and Solutions; and (4) PolyOne Distribution. Our segments are further discussed in Note 9, *Segment Information*, to the accompanying Consolidated Financial Statements.

Sales and Operating Income — *The three and six months ended June 30, 2018 compared to the three and six months ended June 30, 2017*:

(Dollars in millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Variances — Favorable (Unfavorable) Change	Variances — Favorable (Unfavorable) % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Variances — Favorable (Unfavorable) Change	Variances — Favorable (Unfavorable) % Change
Sales:								
Color, Additives and Inks	$ 273.7	$ 223.7	$ 50.0	22.4 %	$ 544.6	$ 435.5	$ 109.1	25.1 %
Specialty Engineered Materials	165.5	158.7	6.8	4.3 %	328.6	317.8	10.8	3.4 %
Performance Products and Solutions	191.9	184.2	7.7	4.2 %	382.9	367.9	15.0	4.1 %
PolyOne Distribution	323.3	290.8	32.5	11.2 %	638.8	576.9	61.9	10.7 %
Corporate and eliminations	(39.6)	(43.3)	3.7	8.5 %	(78.5)	(87.3)	8.8	10.1 %
Total Sales	$ 914.8	$ 814.1	$ 100.7	12.4 %	$ 1,816.4	$ 1,610.8	$ 205.6	12.8 %
Operating income:								
Color, Additives and Inks	$ 45.3	$ 38.6	$ 6.7	17.4 %	$ 87.4	$ 73.7	$ 13.7	18.6 %
Specialty Engineered Materials	21.1	19.6	1.5	7.7 %	41.2	42.5	(1.3)	(3.1)%
Performance Products and Solutions	22.6	22.3	0.3	1.3 %	45.3	44.4	0.9	2.0 %
PolyOne Distribution	18.7	20.3	(1.6)	(7.9)%	36.9	38.9	(2.0)	(5.1)%
Corporate and eliminations	(30.3)	(22.8)	(7.5)	(32.9)%	(54.6)	(39.5)	(15.1)	(38.2)%
Total Operating Income	$ 77.4	$ 78.0	$ (0.6)	(0.8)%	$ 156.2	$ 160.0	$ (3.8)	(2.4)%
Operating income as a percentage of sales:								
Color, Additives and Inks	16.6%	17.3%	(0.7)	% points	16.0%	16.9%	(0.9)	% points
Specialty Engineered Materials	12.7%	12.4%	0.3	% points	12.5%	13.4%	(0.9)	% points
Performance Products and Solutions	11.8%	12.1%	(0.3)	% points	11.8%	12.1%	(0.3)	% points
PolyOne Distribution	5.8%	7.0%	(1.2)	% points	5.8%	6.7%	(0.9)	% points
Total	8.5%	9.6%	(1.1)	% points	8.6%	9.9%	(1.3)	% points

Color, Additives and Inks

Sales increased by $50.0 million, or 22.4%, in the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Acquisitions increased sales by 14.5%, organic growth in all regions contributed 4.6% and favorable foreign exchange added 3.3%.

Sales increased by $109.1 million, or 25.1%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Acquisitions increased sales 15.5%, organic growth in all regions contributed 5.0% and foreign exchange added 4.6%.

Operating income rose by $6.7 million in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017, largely driven by higher sales.

Operating income rose by $13.7 million in the six months ended June 30, 2018 compared to the six months ended June 30, 2017. This growth was largely driven by higher sales.

Specialty Engineered Materials

Sales increased $6.8 million, or 4.3%, in the three months ended June 30, 2018 compared to the three months ended June 30, 2017. Sales growth in Europe and Asia contributed 4.5% (including favorable foreign exchange of 3.6%) and the acquisition of PlastiComp added 1.4%. Lower sales in North America partially offset these increases.

Sales increased by $10.8 million, or 3.4%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017. Sales growth in Europe and Asia contributed 5.8% (including favorable foreign exchange of 4.7%) and the acquisition of PlastiComp added 0.7%. Lower sales in North America partially offset these increases.

Operating income increased $1.5 million in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 as the benefit of increased sales was partially offset by the impacts of higher raw material and logistics costs.

Operating income decreased $1.3 million in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 as the benefit of increased sales was more than offset by the impacts from our continued investment in commercial resources and higher raw material and logistics costs.

Performance Products and Solutions

Sales increased $7.7 million, or 4.2%, in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 and $15.0 million, or 4.1%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily due to volume growth.

Operating income increased $0.3 million in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 and $0.9 million in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 as the benefit of increased sales was partially offset by higher logistics costs and raw material inflation.

PolyOne Distribution

Sales increased $32.5 million, or 11.2%, in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 and $61.9 million, or 10.7%, in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 as a result of increased volume and higher overall average selling prices associated with raw material cost inflation.

Operating income decreased $1.6 million in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 and $2.0 million in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 as the benefit of higher sales was more than offset by mix changes, increased logistics costs and increased selling and administrative costs related to our continued investment in commercial resources.

Corporate and Eliminations

Corporate and eliminations increased $7.5 million in the three months ended June 30, 2018 as compared to the three months ended June 30, 2017 primarily as a result of higher environmental remediation costs combined with lower insurance reimbursements associated with such costs in 2018.

Corporate and eliminations increased $15.1 million in the six months ended June 30, 2018 compared to the six months ended June 30, 2017 primarily as a result of higher environmental remediation costs combined with lower insurance reimbursements associated with such costs in 2018, $4.3 million favorable legal settlement received in 2017 and a $3.9 million reversal of certain non-income tax reserves in 2017 due to the expiration of statute of limitations.

Liquidity and Capital Resources

Our objective is to finance our business through operating cash flow and an appropriate mix of debt and equity. We may from time to time seek to retire or purchase our outstanding debt with cash and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. We may also seek to repurchase our outstanding common shares. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved have been and may continue to be material.

The following table summarizes our liquidity as of June 30, 2018 and December 31, 2017:

(In millions)	June 30, 2018	December 31, 2017
Cash and cash equivalents	$ 158.6	$ 243.6
Revolving credit availability	325.5	330.3
Liquidity	$ 484.1	$ 573.9

As of June 30, 2018, approximately 93% of the Company’s cash and cash equivalents resided outside the United States. Repatriation of such foreign cash and cash equivalents are exempt from domestic taxation pursuant to the enactment of the TCJA, but in certain cases may be subject to foreign taxes. During the first quarter of 2018, in contemplation of the TCJA enactment, we determined we would repatriate certain foreign earnings from prior periods. This repatriation of cash was subject to foreign withholding taxes that was paid upon the receipt of funds in the second quarter. As we continue to assess the impacts of the TCJA and the geopolitical environment in foreign countries, strategic repatriation opportunities may arise and could result in a recognition of additional tax liabilities.

After considering the impact of foreign tax credit carryforwards, we anticipate that the resulting cash tax payable as a result of the one-time transition tax on previously deferred foreign earnings is estimated to be less than $10.0 million.

Cash Flows

The following describes the significant components of cash flows from operating, investing and financing activities for the six months ended June 30, 2018 and 2017.

***Operating Activities* —** In the six months ended June 30, 2018, net cash provided by operating activities was $108.9 million as compared to net cash provided by operating activities of $43.7 million for the six months ended June 30, 2017 primarily reflecting improved underlying operating results and a receipt of $27.9 million of U.S. federal income tax refunds.

Working capital as a percentage of sales, which we define as the average accounts receivable, plus average inventory, less average accounts payable, divided by sales, for the second quarter of 2018 increased to 10.6% compared to 10.1% for the second quarter of 2017. This working capital percentage increase is primarily due to the impact of recent acquisitions.

***Investing Activities* —** Net cash used by investing activities during the six months ended June 30, 2018 of $130.1 million primarily reflects $98.6 million of acquisitions and $31.5 million of capital expenditures.

Net cash used by investing activities during the six months ended June 30, 2017 of $162.2 million reflects $137.9 million of acquisitions and $34.1 million of capital expenditures, partially offset by the sale of assets of $9.8 million.

***Financing Activities* —** Net cash used by financing activities for the six months ended June 30, 2018 of $62.8 million primarily reflects $45.3 million of repurchases of our outstanding common shares and $28.2 million of dividends paid, offset by net borrowings of $16.9 million under our senior secured revolving credit facility.

Net cash provided by financing activities for the six months ended June 30, 2017 of $80.2 million primarily reflects the net borrowings of $144.6 million under our senior secured revolving credit facility, principally to finance our acquisition of Rutland Plastics Technologies, Inc., primarily offset by $34.3 million of repurchases of our outstanding common shares and $22.2 million of dividends paid.

Debt

As of June 30, 2018, the principal amount of debt totaled $1,344.7 million. Aggregate maturities of the principal amount of debt for the current year, next five years and thereafter, are as follows:

(In millions)	
2018	$ 30.3
2019	8.7
2020	8.2
2021	7.5
2022	686.2
2023	600.4
Thereafter	3.4
Aggregate maturities	$ 1,344.7

As of June 30, 2018, we were in compliance with all customary financial and restrictive covenants pertaining to our debt. For additional information regarding our debt, please see Note 8, *Financing Arrangements.*

Contractual Obligations

We have future obligations under various contracts relating to debt and interest payments, operating leases, pension and post-retirement benefit plans and purchase obligations. During the six months ended June 30, 2018, there were no material changes to these obligations as reported in our annual report on Form 10-K for the year ended December 31, 2017.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

In this quarterly report on Form 10-Q, 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; estimated capital expenditures; results of current and anticipated market conditions and market strategies; sales efforts; expenses; the outcome of contingencies such as legal proceedings and environmental liabilities; and financial results. Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to:

- disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;
- the effect on foreign operations of currency fluctuations, tariffs and other political, economic and regulatory risks;
- changes in polymer consumption growth rates and laws and regulations regarding the disposal of plastic in jurisdictions where we conduct business;
- changes in global industry capacity or in the rate at which anticipated changes in industry capacity come online;
- fluctuations in raw material prices, quality and supply, and in energy prices and supply;
- production outages or material costs associated with scheduled or unscheduled maintenance programs;
- unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters;
- information systems failures and cyberattacks;
- an inability to raise or sustain prices for products or services;
- 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; and
- other factors described in our annual report on Form 10-K for the year ended December 31, 2017 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 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 filed with 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 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to exposures to market risk as reported in our annual report on Form 10-K for the year ended December 31, 2017.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure controls and procedures

PolyOne’s management, under the supervision of and with the participation of its Chief Executive Officer and its 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 the end of the period covered by this quarterly report. Based upon this evaluation, PolyOne’s Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this quarterly report, its disclosure controls and procedures were effective.

Changes in internal control over financial reporting

There were no changes in PolyOne’s internal control over financial reporting during the quarter ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II

ITEM 1. LEGAL PROCEEDINGS

Information regarding certain legal proceedings can be found in Note 10, *Commitments and Contingencies*, to the consolidated financial statements and is incorporated by reference herein.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The table below sets forth information regarding repurchase of shares of our common shares during the period indicated.

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]
April 1 to April 30	73,282	$ 42.33	73,282	5,412,592
May 1 to May 31	—	—	—	5,412,592
June 1 to June 30	—	—	—	5,412,592
Total	73,282	$ 42.33	73,282	

[1] On August 18, 2008, we announced that our Board of Directors approved a common shares repurchase program authorizing PolyOne to purchase up to 10.0 million of its common shares. On October 11, 2011 and October 23, 2012, we further announced that our Board of Directors had increased the common shares repurchase authorization by an additional 5.3 million and 13.2 million, respectively. On May 16, 2016, we announced that we would increase our share buyback by 7.3 million to 10.0 million. As of June 30, 2018, approximately 5.4 million shares remain available for purchase under these authorizations. Purchases of common shares may be made by open market purchases or privately negotiated transactions and may be made pursuant to Rule 10b5-1 plans and accelerated share repurchases.

ITEM 6. EXHIBITS

EXHIBIT INDEX

Exhibit No.	Exhibit Description
10.1	Amendment Agreement No. 5, dated April 11, 2018, by and among PolyOne Corporation, the subsidiaries of PolyOne Corporation party thereto, Citibank, N.A., as administrative agent, and the lenders party thereto.
31.1	Certification of Robert M. Patterson, Chairman, President and Chief Executive Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Bradley C. Richardson, Executive Vice President, Chief Financial Officer, pursuant to SEC Rules 13a-14(a) and 15d-14(a), adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by Robert M. Patterson, Chairman, President and Chief Executive Officer
32.2	Certification pursuant to 18 U.S.C. § 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, as signed by Bradley C. Richardson, Executive Vice President, Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements 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.

July 24, 2018	POLYONE CORPORATION
	/s/ Bradley C. Richardson
	Bradley C. Richardson Executive Vice President, Chief Financial Officer

AMENDMENT AGREEMENT NO. 5

AMENDMENT AGREEMENT NO. 5, dated as of April 11, 2018 (this "Amendment"), by and among POLYONE CORPORATION, an Ohio corporation (the "Borrower"), the other Loan Parties party hereto, the existing Lenders (the "Existing Lenders") under, and as defined in, the Credit Agreement (as hereinafter defined) party hereto, CITIBANK, N.A. ("Citibank"), as the Administrative Agent, and SUNTRUST BANK, as the Additional Term B-4 Lender (as hereinafter defined).

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of November 12, 2015 (as amended by Amendment Agreement No. 1, dated as of June 15, 2016, Amendment Agreement No. 2, dated as of August 3, 2016, Amendment Agreement No. 3, dated as of January 24, 2017 and Amendment Agreement No. 4, dated as of August 15, 2017, and as the same may be otherwise amended, restated, amended and restated, supplemented, extended, refinanced or otherwise modified from time to time, the "Credit Agreement"), by and among the Borrower, the Lenders from time to time party thereto and Citibank in its capacity as Administrative Agent under the Credit Agreement (capitalized terms used in this Amendment but not defined herein shall have the meaning assigned to such terms in the Credit Agreement);

WHEREAS, on the date hereof, the Borrower, the Administrative Agent and the Lenders party hereto desire to amend the Credit Agreement pursuant to amendments authorized by Section 2.15 of the Credit Agreement to create the Term B-4 Loans (as defined in Section 1 hereto), the proceeds of which will be used to repay in full the outstanding principal amount of the Term B-3 Loans in accordance with Section 2.03(b)(ii) of the Credit Agreement;

WHEREAS, upon the effectiveness of this Amendment, each Lender that shall have executed and delivered a consent to this Amendment substantially in the form of Exhibit A hereto (an "Amendment No. 5 Consent") indicating the "Cashless Settlement Option" (each, an "Amendment No. 5 Cashless Option Lender") shall be deemed to have exchanged all of its Term B-3 Loans for Term B-4 Loans in the same aggregate principal amount as such Lender's Term B-3 Loans as of the Amendment No. 5 Effective Date and prior to giving effect to this Amendment, and such Lenders shall thereafter become Term B-4 Lenders in accordance with the provisions hereof;

WHEREAS, upon the effectiveness of this Amendment, the Additional Term B-4 Lender will make Additional Term B-4 Loans (each as defined in Section 1 hereto) to the Borrower, the proceeds of which will be used by the Borrower to repay in full the outstanding principal amount of Term B-3 Loans that are not exchanged for Term B-4 Loans, as well as to prepay Term B-3 Loans from Lenders that execute and deliver an Amendment No. 5 Consent indicating the "Post-Closing Settlement Option" (each, an "Amendment No. 5 Post-Closing Option Lender"), and the Borrower shall pay to each Lender all accrued and unpaid interest through, but not including, the Amendment No. 5 Effective Date with respect to such Term B-3 Loans;

WHEREAS, the Lenders that have executed Amendment No. 5 Consents hereto constitute the Required Lenders and hereby consent to certain other amendments and consents set forth in Sections 1 and 10 hereto; and

NOW, THEREFORE, in consideration of the premises, agreements, provisions and covenants herein contained, the parties hereto agree as follows:

Section 1. Amendment. Effective on the Amendment No. 5 Effective Date and subject to the satisfaction of the terms and conditions set forth herein:

(a) The following definitions are hereby added to Section 1.01 of the Credit Agreement in the appropriate alphabetical location:

"Additional Term B-4 Commitment" means, with respect to the Additional Term B-4 Lender, the commitment of such Additional Term B-4 Lender to make Additional Term B-4 Loans on the Amendment No. 5 Effective Date, in an amount equal to $25,018,458.96.

"Additional Term B-4 Lender" means SunTrust Bank, in its capacity as a Lender of Additional Term B-4 Loans.

"Additional Term B-4 Loan" means a Term Loan that is made pursuant to Section 2.01(e)(ii) on the Amendment No. 5 Effective Date.

"Amendment No. 5" means Amendment No. 5 to this Agreement, dated as of April 11, 2018.

"Amendment No. 5 Arrangers" means SunTrust Robinson Humphrey, Inc., Citibank, N.A. and Goldman Sachs Lending Partners LLC, in their capacity as the joint lead arrangers and joint bookrunning managers for

Amendment No. 5.

"Amendment No. 5 Cashless Option Lender" means each Lender that has executed and delivered an Amendment No. 5 Consent indicating the "Cashless Settlement Option."

"Amendment No. 5 Consent" means a consent to Amendment No. 5 substantially in the form of Exhibit A attached thereto.

"Amendment No. 5 Effective Date" means April 11, 2018, which is the first Business Day on which all of the conditions precedent set forth in Section 4 of Amendment No. 5 have been satisfied or waived and the Term B-4 Loans are funded or deemed funded through a cashless settlement pursuant to Section 2.01(e)(i), as applicable.

"Amendment No. 5 Non-Exchanging Lender" means each Lender holding Term B-3 Loans on the Amendment No. 5 Effective Date that (i) did not execute and deliver an Amendment No. 5 Consent on or prior to the Amendment No. 5 Effective Date or (ii) is an Amendment No. 5 Post-Closing Option Lender.

"Amendment No. 5 Post-Closing Option Lender" means each Lender that executed and delivered an Amendment No. 5 Consent indicating the "Post-Closing Settlement Option."

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Term B-4 Commitment" means the Additional Term B-4 Commitment and the Term B-4 Exchange Commitments. After giving effect to Amendment No. 5, on the Amendment No. 5 Effective Date, the aggregate amount of the Term B-4 Commitments shall be $635,869,644.98.

"Term B-4 Exchange Commitment" means the agreement of a Lender to exchange its Term B-3 Loans for an equal aggregate principal amount of Term B-4 Loans on the Amendment No. 5 Effective Date, as evidenced by such Lender executing and delivering its Amendment No. 5 Consent and indicating the "Cashless Settlement Option."

"Term B-4 Lender" means, collectively, (i) on the Amendment No. 5 Effective Date, each Lender that executes and delivers an Amendment No. 5 Consent and indicates the "Cashless Settlement Option" prior to the Amendment No. 5 Effective Date, (ii) on the Amendment No. 5 Effective Date, the Additional Term B-4 Lender and (iii) thereafter, each Lender with an outstanding Term B-4 Loan.

"Term B-4 Loan" means, collectively, (i) Term B-3 Loans exchanged for a like principal amount of Term B-4 Loans pursuant to Section 2.01(e)(i) and (ii) each Additional Term B-4 Loan made pursuant to Section 2.01(e)(ii), in each case on the Amendment No. 5 Effective Date.

"Term B-4 Maturity Date" means November 12, 2022; *provided*, *however*, that if such date is not a Business Day, the Term B-4 Maturity Date shall be the next preceding Business Day.

(b) The definition of "Applicable Rate" is hereby amended and restated in its entirety as follows:

"Applicable Rate" means (x) with respect to the Term B-4 Loans, 0.75% per annum for Base Rate Loans and 1.75% per annum for Eurodollar Rate Loans and (y) with respect to any Additional Term Loans, the Extended Term Loans and any additional Refinancing Term Loans, the applicable rates set forth in the Additional Credit Extension Amendment establishing such Additional Term Loans, the Extended Term Loans and the additional Refinancing Term Loans.

(c) The definition of "Class" is hereby amended and restated in its entirety as follows:

"Class" means (i) with respect to any Commitment, its character as a commitment to make or otherwise fund Initial Loans, Term B-1 Loans, Term B-2 Loans, Term B-3 Loans, Term B-4 Loans, Additional Term Loans, Extended Term Loans and/or additional Refinancing Term Loans (whether established by way of new Commitments or by way of conversion or extension of existing Commitments or Loans) designated as a "Class" in an Additional Credit Extension Amendment and (ii) with respect to any Loans, its character as Initial Loans, Term B-1 Loans, Term B-2 Loans, Term B-3 Loans, Term B-4 Loans, Additional Term Loans, Extended Term Loans and/or additional Refinancing Term Loans (whether made pursuant to new Commitments or by way of conversion or extension of existing Loans) designated as a "Class" in an Additional Credit Extension Amendment. Commitments or Loans that have different Maturity Dates, pricing (other than upfront fees) or other terms shall be designated separate Classes; *provided* that at no time shall there be more than five different Classes of Loans outstanding at any time.

(d) The definition of "ERISA" is hereby amended and restated in its entirety as follows:

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

(e) The definition of "Loan Documents" is hereby amended and restated in its entirety as follows:

"Loan Documents" means, collectively, (a) this Agreement, (b) the Notes, (c) the Guaranty, (d) the Collateral Documents, (e) any Intercreditor Agreement, (f) the Perfection Certificate, (g) the Intercompany Subordination Agreement, (h) Amendment No. 1, (i) Amendment No. 2 to this Agreement, dated as of August 3, 2016, (j) Amendment No. 3, (k) Amendment No. 4 and (l) Amendment No. 5.

(f) The definition of "Loans" is hereby amended and restated in its entirety as follows:

"Loans" means the Initial Loans, the Term B-1 Loans, the Term B-2 Loans, the Term B-3 Loans, the Term B-4 Loans, the Additional Term Loans, the Extended Term Loans and any additional Refinancing Term Loans.

(g) The definition of "Maturity Date" is hereby amended and restated in its entirety as follows:

"Maturity Date" means (i) November 12, 2022 with respect to the Initial Loans, (ii) the Term B-1 Maturity Date with respect to the Term B-1 Loans, (iii) the Term B-2 Maturity Date with respect to the Term B-2 Loans, (iv) the Term B-3 Maturity Date with respect to the Term B-3 Loans, (v) the Term B-4 Maturity Date with respect to the Term B-4 Loans and (v) with respect to any other Loans, the date specified as the maturity date for such Loans in the Additional Credit Extension Amendment related to such Loans; *provided, however*, that, in any such case, if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

(h) The definition of "Repricing Transaction" is hereby amended and restated in its entirety as follows:

"Repricing Transaction" shall mean (i) the incurrence by the Borrower of any Debt (a) with a Weighted Average Yield that is less than the Weighted Average Yield for the Term B-4 Loans being refinanced and (b) the proceeds of which are used substantially concurrently to prepay (or, in the case of a conversion, deemed to prepay or replace), in whole or in part, outstanding principal of Term B-4 Loans, or (ii) any transaction, the primary purposes of which is the effective reduction in the Weighted Average Yield for the Term B-4 Loans. Any determination by the Administrative Agent with respect to whether a Repricing Transaction shall have occurred shall be conclusive and binding on all Lenders holding the Term B-4 Loans.

(i) Section 2.01 of the Credit Agreement is hereby amended by adding a new clause (e) as follows at the end of such section:

(e)(i) each Amendment No. 5 Cashless Option Lender agrees to exchange its Term B-3 Loans for a like principal amount of Term B-4 Loans on the Amendment No. 5 Effective Date, (ii) the Additional Term B-4 Lender agrees to make Additional Term B-4 Loans to the Borrower on the Amendment No. 5 Effective Date in a principal amount not to exceed its Additional Term B-4 Commitment on the Amendment No. 5 Effective Date and the Borrower shall prepay all Term B-3 Loans of Amendment No. 5 Non-Exchanging Lenders with the gross proceeds of the Additional Term B-4 Loans and (iii) the Term B-4 Loans are established pursuant to Section 2.15 and Amendment No. 5 which, for the avoidance of doubt, constitutes an Additional Credit Extension Amendment.

(j) Section 2.03(a)(ii) of the Credit Agreement is hereby amended and restated in its entirety as follows:

Notwithstanding the foregoing, in the event that, prior to the six-month anniversary of the Amendment No. 5 Effective Date, the Borrower (i) makes any prepayment of Term B-4 Loans in connection with any Repricing Transaction the primary purpose (as determined by the Borrower in good faith) of which is to decrease the Weighted Average Yield on such Term B-4 Loans or (ii) effects any amendment of this Agreement resulting in a Repricing Transaction the primary purpose (as determined by the Borrower in good faith) of which is to decrease the Weighted Average Yield on the Term B-4 Loans, the Borrower shall pay to the Administrative Agent, for the ratable account of each of the applicable Lenders, (x) in the case of clause (i), a prepayment premium of 1.00% of the principal amount of Term B-4 Loans being prepaid in connection with such Repricing Transaction and (y) in the case of clause (ii), a premium equal to 1.00% of the aggregate principal amount of the applicable Term B-4 Loans outstanding immediately prior to such amendment that are subject to an effective pricing reduction pursuant to such Repricing Transaction.

(k) Section 2.05 of the Credit Agreement is hereby amended and restated in its entirety as follows:

On each Quarterly Payment Date, beginning with the Quarterly Payment Date in June 2018, the Borrower shall repay to the Administrative Agent for the ratable account of the Lenders the principal amount of Term B-4

Loans then outstanding in an amount equal to $1,626,256.00 (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 Term B-4 Loans and all other Obligations under or in respect of the Term B-4 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 Term B-4 Loans outstanding on such date.

(l) Section 2.14 of the Credit Agreement is hereby amended by replacing all references to "Term B-3 Loans" therein with references to "Term B-4 Loans".

(m) Section 10.06(b)(i)(A) of the Credit Agreement is hereby amended and restated in its entirety as follows:

in the case of an assignment (i) in connection with the initial syndication of the Initial Loans held by Citibank, N.A., (ii) in connection with initial syndication of any Additional Term B-1 Loans held by the Additional Term B-1 Lender, (iii) of any Additional Term B-1 Loans by the Additional Term B-1 Lender to a Non-Exchanging Lender, (iv) in connection with initial syndication of any Additional Term B-2 Loans held by the Additional Term B-2 Lender, (v) of any Additional Term B-2 Loans by the Additional Term B-2 Lender to an Amendment No. 3 Non-Exchanging Lender, (vi) in connection with initial syndication of any Additional Term B-3 Loans held by the Additional Term B-3 Lender, (vii) of any Additional Term B-3 Loans by the Additional Term B-3 Lender to an Amendment No. 4 Non-Exchanging Lender, (viii) in connection with initial syndication of any Additional Term B-4 Loans held by the Additional Term B-4 Lender, (ix) of any Additional Term B-4 Loans by the Additional Term B-4 Lender to an Amendment No. 5 Non-Exchanging Lender and (x) 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

(n) Section 10.06(b)(iii)(A) of the Credit Agreement is hereby amended and restated in its entirety as follows:

except in the case of (v) an assignment in connection with the initial syndication of the Initial Loans held by Citibank, N.A., (w) an initial assignment of the Additional Term B-1 Loans held by the Additional Term B-1 Lender either to a Non-Exchanging Lender or in connection with the initial syndication of such Additional Term B-1 Loans, (x) an initial assignment of the Additional Term B-2 Loans held by the Additional Term B-2 Lender either to an Amendment No. 3 Non-Exchanging Lender or in connection with the initial syndication of such Additional Term B-2 Loans, (y) an initial assignment of the Additional Term B-3 Loans held by the Additional Term B-3 Lender either to an Amendment No. 4 Non-Exchanging Lender or in connection with the initial syndication of such Additional Term B-3 Loans or (z) an initial assignment of the Additional Term B-4 Loans held by the Additional Term B-4 Lender either to an Amendment No. 5 Non-Exchanging Lender or in connection with the initial syndication of such Additional Term B-4 Loans, 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

(o) Article X of the Credit Agreement is hereby amended by adding the following as Section 10.21:

Section 10.21 ERISA Matters.

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, each of the Administrative Agent, the Arrangers, the Amendment No. 5 Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans or the Commitments;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement;

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Commitments and this Agreement, (C) the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless sub-clause (i) in the immediately preceding clause (a) is true with respect to a Lender or such Lender has not provided another representation, warranty and covenant as provided in sub-clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, each of the Administrative Agent, the Arrangers, the Amendment No. 5 Arrangers and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrower or any other Loan Party, that:

(i) none of the Administrative Agent, the Arrangers, the Amendment No. 5 Arrangers or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related to hereto or thereto);

(ii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is independent (within the meaning of 29 CFR § 2510.3-21) and is a bank, an insurance carrier, an investment adviser, a broker-dealer or other person that holds, or has under management or control, total assets of at least $50 million, in each case as described in 29 CFR § 2510.3-21(c)(1)(i)(A)-(E);

(iii) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies (including in respect of the Obligations);

(iv) the Person making the investment decision on behalf of such Lender with respect to the entrance into, participation in, administration of and performance of the Loans, the Commitments and this Agreement is a fiduciary under ERISA or the Code, or both, with respect to the Loans, the Commitments and this Agreement and is responsible for exercising independent judgment in evaluating the transactions hereunder, and

(v) no fee or other compensation is being paid directly to any of the Administrative Agent, the Arrangers or the Amendment No. 5 Arrangers or any of their respective Affiliates for investment advice (as opposed to other services) in connection with the Loans, the Commitments or this Agreement.

(c) Each of the Administrative Agent, the Arrangers and the Amendment No. 5 Arrangers hereby informs the Lenders that each such Person is not undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the transactions contemplated hereby, and that such Person has a financial interest in the transactions contemplated hereby in that such Person or an Affiliate thereof (i) may receive interest or other payments with respect to the Loans, the Commitments and this Agreement, (ii) may recognize a gain if it extended the Loans or the Commitments for an amount less than the amount being paid for an interest in the Loans or the Commitments by such Lender or (iii) may receive fees or other payments in connection with the transactions contemplated hereby, the Loan Documents or otherwise, including structuring fees, commitment fees, arrangement fees, facility fees, upfront fees, underwriting fees, ticking fees, agency fees, administrative agent or collateral agent fees, utilization fees, minimum usage fees fronting fees, deal-away or alternate transaction fees, amendment fees, processing fees, term out premiums, banker's acceptance fees, breakage or other early termination fees or fees similar to the foregoing.

(p) For purposes of Sections 9.08, 10.04 and 10.15 of the Credit Agreement, the Amendment No. 5 Arrangers shall be deemed to be Arrangers and Lead Arrangers (each as defined therein) and shall otherwise be subject to the benefits of such Sections *mutatis mutandis*.

Section 2. Waiver of Breakage Reimbursement. The Lenders party hereto waive the payment of any breakage loss or expense under Section 3.05 of the Credit Agreement in connection with the exchange of Term B-3 Loans into Term B-4 Loans.

Section 3. Credit Agreement Governs. Except as set forth in this Amendment, the Term B-4 Loans shall otherwise be subject to the provisions, including any provisions restricting the rights, or regarding the obligations, of the Loan Parties or any provisions regarding the rights of the Lenders, of the Credit Agreement and the other Loan Documents and, from and after the Amendment No. 5 Effective Date, each reference to a "Loan" or "Loans" in the Credit Agreement, as in effect on the Amendment No. 5 Effective Date, shall be deemed to include the Term B-4 Loans, each reference to a "Commitment" shall be deemed to include the "Term B-4 Commitment" and each reference to a "Lender" or "Lenders" in the Credit Agreement shall be deemed to include the Term B-4 Lenders, and other related terms will have correlative meanings *mutatis mutandis*.

Section 4. Conditions to Effectiveness. The effectiveness of this Amendment and the obligations of the Term B-4 Lenders to make the Term B-4 Loans shall become effective on the Amendment No. 5 Effective Date, which shall be the first Business Day on which the following conditions are satisfied or waived:

(i) the Administrative Agent (or its counsel) shall have received counterparts of this Amendment or Amendment No. 5 Consent that, when taken together, bear the signatures of (A) each Amendment No. 5 Cashless Option Lender and each Amendment No. 5 Post-Closing Option Lender, (B) the Administrative Agent, (C) the Additional Term B-4 Lender, (D) the Borrower and (E) each Guarantor;

(ii) the Administrative Agent shall have received a notice of Borrowing for the Additional Term B-4 Loans (whether in writing or by telephone) in accordance with the Credit Agreement;

(iii) the Administrative Agent's receipt of the following, each of which shall be originals or facsimiles or electronic copies (followed promptly by originals) unless otherwise specified:

(A) a favorable opinion of Jones Day, counsel for the Loan Parties, in a form and substance reasonably satisfactory to the Administrative Agent;

(B) a certificate from a Responsible Officer of each Loan Party dated as of the Amendment No. 5 Effective Date, and attaching the documents referred to in clause (C) below;

(C) the Administrative Agent shall have received (i) resolutions of the Board of Directors and/or similar governing bodies of each Loan Party approving and authorizing (a) the execution, delivery and performance of the Amendment (and any agreements relating thereto) to which it is a party and (b) in the case of the Borrower, the extensions of credit contemplated hereunder, certified as of the Amendment No. 5 Effective Date by its secretary, an assistant secretary or a Responsible Officer as being in full force and effect without modification or amendment and (ii) a good standing certificate as of a recent date from the applicable Governmental Authority of each Loan Party's jurisdiction of incorporation, organization or formation;

(D) before and after giving effect to this Amendment and the borrowing of or exchange into the Term B-4 Loans and to the application of any proceeds therefrom (i) no Default or Event of Default shall exist and (ii) all of the representations and warranties contained in the Credit Agreement and in the other Loan Documents shall be true and correct in all material respects at such time (unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date);

(E) the Administrative Agent shall have received from the Borrower an Officer's Certificate certifying as to compliance with the preceding clause (D); and

(F) the representations and warranties of each Loan Party set forth in Section 5 below shall be true and correct in all material respects;

(iv) the fees in the amounts previously agreed in writing by SunTrust Robinson Humphrey, Inc. to be received on the Amendment No. 5 Effective Date and all reasonable and documented or invoiced out-of-pocket costs and expenses (including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, as counsel to the Amendment No. 5 Arrangers and the Administrative Agent) incurred in connection with the transactions contemplated hereby for which invoices have been presented at least one (1) Business Day prior to the Amendment No. 5 Effective Date shall, upon the Borrowing of the Term B-4 Loans, have been, or will be substantially simultaneously, paid in full; and

(v) each of the Administrative Agent and the Additional Term B-4 Lender shall have received a "Life-of-Loan" flood determination notice for each real property encumbered by a Mortgage and if such real property is located in a special flood hazard area, (x) a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and (y) evidence of insurance as required by the Credit Agreement in form and substance satisfactory to each of the Administrative Agent and the Additional Term B-4 Lender.

Section 5. Representations and Warranties. By its execution of this Amendment, each Loan Party hereby represents and warrants to the Administrative Agent, the Term B-4 Lenders and the Lenders that the representations and warranties of each Loan Party set forth in Article V of the Credit Agreement or in any other Loan Documents are, after giving effect to this Amendment, true and correct in all material respects on and as of the Amendment No. 5 Effective Date (unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

Section 6. Acknowledgments and Affirmations of the Loan Parties. Each Loan Party hereby expressly acknowledges the terms of this Amendment and confirms and reaffirms, as of the date hereof, (i) the covenants and agreements contained in each Loan Document to which it is a party, including, in each case, such covenants and agreements as in effect immediately after giving effect to this Amendment and the transactions contemplated hereby and thereby, (ii) its guarantee of the Guaranteed Obligations (including, without limitation, the Term B-4 Loans) under the Guaranty and (iii) its grant of Liens on the Collateral to secure the Obligations (including, without limitation, the Obligations with respect to the Term B-4 Loans) pursuant to the Collateral Documents; *provided* that, on and after the effectiveness of this Amendment, each reference in the Guaranty and in each of the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import shall mean and be a reference to the Credit Agreement, as amended by this Amendment. Without limiting the generality of the foregoing, the Collateral Documents to which such Loan Party is a party and all of the Collateral described therein do, and shall continue to secure, payment of all of the Obligations.

Section 7. Amendment, Modification and Waiver. This Amendment may not be amended, modified or waived except in accordance with Section 10.01 of the Credit Agreement.

Section 8. Effectiveness of This Amendment. The provisions of this Amendment shall be subject to the satisfaction of the conditions to effectiveness set forth in Section 4 of this Amendment.

Section 9. Liens Unimpaired. After giving effect to this Amendment, neither the modification of the Credit Agreement effected pursuant to this Amendment nor the execution, delivery, performance or effectiveness of this Amendment impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document. This Amendment shall not constitute a novation of the Credit Agreement or any of the Loan Documents.

Section 10. Post-Closing Covenants.

(a) Equity Interests. Notwithstanding anything contained in the Loan Documents to the contrary, within ten (10) Business Days of the Amendment No. 5 Effective Date, the Borrower shall deliver to the Administrative Agent certificates representing the Equity Interests set forth below, accompanied by duly executed instruments of transfer or assignment in blank and a securities pledge amendment with respect thereto, substantially in the form set forth in Exhibit 2 to the Security Agreement:

ISSUER	CLASS OF STOCK OR INTERESTS	PAR VALUE	NUMBER OF SHARES OR INTERESTS PLEDGED	PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER PLEDGED
ColorMatrix Group, Inc.	Common Stock	$.01	100	100%
ColorMatrix Holdings, Inc.	Common Stock	$.01	100	100%
ColorMatrix UK Holdings Limited	Preferred Shares	--	102,734	65% of all Preferred Shares

(b) Mortgaged Properties. Within ninety (90) days after the Amendment No. 5 Effective Date, unless waived or extended by the Administrative Agent in its sole discretion, with respect to each real property encumbered by a Mortgage, the Administrative Agent shall have received, with respect to the existing Mortgages, the following, in each case in form and substance reasonably acceptable to the Administrative Agent:

(i) an amendment to the existing Mortgage (the "Mortgage Amendment") to reflect the matters set forth in this Amendment, duly executed and acknowledged by the applicable Loan Party, and in form for recording in the recording office where such Mortgage was recorded, together with such certificates, affidavits, questionnaires or returns as shall be required in connection with the recording or filing thereof under applicable law;

(ii) a favorable opinion, addressed to the Administrative Agent and the Secured Parties covering, among other things, the due authorization, execution, delivery and enforceability of the applicable Mortgage as amended by the Mortgage Amendment (such opinion may take assumptions for any matters addressed in the local counsel opinion originally delivered in connection with the Mortgage);

(iii) an ALTA 11-06 endorsement to the existing title policy, which shall be in form and substance reasonably satisfactory to the Administrative Agent, along with a title search of the real property to show that as of the date of such endorsement that the real property subject to the lien of such Mortgage is free and clear of all defects and encumbrances except those Liens permitted under such Mortgage;

(iv) evidence of payment by the Borrower of all search and examination charges escrow charges and related charges, mortgage recording taxes, fees, charges, costs and expenses required for the recording of the Mortgage Amendment referred to above; and

(v) such affidavits, certificates, information and instruments of indemnification as shall be required to induce the title insurance company to issue the endorsement to the title policy contemplated in this Section 10 and evidence of payment of all applicable title insurance premiums, search and examination charges, mortgage recording taxes and related charges required for the issuance of the endorsement to the title policy contemplated in this Section 10.

Section 11. Other. This Amendment, the Credit Agreement and the other Loan Documents constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties hereto with respect to the subject matter hereof. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any party under, the Credit Agreement, nor alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. It is understood and agreed that each reference in each Loan Document to the Credit Agreement, whether direct or indirect, shall hereafter be deemed to be a reference to the Credit Agreement as amended by this Amendment and that this Amendment is a Loan Document.

(%4) This Amendment may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto. This Amendment shall constitute a “Loan Document” for all purposes of the Credit Agreement and other Loan Documents.

(%4) THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. SECTIONS 10.13 AND 10.14 OF THE CREDIT AGREEMENT ARE HEREBY INCORPORATED BY REFERENCE INTO THIS AMENDMENT AND SHALL APPLY MUTATIS MUTANDIS HERETO. SECTION 10.07 OF THE CREDIT AGREEMENT IS HEREBY INCORPORATED BY REFERENCE INTO THIS AMENDMENT AND SHALL APPLY MUTATIS MUTANDIS HERETO AND BE BINDING UPON THE AMENDMENT NO. 5 ARRANGERS.

(%4) Any term or provision of this Amendment which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Amendment or affecting the validity or enforceability of any of the terms or provisions of this Amendment in any other jurisdiction. If any provision of this Amendment is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

(%4) This Amendment 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. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or e-mail (including in a “.pdf” format) shall be effective as delivery of a manually executed counterpart of this Amendment.

[signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Amendment as of the date first written above.

POLYONE CORPORATION

BY: /s/ James N. Sloan
NAME: JAMES N. SLOAN
TITLE: VICE PRESIDENT AND TREASURER

CONEXUS, LLC
NEU SPECIALTY ENGINEERED MATERIALS, LLC
POLYMER DIAGNOSTICS, INC.
COLORMATRIX GROUP, INC.
COLORMATRIX HOLDINGS, INC.
THE COLORMATRIX CORPORATION
CHROMATICS, INC.
GSDI SPECIALTY DISPERSIONS, INC.
SILCOTEC, INC.
RUTLAND HOLDING COMPANY
RUTLAND INTERMEDIATE HOLDING COMPANY

RUTLAND PLASTICS, INC.
RUTLAND GROUP, INC.

BY: /s/ James N. Sloan
NAME: JAMES N. SLOAN
TITLE: TREASURER

POLYONE LLC

BY: /s/ James N. Sloan
NAME: JAMES N. SLOAN
TITLE: MANAGER

GLASFORMS, INC.
POLYONE INTERNATIONAL REAL ESTATE CORPORATION

BY: /s/ James N. Sloan
NAME: JAMES N. SLOAN
TITLE: PRESIDENT AND ASSISTANT TREASURER

Consented to by:

CITIBANK, N.A., as Administrative Agent

By: /s/ Kirkwood Roland
Name: Kirkwood Roland
Title: Managing Director & Vice President

SUNTRUST BANK, as Additional Term B-4 Lender

By: /s/ Michael Chung
Name: Michael Chung
Title: Director

EXHIBIT A

CONSENT TO AMENDMENT NO. 5

CONSENT (this "Consent") to Amendment Agreement No. 5 ("Amendment") to the Credit Agreement, dated as of November 12, 2015 (as amended by Amendment Agreement No. 1, dated as of June 15, 2016, Amendment Agreement No. 2, dated as of August 3, 2016, Amendment Agreement No. 3, dated as of January 24, 2017 and Amendment Agreement No. 4, dated as of August 15, 2017 and as the same may be otherwise amended, restated, amended and restated, supplemented, extended, refinanced or otherwise modified from time to time, the "Credit Agreement"), by and among PolyOne Corporation, an Ohio corporation (the "Borrower"), the lending institutions from time to time parties thereto (each a "Lender" and, collectively, the "Lenders"), Citibank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent"), and SunTrust Bank, as the Additional Term B-4 Lender (as defined therein). Capitalized terms used in this Consent but not defined in this Consent have the meanings assigned to such terms in the Credit Agreement (as amended by the Amendment).

Existing Lenders of Term B-3 Loans. The undersigned Lender hereby irrevocably and unconditionally approves the Amendment and consents as follows (check ONE option):

Cashless Settlement Option
to convert 100% of the outstanding principal amount of the Term B-3 Loans held by such Lender (or such lesser amount allocated to such Lender by the

Post-Closing Settlement Option
to have 100% of the outstanding principal amount of the Term B-3 Loans held by such Lender prepaid on the Amendment No. 5 Effective Date and purchase by assignment the principal amount of Term B-4 Loans

Amendment No. 5 Arrangers) into a Term B-4 Loan in a like principal amount.	committed to separately by the undersigned (or such lesser amount allocated to such Lender by the Amendment No. 5 Arrangers).

IN WITNESS WHEREOF, the undersigned has caused this Consent to be executed and delivered by a duly authorized officer as of the ______ of [March][April], 2018.

____,
as a Lender (type name of the legal entity)

By: _
Name:
Title:

If a second signature is necessary:

By: _
Name:
Title:

Name of Fund Manager (if any):__________________

Exhibit 31.1

CERTIFICATION

I, Robert M. Patterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

July 24, 2018

/s/ Robert M. Patterson

Robert M. Patterson
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Bradley C. Richardson, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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.

July 24, 2018

/s/ Bradley C. Richardson

Bradley C. Richardson
Executive Vice President, Chief Financial Officer

Exhibit 32.1

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 Quarterly Report on Form 10-Q of PolyOne Corporation (the “Company”) for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert M. Patterson, 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/ Robert M. Patterson

Robert M. Patterson
Chairman, President and Chief Executive Officer

July 24, 2018

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.

Exhibit 32.2

**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 Quarterly Report on Form 10-Q of PolyOne Corporation (the “Company”) for the period ended June 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bradley C. Richardson, Executive Vice President, 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/ Bradley C. Richardson

Bradley C. Richardson
Executive Vice President, Chief Financial Officer

July 24, 2018

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.