
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): June 6, 2006

POLYONE CORPORATION

(Exact name of registrant as specified in charter)

Ohio

(State or other
jurisdiction of
incorporation)

1-16091

(Commission
File Number)

34-1730488

(I.R.S.
Employer
Identification
No.)

PolyOne Center, 33587 Walker Road, Avon Lake, Ohio

(Address of principal executive offices)

44012

(Zip Code)

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

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13E-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On June 6, 2006, PolyOne Corporation (“PolyOne”) entered into a definitive Guarantee and Agreement, a Second Amended and Restated Security Agreement, an Amended and Restated Collateral Trust Agreement, and an Amended and Restated Intercreditor Agreement, as described under Item 2.03 below.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On June 6, 2006, PolyOne, as guarantor, entered into a Guarantee and Agreement with Citicorp USA, Inc., as beneficiary and as agent for KeyBank National Association and National City Bank, as beneficiaries. Under the Guarantee and Agreement, PolyOne guarantees the treasury management and banking services provided to PolyOne and its subsidiaries by the beneficiary banks, including but not limited to subsidiary borrowings, interest rate swaps, foreign currency forwards, letters of credit, credit card programs and bank overdrafts. PolyOne’s guarantee is secured by PolyOne’s inventories located in the United States.

Concurrently with the execution of the Guarantee and Agreement, PolyOne entered into a Second Amended and Restated Security Agreement and an Amended and Restated Collateral Trust Agreement, each with U.S. Bank Trust National Association, as collateral trustee, and an Amended and Restated Intercreditor Agreement with Citicorp USA, Inc., as bank agent, U.S. Bank Trust National Association, as collateral trustee, and PolyOne Funding Corporation.

The foregoing description of the Guarantee and Agreement and the related amended agreements is qualified in its entirety by reference to the full text of the respective agreements, which are filed as Exhibits 10.1, 10.2, 10.3, and 10.4 to this Form 8-K and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit 10.1 — Guarantee and Agreement, dated as of June 6, 2006, between PolyOne, as guarantor, and the beneficiary banks party thereto.

Exhibit 10.2 — Second Amended and Restated Security Agreement, dated as of June 6, 2006, between PolyOne, as grantor, and U.S. Bank Trust National Association, as collateral trustee.

Exhibit 10.3 — Amended and Restated Collateral Trust Agreement, dated as of June 6, 2006, between PolyOne, as grantor, and U.S. Bank Trust National Association, as collateral trustee.

Exhibit 10.4 — Amended and Restated Intercreditor Agreement, dated as of June 6, 2006, between PolyOne, as grantor, and Citicorp USA, Inc., as bank agent, U.S. Bank Trust National Association, as collateral trustee, and PolyOne Funding Corporation.

SIGNATURE

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 hereunto duly authorized.

POLYONE CORPORATION

By: /s/ Richard E. Hahn

Richard E. Hahn

Assistant Secretary

Dated: June 8, 2006

GUARANTEE AND AGREEMENT

Dated as of June 6, 2006

GUARANTEE AND AGREEMENT, dated as of June 6, 2006 (this "Agreement"), among POLYONE CORPORATION, an Ohio corporation, as guarantor (the "Guarantor"), CITICORP USA, INC., as beneficiary ("Citicorp"), KEYBANK NATIONAL ASSOCIATION, as beneficiary ("KeyBank"), NATIONAL CITY BANK, as beneficiary ("National City"; and together with Citicorp and KeyBank, the "Beneficiaries"), and CITICORP USA, INC., as administrative agent (the "Agent") for the Beneficiaries.

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is in control of, is controlled by or is under common control with such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise.

"Agent" has the meaning specified in the preamble hereto.

"Agreement" has the meaning specified in the preamble hereto.

"Amended and Restated Credit Agreement" means the Amended and Restated Credit Agreement, dated as of May 6, 2003, among the Guarantor, the banks, institutional lenders and other financial institutions parties thereto and the Agent, as amended.

"Beneficiaries" has the meaning specified in the preamble hereto.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City.

"Certification Date" has the meaning specified in Section 5.01(g)(iv).

"Change of Control" has the meaning specified in the Receivables Purchase Agreement.

"Citicorp" has the meaning specified in the preamble hereto

"Collateral" means all "Collateral" referred to in the Collateral Documents and all other property that is or is intended to be subject to any Lien in favor of the Collateral Trustee for the benefit of the Secured Parties.

"Collateral Documents" means the Security Agreement, the Collateral Trust Agreement, the Intercreditor Agreement and any other agreement that creates or purports to create a Lien in favor of the Agent for the benefit of the Secured Parties.

"Collateral Trust Agreement" means the Collateral Trust Agreement, dated as of January 25, 2002, between the Guarantor and the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee, as amended.

"Collateral Trustee" has the meaning specified in the Collateral Trust Agreement.

"Confidential Information" means the information that the Guarantor furnishes to the Agent or any Beneficiary in a writing designated as confidential or otherwise on a confidential basis if such information otherwise furnished is reduced to a writing designated as confidential within 30 days of the initial disclosure thereof to the Agent or any Beneficiary, but does not include any such information that is or becomes generally available to the public other than as a result of a breach by the Agent or any Beneficiary of its obligations hereunder or that is or becomes available to the Agent or such Beneficiary from a source other than the Guarantor or any consultant employed by the Agent to provide technical advice that is not, to the best of the Agent's or such Beneficiary's knowledge, acting in violation of a confidentiality agreement with the Guarantor.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables not overdue by more than 60 days incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all Capital, Yield and Reimbursement Obligations (each as defined in the Receivables Purchase Agreement) under the Receivables Financing, (g) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit and (h) obligations under direct or indirect guarantees in respect of, and obligations (contingent or otherwise) to in effect guarantee, any Debt of others of the kinds referred to in clauses (a) through (g) above through an agreement (1) to pay or purchase such Debt or to advance or supply funds for the payment or purchase of such Debt, (2) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) primarily for the purpose of enabling the debtor to make payment of such Debt or to assure the holder of such Debt against loss or (3) otherwise to assure a creditor against loss.

"Debt Coverage Limit" means, as of any date, the lesser of (a) the product of (i) (1 divided by 1.50) and (ii) the Loan Value of the aggregate amount of Eligible Inventory at such date and (b) the product of (i) (1 divided by 1.50) and (ii) the Indenture Limit.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Disclosed Litigation" has the meaning specified in Section 3.01(b).

"Dollars" and the "\$" sign each means lawful currency of the United States of America.

"Dollar Equivalent" of any amount on any date means the equivalent in Dollars of such amount determined by using the WM/Reuters Closing Spot Rate on such date as is required pursuant to the terms of this Agreement or, if the WM/Reuters Closing Spot Rate is not available, the Agent shall request the Beneficiaries to provide the Agent with their respective rates of exchange which are offered by the principal office of each of the Beneficiaries in New York, New York at approximately 11:00 a.m. (New York time) for such date and calculate the rate of exchange using the average of such quotations (or, if fewer than all the Beneficiaries provide such quotations, the average of the quotations received).

"Effective Date" has the meaning specified in Section 3.01.

"Eligibility Reserve" means, effective as of three Business Days after the date of written notice of any determination thereof to the Borrower by the Agent, such amounts as the Agent, in its reasonable discretion, may from time to time establish against the gross amounts of Eligible Inventory to reflect risks or contingencies arising after the Effective Date that may affect any one or more class of Eligible Inventory and that have not already been taken into account in the calculation of the Debt Coverage Limit.

"Eligible Inventory" means the Inventory of the Guarantor (other than any Inventory that has been consigned by the Guarantor), including raw materials, finished goods, parts and supplies (a) that are owned solely by the Guarantor, (b) with respect to which the Agent has a valid, perfected and enforceable first-priority Lien, (c) with respect to which each representation or warranty contained in any Transaction Document is true, (d) that is not, in the Agent's reasonable discretion, obsolete or unmerchantable, (e) with respect to which (in respect of any Inventory labeled with a brand name or trademark and sold by such Person pursuant to a trademark owned by such Person or a license (whether written or oral) granted to such Person) the Agent would have rights under such trademark or license pursuant to the Security Agreement or other agreement satisfactory to the Agent to sell such Inventory in connection with a liquidation thereof and (f) that the Agent deems to be Eligible Inventory based on such credit and collateral considerations as the Agent may, in its reasonable discretion in accordance with its customary business practice and regular criteria, deem appropriate. No Inventory shall be Eligible Inventory if such Inventory consists of (i) goods returned or rejected by customers other than goods that are undamaged or are resalable in the normal course of business, (ii) goods to be returned to suppliers, (iii) goods in transit outside of the United States, (iv) goods the title to which remains in the seller thereof, (v) promotional, marketing, packaging or shipping materials and supplies, (vi) goods consisting of work in process, (vii) goods in respect of which the Security Agreement, after giving effect to the related filings of financing statements that have then been made, if any, does not or has ceased to create a valid and perfected first priority lien or security interest in favor of the Collateral Trustee for the benefit of the Secured Parties securing the Secured Obligations, or (viii) goods located, stored, used or held at the premises of a third party unless (A)(1) the Agent shall have received a copy of a collateral access agreement satisfying the requirements set forth in Section 7(b) of the Security Agreement executed by such third party or (2) in the case of Inventory located at a leased premises after the date that is sixty (60) days after the Effective Date, an Eligibility Reserve satisfactory to the Agent shall have been established with respect thereto and (B) an appropriate UCC 1 financing statement shall have been prepared and properly filed.

"Environmental Action" means any administrative, regulatory or judicial action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement arising under any Environmental Law or Environmental Permit or relating to Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to the environment or Hazardous Materials.

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

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Events of Default" has the meaning specified in Section 6.01.

"GAAP" has the meaning specified in Section 1.03.

"Guaranteed Obligations" has the meaning specified in Section 2.01.

"Guarantor" has the meaning specified in the preamble hereto.

"Hazardous Materials" means petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and any other chemicals, materials or substances designated, classified or regulated as being "hazardous" or "toxic" or words of similar import under any federal, state, local or foreign statute, law ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Indenture Limit" means (a) the maximum amount permitted under the Guarantor's public debt indentures that may be outstanding as secured obligations without requiring the Guarantor to equally and ratably secure the Guarantor's public debt multiplied by (b) 95% minus (c) all then outstanding secured obligations of the Guarantor and its Subsidiaries (other than the aggregate amount of obligations then outstanding under the Subject Agreements) that are subject to such public debt indentures' limitations on secured obligations.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of May 6, 2003, among the Guarantor, the Collateral Trustee, the Agent and the other parties thereto, as amended.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Inventory" means all Inventory referred to in Section 1 of the Security Agreement.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Value" means, with respect to any Eligible Inventory, an amount which is equal to the product of (i) 85% multiplied by (ii) the Net Orderly Liquidation Value of such Eligible Inventory.

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance, prospects, material obligations or properties of the Guarantor or the Guarantor and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance, prospects, material obligations or properties of the Guarantor or the Guarantor and its Subsidiaries taken as a whole, (b) the rights and remedies of the Collateral Trustee, the Agent or any Beneficiary under this Agreement or any other Transaction Document or (c) the ability of the Guarantor to perform its obligations under this Agreement or any other Transaction Document to which it is a party.

"National City" has the meaning specified in the preamble hereto.

"Net Orderly Liquidation Value" means the orderly liquidation value, on an as-is-where-is basis, net of costs and expenses incurred in connection with liquidation, of Inventory expressed as a Dollar amount, which amount shall be determined by reference to the most recent third-party appraisal of such Inventory received by the Agent.

"Obligor" means any Person which incurs any obligation or liability in favor of any Beneficiary or any Affiliate of such Beneficiary pursuant to any Subject Agreement.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"PolyOne Funding" means PolyOne Funding Corporation, a Delaware corporation.

"Receivables Financing" means, collectively, the transactions contemplated by the Amended and Restated Receivables Purchase Agreement dated as of July 26, 2005 (the "Receivables Purchase Agreement"), among PolyOne Funding, as seller, the Guarantor, as seller and as servicer, the banks and other financial institutions party thereto, as purchasers, Citicorp USA, Inc., as agent, and National City Business Credit, Inc., as syndication agent, and the Transaction Documents (as defined in such Receivables Purchase Agreement).

"Required Beneficiary" means Citigroup.

"Secured Obligations" has the meaning specified in the Collateral Trust Agreement.

"Secured Parties" has the meaning specified in the Collateral Trust Agreement.

"Security Agreement" means the Amended and Restated Security Agreement, dated as of May 6, 2003, from the Guarantor to the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee, as amended.

"Subject Agreements" means all agreements and other documents relating to any treasury management services provided by any of the Beneficiaries and any of its Affiliates to the Guarantor or any of its Subsidiaries, all agreements evidencing any other obligations of the Guarantor or any of its Subsidiaries owing to any of the Beneficiaries or any of its Affiliates including, without limitation, all letters of credit issued by any of the Beneficiaries or any of its Affiliates for the benefit of the Guarantor or any of its Subsidiaries, all Hedge Agreements and Capitalized Leases entered into with the Guarantor or any of its Subsidiaries by any of the Beneficiaries or any of its Affiliates, and each agreement or instrument delivered by the Guarantor or any of its Subsidiaries pursuant to any of the foregoing, as the same may be amended from time to time in accordance with the provisions thereof, provided that "Subject Agreements" shall not include (i) any agreement or other document evidencing Debt of the type described in clause (f) of the definition of "Debt" or (ii) or any agreement or document which would otherwise be included in this definition of "Subject Agreements" the obligations under which are secured by cash collateral, or the breach of which would permit the applicable creditor to draw under a letter of credit issued by a creditworthy financial institution under terms reasonably acceptable to such creditor, so long as such cash collateral continues to secure such obligations or such letter of credit remains available to be drawn by such creditor.

"Subsidiary" means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock or the equivalent ownership or controlling interest, in either case having ordinary voting power to elect a majority of the board of directors, managers or trustees thereof (irrespective of whether at the time capital stock (or other evidence of ownership) of any other class or classes of such entity shall or might have the voting power upon the occurrence of any contingency) or (b) the beneficial interest in such trust or estate is at the time owned or controlled directly or indirectly, by the Guarantor, by the Guarantor and one or more of its other Subsidiaries or by one or more of the Guarantor's other Subsidiaries.

"Termination Date" has the meaning specified in Section 8.12.

"Transaction Documents" means (a) this Agreement, (b) the Collateral Documents and (c) the Subject Agreements.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles, as in effect December 31, 2005, consistent with those applied in the preparation of the financial statements referred to in Section 4.01(e) ("GAAP").

ARTICLE II

GUARANTEE

SECTION 2.01. Guarantee. The Guarantor hereby absolutely, unconditionally and irrevocably, under any and all circumstances, guarantees to each Beneficiary and its successors, transferees and assigns the due and punctual payment and performance by each other Obligor of all of the obligations and liabilities of each other Obligor now or hereafter existing under or in respect of the Subject Agreements, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (the "Guaranteed Obligations"). The Guarantor further agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Agent or any Beneficiary in enforcing any rights under any Transaction Document. Without limiting the generality of the foregoing, the Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Guarantor to the Agent or any Beneficiary under or in respect of this Agreement but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving any other Obligor.

SECTION 2.02. Guarantee Absolute. The Guarantor guarantees that the Guaranteed Obligations will be paid or performed strictly in accordance with their terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any Beneficiary with respect thereto. The obligations of the Guarantor under or in respect of this Agreement are independent of any other obligations and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Agreement, irrespective of whether any action is brought against the Guarantor or whether the Guarantor is joined in any such action or actions. The liability of the Guarantor under this Agreement shall be irrevocable, absolute and unconditional irrespective of, and, to the extent permitted by applicable law, the Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following:

(a) any lack of validity or enforceability of any Subject Agreement or any agreement or instrument relating hereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other obligations of any other Obligor under or in respect of any Subject Agreement, or any other amendment or waiver of or any consent to departure from any Subject Agreement, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Obligor or otherwise;

(c) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guarantee, for all or any of the Guaranteed Obligations;

(d) any manner of application of the Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of the Collateral or any other collateral for all or any of the Guaranteed Obligations or any other obligations of any Obligor under the Subject Agreements or any other assets of any Obligor;

(e) any change, restructuring or termination of the corporate structure or existence of any Obligor;

(f) any failure of the Agent or any Beneficiary to disclose to the Guarantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor now or hereafter known to the Agent or such Beneficiary (the Guarantor waiving any duty on the part of the Agent and the Beneficiaries to disclose such information);

(g) the failure of any other Person to execute or deliver any other guarantee or agreement or the release or reduction of liability of any other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agent or any Beneficiary that might otherwise constitute a defense available to, or a discharge of, the Guarantor or any other guarantor or surety.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment or performance of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agent or any Beneficiary or any other Person upon the insolvency, bankruptcy or reorganization of any other Obligor or otherwise, all as though such payment had not been made.

SECTION 2.03. Waivers and Acknowledgments. (a) The Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and any requirement that the Agent or any Beneficiary protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against the Guarantor or any other Person or any Collateral. The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Agreement and acknowledges that this Agreement is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(b) The Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Agent or any Beneficiary that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of the Guarantor or other rights of the Guarantor to proceed against any other Obligor, any other guarantor or any other Person or any collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of the Guarantor hereunder.

(c) The Guarantor hereby unconditionally and irrevocably waives any duty on the part of the Agent or any Beneficiary to disclose to the Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor or any of its Subsidiaries now or hereafter known by the Agent or such Beneficiary.

(d) The Guarantor acknowledges that it will receive substantial direct and indirect benefits from the guarantee arrangements contemplated by this Agreement and that the waivers set forth in Section 2.02 and this Section 2.03 are knowingly made in contemplation of such benefits.

SECTION 2.04. Subrogation. The Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any other Obligor or any other insider guarantor that arise from the existence, payment, performance or enforcement of the

obligations under or in respect of this Agreement or any Subject Agreement, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent or any Beneficiary against any other Obligor or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from any other Obligor or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Agreement shall have been paid in full and performed in full. If any amount shall be paid to the Guarantor in violation of the immediately preceding sentence at any time prior to the later of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Agreement and (b) the Termination Date, such amount shall be received and held in trust for the benefit of the Agent and the Beneficiaries, shall be segregated from other property and funds of the Guarantor and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Agreement, whether matured or unmatured, in accordance with the terms of the Subject Agreements, or to be held as collateral for any obligations or other amounts payable under this Agreement thereafter arising. If (i) the Guarantor shall make payment to the Agent of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Agreement shall have been paid in full in cash and (iii) the Termination Date shall have occurred, the Agent and the Beneficiaries will, at the Guarantor's request and expense, execute and deliver to the Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by the Guarantor pursuant to this Agreement.

SECTION 2.05. Continuing Agreement; Assignments. The guarantee in this Article II is a continuing guarantee and shall (a) remain in full force and effect until the later of (i) the payment and performance in full of the Guaranteed Obligations and all other amounts payable under this Agreement and (ii) the Termination Date, (b) be binding upon the Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Agent and the Beneficiaries and their successors, transferees and assigns. The Guarantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Agent and the Required Beneficiary.

SECTION 2.06. Fees. The Guarantor shall pay to the Agent for its own account such fees as may from time to time be agreed between the Guarantor and the Agent.

SECTION 2.07. Taxes. (a) Any and all payments by the Guarantor hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Beneficiary and the Agent, taxes imposed on its income, and franchise taxes imposed on it in lieu of income taxes, by the jurisdiction under the laws of which such Beneficiary or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Beneficiary, taxes imposed on its income, and franchise taxes imposed on it in lieu of income taxes, by the jurisdiction of such Beneficiary's office referred to in Section 8.02 or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Beneficiary or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.07) such Beneficiary or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Guarantor shall make

such deductions and (iii) the Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Guarantor agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement (hereinafter referred to as "Other Taxes").

(c) The Guarantor will indemnify each Beneficiary and the Agent for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.07) paid by such Beneficiary or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Beneficiary or the Agent (as the case may be) makes written demand therefor in reasonable detail.

(d) Within 30 days after the date of any payment of Taxes, the Guarantor will furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing payment thereof. In the case of any payment hereunder by or on behalf of the Guarantor through an account or branch outside the United States or by or on behalf of the Guarantor by a payor that is not a United States person, if the Guarantor determines that no Taxes are payable in respect thereof, the Guarantor shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

ARTICLE III

CONDITIONS TO EFFECTIVENESS

SECTION 3.01. Conditions Precedent to Effectiveness of this Agreement. This Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no Material Adverse Change since December 31, 2005.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Guarantor or any of its Subsidiaries pending or, to its or their knowledge, threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect other than the matters described on Schedule 3.01(b) hereto (the "Disclosed Litigation") or (ii) purports to affect the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby, and there shall have been no adverse change in the status, or financial effect on the Guarantor or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto that could reasonably be expected to have a Material Adverse Effect.

(c) The Beneficiaries shall have been given such access to the management, records, books of account, contracts and properties of the Guarantor and its Subsidiaries as they shall have reasonably requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not acceptable to the Beneficiaries) and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Beneficiaries that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(e) The Guarantor shall have notified each Beneficiary and the Agent in writing as to the proposed Effective Date.

(f) The Guarantor shall have paid all invoiced accrued fees and expenses of the Agent and the Beneficiaries (including the invoiced accrued reasonable fees and expenses of counsel to the Agent).

(g) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Beneficiary a certificate signed by a duly authorized officer of the Guarantor, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 and in each other Transaction Document to which it is a party are correct on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agent and in sufficient copies for each Beneficiary:

(i) An amendment and restatement of the Security Agreement, in substantially the form of Exhibit A hereto, duly executed by the parties thereto, together with:

(A) acknowledgment copies of proper financing statements, duly filed on or before such day under the Uniform Commercial Code of all jurisdictions that the Agent may deem necessary or desirable in order to perfect and protect the first priority liens and security interests created under the Security Agreement, covering the Collateral described in the Security Agreement,

(B) completed requests for information, dated on or before such day, listing the financing statements referred to in clause (A) above and all other effective financing statements filed in the jurisdictions referred to in clause (A) above that name the Guarantor as debtor, together with copies of such other financing statements,

(C) evidence of the completion of all other recordings and filings of or with respect to the Security Agreement and that all other action that the Agent may deem necessary or desirable in order to perfect and protect the Liens and security interests created under the Security Agreement has been taken (including, without limitation, receipt of duly executed payoff letters, UCC-3 termination statements and landlords' and bailees' waiver and consent agreements) that the Agent may deem necessary or desirable in order to perfect and protect the Liens created thereby,

(ii) Evidence of the insurance required by the terms of the Collateral Documents,

(iii) An amendment and restatement of the Collateral Trust Agreement, in substantially the form of Exhibit B hereto, duly executed by the parties thereto.

(iv) An amendment and restatement of the Intercreditor Agreement, in substantially the form of Exhibit C hereto, duly executed by the parties thereto.

(v) Certified copies of the resolutions of the Board of Directors of the Guarantor authorizing this Agreement and each other Transaction Document to which it is a party, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and each other Transaction Document to which it is a party.

(vi) A certificate of the Secretary or an Assistant Secretary of the Guarantor certifying the names and true signatures of the officers of the Guarantor authorized to sign this Agreement and each other Transaction Document to which it is a party and the other documents to be delivered hereunder.

(vii) A favorable opinion of counsel of the Guarantor, substantially in the form of Exhibit D hereto and as to such other matters as Citibank through the Agent may reasonably request.

SECTION 3.02. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Beneficiary shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Beneficiaries unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Beneficiary prior to the proposed Effective Date, as notified by the Guarantor to the Beneficiaries, specifying its objection thereto. The Agent shall promptly notify the Beneficiaries of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Guarantor. The Guarantor represents and warrants as follows:

(a) The Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the State of Ohio, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified, except to the extent that any failure to be so qualified or in good standing as a foreign entity could not reasonably be expected to have a Material Adverse Effect.

(b) The execution, delivery and performance by the Guarantor of this Agreement and the other Transaction Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, are within the Guarantor's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene the Guarantor's charter or

code of regulations, (ii) violate any applicable law, rule, regulation, order, writ judgment, injunction, decree, determination or award, or (iii) breach or result in a default under, or result in the acceleration of (or entitle any party to accelerate) the maturity of any Guaranteed Obligation of the Guarantor under, or result in or require the creation of any Lien upon any property of the Guarantor pursuant to the terms of any agreement or instrument binding on or affecting the Guarantor or any of its properties other than in favor of the Collateral Trustee for the benefit of the Secured Parties.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Guarantor of this Agreement or the other Transaction Documents to which it is a party. All filings and other actions necessary or desirable to perfect and protect the security interest in the Collateral created under the Collateral Documents have been duly made or taken and are in full force and effect, and the Collateral Documents create in favor of the Collateral Trustee for the benefit of the Secured Parties a valid and, together with such filings and other actions, perfected first priority security interest in the Collateral, securing the payment of the Guaranteed Obligations, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly taken. The Guarantor is the legal and beneficial owner of the Collateral free and clear of any Lien, except for the liens and security interests created or permitted under the Collateral Documents.

(d) This Agreement has been, and each of the other Transaction Documents to which it is a party when delivered hereunder will have been, duly executed and delivered by the Guarantor. This Agreement is, and each of the other Transaction Documents to which it is a party when delivered hereunder will be, the legal, valid and binding obligation of the Guarantor enforceable against the Guarantor in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general equitable principles.

(e) The Consolidated balance sheet of the Guarantor and its Subsidiaries as at December 31, 2005, and the related Consolidated statements of income and cash flows of the Guarantor and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Ernst & Young LLP, independent public accountants, copies of which have been furnished to each Beneficiary, fairly present the Consolidated financial condition of the Guarantor and its Subsidiaries as at such date and the Consolidated results of the operations of the Guarantor and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied.

(i) Since December 31, 2005, there has been no Material Adverse Change and there have been no events or developments that, in the aggregate, have had a Material Adverse Effect.

(f) To the best of the Guarantor's knowledge, there is no pending or threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Guarantor or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect (other than the Disclosed Litigation) or, if adversely determined, could reasonably be expected to result in a Material Adverse Change or (ii) purports to affect the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby, and there has been no adverse change in the status, or financial effect on the Guarantor or any of its Subsidiaries, of the Disclosed Litigation from that described on Schedule 3.01(b) hereto.

(g) The Guarantor is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System).

(h) The Guarantor is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(i) The Guarantor is, individually and together with its Subsidiaries, Solvent. "Solvent" means, with respect to any Person on a particular date, that on such date (i) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (ii) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (iii) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (iv) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

ARTICLE V

COVENANTS OF THE GUARANTOR

SECTION 5.01. Affirmative Covenants. So long as any Guaranteed Obligation shall remain unpaid or unperformed, the Guarantor will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply, in all material respects, with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Guarantor nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and becomes enforceable against its other creditors.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Guarantor or such Subsidiary operates; provided, however, that the Guarantor and its Subsidiaries may self-insure to the same extent as is consistent with past practice and to the extent consistent with prudent business practice.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Guarantor and its Subsidiaries may consummate any

merger or consolidation permitted under Section 5.02(b) and provided further that neither the Guarantor nor any of its Subsidiaries shall be required to preserve any right or franchise if the Board of Directors of the Guarantor or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Guarantor or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Guarantor, such Subsidiary or the Beneficiaries.

(e) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Guarantor and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(f) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(g) Reporting Requirements. Furnish to the Beneficiaries:

(i) within 50 days after the end of each of the first three fiscal quarters of each fiscal year, financial information regarding the Guarantor and its Subsidiaries consisting of Consolidated unaudited balance sheets as of the close of such quarter and the related statements of income and cash flow for such quarter and that portion of the fiscal year ending as of the close of such quarter, setting forth in comparative form the figures contained in the Projections, together with a certificate of the chief financial officer or treasurer of the Guarantor (a) that such financial statements fairly presenting the Consolidated financial position of the Guarantor and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in accordance with GAAP (subject to the absence of footnote disclosure and normal year-end audit adjustments), (y) as to compliance with the terms of this Agreement and (z) setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided, that in the event of any change in GAAP used in the preparation of such financial statements, the Guarantor shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statement to GAAP;

(ii) within 95 days after the end of each fiscal year, financial information regarding the Guarantor and its Subsidiaries consisting of Consolidated balance sheets of the Guarantor and its Subsidiaries as of the end of such year and related statements of income and cash flows of the Guarantor and its Subsidiaries for such fiscal year, all prepared in conformity with GAAP and certified, in the case of such Consolidated financial statements, without qualification, including, but not limited to, as to the scope of the audit or as to the Guarantor being a going concern by the Guarantor's independent public accountants, together with the report of such accounting firm stating that (A) such financial statements fairly present the Consolidated financial position of the Guarantor and its Subsidiaries as at the dates indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP applied on a basis consistent with prior years (except for changes with which the Guarantor's independent public accountants shall concur and that shall have been disclosed in the notes to the financial statements) and (B) the examination by the Guarantor's independent public accountants in connection with such Consolidated financial statements has been made in accordance with generally accepted auditing standards, and accompanied by a certificate stating that in the course of

the regular audit of the business of the Guarantor and its Subsidiaries such accounting firm has obtained no knowledge that a Default has occurred and is continuing, or, if in the opinion of such accounting firm, a Default has occurred and is continuing, a statement as to the nature thereof; provided, that in the event of any change in GAAP used in the preparation of such financial statements, the Guarantor shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statement to GAAP;

(iii) as soon as possible and in any event within five Business Days after the occurrence of each Default continuing on the date of such statement, a statement of an officer of the Guarantor having knowledge of or responsibility for such matters setting forth details of such Default and the action that the Guarantor has taken and proposes to take with respect thereto;

(iv) as soon as possible and in any event within 15 days after the end of each month, a certificate of a duly authorized officer of the Guarantor (A) setting forth in reasonable detail (1) the aggregate Dollar or Dollar Equivalent amount of obligations outstanding under the Subject Agreements as of the last day of such month (each such date, a "Certification Date"), (2) the aggregate Dollar amount of Eligible Inventory as of such Certification Date and (3) the calculations necessary to demonstrate that the aggregate Dollar or Dollar Equivalent amount of the obligations outstanding under the Subject Agreements is below the Debt Coverage Limit as of such Certification Date, and (B) stating that the representations and warranties contained in Section 4.01 and in each other Transaction Document to which it is a party are correct on and as of such Certification Date, and no event has occurred and is continuing that constitutes a Default.

(v) promptly after the sending or filing thereof, the Guarantor shall send the Agent copies of (A) all reports the Guarantor sends to its security holders generally, (B) all reports and registration statements that the Guarantor or any of its Subsidiaries files with the Securities and Exchange Commission or any national or foreign securities exchange or the National Association of Securities Dealers, Inc., (C) all press releases and (D) all other statements concerning material changes or developments in the business of the Guarantor made available by the Guarantor or any of its Subsidiaries to the public or any other creditor.

(vi) promptly after the commencement thereof, notice of the commencement and nature of all actions and proceedings before any court, governmental agency or arbitrator affecting the Guarantor or any of its Subsidiaries of the type described in Section 4.01(f); and

(vii) such other information respecting the condition or operations, financial or otherwise, of the Guarantor or any of its Subsidiaries as any Beneficiary through the Agent may from time to time reasonably request.

(h) Further Assurances. Promptly upon request by the Agent, or any Beneficiary through the Agent:

(i) correct any material defect or error that may be discovered in any Transaction Document or in the execution, acknowledgment, filing or recordation thereof; and

(ii) do, execute, acknowledge, deliver, file and re-file any and all such further acts, pledge agreements, financing statements and continuations thereof, termination statements, notices of assignment, transfers, certificates, assurances and other instruments as the Agent, or any Beneficiary through the Agent, may reasonably require from time to time in order to (A) carry out more effectively the purposes of the Transaction Documents, (B) to the fullest extent permitted by applicable law, subject the Guarantor's or any of the other Obligors' properties, assets, rights or interests to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (C) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (D) assure, convey, grant, assign, transfer, preserve, protect and confirm more effectively unto the Beneficiaries the rights granted or now or hereafter intended to be granted to the Beneficiaries under any Transaction Document or under any other instrument executed in connection with any Transaction Document to which the Guarantor or any of the other Obligors is or is to be a party, and cause each of the other Obligors to do so.

(i) Debt Coverage Limit. If, at any Certification Date, the aggregate amount of the obligations outstanding under the Subject Agreements (based in respect of any currency other than Dollars by reference to the Dollar Equivalent thereof determined on such date) exceeds the Debt Coverage Limit, the Guarantor will promptly and in any event within 5 Business Days of such Certification Date, either:

(i) deliver to the Agent a letter of credit for the benefit of the Beneficiaries issued by a financial institution, and in form and substance, reasonably acceptable to the Agent, provided such letter of credit shall (A) have an available amount equal to or greater than the amount by which the Debt Coverage Limit has been so exceeded, (B) provide for a drawing upon such available amount by the Agent only upon the occurrence of any Event of Default described in Section 6.01(a) and Section 6.01(e) and (C) be promptly returned by the Agent to its issuer, upon the Guarantor's request and at the Guarantor's sole expense, if the aggregate amount of Guaranteed Obligations thereafter remains below the Debt Coverage Limit for three consecutive Certification Dates, provided further that the aggregate amount of the obligations outstanding under the Subject Agreements shall be deemed to be reduced, only for the purpose of calculating pursuant to Section 5.01(i) whether the Debt Coverage Limit has been exceeded, by the available amount of such letter of credit so long as such amount remains available for the Agent to draw upon;

(ii) deposit with or deliver to the Agent cash or deposit account balances for the benefit of the Beneficiaries, as collateral for the Guaranteed Obligations, in an available amount equal to or greater than the amount by which the Debt Coverage Limit has been so exceeded, and pursuant to documentation in form and substance satisfactory to the Agent, provided (A) to the extent the amount by which the Debt Coverage Limit has been so exceeded is thereafter reduced, the Agent shall return such cash or deposit account balances in the amount by which such cash or deposit account balances exceed the amount by which the Debt Coverage Limit is then exceeded, upon the Guarantor's request and at the Guarantor's sole expense, and (B) that the aggregate amount of the obligations outstanding under the Subject Agreements shall be deemed to be reduced, only for the purpose of calculating pursuant to Section 5.01(i) whether the Debt Coverage Limit has been exceeded, by the aggregate amount of such cash or deposit account balances which then remains available for the Agent to draw upon; or

(iii) reduce, or cause to be reduced, the aggregate amount of the obligations outstanding under the Subject Agreements by an amount equal to or greater than the amount by which the Debt Coverage Limit has been so exceeded.

(j) Leased Warehouse Access. No later than the date which is 60 days after the Effective Date, the Guarantor shall use commercially reasonable efforts to deliver a collateral access agreement satisfying the requirements set forth in Section 7(b) of the Security Agreement, in form and substance reasonably satisfactory to the Agent and duly executed by the lessor, warehouseman, bailee or agent, as applicable, of such leased facility on Schedule II to the Security Agreement as reasonably requested by the Agent.

SECTION 5.02. Negative Covenants. So long as any Guaranteed Obligation shall remain unpaid or unperformed, the Guarantor will not:

(a) Liens, Etc. Create or suffer to exist any Lien upon or with respect to any of its properties or assets, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries (other than PolyOne Funding) to assign, any right to receive income, except for the following:

(i) Liens created by, pursuant to, arising under or relating to any Transaction Document or the Receivables Financing,

(ii) Liens existing on the Effective Date; provided, however, that such Liens shall not be permitted with respect to any Collateral unless such Liens arose under, were created by or were incurred pursuant to any Transaction Document, and

(iii) statutory Liens and other liens created in the ordinary course of business.

(b) Transactions with Affiliates. Except as otherwise contemplated by this Agreement, any other Transaction Document or the Receivables Purchase Agreement: make any Investment in an Affiliate of the Guarantor that is not a Subsidiary of the Guarantor; (ii) transfer, sell, lease, assign or otherwise dispose of any asset to any Affiliate of the Guarantor that is not a Subsidiary of the Guarantor; (iii) merge into or consolidate with or purchase or acquire assets from any Affiliate of the Guarantor that is not a Subsidiary of the Guarantor; or (iv) prepay any indebtedness to any Affiliate of the Guarantor that is not a Subsidiary of the Guarantor.

(c) Mergers, Etc. Enter into a transaction of consolidation or merger with any Person unless (i) before and after giving effect on a pro forma basis to such consolidation or merger, no event shall have occurred and be continuing, or would result from such consolidation or merger, that constitutes a Default and (ii) either (A) the Guarantor shall survive such consolidation or merger or (B) such other corporation or entity formed by such consolidation or into which the Guarantor shall be merged shall assume, in a writing on terms reasonably satisfactory to the Required Beneficiary and the Agent, all of the Guarantor's rights, obligations and liabilities under the Transaction Documents to which it is a party and all the other instruments or documents delivered or to be delivered thereunder.

SECTION 5.03. Financial Covenant. So long as any Guaranteed Obligation shall remain unpaid or unperformed, the Guarantor will cause, and cause its Subsidiaries to cause, the aggregate amount of the obligations outstanding under the Subject Agreements to remain at all times below the Debt Coverage Limit.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Guarantor shall fail to make any payment or deposit to be made by it hereunder when due and such failure remains unremedied for 3 days; or

(b) Any representation or warranty made or deemed made by the Guarantor or any of its Subsidiaries (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document, or in any certificate delivered by the Guarantor pursuant to Section 5.01(g)(iv) or any other written report, certificate or information delivered by or on behalf of the Guarantor or any of its Subsidiaries (or any of their respective officers) pursuant hereto or thereto, shall prove to have been incorrect in any material respect when made or deemed made or delivered; or

(c) (i) The Guarantor shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d), 5.01(g)(iv), 5.02 or 5.03 or (ii) the Guarantor shall fail to perform or observe any other term, covenant or agreement contained in any Transaction Document on its part to be performed or observed and any such failure shall remain unremedied for 3 Business Days after the earlier of (A) the date on which a the date on which any officer of the Guarantor becomes aware of such failure and (B) the date on which written notice thereof shall have been given to the Guarantor by the Agent or any Beneficiary; or

(d) The Guarantor shall fail to pay any principal of or premium or interest on any of its Debt that is outstanding in a principal or notional amount of at least \$15,000,000 in the aggregate (but excluding Debt outstanding hereunder), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) The Guarantor shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Guarantor seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 30 days, or any of the actions sought in such

proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Guarantor shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Since December 31, 2005, there shall have been any Material Adverse Change (other than to the extent expressly set forth on Schedule 6.01(f) or disclosed in any public filing prior to the Effective Date with the Securities and Exchange Commission); or

(g) A Change of Control shall occur;

(h) Any provision of any Transaction Document to which the Guarantor is a party shall for any reason (other than by a termination of such Transaction Document in accordance with its terms) cease to be a legal, valid and binding obligation of the Guarantor, or the Guarantor shall so state in writing; or

(i) Any Collateral Document or financing statement after execution and delivery thereof shall for any reason (other than pursuant to the terms thereof or as otherwise permitted by the Transaction Documents) cease to create a valid and perfection first priority lien on and security interest in the Collateral purported to be covered thereby;

then, and in any such event, the Agent shall at the request, or may with the consent, of the Required Beneficiary, by notice to the Guarantor, direct the Collateral Trustee to exercise the remedies set forth in Section 12 of the Security Agreement.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Beneficiary hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of any Guaranteed Obligation), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Beneficiary, and such instructions shall be binding upon all Beneficiaries; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Beneficiary prompt notice of (i) each notice given to it by the Guarantor pursuant to the terms of this Agreement, (ii) the execution by the Agent of any amendment to or waiver or consent under this Agreement pursuant to Section 8.01 and (iii) the execution by the Agent of an acknowledgement of the termination of this Agreement pursuant to Section 8.12.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement, except for its or their own gross negligence or willful misconduct. Without limitation of the generality of the foregoing, the Agent: (i) may treat a Beneficiary or its Affiliate party to a Subject Agreement as the holder of the Guaranteed Obligations resulting therefrom until the Agent receives notice from such Beneficiary; (ii) may consult with legal counsel (including counsel for the

Guarantor), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Beneficiary and shall not be responsible to any Beneficiary for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Guarantor or to inspect the property (including the books and records) of the Guarantor; (v) shall not be responsible to any Beneficiary for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. Citicorp and Affiliates. Citicorp shall have the same rights and powers under this Agreement as any other Beneficiary and may exercise the same as though it were not the Agent; and the term "Beneficiary" or "Beneficiaries" shall, unless otherwise expressly indicated, include Citicorp in its individual capacity. Citicorp and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Guarantor, any of its Subsidiaries and any Person who may do business with or own securities of the Guarantor or any such Subsidiary, all as if Citicorp were not the Agent and without any duty to account therefor to the Beneficiaries.

SECTION 7.04. Beneficiary Credit Decision. Each Beneficiary acknowledges that it has, independently and without reliance upon the Agent or any other Beneficiary, decided to enter into this Agreement. Each Beneficiary also acknowledges that it will, independently and without reliance upon the Agent or any other Beneficiary and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement.

SECTION 7.05. Indemnification. (a) The Beneficiaries agree to indemnify the Agent (to the extent not reimbursed by the Guarantor), ratably according to the respective principal amounts of the Guaranteed Obligations then owed to each of them, from and against any and all liabilities, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent under this Agreement (collectively, the "Indemnified Costs"), provided that no Beneficiary shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Beneficiary agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, to the extent that the Agent is not reimbursed for such expenses by the Guarantor. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Beneficiary or a third party.

(b) The failure of any Beneficiary to reimburse the Agent promptly upon demand for its ratable share of any amount required to be paid by the Beneficiaries to the Agent as provided herein shall not relieve any other Beneficiary of its obligation hereunder to reimburse the Agent for its ratable share of such amount, but no Beneficiary shall be responsible for the failure of any other Beneficiary to reimburse the Agent for such other Beneficiary's ratable share of such amount. Without prejudice to the survival of

any other agreement of any Beneficiary hereunder, the obligations of each Beneficiary contained in this Section 7.05 shall survive the payment and performance in full of the Guaranteed Obligations.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Beneficiaries and the Guarantor. Upon any such resignation, the Required Beneficiary shall have the right to appoint a successor Agent, which successor Agent, so long as no Default has occurred and is continuing, shall be approved by the Guarantor, which approval shall not be unreasonably withheld or delayed. If no successor Agent shall have been so appointed by the Required Beneficiary in accordance with the immediately preceding sentence, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Beneficiaries, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Beneficiary, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Beneficiary required above to take such action, affect the rights or duties of the Agent under this Agreement or any other Transaction Document.

SECTION 8.02. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telecopier communication) and mailed, telecopied or delivered, if to the Guarantor, at the address of the Guarantor at 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Treasurer; if to any Beneficiary, at its address specified opposite its name on Schedule I hereto; and if to the Agent, at its address at 388 Greenwich Street, 21st Floor, New York, New York 10013, Attention: Daniel Gouger; or, as to the Guarantor or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Guarantor and the Agent. All such notices and communications shall be effective when received. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Beneficiary or the Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Guarantor agrees to pay on demand all costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement. The Guarantor further agrees to pay on demand all costs and expenses of the Agent and the Beneficiaries, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Beneficiary in connection with the enforcement of rights under this Section 8.04(a).

(b) The Guarantor agrees to indemnify and hold harmless the Agent and each Beneficiary and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of, in connection with the preparation for a defense of, any investigation, litigation or proceeding arising out of, related to or in connection with (i) this Agreement or any of the transactions contemplated herein or (ii) the actual or alleged presence of Hazardous Materials on any property of the Guarantor or any of its Subsidiaries or any Environmental Action relating in any way to the Guarantor or any of its Subsidiaries, in each case of such an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Guarantor, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated, except to the extent such claim, damage, loss, liability or expense resulted from such Indemnified Party's gross negligence or willful misconduct. The Guarantor also agrees not to assert any claim against the Agent, any Beneficiary, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, for special or indirect damages arising out of or otherwise relating to this Agreement or any of the transactions contemplated herein.

(c) Each Indemnified Party shall, promptly after becoming aware of any actual or threatened action or claim against such Indemnified Party in respect of which indemnification may be sought against the Guarantor pursuant to this Section 8.04(b), notify the Guarantor in writing of such action or claim. In case any such action shall be brought against any Indemnified Party and such Indemnified Party shall notify the Guarantor of the commencement thereof, the Guarantor may participate therein or assume the defense thereof and after notice from the Guarantor to such Indemnified Party of an election so to assume the defense thereof, such Indemnified Party shall cooperate fully, completely and promptly in the defense thereof, including without limitation, the settlement of outstanding claims, and the Guarantor will not be liable to such Indemnified Party under this Section 8.04(b) for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation incurred with the consent of the Guarantor, which consent shall not be unreasonably withheld or delayed; provided, however, that unless and until the Guarantor so assumes the defense of any such action, the Guarantor shall have the right to participate at its own expense in the defense of any such action to which it is a party. If the Guarantor shall not have so assumed the defense of any such action or if any Indemnified Party shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Guarantor (in which case the Guarantor shall not have the right to direct the defense of such action on behalf of such Indemnified Party), legal and other expenses incurred by such Indemnified Party shall be borne by the

Guarantor; provided that the Guarantor shall be liable only for the expenses of a single legal counsel for all Indemnified Parties in connection with any single action. Notwithstanding the foregoing, the Guarantor shall not be liable for any settlement of any action or claim effected without its consent.

(d) The Guarantor will not settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification has been sought hereunder (whether or not an Indemnified Party is a party to such claim, action, suit or proceeding) without the prior written consent of the Agent, unless such settlement, compromise or consent includes an unconditional release of the Agent and each Indemnified Party from all liability arising from such claim, action, suit or proceeding.

(e) Without prejudice to the survival of any other agreement of the Guarantor hereunder, the agreements and obligations of the Guarantor contained in Sections 2.07 and 8.04 shall survive the payment and performance in full of the Guaranteed Obligations.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to exercise remedies pursuant to the provisions of Section 6.01, each Beneficiary and each of its Affiliates is hereby authorized at any time that payment owed to such Beneficiary is not made by the Guarantor to the Agent when due and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Beneficiary or such Affiliate to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing under this Agreement, whether or not such Beneficiary shall have made any demand under this Agreement and although such obligations may be unmatured. Each Beneficiary agrees promptly to notify the Guarantor after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Beneficiary and its Affiliates under this Section 8.05 are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Beneficiary and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective when it shall have been executed by the Guarantor and the Agent and when the Agent shall have been notified by each Beneficiary that such Beneficiary has executed it and thereafter shall be binding upon and inure to the benefit of the Guarantor, the Agent and each Beneficiary and their respective successors and assigns, except that the Guarantor shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Beneficiaries.

SECTION 8.07. Confidentiality. Neither the Agent nor any Beneficiary shall disclose any Confidential Information to any other Person without the consent of the Guarantor, other than (a) to the Agent's or such Beneficiary's Affiliates and their officers, directors, employees, agents and advisors and, to actual or prospective assignees and participants, and then only on a confidential basis, (b) as required by any law, rule or regulation or judicial process, (c) to any rating agency when required by it, provided that, prior to any such disclosure such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Guarantor received by it from such Beneficiary, (d) in connection with any legal proceedings to which such Person is a party, and then only on a confidential basis and (e) as requested or required by any state, federal or foreign authority or examiner regulating banks or banking.

SECTION 8.08. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.09. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.10. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Guarantor hereby agrees that service of process in any such action or proceeding brought in the any such New York State court or in such federal court may be made upon the Guarantor at 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Secretary. The Guarantor hereby further irrevocably consents to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Guarantor at its address specified pursuant to Section 8.02. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.11. Authorization of Agent and Collateral Trustee. Upon execution of this Agreement by the Required Beneficiary, the Beneficiaries hereby (a) authorize the Agent to instruct the Collateral Trustee to (i) release from the Lien of the Security Agreement the assets listed on Schedule 8.11 hereto, (ii) release the mortgages made by the Guarantor or its Subsidiaries in favor of the Collateral Trustee pursuant to the Amended and Restated Credit Agreement, (iii) execute and deliver an amendment and restatement of the Collateral Trust Agreement as contemplated by Section 3.01(h)(iii), (iv) execute and deliver an amendment and restatement of the Security Agreement as contemplated by Section 3.01(h)(i) and (v) execute and deliver an amendment to the Intercreditor Agreement as contemplated by Section 3.01(h)(iv), and (b) authorize the Agent to take such other action as shall be reasonably necessary to consummate the transactions contemplated by this Section 8.11.

SECTION 8.12. Termination.

Unless otherwise agreed in a writing executed by the Required Beneficiary and acknowledged by the Agent, the term of this Agreement shall be continuous until the date (the "Termination Date") on which occurs the later of (i) the cash payment or performance in full of all of the Guaranteed Obligations and (ii) the termination of all of the Subject Agreements, subject to reinstatement pursuant to Section 2.02.

SECTION 8.13. Waiver of Jury Trial. Each of the Guarantor, the Agent and the Beneficiaries hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of the Agent or any Beneficiary in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

POLYONE CORPORATION
as Guarantor

By _____
Title: _____

CITICORP USA, INC.,
as Agent

By _____
Title: _____

CITICORP USA, INC.,
as Beneficiary

By _____
Title: _____

KEYBANK NATIONAL ASSOCIATION,
as Beneficiary

By _____
Title: _____

NATIONAL CITY BANK,
as Beneficiary

By _____
Title: _____

LIENS TO BE RELEASED

[TO COME]

FORM OF SECOND AMENDED AND RESTATED
SECURITY AGREEMENT

[ATTACHED]

FORM OF AMENDED AND RESTATED
COLLATERAL TRUST AGREEMENT

[ATTACHED]

FORM OF AMENDED AND RESTATED
INTERCREDITOR AGREEMENT

[ATTACHED]

SECOND AMENDED AND RESTATED
SECURITY AGREEMENT

Dated June 6, 2006

From

POLYONE CORPORATION,
as Grantor,

to

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Collateral Trustee

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SECOND AMENDED AND RESTATED SECURITY AGREEMENT

SECOND AMENDED AND RESTATED SECURITY AGREEMENT, dated as of June 6, 2006 (as amended, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), made by POLYONE CORPORATION, an Ohio corporation (the "Grantor"), to U.S. BANK TRUST NATIONAL ASSOCIATION ("U.S. Bank"), a national banking association (together with any successor collateral trustee appointed pursuant to Article VII hereof, the "Collateral Trustee"), as trustee for the Secured Holders (as hereinafter defined).

PRELIMINARY STATEMENTS.

1. The Geon Company, a Delaware corporation and predecessor in interest to the Grantor ("Geon"), has made a guarantee dated as of December 22, 1997 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Sunbelt Guarantee") in favor of each of the holders of the Guaranteed Secured Senior Notes due 2017, Series G (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Sunbelt Notes") issued by Sunbelt Chlor Alkali Partnership pursuant to the Note Purchase Agreements, each dated December 22, 1997 between Sunbelt and the purchasers of the Sunbelt Notes.

2. The Grantor has issued (i) 7 1/2% Debentures due 2015 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Geon Debentures") pursuant to that certain Indenture dated as of December 1, 1995 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Geon Indenture"), (ii) 8 7/8% Senior Notes due 2012 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2002 PolyOne Notes") pursuant to that certain Indenture dated as of April 23, 2002 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2002 PolyOne Indenture") and (iii) 10 5/8% Senior Notes due 2010 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2003 PolyOne Notes") pursuant to that certain Indenture dated as of May 6, 2003 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2003 PolyOne Indenture").

3. The Sunbelt Guarantee, the Sunbelt Notes, the Geon Indenture, the Geon Debentures, the 2002 PolyOne Indenture, the 2002 PolyOne Notes, the 2003 PolyOne Indenture and the 2003 PolyOne Notes, and each agreement and instrument delivered by the Grantor pursuant to any of the foregoing, as the same may be supplemented, amended or modified from time to time in accordance with the provisions thereof, are collectively referred to herein as the "Existing Indebtedness Agreements". Pursuant to the Sunbelt Guarantee, the Geon Indenture, the 2002 PolyOne Indenture and the 2003 PolyOne Indenture, the Grantor has agreed not to incur, and not to permit certain of its Subsidiaries to incur, certain Liens (as therein defined) upon certain of its property or assets to secure certain indebtedness without making

effective provision whereby the obligations under the Existing Indebtedness Agreements shall be secured equally and ratably with the indebtedness secured by such Liens.

4. The Grantor has entered into that certain Amended and Restated Security Agreement, dated as of May 6, 2003 (as amended to, but not including the date hereof, the "Existing Security Agreement"), with the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee.

5. Concurrently with the execution of this Agreement, the Grantor is entering into a Guarantee and Agreement, dated as of June 6, 2006 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Guarantee and Agreement), with each of the financial institutions party thereto, as beneficiary (collectively, the "Beneficiaries"), and Citicorp USA, Inc., as administrative agent for the Beneficiaries thereunder (together with any successor administrative agent appointed pursuant to Article VII of the Guarantee and Agreement, the "Beneficiary Agent").

6. Concurrently with the execution of this Agreement, the Grantor is entering into an amendment and restatement of that certain Collateral Trust Agreement, dated as of May 6, 2003, among the Grantor and the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Collateral Trust Agreement").

7. Concurrently with the execution of this Agreement, the Grantor is entering into a an amendment and restatement to that certain Intercreditor Agreement, dated as of May 6, 2003, among the Grantor, the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee, and the other parties thereto (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), pursuant to which the parties thereto shall have agreed to certain matters with respect to, inter alia, the grant of security interests hereunder.

8. This Agreement, the Collateral Trust Agreement, each Successor Collateral Agreement (as defined in the Collateral Trust Agreement) and each other agreement entered into by the Collateral Trustee at the direction of the Required Representatives, including, without limitation, the Intercreditor Agreement, are collectively referred to herein as the "Shared Collateral Documents". The Shared Collateral Documents are intended to secure the Existing Indebtedness Agreements, to the extent required to comply with the provisions of the Existing Indebtedness Agreements, and the Guarantee and Agreement and it is a condition to the occurrence of the Effective Date under the Guarantee and Agreement that the Grantor shall have granted to the Collateral Trustee the pledge and assignment of, and the lien and security interest in, certain property and assets of the Grantor pursuant to the Shared Collateral Documents.

9. Terms defined in the Guarantee and Agreement or the Collateral Trust Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Guarantee and Agreement or the Collateral Trust Agreement, respectively. Further, unless otherwise defined in this Agreement or in the Collateral Trust Agreement, terms defined in Article 9 of the UCC (as defined below) are used in this Agreement as such terms are defined in such Article 9. "UCC" means the Uniform Commercial Code as in effect, from time to time, in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State

of New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

NOW, THEREFORE, in consideration of the premises and in order to induce the Beneficiaries to enter into the Guarantee and Agreement, the Grantor hereby agrees with the Collateral Trustee for its benefit and in trust for the ratable benefit of the Representatives and the Secured Holders to amend and restate the Existing Security Agreement, effective as of the date hereof, as follows:

Section 1. Grant of Security. The Grantor hereby assigns a security interest in and pledges to the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives and the Secured Holders, and hereby grants to the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives and the Secured Holders a lien on and a security interest in, the Grantor's right, title and interest in and to the following, in each case, as to each type of property described below, whether now owned or hereafter acquired by the Grantor, wherever located, and whether now or hereafter existing or arising (collectively, the "Collateral"):

(a) all inventory in all of its forms, including, without limitation, (i) all raw materials, work in process, finished goods and materials used or consumed in the manufacture, production, preparation or shipping thereof, (ii) goods in which the Grantor has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Grantor has an interest or right as consignee) and (iii) goods that are returned to or repossessed or stopped in transit by the Grantor), and all accessions thereto and products thereof and documents therefor, and all software related thereto, including, without limitation, software that is imbedded in and is part of the inventory (any and all such property being the "Inventory"); and

(b) all proceeds of the Collateral (including, without limitation, proceeds that constitute property of the types described in clause (a) of this Section 1 and, to the extent not otherwise included, (i) all payments under insurance (whether or not the Collateral Trustee is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral and (ii) cash.

Notwithstanding anything else herein, the term "Collateral" shall not include any Purchased Property (as such term is defined in the Intercreditor Agreement) or any Post Default Property (as such term is defined in the Intercreditor Agreement).

Section 2. Security for Obligations. This Agreement secures the payment of all of the Secured Obligations of the Grantor. To the extent that the security interests and Liens granted herein to, and the rights and benefits herein conferred on, the Collateral Trustee on behalf of the Secured Holders comprised of the Sunbelt Notes Holders, the Geon Debenture Holders, the 2002 PolyOne Notes Holders and the 2003 PolyOne Notes Holders, exceed the security interests, Liens, rights and benefits required to be so granted or conferred by the applicable Existing Indebtedness Agreement, such security interests, Liens, rights and benefits shall be limited so as to provide to the Collateral Trustee, on behalf of such Secured Holders and such Secured Holders only those security interests, Liens, rights and benefits that are required by such Existing Indebtedness Agreement.

Section 3. Representations and Warranties. The Grantor represents and warrants as follows:

(a) The Grantor is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) The execution, delivery and performance by the Grantor of this Agreement and each other Transaction Document to which it is a party and the consummation of the transactions contemplated hereby and thereby, are within the Grantor's corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) the Grantor's charter or code of regulations or (ii) law or any contractual restriction binding on or affecting the Grantor.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the due execution, delivery and performance by the Grantor of this Agreement and each other Transaction Document to which the Grantor is a party other than the filing of UCC financing statements in the relevant jurisdiction.

(d) This Agreement and each other Transaction Document to which the Grantor is a party, have been duly executed and delivered by the Grantor. This Agreement and each other Transaction Document to which the Grantor is a party are the legal, valid and binding obligations of the Grantor enforceable against the Grantor in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general equitable principles.

(e) The Grantor's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in Schedule I. The Grantor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office, in the state or jurisdiction set forth in Schedule I. The information set forth in Schedule I with respect to the Grantor is true and accurate in all respects. The Grantor has not previously changed its name, location, chief executive office, place where it maintains its agreements, type of organization, jurisdiction of organization or organizational identification number from those set forth in Schedule I except as disclosed in Schedule III.

(f) All of the Inventory is located at the places specified therefor in Schedule II, as such Schedule II may be amended from time to time pursuant to Section 5(a). The Grantor has not previously changed the location of its Inventory except as set forth in Schedule III.

(g) The Grantor is the legal and beneficial owner of the Collateral free and clear of any Lien, claim, option or right of others, except for the security interest to be created under this Agreement or permitted under the Guarantee and Agreement. No effective financing statement or other instrument similar in effect covering all or any part of such Collateral or listing the Grantor or any trade name of the Grantor as debtor is on file in any recording office, except such as may have been filed in favor of the Collateral Trustee relating to the Transaction Documents or as otherwise permitted under the Guarantee and Agreement.

(h) The Grantor has exclusive possession and control of the Inventory, other than the Inventory that is (x) stored at any leased premises or warehouse which leased premises or warehouse is so indicated on Schedule II, as such Schedule II may be amended from time to time pursuant to Section 5(a) or (y) in transit. In the case of Inventory located on leased premises or in warehouses, no lessor or warehouseman of any premises or warehouse upon or in which such Inventory is located has (i) issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any Inventory, (ii) issued any document for any of the Inventory, (iii) to the knowledge of the Grantor, received notification of any secured party's interest (other than the security interest to be granted hereunder or previous notices sent by the Collateral Trustee) in the Inventory or (iv) any Lien, claim or charge (based on contract, statute or otherwise) on such Inventory.

(i) Upon the filing of a financing statement with the Secretary of State of the jurisdiction in which the Grantor is organized, all filings and other actions necessary to perfect the security interest in the Collateral created under this Agreement will have been duly made or taken and will be in full force and effect, this Agreement creates in favor of the Collateral Trustee for the benefit of the Representatives and the Secured Holders a valid and, together with such filings and other actions and except as otherwise permitted under the Guarantee and Agreement, perfected first priority security interest in the Collateral, securing the payment of the Secured Obligations.

(j) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is or will be required for (i) the grant by the Grantor of the assignment, pledge and security interest granted hereunder or for the execution, delivery or performance of this Agreement by the Grantor, (ii) the perfection or maintenance of the assignment, pledge and security interest created hereunder (including the first priority nature of such assignment, pledge or security interest), except for the filing of financing and continuation statements under the UCC, which financing statements will, upon filing, have been duly filed and will be in full force and effect, or (iii) the exercise by the Collateral Trustee of its rights provided for in this Agreement or the remedies in respect of the Collateral pursuant to this Agreement, except as may be required in connection with the disposition of any portion of the Collateral by laws affecting the offering and sale of securities generally.

Section 4. Further Assurances. (a) The Grantor agrees that from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver, or otherwise authenticate, all further instruments and documents, and take all further action that may be necessary or desirable, or that the Collateral Trustee may request, in order to perfect and protect any pledge or security interest granted or purported to be granted by the Grantor hereunder or to enable the Collateral Trustee to exercise and enforce their rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor will promptly with respect to the Collateral: (i) mark conspicuously each document included in Inventory and each of its records pertaining to such Collateral with a legend, in form and substance satisfactory to the Collateral Trustee, indicating that such document or Collateral is subject to the security interest granted hereby; (ii) execute or authenticate and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Collateral Trustee may request, in order to perfect and preserve the security interest granted or purported to be granted by the Grantor hereunder; (iii) at the request of the Collateral Trustee, take all action to ensure that the Collateral Trustee's security interest is noted on any certificate of ownership related to any Collateral evidenced by a certificate of ownership; and (iv) deliver to the Collateral Trustee evidence that all other action that the Collateral Trustee may deem reasonably necessary or desirable in order to perfect and protect the security interest created by the Grantor under this Agreement has been taken.

(b) The Grantor hereby authorizes the Collateral Trustee to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral, in each case without the signature of the Grantor, which shall be filed by the Collateral Trustee upon the receipt of an instruction letter from the Beneficiary Agent requesting the taking of such action and attaching the form of financing statement. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish to the Collateral Trustee from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Trustee may reasonably request, all in reasonable detail.

(d) The Grantor will hold and preserve its books and records pertaining to any of the Collateral (including, without limitation, customer lists, credit files, computer programs, owned software, printouts and other owned computer materials and records) consistent with past practice, and will permit representatives of the Collateral Trustee at any time during normal business hours to inspect and make abstracts from such records and other documents.

Section 5. As to Inventory. (a) The Grantor will keep the Inventory (other than Inventory sold in the ordinary course of business) at the places therefor specified on Schedule II or, upon 30 days' prior written notice to the Collateral Trustee, at such other places designated by the Grantor in such notice. Upon the giving of such notice, Schedule II shall be automatically amended to add any new locations specified in the notice.

(b) The Grantor will cause the Inventory to be maintained and preserved in accordance with current practices, and will forthwith, or in the case of any loss or damage to any of such Inventory as soon as practicable after the occurrence thereof, make or cause to be made all repairs, replacements and other improvements in connection with the maintenance and preservation thereof that are necessary or desirable to such end. The Grantor will promptly furnish to the Collateral Trustee a statement respecting any loss or damage exceeding \$1,000,000 to any of the Inventory.

(c) The Grantor will pay promptly when due all property and other taxes, assessments and governmental charges or levies imposed upon, and all claims (including, without limitation, claims for labor, materials and supplies) against, the Inventory, except to the extent payment thereof is not required by the Guarantee and Agreement. In producing its Inventory, the Grantor will comply with all requirements of applicable law, including, without limitation, the Fair Labor Standards Act.

Section 6. Insurance. (a) The Grantor will, at its own expense, maintain insurance with respect to the Inventory in such amounts, against such risks, in such form and with such insurers, as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Grantor operates. The policy of the Grantor for liability insurance shall provide for all losses with respect to the Grantor's Inventory to be paid on behalf of the Collateral Trustee and the Grantor as their interests may appear, and each policy for property damage insurance shall provide for all covered losses with respect to the Grantor's Inventory (except for losses of less than \$1,000,000 per occurrence) to be paid directly to the Collateral Trustee. Such policy shall in addition (i) name the Grantor and the Collateral Trustee as insured parties thereunder (without any representation or warranty by or obligation upon the Collateral Trustee) as their interests may appear, (ii) contain the agreement by the insurer that any loss with respect to the Grantor's Inventory thereunder shall be payable to the Collateral Trustee notwithstanding any action, inaction or breach of representation or warranty by the Grantor, (iii) provide that there shall be no recourse against the Collateral Trustee for payment of premiums or other amounts with respect thereto and (iv) provide that at least 10 days' prior written notice of cancellation or of lapse shall be given to the Collateral Trustee by the insurer. The Grantor will, at the request of the Collateral Trustee, deliver to the Collateral Trustee a certificate of insurance with respect to such insurance and, as often as the Collateral Trustee may reasonably request, a report of a reputable insurance broker with respect to such insurance.

(b) Reimbursement under any liability insurance maintained by the Grantor pursuant to this Section 6 may be paid directly to the Person who shall have incurred liability covered by such insurance.

(c) So long as no Actionable Default shall have occurred and be continuing, all insurance payments received by the Collateral Trustee in connection with any loss, damage or destruction of any Inventory will be released by the Collateral Trustee to the Grantor. Upon the occurrence and during the

continuance of any Actionable Default, all insurance payments in respect of such Inventory shall be paid to the Collateral Trustee and shall, in the Collateral Trustee's sole discretion, (i) be released to the Grantor or (ii) be held as additional Collateral hereunder or applied as specified in the Collateral Trust Agreement.

Section 7. Changes; Bailees. (a) The Grantor will not change its name, type of organization, jurisdiction of organization, organizational identification number or location from those set forth in Schedule I without first giving at least 30 days' prior written notice to the Collateral Trustee and taking all action required by the Collateral Trustee for the purpose of perfecting or protecting the security interest granted by this Agreement. The Grantor will not become bound by a security agreement authenticated by another Person (determined as provided in Section 9-203(d) of the UCC) without giving the Collateral Trustee 30 days' prior written notice thereof and taking all action required by the Collateral Trustee to ensure that the perfection and first priority nature of the Collateral Trustee's security interest in the Collateral will be maintained. If the Grantor does not have an organizational identification number and later obtains one, it will forthwith notify the Collateral Trustee of such organizational identification number.

(b) If any Collateral is at any time in the possession or control of a lessor, warehouseman, bailee or agent, and if the Collateral Trustee so requests at any time, the Grantor will (i) notify such lessor, warehouseman, bailee or agent of the security interest created hereunder, (ii) instruct such lessor, warehouseman, bailee or agent to hold all such Collateral solely for the Collateral Trustee's account subject only to the Collateral Trustee's instructions (which shall permit such Collateral to be removed by the Grantor in the ordinary course of business until the Collateral Trustee notifies such lessor, warehouseman, bailee or agent that an Actionable Default has occurred and is continuing), (iii) use commercially reasonable efforts, to cause such lessor, warehouseman, bailee or agent to authenticate a record acknowledging that it holds possession of such Collateral for the Collateral Trustee's benefit and shall act solely on the instructions of the Collateral Trustee without the further consent of the Grantor or any other Person, and (iv) make such authenticated record available to the Collateral Trustee, subject to Section 5.01(j) of the Guarantee and Agreement.

Section 8. Transfers and Other Liens. The Grantor agrees that it will not (i) sell, assign or otherwise dispose of, or grant any option with respect to, any of the Collateral, other than sales of Inventory in the ordinary course of business and sales, assignments and other dispositions of Collateral, and options relating to Collateral, permitted under the terms of the Guarantee and Agreement, or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral except for the pledge, assignment and security interest created under this Agreement and Liens permitted under the Guarantee and Agreement.

Section 9. Collateral Trustee Appointed Attorney-in-Fact. The Grantor hereby irrevocably appoints the Collateral Trustee the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from time to time upon the occurrence and during the continuance of an Actionable Default in the Collateral Trustee's discretion, to take any action and to execute any instrument that the Collateral Trustee may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) in consultation with the Grantor, to obtain and adjust insurance required to be paid to the Collateral Trustee pursuant to Section 6;

(b) in consultation with the Grantor when appropriate, to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(c) to receive, indorse and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) or (b) above; and

(d) in consultation with the Grantor when appropriate, to file any claims or take any action or institute any proceedings that the Collateral Trustee may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Trustee with respect to any of the Collateral.

Section 10. Collateral Trustee May Perform. If the Grantor fails to perform any agreement contained herein, the Collateral Trustee may, as the Collateral Trustee deem necessary to protect the security interest granted hereunder in the Collateral or to protect the value thereof, but without any obligation to do so and without notice, themselves perform, or cause performance of, such agreement, and the expenses of the Collateral Trustee incurred in connection therewith shall be payable by the Grantor under Section 13.

Section 11. The Collateral Trustee's Duties. (a) The powers conferred on the Collateral Trustee hereunder are solely to protect the Representatives and the Secured Holders' interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in their possession and the accounting for moneys actually received by them hereunder, the Collateral Trustee shall have no duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Representative or Secured Holder has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve rights against any parties or any other rights pertaining to any Collateral. The Collateral Trustee shall be deemed to have exercised reasonable care in the custody and preservation of any Collateral in their possession if such Collateral is accorded treatment substantially equal to that which they accord their own property. The parties hereto acknowledge and agree that in acting under this Agreement the Collateral Trustee shall be entitled to all rights and benefits accorded to them under the Collateral Trust Agreement.

(b) Anything contained herein to the contrary notwithstanding, the Collateral Trustee may from time to time, when the Collateral Trustee deems it to be reasonably necessary, appoint one or more subagent (each a "Subagent") for the Collateral Trustee hereunder with respect to all or any part of the Collateral. In the event that the Collateral Trustee so appoints any Subagent with respect to any Collateral, (i) the assignment and pledge of such Collateral and the security interest granted in such Collateral hereunder shall be deemed for purposes of this Agreement to have been made to such Subagent, in addition to the Collateral Trustee, for the ratable benefit of the Representatives and the Secured Holders, as security for the Secured Obligations of the Grantor, (ii) such Subagent shall automatically be vested, in addition to the Collateral Trustee, with all rights, powers, privileges, interests and remedies of the Collateral Trustee hereunder with respect to such Collateral, and (iii) the term "Collateral Trustee," when used herein in relation to any rights, powers, privileges, interests and remedies of the Collateral Trustee with respect to such Collateral, shall include such Subagent; provided, however, that no such Subagent shall be authorized to take any action with respect to any such Collateral unless and except to the extent expressly authorized in writing by the Collateral Trustee.

Section 12. Remedies. Notwithstanding any other provision of this Agreement, any exercise of remedies by the Collateral Trustee pursuant to this Agreement shall be subject to the terms of the Intercreditor Agreement, for as long as it shall remain in effect. If any Actionable Default shall have occurred and be continuing:

(a) The Collateral Trustee may, with the consent of the Required Representatives, and shall at the request of the Required Representatives (as provided in the Collateral Trust

Agreement), exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to them, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and also may: (i) require the Grantor to, and the Grantor hereby agrees that it will at its expense and upon request of the Collateral Trustee forthwith, assemble all or part of the Collateral as directed by the Collateral Trustee and make it available to the Collateral Trustee at a place and time to be designated by the Collateral Trustee that is reasonably convenient to all parties and reasonable given the nature of the Collateral ; (ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Trustee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Trustee may deem commercially reasonable; (iii) occupy any premises owned or leased by the Grantor where the Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate their rights and remedies hereunder or under law, without obligation to the Grantor in respect of such occupation; and (iv) exercise any and all rights and remedies of the Grantor under or in connection with the Collateral, or otherwise in respect of the Collateral, including, without limitation, those set forth in Section 9-607 of the UCC. The Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Trustee shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by or on behalf of the Collateral Trustee and all cash proceeds received by or on behalf of the Collateral Trustee in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Collateral Trustee, be held by the Collateral Trustee as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to the Collateral Trustee pursuant to Section 13) in whole or in part by the Collateral Trustee for the ratable benefit of the Representatives and the Secured Holders against, all or any part of the Secured Obligations, as set forth in Section 5.01 of the Collateral Trust Agreement.

(c) All payments received by the Grantor in respect of the Collateral shall be received in trust for the benefit of the Collateral Trustee, shall be segregated from other funds of the Grantor and shall be forthwith paid over to the Collateral Trustee in the same form as so received (with any necessary indorsement).

Section 13. Indemnity and Expenses. (a) The Grantor agrees to indemnify, defend and save and hold harmless the Collateral Trustee, each Representative and each Secured Holder and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement), except to the extent such claim, damage, loss, liability or expense resulted from such Indemnified Party's gross negligence or willful misconduct.

(b) The Grantor will upon demand pay to the Collateral Trustee the amount of any and all reasonable expenses, including, without limitation, the reasonable fees and expenses of its counsel and of any experts and agents, that the Collateral Trustee may incur in connection with (i) the administration of

this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Collateral Trustee, the Representatives or the other Secured Holders hereunder or (iv) the failure by the Grantor to perform or observe any of the provisions hereof.

Section 14. Amendments; Waivers. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Grantor herefrom, shall in any event be effective unless the same shall be in writing and signed by the Collateral Trustee, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Collateral Trustee, the Representatives or any other Secured Holder to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

Section 15. Notices; Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopier or telex communication) and mailed, telegraphed, telecopied, telexed or delivered, in the case of any Representative or the Collateral Trustee, addressed to each at their respective address specified in the Collateral Trust Agreement and, in the case of the Grantor, at 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Treasurer; or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties. All such notices and other communications shall be effective upon receipt. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or Schedule hereto shall be effective as delivery of an original executed counterpart thereof.

Section 16. Continuing Security Interest; Assignments under the Guarantee and Agreement. This Agreement creates a continuing security interest in the Collateral and shall (a) remain in full force and effect until all of the Collateral is released and this Agreement is terminated in accordance with Section 8.02 of the Collateral Trust Agreement, (b) be binding upon the Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Collateral Trustee hereunder, to the benefit of the Collateral Trustee, the Representatives on behalf of themselves and on behalf of the Secured Holders and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Secured Holder may assign or otherwise transfer all or any portion of its rights and obligations under the applicable Secured Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Secured Holder herein or otherwise, in each case as provided in of the applicable Secured Agreement.

Section 17. Release; Termination. All or any portion of the Collateral shall be released by the Collateral Trustee solely on the terms and subject to the conditions set forth in Article VIII of the Collateral Trust Agreement.

Section 18. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

Section 19. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 20. Intercreditor Agreement. In the event of any conflict between the provisions of this Agreement and the provisions of the Intercreditor Agreement, the provisions of the Intercreditor Agreement shall govern.

IN WITNESS WHEREOF, the Grantor has executed this Agreement or caused this Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

Grantor:

POLYONE CORPORATION,
an Ohio corporation, as Grantor

By _____

Title: _____

Schedule I to the
Amended and Restated Security Agreement

LOCATION, CHIEF EXECUTIVE OFFICE, TYPE OF ORGANIZATION,
JURISDICTION OF ORGANIZATION AND ORGANIZATIONAL IDENTIFICATION NUMBER

Grantor	Location	Chief Executive Office Type of Organization	Type of Organization	Jurisdiction of Organization	Organizational I.D. No.
PolyOne Corporation	Ohio	33587 Walker Road, Avon Lake, Ohio 44012	Corporation	Ohio	34-1730488

Schedule II to the
Amended and Restated Security Agreement

LOCATIONS OF INVENTORY

[ATTACHED]

Schedule II - 1

Schedule III to the
Amended and Restated Security Agreement

CHANGES IN NAME, LOCATION, ETC.

- (1) Changes in the Grantor's Name (including new grantor with a new name and names associated with all predecessors in interest of the Grantor):

PolyOne Corporation was formed on August 31, 2000 upon the consolidation of The Geon Company, a Delaware corporation ("Geon") and M.A. Hanna Company, a Delaware corporation ("Hanna"). Geon operated under its name from 1993 and Hanna operated under its name from 1985, until consolidation into PolyOne Corporation.

- (2) Changes in the Grantor's Location:

None.

- (3) Changes in the Grantor's Chief Executive Office:

None.

- (4) Changes in Location of Inventory:

None.

- (5) Changes in the Type of Organization:

None.

- (6) Changes in the Jurisdiction of Organization:

None.

- (7) Changes in the Organizational Identification Number:

None.

AMENDED AND RESTATED
COLLATERAL TRUST AGREEMENT

dated as of June 6, 2006

among

POLYONE CORPORATION,
as Grantor,

and

U.S. BANK TRUST NATIONAL ASSOCIATION,
as Collateral Trustee

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AMENDED AND RESTATED COLLATERAL TRUST AGREEMENT

AMENDED AND RESTATED COLLATERAL TRUST AGREEMENT, dated as of June 6, 2006 (as amended, amended and restated, supplemented or otherwise modified from time to time, this "Agreement"), between POLYONE CORPORATION, an Ohio corporation (the "Grantor"), and U.S. BANK TRUST NATIONAL ASSOCIATION ("U.S. Bank"), a national banking association (together with any successor collateral trustee appointed pursuant to Article VII hereof, the "Collateral Trustee"), as trustee for the Secured Holders (as hereinafter defined).

PRELIMINARY STATEMENTS:

(1) The Geon Company, a Delaware corporation and predecessor in interest to the Grantor ("Geon"), has made a guarantee dated as of December 22, 1997 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Sunbelt Guarantee") in favor of each of the holders of the Guaranteed Secured Senior Notes due 2017, Series G (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Sunbelt Notes") issued by Sunbelt Chlor Alkali Partnership pursuant to the Note Purchase Agreements, each dated December 22, 1997 between Sunbelt and the purchasers of the Sunbelt Notes.

(2) The Grantor has issued (i) 7 1/2% Debentures due 2015 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Geon Debentures") pursuant to that certain Indenture dated as of December 1, 1995 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Geon Indenture"), (ii) 8 7/8% Senior Notes due 2012 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2002 PolyOne Notes") pursuant to that certain Indenture dated as of April 23, 2002 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2002 PolyOne Indenture") and (iii) 10 5/8% Senior Notes due 2010 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2003 PolyOne Notes") pursuant to that certain Indenture dated as of May 6, 2003 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2003 PolyOne Indenture").

(3) The Sunbelt Guarantee, the Sunbelt Notes, the Geon Indenture, the Geon Debentures, the 2002 PolyOne Indenture, the 2002 PolyOne Notes, the 2003 PolyOne Indenture and the 2003 PolyOne Notes, and each agreement and instrument delivered by the Grantor pursuant to any of the foregoing, as the same may be supplemented, amended or modified from time to time in accordance with the provisions thereof, are collectively referred to herein as the "Existing Indebtedness Agreements". Pursuant to the Sunbelt Guarantee, the Geon Indenture, the 2002 PolyOne Indenture and the 2003 PolyOne Indenture, the Grantor has agreed not to incur, and not to permit certain of its Subsidiaries to incur, certain Liens (as therein defined) upon certain of its property or assets to secure certain

indebtedness without making effective provision whereby the obligations under the Existing Indebtedness Agreements shall be secured equally and ratably with the indebtedness secured by such Liens.

(4) The Grantor has entered into that certain Collateral Trust Agreement, dated as of January 25, 2002 (as amended to, but not including the date hereof, the "Existing Collateral Trust Agreement"), with the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee.

(5) Concurrently with the execution of this Agreement, the Grantor is entering into a Guarantee and Agreement, dated as of June 6, 2006 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Guarantee and Agreement"), with each of the financial institutions party thereto, as beneficiary (collectively, the "Beneficiaries"), and Citicorp USA, Inc., as administrative agent for the Beneficiaries thereunder (together with any successor administrative agent appointed pursuant to Article VII of the Guarantee and Agreement, the "Beneficiary Agent").

(6) Concurrently with the execution of this Agreement, the Grantor is entering into a second amendment and restatement of that certain Amended and Restated Security Agreement, dated as of May 6, 2003, from the Grantor to the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement").

(7) Concurrently with the execution of this Agreement, the Grantor is entering into a an amendment and restatement of that certain Intercreditor Agreement, dated as of May 6, 2003, among the Grantor, the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee, and the other parties thereto (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), pursuant to which the parties thereto shall have agreed to certain matters with respect to, inter alia, the grant of security interests under the Security Agreement.

(8) This Agreement, the Security Agreement, each Successor Collateral Agreement (as hereinafter defined) and each other agreement entered into by the Collateral Trustee at the direction of the Required Representatives, including, without limitation, the Intercreditor Agreement, are collectively referred to herein as the "Shared Collateral Documents". The Shared Collateral Documents are intended to secure the Existing Indebtedness Agreements, to the extent required to comply with the provisions of the Existing Indebtedness Agreements, and the Guarantee and Agreement and it is a condition to the occurrence of the Effective Date under the Guarantee and Agreement that the Grantor shall have granted to the Collateral Trustee the pledge and assignment of, and the lien and security interest in, certain property and assets of the Grantor pursuant to the Shared Collateral Documents.

(9) Terms defined in the Guarantee and Agreement or the Security Agreement and not otherwise defined in this Agreement are used in this Agreement as defined in the Guarantee and Agreement or the Security Agreement, respectively.

NOW, THEREFORE, in consideration of the premises and in order to induce the Beneficiaries to enter into the Guarantee and Agreement, the Grantor hereby agrees with the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives and the Secured Holders to amend and restate the Existing Collateral Trust Agreement, effective as of the date hereof, as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms. The following terms shall have the following meanings as used herein (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Actionable Default" has the meaning specified in Section 4.01.

"Actionable Default Notice" has the meaning specified in Section 4.01.

"Additional Collateral" has the meaning specified in Section 2.01.

"Agreement" has the meaning specified in the recital of parties to this Agreement.

"Bankruptcy Code" means Title 11 of the United States Code entitled "Bankruptcy", as amended from time to time.

"Beneficiaries" has the meaning specified in the Preliminary Statements to this Agreement.

"Beneficiary Agent" has the meaning specified in the Preliminary Statements to this Agreement.

"Business Day" means a day of the year on which banks are not required or authorized by law to close in New York City or the city in which the Collateral Trustee maintains its corporate trust office.

"Cash Equivalents" means any of the following, to the extent free and clear of all Liens other than Liens created under the Collateral Documents and having a maturity of not greater than 180 days from the date of acquisition thereof: (a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the Government of the United States, (b) insured certificates of deposit or time deposits with any commercial bank that (i) is a Beneficiary or a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) below, (iii) is organized under the laws of the United States or any State thereof and (iv) has combined capital and surplus of at least \$1 billion, (c) commercial paper in an aggregate amount of no more than \$1,000,000 per issuer outstanding at any time, issued by any corporation organized under the laws of any State of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or "A-1" (or the then equivalent grade) by S&P or (d) money market or mutual funds that invest solely in Cash Equivalents of the types described in clauses (a), (b) or (c) above.

"Collateral" means, collectively, all of the "Collateral" as defined in Section 1 of the Security Agreement and all of the Additional Collateral.

"Collateral Account" has the meaning specified in Section 3.01.

"Collateral Trust Estate" means all of the right, title and interest of the Collateral Trustee, whether now owned or hereafter acquired, in and to the Collateral.

"Collateral Trustee" has the meaning specified in the recital of parties to this Agreement.

"Collateral Trustee's Fees" means the fees and other amounts payable to the Collateral Trustee pursuant to Sections 6.03, 6.04 and 6.05 and amounts claimed and unpaid pursuant to Section 6.06.

"Defaulted Agreement Party" has the meaning specified in Section 4.01.

"Distribution Date" means any date on which the Collateral Trustee shall distribute moneys from the Collateral Account pursuant to Section 5.01.

"Existing Indebtedness Agreements" has the meaning specified in the Preliminary Statements to this Agreement.

"Existing Collateral Trust Agreement" has the meaning specified in the Preliminary Statements to this Agreement.

"Geon" has the meaning specified in the Preliminary Statements to this Agreement.

"Geon Debentures" has the meaning specified in the Preliminary Statements to this Agreement.

"Geon Debenture Holders" means at any time the registered holders of the Geon Debentures issued under the Geon Indenture at such time.

"Geon Indenture" has the meaning specified in the Preliminary Statements to this Agreement.

"Geon Indenture Trustee" means NBD Bank, as trustee under the Geon Indenture, and any successor trustee appointed thereunder.

"Grantor" the meaning specified in the recital of parties to this Agreement.

"Guarantee and Agreement" has the meaning specified in the Preliminary Statements to this Agreement.

"Guaranteed Obligations" has the meaning specified in the Guarantee and Agreement.

"Intercreditor Agreement" has the meaning specified in the Preliminary Statements to this Agreement.

"Notice of Partial Release" has the meaning specified in Section 8.01.

"Representatives" means at any time, collectively, (a) the Beneficiary Agent, as representative hereunder for the Beneficiaries at such time, (b) each Sunbelt Note Holder at such time, (c) the Geon Indenture Trustee, as the representative of the Geon Debenture Holders at such time, (d) the 2002 PolyOne Notes Trustee, as the representative of the 2002 PolyOne Notes Holders at such time and (e) the 2003 PolyOne Notes Trustee, as representative of the 2003 PolyOne Notes Holders at such time.

"Required Representatives" means, (a) at any time that no Actionable Default Notice has been received by the Collateral Trustee (or if an Actionable Default Notice has been received, it has been withdrawn), the Beneficiary Agent acting in its own discretion or at the direction of the Required

Beneficiary at such time, or (b) at any time that an Actionable Default Notice has been received by the Collateral Trustee that has not been withdrawn, the Representatives, on behalf of themselves and the Secured Holders represented thereby, that own or hold (either by themselves or through their respective Secured Holders) more than 50% of the aggregate amount of the outstanding Secured Obligations at such time; provided, however, that amounts held at such time by the Collateral Trustee on behalf of a Representative and such Representative's Secured Holders in an account of the Collateral Trustee established at the request of such Representative pursuant to Section 5.02 shall be deemed to have been applied to repay the Secured Obligations of such Secured Holders whether or not such amount has been so applied.

"Secured Agreements" means, collectively, the Transaction Documents and the Existing Indebtedness Agreements, (including, without limitation, the Shared Collateral Documents), as the same may be amended from time to time in accordance with the provisions thereof.

"Secured Holders" means at any time, the Beneficiaries, the Sunbelt Notes Holders, the Geon Debenture Holders, the 2002 PolyOne Notes Holders and the 2003 PolyOne Notes Holders at such time.

"Secured Obligations" means at any time any obligations, whether matured or unmatured, contingent or liquidated, of the Grantor arising out of or evidenced this Agreement or by the Secured Agreements, whether for principal, interest, expenses, premiums, indemnities, fees or other amounts, whether or not such obligations are due and payable at such time. For purposes of determining the "Required Representatives" on any date, the aggregate amount of outstanding Secured Obligations represented by each Representative on such date shall include:

(a) in the case of the Secured Obligations of Secured Holders represented by the Beneficiary Agent under the Guarantee and Agreement, the aggregate amount of the Guaranteed Obligations outstanding at such time,

(b) in the case of Secured Obligations of Secured Holders comprised of the Sunbelt Notes Holders, the Guarantor Portion (as defined in the Sunbelt Guarantee) of the Issuer Obligations (as defined in the Sunbelt Guarantee),

(c) in the case of Secured Obligations of Secured Holders consisting of the Geon Debenture Holders under the Geon Indenture, the Geon Debentures Outstanding (as defined in the Geon Indenture) at such time,

(d) in the case of the Secured Obligations of Secured Holders consisting of the 2002 PolyOne Notes Holders under the 2002 PolyOne Indenture, the 2002 PolyOne Notes Outstanding (as defined in the 2002 PolyOne Indenture) at such time, and

(e) in the case of the Secured Obligations of Secured Holders consisting of the 2003 PolyOne Notes Holders under the 2003 PolyOne Indenture, the 2003 PolyOne Notes Outstanding (as defined in the 2003 PolyOne Indenture) at such time.

"Secured Parties" means the Collateral Trustee, the Representatives and the Secured Holders.

"Security Agreement" has the meaning specified in the Preliminary Statements to this Agreement.

"Shared Collateral Documents" has the meaning specified in the Preliminary Statements to this Agreement.

"Successor Collateral" means, with respect to the Grantor, any property and assets of the Grantor (or any of its successors and assigns) as the Grantor (or any such successor or any such assign) may, from time to time, upon notice to the Collateral Trustee, pursuant to the Secured Agreements or otherwise, grant to the Collateral Trustee as additional collateral for their benefit and in trust for the equal and ratable benefit of the Representatives, on their behalf and on behalf of the Secured Holders.

"Successor Collateral Agreements" means all documents creating, evidencing or relating to any of the Successor Collateral.

"Sunbelt Guarantee" has the meaning specified in the Preliminary Statements to this Agreement.

"Sunbelt Notes" has the meaning specified in the Preliminary Statements to this Agreement.

"Sunbelt Notes Holders" means at any time the registered holders of the Sunbelt Notes at such time.

"Transaction Documents" has the meaning specified in the Guarantee and Agreement.

"U.S. Bank" the meaning specified in the recital of parties to this Agreement.

"2002 PolyOne Indenture" has the meaning specified in the Preliminary Statements to this Agreement.

"2002 PolyOne Indenture Trustee" means The Bank of New York, as trustee under the 2002 PolyOne Indenture, and any successor trustee appointed thereunder.

"2002 PolyOne Notes" has the meaning specified in the Preliminary Statements to this Agreement.

"2002 PolyOne Notes Holders" means at any time the registered holders of the 2002 PolyOne Notes issued under the 2002 PolyOne Indenture at such time.

"2003 PolyOne Indenture" has the meaning specified in the Preliminary Statements to this Agreement.

"2003 PolyOne Indenture Trustee" means The Bank of New York, as trustee under the 2003 PolyOne Indenture, and any successor trustee appointed thereunder.

"2003 PolyOne Notes" has the meaning specified in the Preliminary Statements to this Agreement.

"2003 PolyOne Notes Holders" means at any time the registered holders of the 2003 PolyOne Notes issued under the 2003 PolyOne Indenture at such time.

SECTION 1.02. Certain References. In this Agreement, the words "hereof," "herein" and "hereunder", and words of similar import, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All section, schedule and exhibit references set forth in this

Agreement are, unless otherwise specified, references to such section in, or schedule or exhibit to, this Agreement.

ARTICLE II

CONFIRMATION AND CREATION OF SECURITY INTERESTS

SECTION 2.01. Collateral Trust Estate. The Grantor hereby confirms that, pursuant to the terms of the Shared Collateral Documents to which it is a party, the Grantor has pledged and assigned to the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives and the Secured Holders, and has granted the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives and the Secured Holders a lien on, and security interest in, the Collateral described therein. The Grantor hereby further pledges and assigns to the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives, on their behalf and on behalf of the Secured Holders, and hereby grants to the Collateral Trustee for its benefit and in trust for the equal and ratable benefit of the Representatives, on their behalf and on behalf of the Secured Holders, a lien on, and security interest in, the following (collectively, together with any Successor Collateral, the "Additional Collateral"):

(i) the Collateral Account established pursuant to Section 3.01(a) with the Collateral Trustee at its offices at its corporate trust department in the State of New York and is, and shall at all times remain, under the sole dominion and control of the Collateral Trustee, all funds held therein and all certificates and instruments, if any, from time to time representing each Collateral Account;

(ii) all Cash Equivalents held in the Collateral Account from time to time and all certificates and instruments, if any, from time to time representing or evidencing such Cash Equivalents;

(iii) all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time delivered to or otherwise possessed by the Collateral Trustee for or on behalf of the Grantor in substitution for or in addition to any or all of the then existing Additional Collateral;

(iv) all interest, income, dividends, instruments and other property and assets from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Additional Collateral referred to in clauses (i) through (iii) of this Section 2.01(a); and

(v) all proceeds of any and all of the foregoing Additional Collateral (including, without limitation, proceeds that constitute property and assets of the types described in clauses (i) through (iv) of this Section 2.01(a)) and, to the extent not otherwise included, all (A) payments under any indemnity, warranty or guaranty payable with respect to any of the foregoing Additional Collateral, and (B) cash.

SECTION 2.02. Security for Secured Obligations. All of the right, title and interest of the Collateral Trustee in and to the Collateral Trust Estate secures the payment of all of the Secured Obligations now or hereafter existing under or in respect of the Secured Agreements and the performance of, and the compliance with, all of the covenants and conditions of this Agreement, the other Shared

Collateral Documents and the Secured Agreements. Without limiting the generality of the foregoing, the Collateral Trust Estate secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Grantor to the Collateral Trustee, any Representative or any Secured Holder under the Shared Collateral Documents or the Secured Agreements but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Grantor.

ARTICLE III

COLLATERAL ACCOUNT

SECTION 3.01. Collateral Account. (a) Upon notice by the Agent to the Collateral Trustee, the Collateral Trustee shall establish and maintain for so long as any Secured Obligations remain outstanding under any Secured Agreement, a non-interest bearing cash collateral account (the "Collateral Account") for the Representatives and the Secured Holders at its offices at its corporate trust department in the State of New York in accordance with the terms of this Agreement. All moneys that are received by the Collateral Trustee upon the occurrence and during the continuance of an Actionable Default, upon liquidation or otherwise in respect of the Collateral shall be deposited in the Collateral Account and, thereafter, shall be held and applied by the Collateral Trustee all in accordance with the terms of this Agreement.

(b) The Collateral Trustee shall, subject to the provisions of Article IV and Article VIII, from time to time (i) invest amounts on deposit in the Collateral Account in Cash Equivalents and (ii) invest interest paid on such Cash Equivalents, and reinvest other proceeds of any such Cash Equivalents that may mature or be sold, in additional Cash Equivalents, in each case at the direction of the Grantor so long as no Actionable Default Notice has been received by the Collateral Trustee (or if an Actionable Default Notice has been received, it has been withdrawn) and at the written direction of the Required Representatives if an Actionable Default Notice has been received by the Collateral Trustee that has not been withdrawn. Interest and proceeds that are not invested or reinvested in Cash Equivalents as provided in the immediately preceding sentence shall be deposited and held in the Collateral Account. All Cash Equivalents made in respect of the Collateral Account and all interest and income received thereon and therefrom and the net proceeds realized on the maturity or sale thereof shall be held in the Collateral Account as part of the Collateral Trust Estate pursuant to the terms hereof.

(c) The Collateral Account shall be subject to such applicable laws, and such applicable regulations of the Board of Governors of the Federal Reserve System and of any other appropriate banking or regulatory authority, as are in effect from time to time.

ARTICLE IV

ACTIONABLE DEFAULTS; REMEDIES

SECTION 4.01. Actionable Default Notice. (a) If, at any time, a default under any Secured Agreement shall have occurred and be continuing and, as a result thereof, any Representative or any Secured Holder under, or the percentage of Secured Holders specified in, such Secured Agreement (any such party or percentage of Secured Holders being a "Defaulted Agreement Party") has the right thereunder (without the delivery of any further notice or the requirement that any further time elapse) to declare all of the Secured Obligations of the Grantor under such Secured Agreement to be due and payable prior to the stated maturity thereof (any such default being an "Actionable Default"), and if such Defaulted Agreement Party gives the Collateral Trustee, with a copy to the Grantor, a written notice (an "Actionable Default Notice") stating:

(i) the nature of the Actionable Default;

(ii) the action requested to be taken by the Collateral Trustee with respect to the Collateral and the Shared Collateral Documents (which action may include, without limitation, the calling of a meeting of the Representatives or the institution of any remedies provided by law or this Agreement or any Shared Collateral Document); and

(iii) that such Defaulted Agreement Party has polled the Representatives with respect to such action,

then the Collateral Trustee shall forthwith send a copy of the Actionable Default Notice to each Representative. The Representatives shall provide the Collateral Trustee with a certificate that shall state whether or not they favor the Collateral Trustee taking such action. If the Required Representatives shall have directed the Collateral Trustee to commence the action set forth in the Actionable Default Notice (whether or not such poll shall have been taken or completed), then, subject to Section 4.01(b) and the right of the Collateral Trustee to commence such action under the Shared Collateral Documents, the Collateral Trustee shall forthwith undertake such action subject to the provisions of Section 7.05(d). The Collateral Trustee shall, subject to Sections 4.01(b), 4.08 and 6.06, follow the directions of the Required Representatives with respect to the time, method and place of taking any action requested in an Actionable Default Notice. The Collateral Trustee shall be entitled to assume conclusively that no Actionable Default has occurred and is continuing until it receives an Actionable Default Notice.

(b) If the Actionable Default, which was the basis for the giving of an Actionable Default Notice, shall be cured or waived in accordance with the terms of the applicable Secured Agreement, the Defaulted Agreement Party which gave such Actionable Default Notice shall promptly notify the Collateral Trustee in writing of such cure or waiver, upon receipt of such written notice of a cure or waiver (i) such Actionable Default Notice shall be deemed withdrawn, (ii) the Collateral Trustee shall deliver to each Representative such writing evidencing the cure or waiver of a Default Notice as it may have received pursuant to this Section 4.01(b) and (iii) any direction to the Collateral Trustee to take any action in connection with such Actionable Default Notice shall be deemed immediately rescinded. If in connection solely with such withdrawn Actionable Default Notice the Collateral Trustee shall have been directed to take, and shall have commenced taking but shall not have completed, any action, the Collateral Trustee shall promptly terminate any such action which it shall not also have been directed to take in connection with an Actionable Default Notice other than that withdrawn.

SECTION 4.02. Direction by Required Representatives. As to any matters not expressly provided for under this Agreement or the other Shared Collateral Documents (including, without limitation, matters relating to enforcement and collection of the Secured Obligations), the Collateral Trustee shall not be required to exercise any discretion or to take any action under this Agreement or the other Shared Collateral Documents, or in respect of the Collateral, but subject to the provisions of Section 7.05(d) shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) in accordance with the written instructions of the Required Representatives which instructions shall reference Section 6.06.

SECTION 4.03. Right to Initiate Judicial Proceedings, Etc. (a) Upon the occurrence of and during the continuance of any Actionable Default and the receipt by the Collateral Trustee of an Actionable Default Notice that has not been withdrawn pursuant to Section 4.01(b), the Collateral Trustee (i) shall have the right and power to institute and maintain such suits and proceedings as it, or the Required Representatives may deem appropriate to protect and enforce the rights vested in them by this Agreement and the other Shared Collateral Documents and (ii) may either, after entry or without entry,

proceed by suit or suits at law or in equity to enforce such rights and to foreclose upon the Collateral and to dispose of, collect or otherwise realize upon, all or any portion of the Collateral Trust Estate under the judgment or decree of a court of competent jurisdiction.

(b) If a receiver of the Collateral Trust Estate shall be appointed in judicial proceedings, the Collateral Trustee may be appointed as such receiver. Notwithstanding the appointment of a receiver, the Collateral Trustee shall be entitled to retain possession and control of all cash held by or deposited with them or their agents or co-trustees pursuant to any provision of this Agreement or any other Shared Collateral Document.

SECTION 4.04. Remedies Not Exclusive. (a) No remedy conferred upon or reserved to the Collateral Trustee herein or in the Shared Collateral Documents is intended to be a limitation exclusive of any other remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy conferred herein or in the Shared Collateral Documents or now or hereafter existing at law or in equity or by statute.

(b) No delay or omission of either of the Collateral Trustee to exercise any right, remedy or power accruing upon any Actionable Default shall impair any such right, remedy or power or shall be construed to be a waiver of any such Actionable Default or any acquiescence therein; and every right, power and remedy given by this Agreement or any Shared Collateral Document to the Collateral Trustee may be exercised from time to time and as often as may be deemed expedient by the Collateral Trustee.

(c) In case the Collateral Trustee shall have proceeded to enforce any right, remedy or power under this Agreement or any Shared Collateral Document and the proceeding for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to such Collateral Trustee, then and in every such case the Grantor, the Collateral Trustee, the Representatives and Secured Holders shall, subject to any determination in such proceeding, severally be restored to their former positions and rights hereunder and under such Shared Collateral Document with respect to the Collateral Trust Estate, the Collateral Account and in all other respects, and thereafter all rights, remedies and powers of such Collateral Trustee shall continue as though no such proceeding had been taken.

(d) The Grantor expressly agrees that all rights of action and rights to assert claims upon or under this Agreement and the Shared Collateral Documents may be enforced by the Collateral Trustee without the possession of any debt instrument or the production thereof in any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Collateral Trustee shall be brought in either of their names as Collateral Trustee and any recovery of judgment shall be held as part of the Collateral Trust Estate; provided that nothing in this Section 4.04(d) shall constitute a waiver of any right that the Grantor may have or may hereafter acquire to challenge the amounts outstanding under the Secured Agreements or the continued existence of the Lien on the Collateral.

SECTION 4.05. Waiver of Certain Rights. The Grantor, on behalf of itself and all who may claim through or under it, including, without limitation, any and all subsequent Affiliates, creditors, vendees, assignees and lienors, expressly waives and releases, to the fullest extent permitted by law, any, every and all rights to demand or to have any marshalling of the Collateral Trust Estate upon any enforcement of any Shared Collateral Document, including, without limitation, upon any sale, whether made under any power of sale herein granted or pursuant to judicial proceedings or upon any foreclosure or any enforcement of any Shared Collateral Document or this Agreement and consents and agrees that all the Collateral Trust Estate and any such sale may be offered and sold as an entirety.

SECTION 4.06. Limitation on Collateral Trustee's Duties in Respect of Collateral. Beyond the duties set forth in this Agreement, the Collateral Trustee shall not have any duty to the Grantor or the Representatives as to any Collateral in the Collateral Trustee's possession or control or in the possession or control of any agent or nominee of the Collateral Trustee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto and the Collateral Trustee shall not have any liability except for their failure to exercise ordinary care in the handling of moneys and securities and other property actually received by it.

SECTION 4.07. Limitation by Law. All rights, remedies and powers provided by this Article IV may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Article IV are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part or, if the Representatives elect that this Agreement should be recorded, registered or filed, not entitled to be recorded, registered, or filed under the provisions of any applicable law.

SECTION 4.08. Absolute Rights of Secured Holders and Representatives. Notwithstanding any other provision of this Agreement or any of the other Shared Collateral Documents, each of the Representatives and each of the Secured Holders has an absolute and unconditional right to receive payment of all of the Secured Obligations owing to such Representative or such Secured Holder, as the case may be, when the same becomes due and payable and at the time and place and otherwise in the manner set forth in the applicable Secured Agreements, and the right of each such Representative and each such Secured Holder to institute proceedings for the enforcement of such payment on or after the date such payment becomes due and to assert its position as a secured creditor in a proceeding under the Bankruptcy Code in which the Grantor is a debtor, and the obligation of the Grantor to pay all of the Secured Obligations owing to each of the Representatives and each of the Secured Holders at the time and place expressed therein, shall not be impaired or affected without the consent of such Representative or such Secured Holder. In addition, the right of any Secured Holder or any Representative, on behalf of itself or on behalf of any such Secured Holder, to receive payment or security from sources other than the Collateral shall not be, and is not hereby, impaired or affected in any manner. Without limiting the generality of the foregoing provisions of this Section 4.08, no Secured Holder and no Representative, on behalf of itself or on behalf of any Secured Holder, shall be obligated to share with any other Secured Holder or any other Representative any proceeds of any collateral, guaranty or right of setoff other than pursuant to, and to the extent expressly required under, this Agreement and the other Secured Agreements; nor shall any Secured Holder's or any Representative's right to receive its ratable share of any amounts maintained in the Collateral Account, if any, or any proceeds of any of the Collateral, or any part thereof, under the terms of this Agreement and the other Shared Collateral Documents be diminished or affected in any way by its right to receive proceeds of any other collateral or right of setoff, or payment upon a guaranty or from any other source.

SECTION 4.09. Equal and Ratable Security. This Agreement is intended solely to comply with the provisions of the Existing Indebtedness Agreements to secure the unpaid Secured Obligations arising thereunder, equally and ratably with the Secured Obligations arising under the Guarantee and Agreement. To the extent that the rights and benefits herein conferred on the Secured Holders or the Representative under any Existing Indebtedness Agreement exceed the rights and benefits required so to be conferred by such provisions of such Existing Indebtedness Agreement, such rights and benefits shall be limited so as to provide to such Secured Holders and such Representative only those rights and benefits that are required by such provisions of such Existing Indebtedness Agreement. Any and all rights not herein expressly given to the Representatives under any Existing Indebtedness Agreement are expressly reserved to the Beneficiaries under the Guarantee and Agreement, it being

understood that in the absence of a requirement to provide equal and ratable security set forth in the Existing Indebtedness Agreements, this Agreement would not have been accepted by the Beneficiaries.

ARTICLE V

APPLICATION OF PROCEEDS

SECTION 5.01. Application of Proceeds. (a) If, following the acceleration of the principal amount of the Secured Obligations under any Secured Agreement and pursuant to the exercise of any remedy set forth in any Shared Collateral Document, any Collateral is sold or otherwise realized upon by the Collateral Trustee, the proceeds received by the Collateral Trustee in respect of such Collateral shall be deposited in the Collateral Account, and all moneys held by the Collateral Trustee in the Collateral Account shall, to the extent available for distribution, be distributed by the Collateral Trustee on each date upon which a distribution is made (each, a "Distribution Date") as follows:

FIRST, to the payment (in such priority as the Collateral Trustee shall elect, but without duplication) of all reasonable legal fees and expenses and other reasonable costs or expenses or other liabilities of any kind incurred by the Collateral Trustee as secured parties under any Shared Collateral Document or otherwise in connection with any Shared Collateral Document or this Agreement (including, without limitation, any reasonable costs or expenses or liabilities incurred in connection with the sale of any assets covered by any Shared Collateral Document, or in the operation or maintenance of any of the assets covered by any Shared Collateral Document), including the reimbursement to any Representative of any amounts theretofore advanced by such Representative for the payment of such fees, costs and expenses, except only for any such fees, expenses, costs or liabilities incurred by any Collateral Trustee as a result of its gross negligence or willful misconduct in performing or failing to perform any of its duties to the parties hereto expressly set forth herein; provided, however, that nothing herein is intended to relieve the Grantor of its duties to pay such costs, fees, expenses and liabilities otherwise payable to the Collateral Trustee from funds outside of the Collateral Account, as required by this Agreement;

SECOND, to the Collateral Trustee (without duplication) in an amount equal to the Collateral Trustee's Fees which are unpaid as of the Distribution Date and to any Representative which has theretofore advanced or paid any such Collateral Trustee's Fees in an amount equal to the amount thereof so advanced or paid by such Representative prior to such Distribution Date; provided, however, that nothing herein is intended to relieve the Grantor of its duties to pay such fees and claims from funds outside of the Collateral Account, as required by this Agreement;

THIRD, in accordance with paragraph (b) below, with respect to any proceeds, ratably to the Representatives on behalf of the respective Secured Holders for application to the Secured Obligations of such Secured Holders, or, to be held by such Representative (or by the Collateral Trustee on behalf of such Representative pursuant to Section 5.02 or otherwise) pending such application; provided, however, that any proceeds received in respect of the Collateral shall be applied first to the Beneficiary Agent, on behalf of the Beneficiaries, up to the maximum amount permitted by the terms and conditions of the Existing Indebtedness Agreements; and

FOURTH, any surplus remaining after the payment in full in cash of the Secured Obligations shall, pursuant to the provisions of Section 8.02, be paid to the Grantor, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) In order to determine the ratable amount to be distributed to each of the Representatives pursuant to clause THIRD above on each Distribution Date, unless otherwise directed in writing by the Representatives, the Collateral Trustee may rely on a certificate of the Chief Financial Officer, Treasurer or Controller of the Grantor setting forth the Secured Obligations (identified by type and amount) outstanding under each Secured Agreement on such Distribution Date. The ratable portion of the aggregate amount available for distribution hereunder on any Distribution Date which shall be distributed to each Representative on such Distribution Date shall be a fraction, (i) the numerator of which shall be the aggregate amount of Secured Obligations of the Secured Holders represented by such Representative, and (ii) the denominator of which shall be the aggregate amount of Secured Obligations of all the Secured Holders represented by all Representatives; provided, however, that the aggregate amount distributable to such Representative on such Distribution Date shall not exceed the aggregate amount of Secured Obligations which are then payable by the Grantor to the Secured Holders of such Representative; and, provided, further, that, for such purposes, amounts distributable to a Representative on a prior Distribution Date and held on behalf of such Representative and the Secured Holders of such Representative pursuant to Section 5.02 shall be deemed to have been applied to the Secured Obligations of the Secured Holders represented by such Representative, regardless of whether such application has occurred.

SECTION 5.02. Application of Withheld Amounts. If on any Distribution Date any amounts on deposit to the Collateral Account are distributable pursuant to Section 5.01 to any Representative, and if such Representative shall have given notice to the Collateral Trustee on or prior to such Distribution Date that all or a portion of such proceeds which are otherwise distributable to such Representative pursuant to Section 5.01 shall be held by the Collateral Trustee on behalf of such Representative for the benefit of the Secured Holders of such Representative, then the Collateral Trustee shall hold such amount in a separate non-interest bearing cash collateral account of the Collateral Trustee for the benefit of such Representative and such Secured Holders, until such time as such Representative shall deliver a written request for the delivery thereof from such account to such Representative or as such Representative may otherwise direct in such notice. If thereafter the Secured Obligations of the Secured Holders represented by any such Representative shall have been repaid in full in cash on any date, then (a) upon the written request of the Grantor (or any other Representative) certifying as to such payment in full, and (b) after delivery of such notice by the Collateral Trustee to such Representative, the Collateral Trustee shall not have received a written notice of objection from such Representative within 30 days such Representative's receipt of such notice, promptly following such 30th day (or the earlier receipt by the Collateral Trustee of the written consent of such Representative), any amounts held on account for such Representative pursuant to this Section 5.02 shall be again deposited by the Collateral Trustee to the Collateral Account and thereafter distributed as provided in Section 5.01. The Collateral Trustee shall invest amounts on deposit to any such account in such Cash Equivalents as the applicable Representative may direct from time to time.

SECTION 5.03. Release of Amounts in Collateral Account. Amounts distributable to a Representative on any Distribution Date pursuant to Section 5.01 shall be paid to such Representative for the benefit of such Representative and its Secured Holders by the Collateral Trustee (or deposited to an account for the benefit of such Representative and its Secured Holders pursuant to Section 5.02) upon receipt by the Collateral Trustee of a written certificate of such Representative setting forth appropriate payments instructions for such Representative. If no such notice is delivered by a Representative within 10 Business Days thereafter, the Collateral Trustee shall deposit amounts otherwise distributable to such Representative to an account for the benefit of such Representative and its Secured Holders pursuant to Section 5.02.

ARTICLE VI

AGREEMENTS WITH THE COLLATERAL TRUSTEE

SECTION 6.01. Delivery of Agreements. The Grantor confirms that it has delivered to the Collateral Trustee a true and complete copy of each Secured Agreement, including each Shared Collateral Document, as in effect on the date hereof. The Grantor agrees that, promptly upon the execution thereof, the Grantor will deliver to the Collateral Trustee a true and complete copy of any and all Shared Collateral Documents entered into subsequent to the date hereof and a true and complete copy of any and all amendments, modifications or supplements to any of the foregoing.

SECTION 6.02. Information as to Representatives. The Grantor agrees that it shall deliver to the Collateral Trustee from time to time upon request of the Collateral Trustee a list setting forth, for each Secured Agreement, (a) the aggregate principal amount outstanding thereunder, (b) the accrued and unpaid interest thereunder, (c) the accrued and unpaid fees (if any) thereunder, (d) the names of the Representatives and of the Secured Holders (to the extent known to the Grantor) thereunder, and all other unpaid amounts thereunder known to the Grantor, owing to each such Representative, for its own account and on behalf of such Secured Holders and (e) such other information regarding the Representatives, such Secured Holders and the Secured Agreements as the Collateral Trustee may reasonably request. In addition, the Grantor shall deliver to the Collateral Trustee, each time a distribution from the Collateral Trust Estate or the Collateral Account is to be made pursuant to the terms hereof, not later than two Business Days after receipt of a copy of the applicable distribution request delivered by a Defaulted Agreement Party pursuant to Section 5.04, a certificate of the Chief Financial Officer, Treasurer or Controller of the Grantor, setting forth the amounts to be distributed and the Persons to whom such distributions are to be made, including appropriate payment instructions therefor, provided, that if any distribution is directed to be made to any Representative, if such Representative shall have notified the Collateral Trustee in writing that such Representative is unable to accept such distribution, such distribution shall be made instead to an account established pursuant to Section 5.02 for the benefit of such Representative and its Secured Holders. The Grantor will furnish to the Collateral Trustee, with a copy to each Representative, within 10 Business Days after receiving the Collateral Trustee's reasonable request therefor, a list setting forth the name and address of each Representative and each Person to whom notices must be sent under the Secured Agreements and the Grantor agrees to furnish promptly to the Collateral Trustee any changes or additions to such list of which the Grantor is made aware. Unless otherwise specified herein, the Collateral Trustee may for all purposes hereunder, rely on such information given by the Grantor unless (i) the Collateral Trustee shall have actual knowledge of an inaccuracy or (ii) any Representative shall provide contrary information in writing with respect to such Representative in which case, unless such Representative and the Grantor can reach an agreement on such issue within a period of 10 days, the Collateral Trustee shall appoint an independent arbitrator (who shall be reasonably acceptable to the Grantor and such Representative) to resolve the dispute (at the expense of the Grantor).

SECTION 6.03. Compensation and Expenses. The Grantor agrees to pay to the Collateral Trustee and any co-trustee or successor trustee appointed hereunder, from time to time upon demand, (a) such compensation for its services hereunder and under the Shared Collateral Documents and for administering the Collateral Trust Estate, the Collateral Account and any account or accounts established pursuant to Section 5.02 as set forth in the fee letter between the Grantor and the Collateral Trustee, as such fee letter may be amended, supplemented or otherwise modified by the written agreement of the Grantor and the Collateral Trustee from time to time and (b) all the reasonable fees, costs and expenses incurred by any of them (including, without limitation, the reasonable fees and disbursements of counsel) (i) arising in connection with the preparation, execution, delivery, modification and termination of this Agreement and each Shared Collateral Document or the enforcement of any of the

provisions hereof or thereof or (ii) incurred or required to be advanced in connection with the administration of the Collateral Trust Estate, the Collateral Account, any account or accounts established pursuant to Section 5.02, the sale or other disposition of Collateral pursuant to any Shared Collateral Document and the preservation, protection or defense of their rights under this Agreement and in and to the Collateral, the Collateral Account, any account or accounts established pursuant to Section 5.02 and the Collateral Trust Estate. As security for such payment, the Collateral Trustee shall have a prior lien upon all Collateral and other property and funds held or collected by the Collateral Trustee as part of the Collateral Trust Estate. The Grantor's obligations under this Section 6.03 shall survive the termination of this Agreement.

SECTION 6.04. Stamp and Other Similar Taxes. The Grantor agrees to indemnify and hold harmless the Collateral Trustee, each Representative and each Secured Holder from any present or future claim for liability for any stamp or other similar tax and any penalties or interest with respect thereto, which may be assessed, levied or collected by any jurisdiction in connection with this Agreement, any Shared Collateral Document, the Collateral Trust Estate, the Collateral Account, any account or accounts established pursuant to Section 5.02 or any Collateral. The obligations of the Grantor under this Section 6.04 shall survive the termination of this Agreement.

SECTION 6.05. Filing Fees, Excise Taxes, Etc. The Grantor agrees to pay or to reimburse the Collateral Trustee for any and all amounts in respect of all reasonable search, filing, recording and registration fees, taxes, excise taxes and other similar imposts which may be payable or determined to be payable in respect of the execution, delivery, performance and enforcement of this Agreement and each Shared Collateral Document. The obligations of the Grantor under this Section 6.05 shall survive the termination of this Agreement.

SECTION 6.06. Indemnification. (a) The Grantor agrees to pay, indemnify, and hold harmless the Collateral Trustee and each of its agents from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, the costs and expenses of defending any claim against any of them) with respect to the execution, delivery, enforcement, performance and administration of this Agreement and the Shared Collateral Documents unless and to the extent arising from the gross negligence or willful misconduct of such of the Collateral Trustee or such of its agents as are seeking indemnification or any failure of any Collateral Trustee or any such agent to exercise ordinary care in the handling of moneys and securities and other property actually received by any such Collateral Trustee or any such agent. As security for such payment, any such Collateral Trustee shall have a prior lien upon all Collateral and other property and funds held or collected by the Collateral Trustee as part of the Collateral Trust Estate.

(b) In any suit, proceeding or action brought by the Collateral Trustee under or with respect to any Shared Collateral Document or the Collateral for any amount owing thereunder, or to enforce any provisions thereof, the Grantor will save, indemnify and hold harmless the Collateral Trustee, the Representatives and the Secured Holders from and against all expense, loss or damage suffered by reason of any defense, set-off, counterclaim, recoupment or reduction of liability whatsoever of the obligee thereunder (unless and to the extent that such expense, loss or damage is caused by the gross negligence or willful misconduct of the such Collateral Trustee or the failure of any Collateral Trustee to exercise ordinary care in the handling of moneys and securities and other property actually received by such Collateral Trustee), arising out of a breach by the Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from the Grantor and all such obligations of the Grantor shall be and remain enforceable against and only against the Grantor and shall not be enforceable against the Collateral Trustee, any

Representative or any Secured Holder. The agreements in this Section 6.06 shall survive the termination of this Agreement.

SECTION 6.07. Further Assurances. (a) The Grantor agrees, from time to time, at its own expense to execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register financing statements and continuations thereof, notices of assignment, transfers, certificates, assurances and other instruments and to take such further actions as may be reasonably necessary or desirable, or as any Collateral Trustee, any Representative, any Secured Holder through its Representative, may reasonably request from time to time in order (i) to carry out more effectively the purposes of this Agreement, (ii) to subject to the liens and security interests created by any of the Shared Collateral Documents any of the properties, rights or interests of the Grantor covered or now or hereafter intended to be covered by any of the Shared Collateral Documents, (iii) to perfect and maintain the validity, effectiveness and priority of any of the Shared Collateral Documents and the liens and security interests intended to be created thereby, (iv) to better assure, convey, grant, assign, transfer, preserve, protect and confirm unto the Collateral Trustee, the Representatives and the Secured Holders the rights granted or now or hereafter intended to be granted to the Collateral Trustee, the Representatives and the Secured Holders under any Shared Collateral Document or under any other instrument executed in connection with any Shared Collateral Document to which it is or may become a party, and (v) to enable the Collateral Trustee to exercise and enforce its rights and remedies hereunder and under each Shared Collateral Document with respect to any Collateral; provided, however, that this Section 6.07 shall not be construed to require the Grantor to grant any interest in Collateral other than pursuant to this Agreement, the Guarantee and Agreement or any Shared Collateral Document. Without limiting the generality of the foregoing, the Grantor will take any such action required to be taken by it pursuant to any Shared Collateral Document.

(b) During the continuance of an Actionable Default, the Grantor hereby authorizes the Collateral Trustee to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Grantor where permitted by law. A photocopy or other reproduction of this Agreement, any Shared Collateral Document or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) The Grantor will furnish such information about the Collateral as the Collateral Trustee may reasonably request from time to time.

ARTICLE VII

THE COLLATERAL TRUSTEE

SECTION 7.01. Declaration of Trust. The Collateral Trustee, for itself and its successors, hereby reaffirms its acceptance of the trusts which are the subject of this Agreement upon the terms and conditions hereof, including those contained in this Article VII. Further, the Collateral Trustee, for itself and its successors, does hereby declare that it will hold all of the estate, right, title and interest in (a) the Collateral Trust Estate and the Collateral Account for the equal and ratable benefit of the Representatives and the Secured Holders as provided herein, and (b) each account as may be established pursuant to Section 5.02 at the request of a Representative upon the trust herein set forth and for the benefit of such Representative on behalf of its applicable Secured Holders as provided herein.

SECTION 7.02. Exculpatory Provisions. (a) The Collateral Trustee shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties contained herein or in the Shared Collateral Documents, all of which are made solely by the

Grantor which is a party thereto. The Collateral Trustee makes no representations as to the value or condition of the Collateral Trust Estate, the Collateral Account or any part thereof, or as to the title of the Grantor thereto or as to the security afforded by the Shared Collateral Documents or this Agreement, or as to the validity, execution (except its own execution), enforceability, legality or sufficiency of this Agreement, any Shared Collateral Document or any Secured Agreement, and the Collateral Trustee shall incur no liability or responsibility in respect of any such matters. The Collateral Trustee shall not be responsible for insuring the Collateral Trust Estate or for the payment of taxes, charges, assessments or liens upon the Collateral Trust Estate or otherwise as to the maintenance of the Collateral Trust Estate or the Collateral Account, except that in any event that any Collateral Trustee enters into possession of a part or all of the Collateral Trust Estate, the Collateral Account, such Collateral Trustee, shall preserve the part in its possession.

(b) The Collateral Trustee shall not be required to ascertain or inquire as to the performance by the Grantor of any of the covenants or agreements contained herein, in any other Shared Collateral Document or in any Secured Agreement. The Collateral Trustee shall not be required to ascertain or inquire as to the performance by any other party to the Intercreditor Agreement of any of such party's covenants or agreements contained in the Intercreditor Agreement.

(c) In connection with the Intercreditor Agreement, the Collateral Trustee shall be entitled to assume and shall be fully protected in assuming that it has not received any Collections on account of any Purchased Property or Unsold Receivables unless and until it has received written notice thereof from the Bank Agent or the Receivables Agent (capitalized terms used in this sentence having the definitions specified in the Intercreditor Agreement).

(d) Each of the parties hereto agree that, notwithstanding the provision in Section 2.11 of the Intercreditor Agreement, that to the extent the terms and provisions of the Bank Documents (as defined in the Intercreditor Agreement) or the Receivables Documents (as defined in the Intercreditor Agreement) are inconsistent with the terms and provisions of the Intercreditor Agreement, the terms of the Intercreditor Agreement shall control, in entering into and acting under the Intercreditor Agreement the Collateral Trustee shall have full benefit of the protective and exculpatory provisions of this Agreement.

SECTION 7.03. Delegation of Duties. The Collateral Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by or through agents or attorneys-in-fact (which shall not include officers and employees of the Grantor or any Affiliate of the Grantor). The Collateral Trustee shall be entitled to rely upon advice of reasonably selected counsel and other professionals concerning all matters pertaining to such trusts, powers and duties. The Collateral Trustee shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact reasonably selected by them in good faith.

SECTION 7.04. Reliance by Collateral Trustee. (a) Whenever in the administration of the trusts of this Agreement or, pursuant to any other Shared Collateral Document, the Collateral Trustee shall deem it necessary or desirable that a matter be proved or established in connection with the taking, suffering or omitting any action hereunder by the Collateral Trustee unless otherwise provided herein (including, without limitation, the determination of the composition of the Required Representatives), such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved or established by a certificate of an officer or the Controller of the Grantor delivered to the Collateral Trustee and the Representatives, and such certificate shall constitute a full warranty to the Collateral Trustee for any action taken, suffered or omitted in reliance thereon unless (i) the Collateral Trustees shall have actual knowledge of an inaccuracy therein or (ii) any Representative shall provide contrary information in writing with respect to such matter within 10 days of the date of

such certificate, in which case unless such Representative and the Grantor can reach agreement on such issue within a period of 10 days, the Collateral Trustee shall appoint, at the expense of the Grantor, an American Arbitration Association arbitrator (who shall be reasonably acceptable to the Grantor and such Representative) to resolve the dispute.

(b) The Collateral Trustee may consult with independent counsel, independent public accountants and other experts selected by it (including, counsel to or any employee of the Grantor or any Affiliate of the Grantor, but excluding counsel to or any employee of, any Representative or any other Secured Holder (but not excluding Shearman & Sterling)) and any opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by them hereunder in accordance therewith unless such Collateral Trustee has actual knowledge of a reason to question the validity or accuracy of such opinion or of any assumptions expressed therein as the basis for such opinion. The Collateral Trustee shall have the right at any time to seek instructions concerning the administration of the Collateral Trust Estate or the Collateral Account or any account established pursuant to Section 5.02 from the Required Representatives or any court of competent jurisdiction.

(c) The Collateral Trustee may rely, and shall be fully protected in acting, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document which it reasonably believes to be genuine and to have been signed or presented by the proper party or parties or, in the case of telecopies and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, the Collateral Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any notices, certificates or opinions furnished to the Collateral Trustee that conform to the requirements of this Agreement or any Shared Collateral Document.

SECTION 7.05. Limitations on Duties of the Trustee. (a) The Collateral Trustee undertakes to perform only the duties expressly set forth herein and no implied covenant or obligation shall be read into this Agreement against the Collateral Trustee.

(b) The Collateral Trustee may exercise the rights and powers granted to them by this Agreement and the Shared Collateral Documents, but only pursuant to the terms of this Agreement, and the Collateral Trustee shall not be liable with respect to any action taken or omitted by them in accordance with the direction of the Required Representatives.

(c) Except as herein otherwise expressly provided, the Collateral Trustee shall not be under any obligation to take any action which is discretionary with the Collateral Trustee under the provisions hereof or under any Shared Collateral Document (including, without limitation, the giving of any consent, notice or request) except upon the written request of the Required Representatives. The Collateral Trustee shall make available for inspection and copying by each Representative each certificate or other paper furnished to the Collateral Trustee by the Grantor, by any Representative, or by any other Person, under or in respect of this Agreement, any Shared Collateral Document or any of the Collateral Trust Estate.

(d) The Collateral Trustee shall be under no obligation to exercise any of the rights or powers vested in them by this Agreement or any other Shared Collateral Document at the request or direction of any Representatives pursuant to this Agreement, unless such Representatives shall have offered to the Collateral Trustee security or indemnity satisfactory to the Collateral Trustee against the costs, expenses and liabilities which might be incurred by them in compliance with such request or direction.

SECTION 7.06. Moneys to Be Held in Trust. All moneys received by the Collateral Trustee under or pursuant to any provision of this Agreement or any Shared Collateral Document shall be segregated and held in trust for the purposes for which they were paid or are held and the Collateral Trustee shall exercise ordinary care in the handling of any such moneys actually received by it.

SECTION 7.07. Resignation and Removal of Collateral Trustee. (a) The Collateral Trustee may at any time, by giving 30 days' prior written notice to the Grantor and the Required Representatives, resign and be discharged of its responsibilities hereby created, such resignation to become effective upon the appointment of a successor trustee or trustees by the Required Representatives, the acceptance of such appointment by such successor trustee or trustees and, unless an Actionable Default has occurred and is continuing, the consent to the appointment of such successor trustee or trustees by the Grantor. If an Actionable Default has occurred, the Grantor's consent to any such resignation shall not be required. The Collateral Trustee shall be entitled to its fees and expenses accrued to the date of the resignation becoming effective. The Collateral Trustee may be removed at any time (with or without cause) and a successor trustee or trustees appointed by the affirmative vote of the Required Representatives, subject to, unless an Actionable Default has occurred and is continuing, the consent of the Grantor, provided that the Collateral Trustee shall be entitled to its fees and expenses accrued to the date of removal. If the Collateral Trustee resigns or is removed as provided in this Section 7.07 the consent to the appointment of a successor trustee or trustees shall not be unreasonably withheld and shall be deemed to have been given if the Grantor shall not have reasonably objected to any proposed successor trustee or trustees within five Business Days of receipt of notice of the identity thereof from the Representatives. If no successor trustee or trustees shall be appointed and approved within 30 days from the date of the giving of the aforesaid notice of resignation or within 30 days from the date of such vote for removal, the Collateral Trustee, shall, or any Representative may, apply to any court of competent jurisdiction to appoint a successor trustee or trustees to act until such time, if any, as a successor trustee or trustees shall have been appointed as above provided. Any successor trustee or trustees so appointed by such court shall immediately and without further act be superseded by any successor trustee or trustees approved by the Representatives as above provided.

(b) If at any time either or both of the Collateral Trustee shall become incapable of acting, or if at any time a vacancy shall occur in the office of the Collateral Trustee for any other cause, a successor trustee or trustees shall be promptly appointed by the Required Representatives, subject to, unless an Actionable Default has occurred and is continuing, the consent of the Grantor, which consent shall not be unreasonably withheld, and the powers, duties, authority and title of the predecessor trustee or trustees terminated and cancelled without procuring the resignation of such predecessor trustee or trustees, and without any formality (except as may be required by applicable law) other than appointment and designation of a successor trustee or trustees in writing, duly acknowledged, delivered to the predecessor trustee or trustees and the Grantor and filed for record in each public office, if any, in which this Agreement is required to be filed.

(c) The appointment and designation referred to in Section 7.07(b) shall, after any required filing, be full evidence of the right and authority to make the same and of all the facts therein recited, and this Agreement shall vest in such successor trustee or trustees, without any further act, deed or conveyance, all of the estate and title of its predecessor, and upon such filing for record the successor trustee or trustees shall become fully vested with all the estates, properties, rights, powers, trusts, duties, authority and title of its predecessor; but such predecessor shall, nevertheless, on the written request of the Required Representatives, the Grantor or its successor trustee or trustees, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers, trusts, duties, authority and title of such predecessor hereunder and shall deliver all securities and moneys held by it or them to such successor trustee or trustees. Should any deed, conveyance or other instrument in writing from the Grantor be required by any successor trustee or trustees for more fully and certainly vesting in such

successor trustee or trustees the estates, properties, rights, powers, trusts, duties, authority and title vested or intended to be vested in the predecessor trustee or trustees, any and all such deeds, conveyances and other instruments in writing shall, on request of such successor trustee or trustees, be executed, acknowledged and delivered by the Grantor.

(d) Any required filing for record of the instrument appointing a successor trustee or trustees as hereinabove provided shall be at the expense of the Grantor. The resignation of any trustee or trustees and the instrument removing any trustee or trustees, together with all other instruments, deeds and conveyances provided for in this Article VII shall, if permitted by law, be forthwith recorded, registered and filed by and at the expense of the Grantor, wherever this Agreement is recorded, registered and filed.

SECTION 7.08. Status of Successors to Trustee. Every successor to the Collateral Trustee appointed pursuant to Section 7.07 shall be a bank or trust company in good standing and having power so to act, incorporated under the laws of the United States or any State thereof or the District of Columbia and having its principal corporate trust office within a state acceptable to the Required Representatives, and shall also have capital, surplus and undivided profits of not less than \$100,000,000, if there be such an institution with such capital, surplus and undivided profits willing, qualified and able to accept the trust upon reasonable or customary terms.

SECTION 7.09. Merger of the Collateral Trustee. Any corporation into which the Collateral Trustee may be merged, or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Collateral Trustee shall be a party, shall be the Collateral Trustee under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto.

SECTION 7.10. Additional Co-Trustees; Separate Trustees. (a) If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which any of the Collateral shall be located, or the Collateral Trustee shall be advised by counsel satisfactory to them that it is so necessary or prudent in the interest of the Representatives on behalf of the Secured Holders, or the Representatives shall in writing so request by notice to the Collateral Trustee and the Grantor, or the Collateral Trustee shall deem it desirable for its own protection in the performance of its duties hereunder, or the Grantor shall in writing so request by notice to the Collateral Trustee with the consent of the Required Representatives, the Collateral Trustee and the Grantor shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company, or one or more persons approved by the Collateral Trustee, the Grantor and the Representatives, either to act as co-trustee or co-trustees of all or any of the Collateral, jointly with the Collateral Trustee originally named herein or any successor, or to act as separate trustee of any such property. In the event the Grantor shall not have joined in the execution of such instruments and agreements within 10 days after the receipt of a written request from the Collateral Trustee so to do, or in case an Actionable Default Notice has been received by the Collateral Trustee that has not been withdrawn, the Collateral Trustee may act under the foregoing provisions of this Section 7.10 without the concurrence of the Grantor (but with the concurrence of the Required Representatives), and the Grantor hereby appoints the Collateral Trustee as its agents and attorneys to act for it under the foregoing provisions of this Section 7.10 in either of such contingencies.

(b) Any separate trustee and any co-trustee (other than any trustee which may be appointed as successor to the Collateral Trustee pursuant to Section 7.07) shall, to the extent permitted by law, be appointed and act and be such, subject to the following provisions and conditions, namely:

(i) all rights, powers, duties and obligations conferred upon the trustees in respect of the custody, control and management of moneys, papers or securities shall be exercised solely by the Collateral Trustee originally named herein or its successor appointed pursuant to Section 7.07;

(ii) all rights, powers, duties and obligations conferred or imposed upon the Collateral Trustee hereunder shall be conferred or imposed and exercised or performed by the Collateral Trustee and such separate trustee or co-trustee, jointly, as shall be provided in the instrument appointing such separate trustee or co-trustee, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Collateral Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate trustee or co-trustee;

(iii) no power given hereby to, or which it is provided hereby may be exercised by, any such co-trustee or separate trustee, shall be exercised hereunder by such co-trustee or separate trustee, except jointly with, or with the consent in writing of, the Collateral Trustee, anything herein contained to the contrary notwithstanding;

(iv) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(v) the Grantor and the Collateral Trustee, at any time, by an instrument in writing, executed by them jointly, may accept the resignation of or remove any such separate trustee, and in that case, by an instrument in writing executed by the Grantor and the Collateral Trustee jointly, may appoint a successor (who shall be acceptable to the Required Representatives) to such a separate trustee or co-trustee, as the case may be, anything herein contained to the contrary notwithstanding. In the event that the Grantor shall not have joined in the execution of any such instrument within 10 days after the receipt of a written request from the Collateral Trustee so to do, or in case an Actionable Default Notice has been received by the Collateral Trustee that has not been withdrawn, the Collateral Trustee shall have the power to accept the resignation of or remove any such separate trustee or co-trustee and to appoint (with the consent of the Required Representatives) a successor without the concurrence of the Grantor and the Grantor hereby appoints the Collateral Trustees its agents and attorneys to act for it in such connection in either of such contingencies. In the event that the Collateral Trustee shall have appointed a separate trustee or co-trustee or as above provided, it may at any time, by an instrument in writing, accept the resignation of or remove any such separate trustee, the successor to any such separate trustee to be appointed by the Grantor and the Collateral Trustee, or by the Collateral Trustee alone, as hereinbefore provided in this Section 7.10.

SECTION 7.11. Trustees Appointed Attorneys-in-Fact. The Grantor hereby irrevocably constitutes and appoints the Collateral Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full power and authority in the name of the Grantor or their own name and in the place and stead of the Grantor and in the name of the Grantor, from time to time at the direction of the Required Representatives, to take, subject to Section 4.09, any action and to execute any instrument which the same may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Grantor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same in accordance with the terms of the Shared Collateral Documents. The Grantor acknowledges and agrees that the foregoing power of attorney is coupled with an interest and may not be revoked or modified except with the consent of the Collateral Trustee or as otherwise provided herein.

SECTION 7.12. Ordinary Care. The Collateral Trustee shall be deemed to have exercised ordinary care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Trustee accords its own property, it being understood that the Collateral Trustee shall not have any responsibility for (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not the Collateral Trustee has or is deemed to have knowledge of such matters, or (ii) taking any necessary steps to preserve rights against any parties with respect to any Collateral.

ARTICLE VIII

RELEASE OF COLLATERAL

SECTION 8.01. Partial Release of Collateral. (a) The Grantor may, from time to time so long as no Actionable Default Notice has been received by the Collateral Trustee (or if an Actionable Default Notice has been received, it has been withdrawn), request the release of the lien and security interest of the Shared Collateral Documents in any portion of the Collateral of the Grantor proposed to be sold or otherwise disposed of by the Grantor to any other Person, upon notice to the Collateral Trustee from the Chief Financial Officer, Treasurer or Controller of the Grantor (a "Notice of Partial Release"), which Notice of Partial Release shall be delivered to the Collateral Trustee and the Beneficiary Agent at least ten Business Days prior to the date of the proposed sale or other disposition of such Collateral (unless a shorter period of time is acceptable to the Collateral Trustee and the Beneficiary Agent) and shall

(i) specify the Collateral to be so sold or otherwise disposed of and the proposed date of such sale or other disposition, and

(ii) certify that the sale or other disposition of such Collateral is in compliance with under the terms of the Secured Agreements, and no Grantor is, and after giving effect to such release, would not be, in default under any of the Secured Agreements.

If a Notice of Partial Release is delivered to the Collateral Trustee in accordance with the immediately preceding sentence and the Beneficiary Agent, on behalf of the Beneficiaries, shall have so approved such action in writing prior to the date of the proposed release, the security interest in such Collateral shall automatically, without further action, be released and the Collateral Trustee shall execute and deliver to the Grantor, on the date of the proposed release (or as promptly thereafter as possible), a release or releases (including, without limitation, Uniform Commercial Code release statements and instruments of satisfaction, discharge and/or reconveyance) in recordable form provided by the Grantor as to the Collateral specified in such Notice of Partial Release from the liens, security interests, conveyances and assignments evidenced by the Shared Collateral Documents, which release shall state that it is effective as of the date of such disposition; provided, however, that, if prior to the time that the Collateral Trustee delivers a release pursuant to this Section 8.01(a), the Collateral Trustee shall have received either (A) an Actionable Default Notice that shall not have been withdrawn prior to such time and the Required Beneficiary shall have directed the Collateral Trustee either not to deliver such a release or not to deliver releases generally or (B) a written objection from the Beneficiary Agent stating that such sale or other disposition is not permitted under the Guarantee and Agreement, then, in either case, the Collateral Trustee shall so notify the Grantor and shall not sign any release or releases in connection with such disposition.

(b) If, at any time, the Collateral Trustee shall receive a written notice from the Chief Financial Officer, Treasurer or Controller of the Grantor, (i) stating that any promissory note or other similar or related instrument evidencing obligations payable to the Grantor and included in the Collateral

has been paid in full in accordance with its terms (or will be so paid concurrently with the surrender thereof), and (ii) identifying such note or other instrument in reasonable detail (including, without limitation, by its date of issuance, the name of its payee and the principal amount thereof), then the Collateral Trustee shall promptly deliver a copy of each such notice to each Representative and, unless any Representative shall have disputed the accuracy of such notice within five Business Days after the delivery of such notice, the Collateral Trustee shall promptly deliver such note or other instrument to the Grantor, and promptly execute and deliver a release or releases (including, without limitation, Uniform Commercial Code release statements) in recordable form provided by the Grantor as to any such note or other instrument from the liens, security interests, conveyances and assignments evidenced by the Shared Collateral Documents, which release shall state that it is effective as of the date of its delivery.

SECTION 8.02. Full Release of Collateral Upon Satisfaction of Certain Conditions. (a) Unless the Collateral Trustee shall have received an Actionable Default Notice that has not been withdrawn, the Collateral Trustee shall promptly release in accordance with Section 8.03 all of the Collateral upon the later of (i) the cash payment or performance in full of all of the Guaranteed Obligations and (ii) the termination of all of the Subject Agreements.

(b) In furtherance of the undertaking set forth above in Section 8.02(a), the Collateral Trustee shall, upon the request of the Grantor accompanied by a certificate of the Chief Financial Officer, Treasurer or Controller of the Grantor, upon which the Collateral Trustee may conclusively rely without independent verification, to the effect that all Guaranteed Obligations have been, or will, concurrently with the release of the Collateral be, paid in full in cash (and if such Guaranteed Obligations have not previously been so paid, describing the source(s) of funds for such repayment), deliver a notice by registered mail (and immediately thereafter send via facsimile, a copy of such notice to the Representatives, it being understood that the fax confirmation sheet shall evidence the fulfillment of the Collateral Trustee's obligation in this parenthetical) to the Beneficiary Agent (with a copy to each other Representative) containing the following:

(i) a statement as to the total amount of moneys in the Collateral Account and any account which has been established at the request of any Representative pursuant to Section 5.02; and

(ii) a statement that the Collateral Trustee intends to release all the Collateral unless it receives a written notice from the Beneficiary Agent within 10 days saying that it has not received cash payment in full of all the Secured Obligations owed to the Beneficiary Agent or the Beneficiaries under the Guarantee and Agreement, or, if such Secured Obligations are to be repaid concurrently with such release, a statement that the Collateral Trustee will release such Collateral only upon receipt from the Beneficiary Agent of instructions to do so.

If the Collateral Trustee does not receive a certificate from the Beneficiary Agent within 10 days after the delivery of such notice stating that such Secured Obligations have not been indefeasibly paid in full in cash, or the Collateral Trustee receives a direction from the Beneficiary Agent so to release such Collateral, as the case may be (and the Collateral Trustee shall not have received any notice that an Actionable Default has occurred or is continuing), then the Collateral Trustee shall release all the Collateral from the security interest in their favor and deliver to the Grantor all Collateral in the possession of the Collateral Trustee promptly after the expiration of such 10 day period or as specified in such instruction, as the case may be; provided, however, that the Grantor shall have made adequate provision for the expenses of the Collateral Trustee associated with such release of Collateral, fees and all other expenses of, or payable to, the Collateral Trustee hereunder or under any Shared Collateral Document; and provided, further, that the failure of the Beneficiary Agent to provide a certificate to the Collateral Trustee pursuant to this Section 8.02 shall in no way be deemed a waiver of, or otherwise

impair in any way, its rights to receive payment in respect of unpaid Secured Obligations. If the Collateral Trustee shall have received such a certificate from the Beneficiary Agent within such 10 day period, or shall not have received an instruction so to release such Collateral (or shall have received an Actionable Default Notice which has not been withdrawn), as the case may be, the Collateral Trustee shall not release the Collateral unless and until the Beneficiary Agent or a court of competent jurisdiction so directs the Collateral Trustee pursuant to a final, non-appealable judgment (including a judgment that becomes non-appealable by reason of expiration of any period of time limiting the right to appeal therefrom).

SECTION 8.03. Effect of Release of Collateral. Upon the effectiveness of the release of the Collateral pursuant to Section 8.02, all right, title and interest of the Collateral Trustee and the Representatives on behalf of the Secured Holders in, to and under the Collateral Trust Estate, the Collateral and the Shared Collateral Documents shall terminate and shall revert to the Grantor and its successors and assigns, and the estate, right, title and interest of the Collateral Trustee therein shall thereupon cease; and in such case, upon the written request of the Grantor, its successors or assigns, and at the cost and expense of the Grantor, its successors or assigns, the Collateral Trustee shall promptly execute and deliver a satisfaction of the Shared Collateral Documents and such instruments as are necessary or desirable to terminate and remove of record any documents constituting public notice of the Shared Collateral Documents and the security interests granted thereunder and shall transfer, or cause to be transferred, and shall deliver or cause to be delivered to the Grantor, all property, including all moneys, instruments and securities of the Grantor then held by the Collateral Trustee. The cancellation and satisfaction of the Shared Collateral Documents shall be without prejudice to the rights of the Collateral Trustee or any successor trustee or trustees to charge and be reimbursed for any expenditures which it may thereafter incur in connection therewith.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. Amendments, Supplements and Waivers. (a) (i) With the written consent of the Beneficiary Agent and the Collateral Trustee, the Grantor may, from time to time, enter into written agreements supplemental hereto for the purpose of adding to or waiving any provision of this Agreement or any of the Shared Collateral Documents or changing in any manner the rights or obligations of the Collateral Trustee, the Representatives, the Secured Holders and the Grantor hereunder or thereunder.

(ii) Any such supplemental agreement shall be binding upon the Grantor, the Representatives, the Secured Holders and the Collateral Trustee and its respective successors.

(iii) The Collateral Trustee shall not enter into any such supplemental agreement unless it shall have received a certificate of the Chief Financial Officer, Treasurer or Controller of the Grantor to the effect that such supplemental agreement will not result in a breach of any provision or covenant contained in any of the Secured Agreements.

(iv) (v) The Collateral Trustee shall not enter into any such supplemental agreement unless it shall have received a certificate of the Beneficiary Agent to the effect that, upon receipt of the Collateral Trustee's written consent, this Section 9.01(a) has been complied with and an instruction letter requesting the Collateral Trustee to execute such supplemental agreement.

(b) Notwithstanding the provisions of paragraph (a), the Collateral Trustee and the Grantor may, at any time and from time to time, without the consent of the Beneficiary Agent and any

other Representative or any Secured Holders, enter into additional Shared Collateral Documents or one or more agreements supplemental hereto or to any Shared Collateral Document, in form satisfactory to the Collateral Trustee,

(i) to add to the covenants of the Grantor, for the benefit of the Representatives or any Secured Holder, or to surrender any right or power herein conferred upon the Grantor;

(ii) to pledge or grant a security interest in favor of the Collateral Trustee as additional security for the Secured Obligations any property or assets which are required to be pledged, or in which a security interest is required to be granted, to the Collateral Trustee pursuant to any Shared Collateral Document or otherwise; or

(iii) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Agreement which shall not be inconsistent with the provisions of this Agreement, provided such action shall not adversely affect the interests of the Secured Holders.

SECTION 9.02. Additional Actions of Representatives. Whether or not there shall be an Actionable Default, the Collateral Trustee shall comply and shall be fully protected in complying with any reasonable request of (a) the Required Representatives, to take or refrain from taking certain actions with respect to the Collateral or the Representatives, and (b) more than 50% of the Secured Holders represented by any Representative which has requested that an account be opened pursuant to Section 5.02, to take or refrain from taking certain actions with respect to such account, provided, in each case, that the Collateral Trustee shall have been indemnified as provided in Section 7.05(d) and the Collateral Trustee shall not take or refrain from taking such actions if to do so would violate applicable law or the terms of this Agreement, the Shared Collateral Documents or the applicable Secured Agreements.

SECTION 9.03. Notices. All notices, requests, demands and other communications provided for or permitted hereunder shall, unless otherwise stated herein, be in writing (including telex and telecopy communications) and shall be sent by mail (by registered or certified mail, return receipt requested), overnight prepaid courier, telex, telecopier or hand delivery:

(a) If to the Grantor, at 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Treasurer or at such other address as shall be designated by it in a written notice to the Collateral Trustee;

(b) If to the Collateral Trustee, at 61 Broadway, New York, NY 10006, Attention: Corporate Trust Division, or at such other address as shall be designated by it in a written notice to the Grantor and each Representative; and

(c) If to any Representative, to it at the address specified from time to time in the list provided by the Grantor to the Collateral Trustee pursuant to Section 6.02 with copies to whomever (other than the Grantor) is specified by the Grantor pursuant to Section 6.02 as a Person to whom notice must be sent under the Secured Agreements, provided that in the case that no address is known for a Representative, notice shall be given to it in the manner specified by the related Secured Agreement, and, in the absence of any such specified means of giving notice, by such notice in the national edition of The Wall Street Journal or as the Collateral Trustee shall determine to be reasonable. For purposes of notice by publication, one notice is sufficient and shall be deemed made on the date of its publication.

All such notices, requests, demands and communications shall be deemed to have been duly given, made or delivered, (i) effective when delivered by hand, (ii) five Business Days after being deposited in the mail, postage prepaid, (iii) the next Business Day if delivered by an overnight prepaid courier, (iv) when telexed with answerback, (v) when telecopied or (vi) when published in the The Wall Street Journal or such other publication; provided, however that any notice, request, demand or other communication to the Collateral Trustee or to the Grantor or the Beneficiary Agent shall not be effective until received and, provided, further, that any notice to the Collateral Trustee from the Grantor shall be signed by an officer or the Controller of the Grantor, unless otherwise specifically set forth herein.

SECTION 9.04. Headings. Section, subsection and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

SECTION 9.05. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.06. Treatment of Payee or Indorsee by Trustee. (a) The Collateral Trustee may treat the registered Secured Holder of any registered note, and the payee or indorsee of any note or debenture which is not registered, as the absolute owner thereof for all purposes hereunder and shall not be affected by any notice to the contrary, whether such promissory note or debenture shall be past due or not.

(b) Any person, firm, corporation or other entity which shall be designated as the duly authorized representative of one or more Representatives to act as such in connection with any matters pertaining to this Agreement or any Shared Collateral Document or the Collateral shall present to the Collateral Trustee such documents, including, without limitation, opinions of counsel, as the Collateral Trustee may reasonably require, in order to demonstrate to the Collateral Trustee the authority of such person, firm, corporation or other entity to act as the representative of such Representatives.

SECTION 9.07. Dealings with the Grantor. Upon any application or demand by the Grantor to the Collateral Trustee to take or permit any action under any of the provisions of this Agreement, the Grantor shall (unless otherwise waived by the Collateral Trustee in writing) furnish to the Collateral Trustee a certificate signed by its Chief Financial Officer, Treasurer or Controller stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or demand, no additional certificate need be furnished.

SECTION 9.08. Claims. This Agreement is made for the benefit of the Representatives on behalf of the Secured Holders, and the Representatives may from time to time enforce their rights as explicit beneficiaries hereunder.

SECTION 9.09. Binding Effect. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and shall inure to the benefit of the Representatives on behalf of the Secured Holders and their respective successors and assigns and nothing herein or in any Shared Collateral Document is intended or shall be construed to give any other Person any right, remedy or claim under, to or in respect of this Agreement, any Shared Collateral Document, the Collateral, the Collateral Account or the Collateral Trust Estate or any part thereof.

SECTION 9.10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 9.11. Effectiveness. This Agreement shall become effective on the execution and delivery hereof and shall remain in effect so long as the Collateral Trustee shall have any obligations hereunder.

SECTION 9.12. Reexecution of Agreement. This Agreement shall be reexecuted at any time and from time to time, at the request of the Required Representatives, with such changes in the form hereof (including, without limitation, changes on the cover page and adding supplemental signatures and notary statements) as may be necessary to comply with the filing or recording requirements of any jurisdiction where this Agreement is to be filed.

SECTION 9.13. Effect on Guarantee and Agreement. Nothing in this Agreement shall operate or be deemed to prevent any amendment, modification or waiver of the Guarantee and Agreement or other Transaction Documents by the parties thereto in accordance with the terms thereof.

SECTION 9.14. Counterparts. This Agreement may be executed in separate counterparts, each of which shall be an original and all of which taken together shall constitute one and the same instrument

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

Grantor: POLYONE CORPORATION,
an Ohio corporation, as Grantor

By _____
Title: _____

Collateral Trustee: U.S. BANK TRUST NATIONAL ASSOCIATION,
as Collateral Trustee

By: _____
Title: _____

AMENDED AND RESTATED INTERCREDITOR AGREEMENT

This AMENDED AND RESTATED INTERCREDITOR AGREEMENT (this "Agreement") is made as of this 6th day of June, 2006 among CITICORP USA, INC., as Receivables Agent (as defined below), CITICORP USA, INC., as Bank Agent (as defined below), U.S. BANK TRUST NATIONAL ASSOCIATION, as Collateral Trustee (as defined below), POLYONE CORPORATION, an Ohio corporation ("PolyOne" or "Grantor"), and POLYONE FUNDING CORPORATION, a Delaware corporation ("PolyOne Funding"), and each of the other PolyOne Entities (as defined below) that becomes a party hereto pursuant to Section 4.3.

PRELIMINARY STATEMENTS

A. Pursuant to the Receivables Sale Agreement (as defined below), each Originator (as defined below) has agreed to sell, transfer and assign to PolyOne Funding, and PolyOne Funding has agreed to purchase from each Originator, all right, title and interest of such Originator in the Pool Receivables and Related Security relating thereto and all Collections thereof now existing or hereafter created (each as defined below).

B. Pursuant to that certain Receivables Purchase Agreement (as defined below), PolyOne Funding has sold, transferred and assigned, and may from time to time hereafter sell, transfer and assign to the purchasers party thereto (the "Purchasers"), Receivables Interests (as defined in the Receivables Purchase Agreement) in all Pool Receivables, Related Security and Collections (each as defined in the Receivables Purchase Agreement).

C. Pursuant to that certain Bank Agreement (as defined below), PolyOne shall have guaranteed to each Beneficiary (as defined below) and its successors, transferees and assigns the due and punctual payment and performance of the Guaranteed Obligations (as defined below) and in connection therewith and pursuant to the Bank Collateral Documents (as defined below) PolyOne has granted to the Collateral Trustee, as security for its obligations under the Bank Documents (as defined below), a security interest in the Bank Collateral (as defined below).

D. The Geon Company, a Delaware corporation and predecessor in interest to the Grantor ("Geon"), has made a guarantee dated as of December 22, 1997 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Sunbelt Guarantee") in favor of each of the holders of the Guaranteed Secured Senior Notes due 2017, Series G (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Sunbelt Notes") issued by Sunbelt Cholor Alkali Partnership pursuant to the Note Purchase Agreements, each dated December 22, 1997 between Sunbelt and the respective purchasers of the Sunbelt Notes.

E. The Grantor has issued (i) 7 1/2% Debentures due 2015 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Geon Debentures") pursuant to that certain Indenture dated as of December 1, 1995 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "Geon Indenture"), (ii) 8 7/8% Senior Notes due 2012 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may

hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2002 PolyOne Notes") pursuant to that certain Indenture dated as of April 23, 2002 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2002 PolyOne Indenture") and (iii) 10 5/8% Senior Notes due 2010 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may hereafter be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2003 PolyOne Notes") pursuant to that certain Indenture dated as of May 6, 2003 (as amended, supplemented or otherwise modified and in effect on the date hereof and as the same may be further amended, modified, extended, renewed, replaced, restated or supplemented from time to time pursuant to the terms thereof, the "2003 PolyOne Indenture").

F. The Sunbelt Guarantee, the Sunbelt Notes, the Geon Indenture, the Geon Debentures, the 2002 PolyOne Indenture, the 2002 PolyOne Notes, the 2003 PolyOne Indenture and the 2003 PolyOne Notes, and each agreement and instrument delivered by the Grantor pursuant to any of the foregoing, as the same may be supplemented, amended or modified from time to time in accordance with the provisions thereof, are collectively referred to herein as the "Existing Indebtedness Agreements". Pursuant to the Sunbelt Guarantee, the Geon Indenture, the 2002 PolyOne Indenture and the 2003 PolyOne Indenture, the Grantor has agreed not to incur, and not to permit certain of its Subsidiaries to incur, certain Liens (as therein defined) upon certain of its property or assets to secure certain indebtedness without making effective provision whereby the obligations under the Existing Indebtedness Agreements shall be secured equally and ratably with the indebtedness secured by such Liens.

G. Concurrently with the execution of this Agreement, the Grantor is entering into a Guarantee and Agreement, dated as of June 6, 2006 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Bank Agreement"), with each of the financial institutions party thereto, as beneficiary (collectively, the "Beneficiaries"), and Citicorp USA, Inc., as administrative agent for the Beneficiaries thereunder (together with any successor administrative agent appointed pursuant to Article VII of the Bank Agreement, the "Bank Agent").

H. Concurrently with the execution of this Agreement, the Grantor is entering into a second amendment and restatement of that certain Amended and Restated Security Agreement, dated as of May 6, 2003, from the Grantor to the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Bank Security Agreement").

I. Concurrently with the execution of this Agreement, the Grantor is entering into an amendment and restatement of that certain Collateral Trust Agreement, dated as of May 6, 2003, among the Grantor and the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Collateral Trust Agreement").

J. The Grantor has entered into that certain Intercreditor Agreement, dated as of May 6, 2003 (as amended to, but not including the date hereof, the "Existing Intercreditor Agreement"), with the Bank Agent, the Collateral Trustee or its predecessor, as corporate trustee, and Angelita Pena, an individual residing in the State of New Jersey, or her predecessor, in each case not in an individual capacity but as individual trustee, PolyOne Engineered Films, Inc. and PolyOne Funding, pursuant to which the parties thereto have agreed to certain matters with respect to, inter alia, the grant of security interests under the Bank Security Agreement.

K. This Agreement, the Collateral Trust Agreement, the Bank Security Agreement, each Successor Collateral Agreement (as defined below), and each other agreement entered into by the Collateral Trustee at the direction of the Required Representatives (as defined below), are collectively referred to herein as the "Shared Collateral Documents". The Shared Collateral Documents are intended to secure the Existing Indebtedness Agreements, to the extent required to comply with the provisions of the Existing Indebtedness Agreements, and the Guarantee and Agreement and it is a condition to the occurrence of the Effective Date under the Guarantee and Agreement that the Grantor shall have granted to the Collateral Trustee the pledge and assignment of, and the lien and security interest in, certain property and assets of the Grantor pursuant to the Shared Collateral Documents.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed to amend and restate the Existing Intercreditor Agreement as follows:

ARTICLE I.
DEFINITIONS.

1.1. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Adverse Claim" means, with respect to any asset or property, any lien, security interest, charge, pledge, encumbrance or other right or claim in, of, on or in respect of such asset or property.

"Agent" means the Collateral Trustee or the Receivables Agent, as applicable, and "Agents" means the Collateral Trustee and the Receivables Agent.

"Bank Agent" has the meaning given to such term in the Preliminary Statements hereto.

"Bank Agreement" shall mean the Guarantee and Agreement, dated as of June 6, 2006, among the Grantor, the Bank Agent and the Beneficiaries, as such agreement may be amended, amended and restated, supplemented or otherwise modified from time to time at the option of the parties thereto and any other agreements pursuant to which any of the indebtedness, commitments, obligations, costs, expenses, fees, reimbursements and other indemnities payable or owing thereunder may be refinanced, restructured, renewed, extended, refunded or replaced (as any such other agreements may from time to time at the option of the parties thereto be amended, amended and restated, supplemented, renewed or otherwise modified).

"Bank Claims" shall mean all obligations outstanding under one or more of the Bank Documents and all extensions of credit by one or more Banks under any financing under section 364 of the Bankruptcy Code or any arrangement for use of cash collateral of the Banks under section 363 of the Bankruptcy Code (the terms of which are consented to by the Bank Agent in its capacity as such). "Bank Claims" shall include all interest accrued or accruing (or which would, absent the commencement of an Insolvency or Liquidation Proceeding, accrue) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the Bank Agreement, or any Existing Indebtedness Agreement, as applicable, whether or not the claim for such interest is allowed as a claim in such Insolvency or Liquidation Proceeding. To the extent any payment with respect to the Bank Claims (whether by or on behalf of any PolyOne Entity, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential in any respect, set aside or required to be paid to a debtor in possession, trustee, receiver or similar Person, then the obligation or part thereof

originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

"Bank Collateral" has the meaning given to "Collateral" in the Bank Agreement.

"Bank Collateral Documents" has the meaning given to "Collateral Documents" in the Bank Agreement.

"Bank Documents" shall mean the Bank Agreement, the Bank Collateral Documents, the Existing Indebtedness Agreements, all other documents evidencing or creating any Bank Claims, and all documents and instruments delivered in connection with or pursuant thereto or under which an Adverse Claim is granted or purported to be granted as security for any of the Bank Claims or under which rights or remedies with respect to any of the foregoing are governed, as any such document or instrument may from time to time be amended, renewed, restated, supplemented or otherwise modified. Bank Documents shall include any interim and final orders, agreements and arrangements relating to use of cash collateral of the Banks in any Insolvency or Liquidation Proceeding. Notwithstanding anything contained herein, Bank Documents shall not include any Subject Agreement.

"Bank Security Agreement" has the meaning given to such term in the Preliminary Statements hereto.

"Bank Transaction Documents" has the meaning given to "Transaction Documents" in the Bank Agreement.

"Bankruptcy Code" means the United States Bankruptcy Code, 11 U.S.C. Sections 101 et seq., as amended.

"Banks" means the Collateral Trustee, the Beneficiaries (as defined in the Bank Agreement) and each other holder of a Bank Claim.

"Beneficiaries" has the meaning given to such term in the Preliminary Statements hereto.

"Collateral Trust Agreement" has the meaning given to such term in the Preliminary Statements hereto.

"Collateral Trustee" shall mean U.S. Bank Trust National Association, in its capacity as the collateral trustee appointed pursuant to the Collateral Trust Agreement, and in addition shall include any successor thereto exercising substantially the same rights and powers.

"Collection Account" means each concentration account, depository account, lock-box account or similar account in which any Collections are collected or deposited and which are set forth on Schedule A hereto or have otherwise been identified to and consented to by the Collateral Trustee or the Bank Agent as a "Collection Account."

"Collections" means, with respect to any Pool Receivable, all cash collections and other cash proceeds of such Pool Receivable, including, without limitation, (i) all cash proceeds of the Related Security with respect to such Pool Receivable and (ii) any Collections of such Pool Receivable deemed to have been received, and actually paid, pursuant to Section 2.09(a) of the Receivables Purchase Agreement.

"Contract" means an agreement between any Originator and an Obligor in any written form acceptable to such Originator, or in the case of any open account agreement as evidenced by one of the forms of invoices set forth on Schedule IV to the Receivables Purchase Agreement or otherwise approved by the Receivables Agent from time to time (which approval shall not be unreasonably withheld), pursuant to or under which such Obligor shall be obligated to pay for goods or services from time to time.

"Enforcement" means, collectively or individually, for (i) the Receivables Agent to declare an Event of Termination to have occurred under the Receivables Documents (or upon the automatic occurrence of an Event of Termination under the Receivables Documents) and to terminate (or upon the automatic termination of) the Commitments (as defined in the Receivables Purchase Agreement); and/or (ii) the Banks, the Bank Agent and/or a Collateral Trustee to demand payment in full of or to accelerate the indebtedness of PolyOne to the Banks under the Bank Documents.

"Event of Default" has the meaning given to such term in the Bank Agreement.

"Event of Termination" has the meaning given to such term in the Receivables Purchase Agreement.

"Existing Indebtedness Agreements" has the meaning given to such term in the Preliminary Statements hereto.

"Existing Intercreditor Agreement" has the meaning given to such term in the Preliminary Statements hereto.

"Geon" has the meaning given to such term in the Preliminary Statements hereto.

"Geon Debentures" has the meaning given to such term in the Preliminary Statements hereto.

"Geon Indenture" has the meaning given to such term in the Preliminary Statements hereto.

"Guaranteed Obligations" has the meaning given to such term in the Bank Agreement.

"Insolvency or Liquidation Proceeding" shall mean, with respect to any Person (a) any voluntary or involuntary case or proceeding under the Bankruptcy Code with respect to such Person, (b) any other voluntary or involuntary insolvency, reorganization or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding or with respect to such Person's assets, (c) any liquidation, dissolution, reorganization or winding up of such Person whether voluntary or involuntary and whether or not involving insolvency or bankruptcy or (d) any assignment for the benefit of creditors or any other marshaling of assets and liabilities of such Person.

"Lock-Box" means each locked postal box with respect to which a bank who holds a Collection Account has been granted exclusive access for the purpose of retrieving and processing payments made on the Pool Receivables.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Originator" means each of the PolyOne Entities in its capacity as an "Originator" (as defined in the Receivables Sale Agreement) and each other subsidiary of PolyOne that becomes an "Originator" under the Receivables Sale Agreement.

"Person" means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

"PolyOne Entity" means PolyOne and each other subsidiary of PolyOne that has any obligation to any party under either the Receivables Documents or the Bank Documents, other than PolyOne Funding.

"PolyOne Funding Claim" means all obligations of the PolyOne Entities to PolyOne Funding arising either directly or indirectly under the Receivables Documents, including, but not limited to, all rights of PolyOne Funding to receive the Collections of the Receivables, all recourse claims of PolyOne Funding under the Receivables Documents, all reimbursement and indemnity claims of PolyOne Funding under the Receivables Documents and any costs of collection or enforcement. "PolyOne Funding Claims" shall include all interest and other amounts accrued or accruing (or which would, absent the commencement of an Insolvency or Liquidation Proceeding of any PolyOne Entity, accrue) after the commencement of an Insolvency or Liquidation Proceeding of any PolyOne Entity in accordance with and at the rate specified in the Receivables Sale Agreement whether or not the claim for such interest or other amounts is allowed as a claim in such Insolvency or Liquidation Proceeding. To the extent any payment with respect to the PolyOne Funding Claims (whether by or on behalf of any PolyOne Entity, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential in any respect, set aside or required to be paid to a debtor in possession, trustee, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

"Pool Receivable" means any Receivable in respect of which the Obligor is a Designated Obligor (as defined in the Receivables Purchase Agreement) or, as to any Receivable in existence on such date, was a Designated Obligor on the date of the initial creation of an interest in such Receivable under the Receivables Purchase Agreement.

"Post-Default Property" means all (i) now owned or hereafter existing Receivables of any PolyOne Entity or PolyOne Funding, (ii) the Related Security and all cash collections and other cash proceeds of such Receivable, including, without limitation, all cash proceeds of the Related Security with respect to such Receivable, (iii) the Lock-Boxes and the Collection Accounts and (iv) all proceeds of any of the foregoing, in each case generated after an Event of Termination or an Event of Default; provided, however, that "Post-Default Property" shall not include proceeds of inventory that is Bank Collateral realized by the Banks or a Collateral Trustee or the Bank Agent pursuant to a foreclosure action following Enforcement under a Bank Document.

"Purchasers" has the meaning given to it in the recitals to this Agreement.

"Purchase Termination Date" means the date on which conveyances of Receivables (or interests therein) terminate under the terms of the Receivables Sale Agreement.

"Purchased Property" means (i) now owned or hereafter existing Purchased Receivables, (ii) the Related Security and Collections related to such Purchased Receivables, (iii) the Lock-Boxes and the Collection Accounts, and (iv) all proceeds of any of the foregoing.

"Purchased Receivables" means all Receivables sold or conveyed (or purported to have been sold or conveyed) by any PolyOne Entity to PolyOne Funding under the Receivables Sale Agreement, including, without limitation, all Receivables arising from time to time on or prior to the Purchase Termination Date.

"Purchaser Claim" shall mean all obligations outstanding under one or more of the Receivables Documents and all extensions of credit under any financing by one or more Purchasers under section 364 of the Bankruptcy Code or any arrangement for use of cash collateral of the Purchasers under section 363 of the Bankruptcy Code (the terms of which are consented to by the Receivables Agent in its capacity as such). "Receivables Claims" shall include all yield accrued or accruing (or which would, absent the commencement of an Insolvency or Liquidation Proceeding, accrue) after the commencement of an Insolvency or Liquidation Proceeding in accordance with and at the rate specified in the Receivables Purchase Agreement whether or not the claim for such yield is allowed as a claim in such Insolvency or Liquidation Proceeding. To the extent any payment with respect to the Purchaser Claims (whether by or on behalf of any PolyOne Entity, as proceeds of security, enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential in any respect, set aside or required to be paid to a debtor in possession, trustee, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

"Receivable" means the indebtedness (whether constituting accounts or general intangibles or chattel paper or otherwise) of any Obligor under a Contract, and includes the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto.

"Receivables Agent" shall mean Citicorp USA, Inc., in its capacity as the administrative agent under the Receivables Purchase Agreement, and in addition shall include the then acting administrative agent for the Purchasers (or if there is more than one administrative agent under the Receivables Purchase Agreement, a majority of them) and any successor thereto exercising substantially the same rights and powers, or if there is no acting administrative agent under the Receivables Purchase Agreement, the Required Purchasers (as defined in the Receivables Purchase Agreement).

"Receivables Documents" means the Receivables Purchase Agreement, the Receivables Sale Agreement, and any other instruments, documents or agreements executed by (i) any PolyOne Entity and delivered to PolyOne Funding, or (ii) PolyOne Funding and delivered to the Purchasers or the Receivables Agent, in each case pursuant to or in connection with the purchase and sale transactions contemplated therein, as any of the same may be amended, supplemented, modified or restated from time to time. Receivables Documents shall include any interim and final orders, agreements and arrangements relating to use of cash collateral of the Receivables Agent or the Purchasers in any Insolvency or Liquidation Proceeding.

"Receivables Purchase Agreement" means that receivables purchase agreement dated as of May 6, 2003 among PolyOne Funding, PolyOne, as servicer, the financial institutions parties thereto as purchasers and issuing banks (the "Purchasers") and the Receivables Agent, as agent for the Purchasers as amended, restated, supplemented or otherwise modified from time to time at the option of the parties thereto, together with any other agreements pursuant to which any of the indebtedness, commitments, obligations, costs, expenses, fees, reimbursements and other indemnities payable or owing thereunder may be refinanced, restructured, renewed, extended, refunded or replaced (as any such other agreements may from time to time at the option of the parties thereto be amended, amended and restated, supplemented, renewed or otherwise modified).

"Receivables Sale Agreement" means that receivables sale agreement dated as of May 6, 2003 among each of the Originators, as sellers and PolyOne Funding, as buyer, as amended, restated,

supplemented or otherwise modified from time to time at the option of the parties thereto, together with any other agreements pursuant to which any of the indebtedness, commitments, obligations, costs, expenses, fees, reimbursements and other indemnities payable or owing thereunder may be refinanced, restructured, renewed, extended, refunded or replaced (as any such other agreements may from time to time at the option of the parties thereto be amended, amended and restated, supplemented, renewed or otherwise modified).

"Records" means, with respect to any Receivable, all Contracts and other documents, books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related property and rights) relating to such Receivable and the related Obligor.

"Related Security" means with respect to any Receivable:

(i) all of PolyOne Funding's interest in the goods (including, after an Event of Default or an Event of Termination, all Returned Goods), if any, relating to the sale which gave rise to such Receivable;

(ii) all other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements signed or authenticated by an Obligor describing any collateral securing such Receivable;

(iii) all letter of credit rights, guarantees, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment or settlement of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise;

(iv) all Records relating to such Receivable; and

(v) all of PolyOne Funding's right, title and interest in and to the following: the Receivables Sale Agreement, including, without limitation, (i) all rights to receive moneys due and to become due under or pursuant to the Receivables Sale Agreement, (ii) all rights to receive proceeds of any indemnity, warranty or guaranty with respect to the Receivables Sale Agreement, (iii) claims for damages arising out of or for breach of or default under the Receivables Sale Agreement, and (iv) the right to perform under the Receivables Sale Agreement and to compel performance and otherwise exercise all remedies thereunder, and

(vi) all proceeds of any and all of the foregoing (including, without limitation, proceeds which constitute property of the types described in clause (v)).

"Required Representatives" has the meaning given to such term in the Collateral Trust Agreement.

"Returned Goods" means all right, title and interest of any Originator (or PolyOne Funding and/or the Purchasers, as applicable) in and to returned, repossessed or foreclosed goods and/or merchandise the sale, transfer and/or delivery of which has given rise to any Purchased Receivable.

"Shared Collateral Documents" has the meaning given to such term in the Preliminary Statements hereto.

"Subordinated Notes" means those certain Subordinated Notes dated as of May 6, 2003 evidencing the obligation of PolyOne Funding to pay the Originators the sums described therein pursuant to the terms thereof, as the same may be amended, restated, supplemented, replaced or refinanced or otherwise modified from time to time.

"Successor Collateral Document" has the meaning given to such term in the Collateral Trust Agreement.

"Sunbelt Guarantee" has the meaning given to such term in the Preliminary Statements hereto.

"Sunbelt Notes" has the meaning given to such term in the Preliminary Statements hereto.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction.

"Unsold Receivables" means any Receivables other than Purchased Receivables. As of the date of this Agreement there are no Unsold Receivables.

"2002 PolyOne Indenture" has the meaning given to such term in the Preliminary Statements hereto.

"2002 PolyOne Notes" has the meaning given to such term in the Preliminary Statements hereto.

"2003 PolyOne Indenture" has the meaning given to such term in the Preliminary Statements hereto.

"2003 PolyOne Notes" has the meaning given to such term in the Preliminary Statements hereto.

ARTICLE II.
INTERCREDITOR PROVISIONS.

2.1. Purchased Property.

(a) Subject to Section 2.13(e) below, irrespective of the time, order, manner or method of creation, attachment or perfection of the respective security interests and/or liens granted to the Receivables Agent or the Collateral Trustee in or on any or all of the property or assets of a PolyOne Entity or PolyOne Funding, the time or manner of the filing of their respective financing statements, whether the Receivables Agent or the Collateral Trustee or any bailee or agent thereof holds possession of any or all of the property or assets of the PolyOne Entities or PolyOne Funding, the dating, execution or delivery of any agreement, document or instrument granting the Receivables Agent, the Bank Agent or the Collateral Trustee security interests and/or liens in or on any or all of the property or assets of the PolyOne Entities or PolyOne Funding, the giving or failure to give notice of the acquisition or expected acquisition of any purchase money or other security interests, any provision of the Bank Documents or the Receivables Documents and any provision of the UCC or any other applicable law to the contrary, the Receivables Agent, on the one hand and the Bank Agent and the Collateral Trustee, on the other hand, hereby acknowledge and agree that:

(i) neither the Collateral Trustee, the Bank Agent nor any Bank shall at any time ask, demand, sue for, take, hold or receive from PolyOne Funding or any Originator any Adverse Claim in, to or against any of the Purchased Property;

(ii) to the extent that the Collateral Trustee, the Bank Agent or any Bank now has or hereafter obtains any Adverse Claim in, to or against any of the Purchased Property, such Adverse Claim is hereby released, waived and terminated;

(iii) if any Purchased Property shall be created or arise upon the sale, purported sale, assignment or other transfer by any Originator of any Bank Collateral (or any asset or interest in property shall otherwise become Purchased Property), any Adverse Claim in favor of the Collateral Trustee, the Bank Agent or any Bank that would otherwise then exist or arise in respect of such Purchased Property shall immediately thereupon, automatically and without any further action on the part of any Person, cease to exist and be released and extinguished, with the effect that at no time shall the Collateral Trustee, the Bank Agent or any Bank have any Adverse Claim in such Purchased Property;

(iv) the Bank Agent and the Collateral Trustee each agrees that: (A) it shall not have any security interest in, lien upon or interest in any Post-Default Property, (B) none of them shall at any time ask, demand, sue for, take or receive from any PolyOne Entity any Adverse Claim in, to or against any Post Default Property and (C) to the extent that the Bank Agent or the Collateral Trustee now has any Adverse Claim in, to or against any Post-Default Property, such Adverse Claim is hereby released, waived and terminated; and

(v) except for their interests from time to time existing in the Purchased Property and rights of access to and use of Bank Collateral pursuant to Section 2.4, the Receivables Agent agrees that: (A) it does not have and shall not have any security interest in, lien upon or interest in the Bank Collateral, (B) it shall not at any time ask, demand, sue for, take or receive from any PolyOne Entity any Adverse Claim in, to or against any of the Bank Collateral and (C) to the extent that the Receivables Agent or any Purchaser now has any Adverse Claim in, to or against any of the Bank Collateral, such Adverse Claim is hereby released, waived and terminated.

(b) Nothing in this Section 2.1 shall be deemed to constitute a release by any the Bank Agent or the Collateral Trustee of:

(i) any lien, claim, encumbrance or security interest the Collateral Trustee, the Bank Agent or any other Bank may have in the proceeds received by any Originator from PolyOne Funding for the sale of any of the Purchased Receivables or Related Security to PolyOne Funding, including, without limitation, cash payments made by PolyOne Funding under the Receivables Sale Agreement or under any Subordinated Note;

(ii) any lien or security interest the Collateral Trustee, the Bank Agent or any other Bank may have in "inventory" (as defined in the UCC) of PolyOne at any time prior to the release and extinguishment thereof pursuant to Section 2.1(a)(iii) above;

(iii) any lien, claim, encumbrance or security interest the Collateral Trustee, any Bank Agent or any other Bank may have in any Unsold Receivables and Related Security with respect to such Unsold Receivables, including, without limitation, Collections of Unsold Receivables which are at any time deposited in any Collection Account; or

(iv) any lien, claim, encumbrance or security interest the Collateral Trustee, the Bank Agent or any other Bank may have against any interest of any Originator in Returned Goods which reattaches from and after the repurchase by an Originator from PolyOne Funding of any Receivables that shall have arisen upon the initial sale, assignment or other transfer of such Returned Goods to the applicable Obligor. If any goods of any Originator, the sale of which has given rise to a Purchased Receivable, are returned to or repossessed by such Originator, then, (x) all rights to such Returned Goods shall belong to PolyOne Funding and the Purchasers until payment by such Originator of all adjustments required on account thereof under the Receivables Sale Agreement and (y) upon payment by such Originator of such adjustments, PolyOne Funding's and the Purchasers' interest in such Returned Goods shall automatically and without further action cease to exist and be released and extinguished and such Returned Goods shall thereafter not constitute Purchased Property for purposes of this Agreement unless and until such Returned Goods have been resold so as to give rise to a new Receivable.

(c) In the event that the Collateral Trustee, the Bank Agent or any Bank shall at any time have any Adverse Claim, directly or indirectly, on or in respect of, or shall come to hold or own any other interest in, any capital stock or other equity interest in PolyOne Funding, the parties hereto agree that (i) neither the Collateral Trustee nor the Bank Agent nor such Bank shall transfer, assign, pledge or sell its interests in the capital stock or other equity interest in PolyOne Funding without the prior written consent of the Receivables Agent and (ii) neither the Collateral Trustee nor the Bank Agent nor such Bank shall cause or consent to (A) any amendment or other modification to the articles of incorporation, by-laws or other constitutional documents of PolyOne Funding without the prior written consent of the Receivables Agent or (B) any failure of PolyOne Funding to perform or comply with any of the covenants of PolyOne Funding under the Receivables Documents.

(d) The Bank Agent and the Collateral Trustee hereby acknowledges that the Subordinated Notes are subordinated to the prior payment in full of the Purchaser Claims as provided in the Subordinated Notes.

(e) The provisions of this Section 2.1 shall be deemed to constitute subordination agreements within the meaning of Section 510(a) of the Bankruptcy Code.

2.2. Returned Goods. Each PolyOne Entity acknowledges and agrees that following an Event of Default or an Event of Termination, Returned Goods shall not be commingled with any inventory of PolyOne. If any inventory of PolyOne has been commingled with Returned Goods in which PolyOne Funding or any Purchaser continues to have an interest, and the Collateral Trustee, the Bank Agent or any other Bank receives any proceeds on account of such inventory (whether by reason of sale or by reason of insurance payments on account thereof) prior to release of such interest of the Purchaser, then all proceeds of such inventory received by any Bank shall be paid to the Collateral Trustee and the Collateral Trustee shall, immediately upon receipt of such proceeds, pay to the Receivables Agent the proceeds of which are allocable to such Returned Goods for application against the PolyOne Funding Claim. Proceeds with respect to Returned Goods and other inventory shall be allocated, if necessary, based on the respective book values of such Returned Goods and other inventory and paid to the Receivables Agent and the Bank Agent or the Collateral Trustee accordingly.

2.3. Proceeds of Purchased Property; Collections, Collection Accounts.

(a) Each Originator, on the one hand and the Bank Agent and the Collateral Trustee, on the other hand, hereby agree that all Collections or other proceeds received on account of Purchased Property (including, without limitation, any Collections thereof of any type received directly by any Originator or deposited into any bank account of such Originator over which the Collateral Trustee, the

Bank Agent or any Bank has control) shall be paid or delivered to PolyOne Funding (or, if so notified in writing by the Receivables Agent, to the Receivables Agent) for application against the PolyOne Funding Claims.

(b) For purposes of determining whether specific Collections have been received on account of Purchased Property or on account of Unsold Receivables, the parties hereto agree as follows:

(i) All payments made by an Obligor which is obligated to make payments on Purchased Receivables but is not obligated to make any payments on Unsold Receivables shall be conclusively presumed to be payments on account of Purchased Receivables, and all payments made by an Obligor which is obligated to make payments on Unsold Receivables but is not obligated to make any payments on Purchased Receivables shall be conclusively presumed to be payments on account of Unsold Receivables.

(ii) All payments made by an Obligor which is obligated to make payments with respect to both Purchased Receivables and Unsold Receivables shall be applied against the specific Receivables, if any, which are designated by such Obligor by reference to the applicable invoice as the Receivables with respect to which such payments should be applied. In the absence of such designation, such payments shall be applied against the oldest outstanding Receivables or portion thereof owed by such Obligor to the extent such oldest Receivable or portion thereof is not in dispute. The parties hereto hereby acknowledge that no liens, claims, encumbrances or security interests described in Section 2.1(b)(i), (b)(iii) or (b)(iv) exist as of the date of this Agreement.

(c) Subject to the terms and conditions of this Section 2.3, the Receivables Agent agrees that, if the Collateral Trustee or the Bank Agent so requests from and after the earliest to occur of (i) the date the Purchaser Claims have been satisfied in full in cash and the Receivables Documents terminated, and (ii) the date on which all Purchased Property has been collected and/or written off as uncollectible and the Receivables Documents terminated, the Receivables Agent and the Purchasers shall (x) transfer ownership and control to the Collateral Trustee over any Collection Accounts into which Collections of Unsold Receivables have been or may be deposited and (y) to the extent consistent with applicable documentation, instruct the financial institutions maintaining such Collection Accounts to thereafter follow the instructions of the Collateral Trustee with respect to such Collection Accounts. Any such transfer shall be without representation, recourse or warranty of any kind on the part of the Receivables Agent or any Purchaser. Notwithstanding the foregoing, if any such transfer occurs prior to the date on which the Purchaser Claim has been satisfied in full, then (1) all Collections or other proceeds received on account of Purchased Property subsequently deposited into any Collection Account shall be delivered to the Receivables Agent for application as provided in Sections 2.3(a) and 2.3(b) and (2) the Collateral Trustee shall, if the Receivables Agent so requests, (A) notify any financial institution maintaining a Collection Account of the Receivables Agent's continuing interest, if any, in any Collections or other proceeds of Purchased Property which may be deposited in such Collection Accounts as may be reasonably necessary to maintain the Receivables Agent's interest in such assets, (B) execute a control agreement in form and substance reasonably necessary to maintain the Receivables Agent's perfected interest in the Collection Accounts and (C) perform all other actions reasonably requested by the Receivables Agent to maintain the Receivables Agent's perfected interest in the Collections or other proceeds of Purchased Property which may be deposited in such Collection Accounts.

2.4. Access to and Use of Collateral.

(a) At any time prior to the date on which the Collateral Trustee or the Bank Agent shall acquire title to, or possession and control of, any premises of PolyOne, the Bank Agent and the

Collateral Trustee hereby agrees that the Receivables Agent and the Purchasers, subject to any applicable restrictions in the Receivables Documents, may enter such premises (whether prior to, during or following any Enforcement by the Collateral Trustee, the Bank Agent or any Bank in respect of any Bank Collateral), whether leased or owned, at any time during reasonable business hours, without force or process of law and without obligation to pay rent or compensation to PolyOne, the Collateral Trustee, the Bank Agent or any Bank or any other Person, and may use any Bank Collateral constituting equipment located thereon and may have access to and use of all Records located thereon and may have access to and use of any other property to which such access and use are granted under the Receivables Documents, in each case provided that such use is for the purposes of enforcing the Purchasers' rights with respect to the Purchased Property. In order to facilitate the purposes of this Section 2.4, the Collateral Trustee and the Bank Agent hereby agrees that any mortgage of, assignment of, security interest in or lien upon any real property and interests in real property of PolyOne (whether leased or owned) and any of the Bank Collateral in favor of the Collateral Trustee, the Bank Agent or the Banks shall be subject to the Purchasers' rights of access and use described above.

(b) In the event that the Collateral Trustee or the Bank Agent shall acquire title to, or possession and control of, any of the premises of PolyOne, whether through foreclosure, deed in lieu, or otherwise, the Collateral Trustee and the Bank Agent agrees that if Enforcement has occurred and is continuing and, as a result, the Receivables Agent or the Purchasers undertake to enforce their rights in the Purchased Property, such Collateral Trustee and the Bank Agent will, at the cost and reasonable expense of the Purchasers, cooperate with the Receivables Agent and the Purchasers in their efforts to assemble all of the Purchased Property located on such Bank Collateral and will permit the Receivables Agent and the Purchasers (at the cost, reasonable expense and liability of the Purchasers, including any current rent payable to lessors of leased Bank Collateral used or occupied by the Purchasers) to enter and use the Bank Collateral constituting equipment located thereon and may have access to and use of all Records located thereon and may have access to and use of any other property to which such access and use are granted under the Receivables Documents, in each case provided that such use is for the purposes of enforcing the Purchasers' rights with respect to the Purchased Property, within a reasonable time not to exceed 30 Business Days after the earlier to occur of (i) delivery by the Receivables Agent of notice to the Collateral Trustee of its election to utilize the Bank Collateral as set forth in this sentence (or in connection with the order of any court or other governmental authority requiring such utilization) or (ii) delivery by a Collateral Trustee or the Bank Agent of notice to the Receivables Agent that it has located a bona fide purchaser for all or any portion of the Bank Collateral.

(c) If the Collateral Trustee or the Bank Agent shall locate a bona fide purchaser for any parcel of such Bank Collateral and/or all or a substantial part of the remaining Bank Collateral, as the case may be, at any location, such Collateral Trustee or the Bank Agent shall send a written notice to the Receivables Agent identifying the purchaser, the proposed sales price and the proposed closing date.

(d) The Receivables Agent and Purchasers may, at their option, continue to occupy or use the Bank Collateral at any particular location for up to 30 days or such longer period of time agreed to by the Collateral Trustee or the Bank Agent; provided, however, that if such continued occupancy or use delays the proposed closing date for any sale, the Purchasers shall pay to the Collateral Trustee, as rent, an amount equal to 12% per annum (based on a 360-day year of 12 months) of the fair market value (determined by a firm (i) which does not, and whose directors, officers or affiliates do not, have a material financial interest in any of the parties hereto and (ii) which in the reasonable judgment of the Receivables Agent and the Collateral Trustee is otherwise independent and qualified to determine such value) of such Bank Collateral for the number of days that the proposed closing date is delayed.

2.5. Notice of Defaults and Enforcements; Enforcement Actions.

(a) The Bank Agent agrees to use reasonable efforts to give to the Receivables Agent copies of any notice sent to PolyOne or any Originator with respect to the occurrence or existence of any Event of Default or Enforcement under the Bank Documents, and the Receivables Agent agrees to use reasonable efforts to give to the Bank Agent copies of any notice sent to any Originator or PolyOne Funding with respect to the occurrence or existence of any Event of Termination or Enforcement under the Receivables Documents, in each case simultaneously with the sending of such notice to PolyOne, any Originator or PolyOne Funding as applicable; provided, however, that any failure to give such notice shall not create a cause of action against any party failing to give such notice or create any claim or right on behalf of any third party. In each of the above cases with respect to Events of Default under the Bank Agreement and Events of Termination under the Receivables Purchase Agreement only, the Agent receiving such notice shall have the right (but not the obligation) to cure the default which gave rise to the sending of such notice.

(b) The parties hereto agree that after any Enforcement (i) subject to any applicable restrictions in the Receivables Documents or this Agreement, the Receivables Agent may, at its option and without the prior consent of any Originator, the Collateral Trustee, the Bank Agent or the other Banks, take any action to liquidate the Purchasers' investment in the Purchased Property and/or to foreclose or realize upon or enforce any of the Purchasers' rights with respect to the Purchased Property and (ii) subject to any applicable restrictions in the Bank Documents or this Agreement, the Collateral Trustee or the Bank Agent may, at its option and without the prior consent of the Purchasers, take any action to foreclose or realize or enforce any of its rights with respect to the Bank Collateral.

2.6. Agency for Perfection; Turnover of Proceeds of Collateral.

(a) Each of (i) PolyOne Funding, (ii) the Receivables Agent, and (iii) the Collateral Trustee and the Bank Agent, hereby appoints each of the others as agent for purposes of perfecting by possession its respective security interests and ownership interests and liens on the Purchased Property and the Bank Collateral (including, without limitation, the Bank Collateral described in Section 2.1(b)), as applicable, described hereunder.

(b) In the event that any payment or distribution to the Receivables Agent (other than as permitted by the terms of the Bank Agreement) is made from any of the Bank Collateral upon or with respect to the PolyOne Funding Claim and/or Purchaser Claim or the Receivables Agent or any Purchaser obtains possession of any of the Bank Collateral prior to the time all of the Bank Claims shall have been paid in full in cash and all financing arrangements and commitments pursuant to the Bank Documents shall have been terminated, the Receivables Agent shall receive and hold the same in trust, for the benefit of the Collateral Trustee and the Banks and shall forthwith deliver the same to the Collateral Trustee in precisely the form received (except for the endorsement or assignment of the Receivables Agent where necessary) for application against the Bank Claims, whether due or not due, and, until so delivered, the same shall be held in trust by the Receivables Agent as the property of the Collateral Trustee, for itself and the Banks.

(c) In the event that any payment or distribution to any Bank or the Collateral Trustee or the Bank Agent is made from any of the Purchased Property upon or with respect to any of the Bank Claims or the Collateral Trustee, the Bank Agent or any Bank obtains possession of any of the Purchased Property prior to the time all of the PolyOne Funding Claims and the Purchaser Claims shall have been paid in full in cash and all of the Receivables Documents shall have been terminated, such Bank, the Collateral Trustee or the Bank Agent, as the case may be, shall receive and hold the same, for the benefit of the Receivables Agent and the Purchasers and shall forthwith deliver the same to the Receivables Agent in precisely the form received (except for the endorsement or assignment of such Collateral Trustee, the Bank Agent and/or such Bank where necessary) for application against the

PolyOne Funding Claims and/or Purchaser Claims, whether due or not due, and, until so delivered, the same shall be held by such Collateral Trustee, the Bank Agent or such Bank as the property of the Receivables Agent, for itself and the Purchasers.

2.7. Independent Investigations. Neither the Purchasers nor the Banks, nor any of their respective directors, officers, agents or employees, shall be responsible to the other or to any other Person, firm or corporation for the solvency, financial condition or ability of any Originator or PolyOne Funding to repay the PolyOne Funding Claims or the Bank Claims, or for the worth of the Purchased Property or the Bank Collateral, or for statements of any Originator or PolyOne Funding, oral or written, or for the validity, sufficiency or enforceability of the PolyOne Funding Claim, the Bank Claims, the Receivables Documents, the Bank Documents, the Purchasers' interest in the Purchased Property or the Banks' interest in the Bank Collateral. Each of the Banks and the Purchasers have entered into its respective financing agreements with the Originators and/or PolyOne Funding, as applicable, based upon its own independent investigation, and makes no warranty or representation to any of the others, nor does it rely upon any representation of any of the others with respect to matters identified or referred to in this Section 2.7.

2.8. Limitation on Obligations and Liability of Parties to Each Other. Except as provided in this Agreement, no Collateral Trustee, nor the Bank Agent nor any Bank shall owe any duty or have any liability to the Receivables Agent or the Purchasers, and the Receivables Agent and the Purchasers shall owe no duties and have no liability to the Collateral Trustee, the Bank Agent or the Banks, except for liability arising from the gross negligence or willful misconduct of such party.

2.9. Amendments to Financing Arrangements or to this Agreement. The Bank Agent agrees that it shall not, and shall not direct the Collateral Trustee to, amend any of the Bank Documents and the Receivables Agent agrees not to amend the Receivables Documents, in each case so as to materially adversely alter the rights and benefits intended hereunder to be enjoyed by the respective Agents, the Banks and the Purchasers. Each party hereto shall, upon request of any other party hereto, provide copies of all such modifications or amendments and copies of all other documentation relevant to the Purchased Property or the Bank Collateral. All modifications or amendments of this Agreement must be in writing and duly executed by an authorized officer of the Collateral Trustee, the Bank Agent and the Receivables Agent to be binding and enforceable.

2.10. Authority. The Receivables Agent hereby represents and warrants that it has the authority to enter into this Agreement for and on behalf of the Purchasers as agent for the Purchasers. The Receivables Agent hereby agrees that the Collateral Trustee, the Bank Agent and the Banks shall be entitled to rely on the power and authority of the Receivables Agent to act on behalf of all of the Purchasers. Each of the Collateral Trustee and the Bank Agent hereby represents and warrants that it has the authority to enter into this Agreement for and on behalf of the Banks as trustee (in the case of the Collateral Trustee) and as agent (in the case of the Bank Agent) for the Banks. The Bank Agent hereby agrees that the Receivables Agent and the Purchasers shall be entitled to rely on the power and authority of such Collateral Trustee and the Bank Agent to act on behalf of all of the Banks.

2.11. Effect Upon Credit Documents and Receivables Documents. Each of PolyOne Funding and the Originators acknowledges that the provisions of this Agreement shall not give PolyOne Funding or any Originator any substantive rights as against the Collateral Trustee, the Bank Agent or the Banks or as against the Receivables Agent or the Purchasers and that nothing in this Agreement shall amend, modify, change or supersede the terms of (a) the Bank Documents as among the PolyOne Entities, the Collateral Trustee, the Bank Agent and the Banks, (ii) the Receivables Documents as among the Originators and PolyOne Funding, or (iii) the Receivables Documents as among PolyOne Funding, PolyOne, the Purchasers and the Receivables Agent. Notwithstanding the foregoing, each Agent hereby

agrees, that, to the extent the terms and provisions of the Bank Documents or the Receivables Documents are inconsistent with the terms and provisions of this Agreement, the terms and provisions of this Agreement shall control.

2.12. Further Assurances. Each Agent agrees to take such actions as may be reasonably requested by the other Agent, whether before, during or after an Enforcement, in order to give effect to the terms and provisions of this Agreement.

2.13. Bankruptcy Petition and Substantive Consolidation.

(a) Each party hereto hereby covenants and agrees that, prior to the date which is one year and one day after the payment in full of all outstanding senior indebtedness of PolyOne Funding, it will not institute against, or join any other Person in instituting against, PolyOne Funding any Insolvency or Liquidation Proceedings under the laws of the United States or any state of the United States.

(b) In the event of any Insolvency or Liquidation Proceedings under the laws of the United States or any state of the United States involving any Originator or any subsidiary or affiliate of any Originator (including, but not limited to, PolyOne Funding), each of the Collateral Trustee and the Bank Agent hereby covenants and agrees that it (i) will recognize the corporate separateness of PolyOne Funding from PolyOne and the other subsidiaries and affiliates of PolyOne and (ii) will not seek to consolidate PolyOne Funding (or the assets and liabilities of PolyOne Funding) with PolyOne or any subsidiary or affiliate of PolyOne.

(c) Each of the Collateral Trustee and the Bank Agent (i) acknowledges and agrees that the Purchasers, PolyOne Funding and the Originators have entered into the Receivables Documents on the understanding that the Originators have irrevocably and absolutely conveyed to PolyOne Funding all of their right, title and interest in and to the Purchased Property and have retained no beneficial or equitable ownership interest therein and that PolyOne Funding has conveyed to the Purchasers an undivided ownership interest in all of the Purchased Property so conveyed, and (ii) covenants not to contest or support any other Person in contesting, in any proceeding (including any Insolvency or Liquidation Proceedings), the absolute characterization of such conveyances as set forth above.

(d) The foregoing clauses (b) and (c) shall not limit the rights of the Collateral Trustee, the Bank Agent and the Banks to file any claim or otherwise take any action with respect to the Bank Collateral in any Insolvency or Liquidation Proceedings that may be successfully instituted against PolyOne Funding by any Person other than a Collateral Trustee, the Bank Agent and the Banks.

2.14. UCC Notices. In the event that any party hereto shall be required by the UCC or any other applicable law to give notice to any other party hereunder of intended disposition of Purchased Property or Bank Collateral, such notice shall be given in accordance with Section 4.1 and ten (10) days' notice shall be deemed to be commercially reasonable.

2.15. Marshalling of Assets. Nothing in this Agreement will be deemed to require any Agent (i) to proceed against certain property securing the Purchaser Claims or the Bank Claims, as applicable, prior to proceeding against other property securing such claim or (ii) to marshal the Purchased Property or Bank Collateral, as applicable, upon the enforcement of such Agent's remedies under the Receivables Documents or Bank Documents, as applicable.

ARTICLE III.
WAIVER; OTHER ASSETS.

3.1. Waiver.

(a) The Receivables Agent hereby waives any and all rights to bring any action to contest the validity, legality, enforceability, perfection, priority or avoidability of any of the Bank Claims, any of the Bank Documents or any of the security interests and/or liens of the Collateral Trustee, the Bank Agent or any Bank in or on any of the Bank Collateral.

(b) Each of the Collateral Trustee and the Bank Agent hereby waives any and all rights to bring any action to contest the validity, legality, enforceability, perfection, priority or avoidability of any of the PolyOne Funding Claims or Purchaser Claims, any of the Receivables Documents or any of the security interests and/or liens of the Receivables Agent in or on any of the Purchased Property.

3.2. Subordinated Notes. Neither the Collateral Trustee, nor the Bank Agent nor any Bank shall at any time take any pledge, assignment, or other transfer of any Subordinated Note.

ARTICLE IV. MISCELLANEOUS.

4.1. Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecommunications and communication by facsimile copy) and mailed, transmitted or delivered, as to each party hereto, at its address set forth under its name on the signature pages hereof or at such other address as shall be designated by such party in a written notice to the other parties hereto; provided, however, that all notices to the Banks may be sent to the Bank Agent for distribution to the Banks in accordance with the provisions of the Bank Documents and that all notices to the Purchasers may be sent to the Receivables Agent for distribution to the Purchasers in accordance with the provisions of the Receivables Documents. All such notices and communications shall be effective upon receipt, or, in the case of notice by mail, five days after being deposited in the mails, postage prepaid, or in the case of notice by facsimile copy, when verbal confirmation of receipt is obtained, in each case addressed as aforesaid.

4.2. Agreement Absolute.

(a) Each of the Purchasers and the Receivables Agent shall be deemed to have entered into the Receivables Purchase Agreement in express reliance upon this Agreement and to have agreed to the waiver contained in Article III above in express reliance upon each of the other terms and provisions set forth in this Agreement (including, without limitation, the provisions of Section 2.13 hereof) and the Bank Agent and the Beneficiaries shall be deemed to have entered into the Bank Agreement in express reliance upon this Agreement.

(b) This Agreement shall be and remain absolute and unconditional under any and all circumstances, and no acts or omissions on the part of any party to this Agreement shall affect or impair the agreement of any party to this Agreement, unless otherwise agreed to in writing by the Collateral Trustee, the Bank Agent and the Receivables Agent.

(c) This Agreement shall be applicable both before and after the filing of any petition by or against any Originator or PolyOne Funding under the Bankruptcy Code and all references herein to an Originator or PolyOne Funding shall be deemed to apply to a debtor-in-possession for such party and all allocations of payments between the Collateral Trustee, the Bank Agent and the Banks and the Receivables Agent and the Purchasers shall, subject to any court order to the contrary, continue to be

made after the filing of such petition on the same basis that the payments were to be applied prior to the date of the petition.

4.3. Additional Grantors. If any Subsidiary of PolyOne becomes an "Originator" as defined in and under the Receivables Sale Agreement, PolyOne shall cause any such Subsidiary to become a party hereto, and such Subsidiary shall execute and deliver to the Agents a Joinder Agreement in the form of Exhibit A hereto and shall thereafter for all purposes be a party hereto and have the same rights, benefits and obligations as a party hereto on the date hereof.

4.4. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns. The successors and assigns for any Originator and/or PolyOne Funding shall include a debtor-in-possession or trustee of or for such party. The successors and assigns for the Agents shall include any successor Agent appointed under the terms of the Bank Documents or the Receivables Documents, as applicable. Each Agent, each Bank and each Purchaser agrees not to transfer any interest it may have in the Bank Documents or the Receivables Documents unless such transferee has been notified of the existence of this Agreement and has agreed to be bound hereby.

4.5. Capacity. The parties hereto agree that the Collateral Trustee is acting hereunder solely in its capacity as collateral trustee under the Collateral Trust Agreement and not in its individual capacity.

4.6. Third-Party Beneficiaries. The terms and provisions of this Agreement shall be for the sole benefit of the Agents, the Purchasers and the Banks and their respective successors and assigns and no other Person shall have any right, benefit, or priority by reason of this Agreement.

4.7. Governing Law. This agreement shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the State of New York.

4.8. Jurisdiction.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such Federal court. Each of the parties hereto hereby agrees that service of process in any such action or proceeding may be effected by mailing a summons and complaint to it at its address as specified hereto in Section 4.1 by registered mail, return receipt requested, or in any other manner permitted by applicable law. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement in the courts of any other jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by

law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

4.9. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT, ANY DOCUMENT EXECUTED BY ANY PARTY HERETO PURSUANT TO THIS AGREEMENT OR ANY RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

4.10. Section Titles. The article and section headings contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

4.11. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

4.12. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CITICORP USA, INC.,
as Receivables Agent

By:

Name: David Jaffe
Title:

Address: 388 Greenwich Street
19th Floor
New York, New York 10013
Attention: David Jaffe
Facsimile: (212) 816-2613

CITICORP USA, INC.,
as Bank Agent

By: -----

Name: Daniel Gouger

Title: -----

Address: 388 Greenwich Street
21st Floor
New York, New York 10013

Attention: Daniel Gouger

Facsimile: (212) 816-8546

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity but solely
as Collateral Trustee

By:

Name: Angelita L. Pena
Title: Account Manager
Address: 100 Wall Street
 Suite 1600
 New York, New York 10005
Facsimile: (212) 361-6172

POLYONE CORPORATION

By: -----

Name: John Rastetter
Title: Treasurer
Address: 33587 Walker Road
 Avon Lake, Ohio 44012
Attention: Treasurer
Facsimile: (216) 589-4280

POLYONE FUNDING CORPORATION

By:

Name: John Rastetter
Title: President
Address: 33587 Walker Road
 Avon Lake, Ohio 44012
Attention: Treasurer
Facsimile: (216) 589-4280

FORM OF JOINDER AGREEMENT

This JOINDER AGREEMENT, dated as of _____, 20__, is delivered pursuant to Section 4.3 of the AMENDED AND RESTATED INTERCREDITOR AGREEMENT made as of June 6, 2006 among CITICORP USA, INC., as Receivables Agent (as defined therein), CITICORP USA, INC., as Bank Agent (as defined therein), U.S. BANK TRUST NATIONAL ASSOCIATION, as Collateral Trustee (as defined therein), POLYONE CORPORATION, an Ohio corporation ("PolyOne"), and POLYONE FUNDING CORPORATION, a Delaware corporation ("PolyOne Funding") and each of the PolyOne Entities that becomes a party thereto pursuant to Section 4.3 (the "Intercreditor Agreement"). Capitalized terms used herein but not defined herein are used with the meanings given them in the Intercreditor Agreement.

By executing and delivering this Joinder Agreement, the undersigned, as provided in Section 4.3 of the Intercreditor Agreement, hereby becomes a party to the Intercreditor Agreement with the same force and effect as if originally named as a party thereto and, without limiting the generality of the foregoing, hereby consents and agrees to the terms of the Intercreditor Agreement and expressly assumes all obligations and liabilities of an Originator thereunder.

IN WITNESS WHEREOF, the undersigned has caused this Joinder Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL ORIGINATOR]

By: _____
Name: _____
Title: _____

ACKNOWLEDGED AND AGREED
as of the date first above written:

CITICORP USA, INC.,
as Bank Agent

By: _____
Name: _____
Title: _____

CITICORP USA, INC.,
as Receivables Agent

By: _____
Name: _____
Title: _____

U.S. BANK TRUST NATIONAL ASSOCIATION,
not in its individual capacity
but solely as Collateral Trustee

By: -----

Name: -----

Title: -----

Address: -----

Facsimile: -----