

POLYONE CORPORATION

COMPENSATION COMMITTEE CHARTER

Membership

- The Committee will consist entirely of directors who meet the definition of “independent” as set forth in the Corporate Governance Standards of the New York Stock Exchange.
- Members of the Committee will be appointed by the Board each year following the annual meeting of shareholders.
- Each Committee member will serve at the pleasure of the Board for such term as the Board may decide or until such Committee member is no longer a Board member.
- The Committee shall consist of a minimum of three directors.
- The Committee will select a Committee Chair from among its members.

General Purposes

The general purposes of the Committee are to:

- Develop the Company’s overall executive compensation philosophy and objectives;
- Discharge the Board’s responsibilities relating to compensation of the Company’s executive officers and, further, to assist the Board in the discharge of its fiduciary responsibilities with regard to establishment of policies governing, and the implementation of, all aspects of remuneration throughout the Company, including benefits and perquisites of executive officers of the Company and any other employees designated by the Committee as key employees of the Company and its subsidiaries;
- Discharge similar responsibilities with respect to the remuneration of non-employee directors;
- Review and discuss with management the Company’s disclosures in the Compensation Discussion and Analysis (the “CD&A”) required by rules and regulations of the Securities and Exchange Commission (the “SEC”) and recommend to the Board whether the CD&A should be included in the Company’s proxy statement or other applicable SEC filings;
- Prepare a Compensation Committee Report for inclusion in the Company’s applicable filings with the SEC that complies with the rules and regulations of the SEC; and
- Provide policy guidance and oversight on significant human resource policies and practices.

Duties and Responsibilities

The Committee will:

Executive Compensation and Incentives.

- Assure a competitive executive compensation program in order to attract and retain qualified executives and to provide incentives to management that reward pay for performance in attaining the Company's goals and objectives.
- Review and approve corporate goals and objectives relevant to the Chief Executive Officer's compensation; in conjunction with the evaluation conducted by the Board, as described below, evaluate the Chief Executive Officer's performance in light of these goals and objectives; and recommend to the Board the Chief Executive Officer's compensation level based on this evaluation and comparable market data provided by the independent compensation consultant.
- Review and approve the compensation of other executive officers of the Company, including benefits and perquisites, taking into consideration the Company's performance, comparable market data, the performance of each executive officer, and such other factors as may, in the Committee's discretion, be appropriate.
- With respect to incentive compensation plans and equity-based plans:
 - Make recommendations to the Board with respect to the approval of incentive compensation plans for executive officers and all equity-based plans.
 - Review and approve equity-based grants and awards, including long-term incentive plan awards, to officers, senior managers, key employees, and other employees of the Company and its subsidiaries under the Company's equity-based plans.
 - Review and approve the performance criteria, target awards, payout criteria and like items for the Company's annual incentive and long-term incentive compensation plans.
 - Review and approve (a) attainment levels under the Company's annual incentive plan; (b) payments to executive officers of the Company under the annual incentive plan; and (c) payments to officers, senior managers and employees of the Company under the Company's long-term incentive compensation plans.
 - Administer the Company's equity-based incentive compensation plans and other plans adopted by the Board that contemplate administration by the Committee.
- Review and approve special bonuses and/or other awards to executive officers on a case-by-case basis for outstanding performance.
- Review and approve the terms of all employment agreements, management continuity agreements and change in control agreements for elected officers.

Non-employee Director Compensation.

- Review the compensation of non-employee directors and make recommendations to the Board regarding changes to existing compensation levels.
- Perform administrative functions with respect to the compensation of non-employee directors, including interpreting existing policy.

Oversee Regulatory Compliance.

- In consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation matters, including overseeing any compensation programs intended to preserve tax deductibility, and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.

Benefit Plans.

- Review and approve, or recommend to the Board the approval of, the structure of the Company's retirement plans, and other benefit plans that are compensatory in nature.

Evaluation of Executive Officers; Succession Planning.

- Develop and maintain a process to enable the Board of Directors to evaluate the performance of the Chief Executive Officer on an annual basis and timely communicate the results of any such evaluation to the Chief Executive Officer.
- Review succession planning for the Chief Executive Officer and other elected officers and oversee any executive search to fill the position of Chief Executive Officer.
- Recommend membership on any selection committee, which may be necessary to fill the office of Chief Executive Officer.

Review and Discuss the CD&A and Compensation Committee Report.

- With the assistance of management and any outside advisors the Committee deems appropriate (a) review and discuss with management the Company's disclosures in the CD&A, and, based on this review, make a recommendation as to whether to include it in the Company's annual report on Form 10-K and proxy statement relating to the Company's annual meeting of shareholders, and (b) prepare a Compensation Committee Report for inclusion in the Company's proxy statement.

Annual Evaluation.

- Conduct an annual evaluation of the Committee's performance.

Other Delegated Duties or Responsibilities.

- Perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

Authority to Retain Experts

- The Committee shall have appropriate resources and authority to discharge its responsibilities, including appropriate funding in such amount as the Committee deems necessary, to compensate any consultants and any independent advisors retained by the Committee.

- The Committee shall have sole authority to retain and terminate any consultant to be used to assist the Committee in the evaluation of compensation for non-employee directors, the Chief Executive Officer and other executive officers, including sole authority to approve the consultant's fees and other retention terms.
- The Committee shall have sole authority to retain and terminate any search firm to be used to assist the Committee in the identification of candidates for the position of Chief Executive Officer, including sole authority to approve the consultant's fees and other retention terms.
- The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

Committee Meetings and Action

- A majority of the Committee members will be a quorum for the transaction of business.
- The action of a majority of those present at a meeting at which a quorum is present will be the act of the Committee.
- Any action that may be taken at a meeting of the Committee will be deemed the action of the Committee if all of the Committee members execute a written consent and the consent is filed with the Corporate Secretary.
- The Company's Chief Human Resources Officer will be the management liaison to the Committee with respect to matters concerning compensation and benefits.
- The Committee may appoint subcommittees from time to time as needed, each of which will have the specific duties and responsibilities delegated to it by the Committee.
- The Committee may delegate its authority under this Charter relating to employees other than executive officers and non-employee directors, to the extent it deems appropriate and consistent with law and customary practice, and may otherwise fully delegate authority relating to matters it deems to be ministerial.
- The Committee may delegate its authority under this Charter relating to employee benefit plans in which executive officers participate if such employee benefit plans are broad-based, to the extent it deems appropriate and consistent with law and customary practice.
- The Corporate Secretary or designee will be responsible for keeping minutes of the Committee meetings.
- The Committee will meet at least four times a year and at such other times as may be requested by the Committee Chair.
- The Committee will annually review its charter and recommend any changes to the Nominating and Governance Committee.