

SPARTECH CORP  
Form 425  
March 05, 2013

**UNITED STATES**  
**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): March 5, 2013**

**POLYONE CORPORATION**

**(Exact Name of Registrant as Specified in Charter)**

**Ohio**  
**(State or Other Jurisdiction**  
  
**of Incorporation)**

**1-16091**  
**(Commission**  
  
**File Number)**

**34-1730488**  
**(IRS Employer**  
  
**Identification Nos.)**

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**PolyOne Center**

**33587 Walker Road**

**Avon Lake, Ohio 44012**

**(Address of Principal Executive Offices and Zip Code)**

**(440) 930-1000**

**(Registrant's telephone number, including area code)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2.):

- 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))

**Item 8.01. Other Events.**

This Current Report on Form 8-K is being filed in connection with a Memorandum of Understanding (the **MOU**) regarding the settlement of certain litigation related to the Agreement and Plan of Merger, dated as of October 23, 2012, by and among PolyOne Corporation ( **PolyOne** ), 2012 RedHawk, Inc. ( **Merger Sub** ), 2012 RedHawk, LLC (n/k/a PolyOne Designed Structures and Solutions LLC) ( **Merger LLC** ), and Spartech Corporation ( **Spartech** ), as it may be amended from time to time (the **Merger Agreement** ), pursuant to which Spartech will be merged with and into Merger Sub (the **merger** ), with Spartech continuing as the surviving corporation in the merger (the **Surviving Corporation** ) and a wholly owned subsidiary of PolyOne, which is expected to be immediately followed by a merger of the Surviving Corporation with and into Merger LLC (the **Subsequent Merger** ), with Merger LLC continuing as the surviving entity in the Subsequent Merger.

As contemplated by the MOU, PolyOne and Spartech are providing certain additional disclosures to those contained in the definitive proxy statement/prospectus mailed on or about February 11, 2013 to the Spartech stockholders of record as of the close of business on February 1, 2013 (the **proxy statement/prospectus**) in connection with the solicitation of proxies for use at the special meeting of stockholders to be held at the Spartech Technology Center, 11650 Lakeside Crossing Court, Maryland Heights, Missouri 63146, at 10:00 a.m., local time, on March 12, 2013. The purpose of the special meeting is to (i) consider and vote on a proposal to adopt the Merger Agreement; (2) consider and vote on a proposal to approve, on an advisory (non-binding) basis, the merger-related executive officer compensation payments that will or may be paid by Spartech to its named executive officers in connection with the merger; and (3) approve the adjournment of the special meeting, if necessary to solicit additional proxies if there are not sufficient votes to adopt the Merger Agreement at the time of the special meeting. The Spartech board of directors previously fixed February 1, 2013 as the record date for the purpose of determining the stockholders who are entitled to receive notice of, and to vote at (in person or by proxy), the special meeting.

Spartech's board of directors unanimously determined that the Merger Agreement, the merger and the other transactions contemplated by the Merger Agreement are in the best interests of Spartech and its stockholders and unanimously approved the Merger Agreement, the merger and the other transactions contemplated by the Merger Agreement. **THE SPARTECH BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SPARTECH STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT, FOR THE GOLDEN PARACHUTE COMPENSATION PROPOSAL, AND FOR THE ADJOURNMENT OF THE SPECIAL MEETING, IF NECESSARY TO SOLICIT ADDITIONAL PROXIES IF THERE ARE NOT SUFFICIENT VOTES TO ADOPT THE MERGER AGREEMENT AT THE TIME OF THE SPECIAL MEETING.**

**Litigation Related to the Merger**

As previously disclosed on page 85 of the proxy statement/prospectus under the heading **Litigation Related to the Merger**, five purported class action lawsuits have been filed by alleged Spartech stockholders. Two purported class actions have been filed in the Circuit Court of St. Louis County, Missouri against Spartech, its directors, PolyOne, Merger Sub, and Merger LLC concerning the proposed acquisition of Spartech by PolyOne through its wholly-owned subsidiaries Merger Sub and Merger LLC. Those actions, *Weinreb v. Spartech, et al.* and *Warren v. Spartech, et al.*, have been consolidated for all purposes as *In re Spartech Corporation Shareholder Litigation* (the **Missouri Stockholder Action**). The Missouri Stockholder Action alleges, among other things, that the directors of Spartech have breached their fiduciary duties owed to stockholders by approving the proposed acquisition of Spartech by PolyOne and by failing to disclose certain information to stockholders. The Missouri Stockholder Action further alleges that PolyOne, Merger Sub, and Merger LLC have aided and abetted the directors of Spartech in breaching their fiduciary duties. Among other things, the Missouri Stockholder Action seeks to enjoin the merger.

Two purported class actions were also filed in Delaware Chancery Court (the **Delaware Stockholder Actions**). One of the Delaware Stockholder Actions, *Gross v. Spartech et al.*, was filed against Spartech, its directors, PolyOne, Merger Sub, and Merger LLC. The other Delaware Stockholder Action, *Pill v. Spartech, et al.*, was filed against Spartech and its directors. The Delaware Stockholder Actions alleged, among other things, that the directors of Spartech have breached their fiduciary duties owed to stockholders by approving the proposed acquisition of Spartech by PolyOne and by failing to disclose certain information to stockholders. *Gross v. Spartech, et al.* also alleged that PolyOne, Merger Sub, and Merger LLC have aided and abetted the directors of Spartech in breaching their fiduciary duties. Among other things, the Delaware Stockholder Actions sought to enjoin the merger. After their request to stay the Delaware Stockholder Actions was denied, plaintiffs in the Delaware Stockholder Actions filed a Notice and (Proposed) Order of Dismissal on January 31, 2013, which was granted with modifications on February 1, 2013.

A purported class action has also been filed in the United States District Court for the Eastern District of Missouri against Spartech, its directors, PolyOne, Merger Sub, and Merger LLC. *Faulkner v. Holt, et al.* (the **Missouri District Court Stockholder Action**), alleges, among other things, that the directors of Spartech have breached their fiduciary duties owed to stockholders by approving the proposed acquisition of Spartech by PolyOne and by failing to disclose certain information to stockholders. The Missouri District Court Stockholder Action further alleges that PolyOne, Merger Sub, and Merger LLC have aided and abetted the directors of Spartech in breaching their fiduciary duties. The Missouri District Court Stockholder Action also brings a claim, individually, against the directors of Spartech under Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9 promulgated thereunder. Among other things, the Missouri District Court Stockholder Action seeks to enjoin the merger.

PolyOne, Merger Sub, Merger LLC, Spartech, and Spartech's directors believe the Missouri Stockholder Action, the Delaware Stockholder Actions, and the Missouri District Court Stockholder Action and the underlying claims are without merit.

On March 5, 2013, counsel for the parties in each of the above-described lawsuits entered into the MOU, in which they agreed on the terms of a settlement of the Missouri Stockholder Action, including the dismissal with prejudice of the Missouri Stockholder Action and a release of all claims made therein against all of the defendants. The MOU also provides for dismissal with prejudice of the Missouri District Court Stockholder Action. The proposed settlement is conditioned upon, among other things, the execution of an appropriate stipulation of settlement, consummation of the merger, and final approval of the proposed settlement by the Circuit Court of St. Louis County, Missouri. In addition, in connection with the settlement and as provided in the MOU, the parties contemplate that plaintiffs' counsel will seek an award of attorneys' fees and expenses as part of the settlement. There can be no assurance that the merger will be consummated, that the parties ultimately will enter into a stipulation of settlement, or that the court will approve the settlement even if the parties enter into such stipulation. If the settlement conditions are not met, the proposed settlement as contemplated by the MOU would become void. The settlement will not affect the amount of the merger consideration that Spartech stockholders are entitled to receive in the merger.

The defendants deny all fault or liability and deny that they have committed any unlawful or wrongful act alleged in the Missouri State Action, the Delaware Stockholder Actions, and the Missouri District Court Stockholder Action or otherwise in relation to the merger. The defendants have agreed to the terms of the proposed settlement described above solely to avoid the substantial burden, expense, risk, inconvenience and distraction of continued litigation, including the risk of delaying or adversely affecting the merger.

#### **Additional Disclosures Required by the Memorandum of Understanding**

Set forth below are the additional disclosures required to be made in accordance with the MOU. The disclosures appear below the appropriate section headings that correspond to the sections in the proxy statement/prospectus. These additional disclosures should be read in conjunction with the proxy statement/prospectus, which we urge you to read in its entirety. Defined terms used but not defined herein have the meanings set forth in the proxy statement/prospectus. Without admitting in any way that any of the disclosures below are material or required by the federal securities laws, state fiduciary law, or any other applicable rule, statute, regulation or law, Spartech makes the following additional disclosures:

#### **The Merger Background of the Merger**

##### *The Spartech Board of Directors Consideration of Other Financial Advisors*

The last paragraph on page 44 of the proxy statement/prospectus makes reference to a preliminary meeting among the independent members of the Spartech board of directors and Barclays on April 26, 2012. The principal purpose of the meeting on April 26, 2012 was to evaluate the matters described in the last paragraph on page 44 of the proxy statement/prospectus. The Spartech board of directors did not consider any other financial advisor at that time. The last paragraph on page 46 of the proxy statement/prospectus makes reference to the Spartech board of directors' discussion of and reasons in support of its decision to engage Barclays as its financial advisor on July 27, 2012.

##### *Strategic Alternatives Considered by the Spartech Board of Directors*

The sixth full paragraph on page 45 of the proxy statement/prospectus makes reference to the Spartech board of directors' discussions, during its June 19 and 20, 2012 meeting, of the PolyOne proposal in the context of Spartech's other strategic alternatives. As part of the Spartech board of directors' and the management of Spartech's ongoing evaluation of Spartech's business, management regularly considered and advised the board of directors on a number of potential acquisitions, dispositions, or refinancings. These included incremental investments in Spartech's business such as investments to expand its presence in higher margin businesses and the potential for divestitures of non-core operations. The Spartech board of directors considered the reasonably attainable benefits and associated risks related to the execution of these potential acquisitions, dispositions, and refinancings, and determined that they were not, alone or together, a better alternative to the potential strategic transaction with PolyOne.

##### *The Spartech Board of Directors Consideration of Creating a Special Committee*

During the meeting of the Spartech board of directors on August 23, 2012, as referenced on page 47 of the proxy statement/prospectus, the directors considered creating a special committee for purposes of evaluating potential transactions and strategic alternatives for Spartech. Following this meeting, the members of the Spartech board of directors continued to evaluate whether to create a special committee and came to a consensus that it was best to include the entire board of directors in these discussions, particularly since the majority of the members of the board of directors were independent and the proposed transaction with PolyOne did not create conflict issues that required the formation of a special committee.

**The Merger PolyOne s Reasons for the Merger**

The second bullet point on page 53 of the proxy statement/prospectus makes reference to certain expected synergies to be derived from the potential transaction between PolyOne and Spartech. As a result of the acquisition, PolyOne expects that near-term synergy opportunities will involve the elimination of redundant corporate governance and overhead costs. Implementation of PolyOne s Lean Six Sigma program, alignment of manufacturing assets with the voice of the customer and, on the commercial side, improvements to sales force training, efficiency and effectiveness are expected to provide additional synergistic opportunities. Collectively, these opportunities support PolyOne s preliminary estimate of pretax annualized synergies of \$65 million in operating income by the end of year three.

**The Merger Opinion of Spartech s Financial Advisor Selected Precedent Transaction Analysis**

The first full paragraph on page 63 of the proxy statement/prospectus makes reference to the selected precedent transaction analysis performed by Barclays. The tabular presentation of such analysis is amended and restated in its entirety as follows:

| Date       | Target Company                      | Acquirer            |
|------------|-------------------------------------|---------------------|
| 10/3/2011  | ColorMatrix(1)                      | PolyOne             |
| 12/24/2010 | Dexco Polymers LP                   | TSRC                |
| 10/4/2010  | Polymer Group                       | Blackstone          |
| 3/2/2010   | Styron                              | Bain Capital        |
| 5/3/2007   | Klockner Pentaplast                 | Blackstone          |
| 4/12/2007  | Prairie Packaging(2)                | Pactiv              |
| 11/14/2007 | GLS Corp                            | PolyOne             |
| 8/17/2006  | Ferro s Plastic Specialty Business  | Olympic Plastics    |
| 12/20/2005 | Tyco Adhesives and Plastics         | Apollo              |
| 5/6/2005   | Kerr Group                          | Berry Plastics      |
| 3/22/2005  | British Vita                        | Texas Pacific Group |
| 8/21/2003  | Rexam (Healthcare Flexibles Sector) | Amcor               |
| 6/23/2003  | AT Plastics                         | Acetex              |
| 5/28/2002  | Berry Plastics                      | GS Capital Partners |
| 3/18/2002  | Ivex Packaging                      | Alcoa               |
| 5/8/2000   | Geon                                | M.A. Hanna          |
| 6/2/1999   | O Sullivan Corporation              | Geon                |
| 5/17/1999  | Exxon Chemical Films                | Tredegar            |
| 4/8/1998   | Blessings Corporation               | Huntsman Packaging  |

|                 | Enterprise Value<br>/ LTM<br>EBITDA |
|-----------------|-------------------------------------|
| <u>Spartech</u> |                                     |
| Mean            | 7.2x(3)                             |
| Median          | 7.2x(4)                             |
| <u>PolyOne</u>  |                                     |
| Mean            | 7.4x                                |
| Median          | 7.3x                                |

- (1) Excluded from mean and median calculations for Spartech since it is not a comparable company for Spartech.
- (2) Based on 2007 financial statements.
- (3) 7.4x if the ColorMatrix transaction were included in the calculation.
- (4) 7.3x if the ColorMatrix transaction were included in the calculation.

**The Merger Opinion of Spartech's Financial Advisor Transaction Premium Analysis**

The first full paragraph on page 64 of the proxy statement/prospectus makes reference to the selected transaction premium analysis performed by Barclays. The tabular presentations of such analysis are each amended and restated in their entirety as follows:

Chemical Assets

| Acquiror                       | Target                   | Date                 |
|--------------------------------|--------------------------|----------------------|
| Cytec Industries               | Umeco                    | 4/12/2012            |
| Mexichem (1)                   | Wavin                    | 2/8/2012             |
| Eastman                        | Solutia                  | 1/27/2012            |
| Berkshire Hathaway             | Lubrizol                 | 3/14/2011            |
| DuPont                         | Danisco                  | 1/9/2011             |
| BHP Billiton                   | Potash Corp.             | 8/17/2010            |
| Agrium Inc                     | AWB                      | 8/16/2010            |
| Honam Petrochemical Corp       | Titan Chemicals Corp Bhd | 7/16/2010            |
| Air Products & Chemicals Inc   | Airgas Inc               | 2/5/2010             |
| IPIC (1)                       | Nova Chemicals           | 2/23/2009            |
| CF Industries (1)              | Terra Industries Inc     | 1/15/2009            |
| BASF                           | Ciba Specialty Chemicals | 9/15/2008            |
| Ashland Inc                    | Hercules Inc             | 7/11/2008            |
| Dow Chemical Co.               | Rohm & Haas Co.          | 7/10/2008            |
| Agrium                         | UAP Holding Corp         | 12/3/2007            |
| Basell NV                      | Lyondell Chemical Co     | 7/17/2007            |
| Hexion Specialty Chemicals Inc | Huntsman Corp            | 7/3/2007             |
| Akzo Nobel NV                  | ICI PLC                  | 6/18/2007            |
| Linde AG                       | BOC Group PLC            | 1/25/2006            |
| BASF AG                        | Engelhard Corp           | 1/3/2006             |
| <b>1 Day Premium:</b>          |                          | <b>Mean: 37.2%</b>   |
|                                |                          | <b>Median: 37.8%</b> |

(1) Excluded from Mean / Median.

Completed Acquisitions of Target Companies Valued at Less Than \$1 Billion with a Stock Component

| Acquiror                              | Target                        | Date Announced |
|---------------------------------------|-------------------------------|----------------|
| Nissan Motor Co Ltd                   | Aichi Machine Industry Co Ltd | 12/16/2011     |
| Resolute Forest Products              | Fibrex Inc                    | 11/28/2011     |
| Ciena Enterprises Ltd                 | Asia Environment Holdings Ltd | 8/23/2011      |
| Perfumania Holdings Inc (1)           | Parlux Fragrances Inc         | 8/11/2011      |
| DryShips Inc (1)                      | OceanFreight Inc              | 7/26/2011      |
| Allegheny Technologies Inc            | Ladish Co Inc                 | 11/17/2010     |
| Geo Group Inc                         | Cornell Companies Inc         | 4/19/2010      |
| Outotec Oyj                           | Larox Oyj                     | 10/15/2009     |
| Sykes Enterprises Inc                 | ICT Group Inc                 | 10/6/2009      |
| Basil Read Holdings Ltd (1)           | TWP Holdings (Pty) Ltd        | 9/30/2009      |
| Inverness Medical Innovations Inc     | Concateno plc                 | 6/5/2009       |
| Cenveo Inc (1)                        | Nashua Corp                   | 5/7/2009       |
| Aecon Group Inc                       | Lockerbie & Hole Inc          | 2/2/2009       |
| Attica Holdings SA                    | Blue Star Maritime SA         | 10/16/2008     |
| Brascan Residential Properties SA (1) | Company SA                    | 9/10/2008      |
| Middleby Corp                         | Turbochef Technologies Inc    | 8/12/2008      |
| Finning International Inc             | Collicutt Energy Services Ltd | 11/27/2007     |

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|                                     |                            |                      |
|-------------------------------------|----------------------------|----------------------|
| Wotif.com Holdings Ltd              | Travel.com.au Ltd          | 10/1/2007            |
| Salmat Ltd                          | HPAL Ltd                   | 7/18/2007            |
| Publicis Groupe SA                  | Business Interactif SA     | 6/14/2007            |
| Gunns Ltd                           | Auspine Ltd                | 5/15/2007            |
| Peptech Ltd                         | EvoGenix Ltd               | 5/7/2007             |
| Northgate Information Solutions plc | Arinso International NV-SA | 5/2/2007             |
| Programmed Maintenance Services Ltd | Integrated Group Ltd       | 2/12/2007            |
|                                     | <b>1 Day Premium:</b>      | <b>Mean: 33.2%</b>   |
|                                     |                            | <b>Median: 30.1%</b> |

(1) Excluded from Mean / Median.

In addition, Barclays also reviewed the premium paid in the following U.S. and Canada transactions in the chemicals, industrials and consumer sectors that have been announced since January 1, 2011, where the enterprise value of the target company was between \$750 million and \$5 billion and consideration consisted partly of stock.

| Acquiror                     | Target                       | Date Announced                    |
|------------------------------|------------------------------|-----------------------------------|
| NRG Energy Inc               | GenOn Energy Inc             | 7/22/2012                         |
| Eastman Chemical Co          | Solutia Inc                  | 1/27/2012                         |
| Eldorado Gold Corp           | European Goldfields Ltd      | 12/18/2011                        |
| United Rentals               | RSC Holdings Inc             | 12/16/2011                        |
| Lam Research Corp            | Novellus Systems Inc         | 12/14/2011                        |
| Superior Energy Services Inc | Complete Production Svcs Inc | 10/10/2011                        |
| AuRico Gold Inc              | Northgate Minerals Corp      | 8/29/2011                         |
| Windstream Corp              | PAETEC Holding Corp          | 8/1/2011                          |
| Holly Corp                   | Frontier Oil Corp            | 2/22/2011                         |
| Rock-Tenn Co                 | Smurfit-Stone Container Corp | 1/23/2011                         |
|                              |                              | <b>1 Day Premium: Mean: 33.4%</b> |
|                              |                              | <b>Median: 27.6%</b>              |

**The Merger Opinion of Spartech's Financial Advisor Discounted Cash Flow Analysis**

The following sentence should be inserted after the fifth sentence of the last paragraph on page 66 of the proxy statement/prospectus:

No adjustments were made to the stock-based compensation expense of Spartech in the discounted cash flow analyses of Spartech.

The sixth through eighth sentences of the last paragraph on page 66 of the proxy statement/prospectus should be deleted and replaced with the following:

In the first discounted cash flow analysis, or the DCF Analysis (EBITDA Multiple), the residual value of Spartech at the end of the forecast period, or terminal value, was estimated by selecting a range of terminal value multiples of 5.25x to 5.75x and applying such range to the estimated 2017 EBITDA of \$108 million based on the management projections, which



included a base case, upside case and downside case. The DCF Analysis (EBITDA Multiple) excluded the impact of any contingent or similar liabilities. In the second discounted cash flow analysis, or the DCF Analysis (Average EBITDA Multiple), the terminal value of Spartech was estimated by selecting a range of terminal value multiples of 6.0x to 6.5x and applying such range to the average of Spartech's estimated EBITDA for 2010 through 2017 of \$75 million based on the management projections, which included a base case, upside case and downside case.

The following two sentences should be inserted after the fourth sentence of the first full paragraph on page 67 of the proxy statement/prospectus:

No adjustments were made to the stock-based compensation expense of PolyOne in the discounted cash flow analyses of PolyOne. Certain contingent environmental liabilities of PolyOne were not taken into account in the Barclays' discounted cash flow analyses of PolyOne.

#### **The Merger Opinion of Spartech's Financial Advisor Leveraged Acquisition Analysis**

The first paragraph on page 68 of the proxy statement/prospectus is amended and restated in its entirety as follows:

Barclays performed a leveraged acquisition analysis in order to ascertain a price for each of Spartech common stock and PolyOne common shares, in each case, which might be achieved in a leveraged buyout transaction with a financial buyer using a debt capital structure consistent with the merger and based upon current market conditions. In the case of Spartech, Barclays performed two leveraged acquisition analyses. In the first case, or Spartech LBO Analysis (Current), Barclays assumed the following in its analysis: (i) total debt / LTM EBITDA multiple of 4.5x for the period ended July 31, 2012, (ii) an equity investment of approximately 45% that would be needed to achieve an internal rate of return of 20% to 25% over a five-year period and (iii) a projected EBITDA terminal value multiple of 6.0x for the period ended 2017. In the second case, or the Spartech LBO Analysis (Normalized), Barclays assumed the following in its analysis: (i) total debt / LTM EBITDA multiple of 4.0x for the period ended July 31, 2012, (ii) an equity investment of approximately 45% that would be needed to achieve an internal rate of return of 22.5% to 27.5% over a five-year period and (iii) a projected EBITDA terminal value multiple of 6.0x for the period ended 2017. In the case of PolyOne, Barclays assumed the following in its analysis: (i) total debt / LTM EBITDA multiple of 5.0x for 2012, (ii) an equity investment of approximately 50% that would be needed to achieve an internal rate of return of 20% to 25% over a five-year period and (iii) a projected EBITDA terminal value multiple of 7.5x for the period ended 2017. In the case of PolyOne LBO Analysis and the Spartech LBO Analysis (Current), Barclays assumed that the debt raised in connection with a hypothetical leveraged acquisition would have a structure and terms consistent with current market conditions. Barclays assumed a weighted average cost of debt of 7.50% in the Spartech leveraged acquisition analyses and 7.35% in the PolyOne leveraged acquisition analysis. The following summarizes the results of these calculations:

#### **The Merger Financial Projections Unaudited Spartech Projections**

The third bullet point on page 70 of the proxy statement/prospectus is amended and restated in its entirety as follows:

do not necessarily reflect (i) current estimates or assumptions management of Spartech may have about prospects for Spartech's business, (ii) incremental investments proposed or planned by management of Spartech, (iii) changes in general business or economic conditions, or (iv) any other transaction or event that has occurred or that may occur and that was not anticipated at the time the projections were prepared;

The second full paragraph on page 71 of the proxy statement/prospectus makes reference to revised projections provided by Spartech to Barclays. The following should be inserted after the second full paragraph and associated tabulation on page 71 of the proxy statement/prospectus:

The following upside case projections were prepared by Spartech management and provided to Barclays:

| <i>(in millions)</i>               | <b>Forecast<br/>FY 2013</b> | <b>Forecast<br/>FY 2014</b> | <b>Forecast<br/>FY 2015</b> | <b>Forecast<br/>FY 2016</b> | <b>Forecast<br/>FY 2017</b> |
|------------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Net Sales                          | \$ 1,279                    | \$ 1,353                    | \$ 1,465                    | \$ 1,536                    | \$ 1,610                    |
| EBITDA excluding special items (1) | 69                          | 85                          | 98                          | 109                         | 119                         |

- (1) EBITDA excluding special items is defined as earnings before interest, income taxes, depreciation and amortization adjusted to exclude the impact of restructuring and exit costs. EBITDA excluding special items is a non-GAAP financial measure and should not be considered as an alternative to operating earnings or net earnings as a measure of operating performance or cash flows as a measure of liquidity. EBITDA excluding special items does not include the impact of the potential for any synergies or costs related to the merger.

The following downside case projections were prepared by Spartech management and provided to Barclays:

| <i>(in millions)</i>               | Forecast<br>FY 2013 | Forecast<br>FY 2014 | Forecast<br>FY 2015 | Forecast<br>FY 2016 | Forecast<br>FY 2017 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net Sales                          | \$ 1,148            | \$ 1,270            | \$ 1,350            | \$ 1,410            | \$ 1,476            |
| EBITDA excluding special items (1) | 56                  | 70                  | 80                  | 89                  | 97                  |

- (1) EBITDA excluding special items is defined as earnings before interest, income taxes, depreciation and amortization adjusted to exclude the impact of restructuring and exit costs. EBITDA excluding special items is a non-GAAP financial measure and should not be considered as an alternative to operating earnings or net earnings as a measure of operating performance or cash flows as a measure of liquidity. EBITDA excluding special items does not include the impact of the potential for any synergies or costs related to the merger.

#### Cautionary Note on Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements in this document regarding the proposed acquisition of Spartech are forward-looking statements. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. They are based on management's expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. They use words such as will, anticipate, estimate, expect, project, intend, plan, believe, words and terms of similar meaning in connection with any discussion of future operating or financial condition, performance and/or sales. Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to: the time required to consummate the proposed Spartech acquisition; the satisfaction or waiver of conditions in the merger agreement relating to the Spartech acquisition; any material adverse changes in the business of Spartech; the ability to obtain required regulatory, shareholder or other third-party approvals and consents and otherwise consummate the proposed Spartech acquisition; our ability to achieve the strategic and other objectives relating to the proposed Spartech acquisition, including any expected synergies; our ability to successfully integrate Spartech and achieve the expected results of the acquisition, including, without limitation, the acquisition being accretive; disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future; the financial condition of our customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability; the speed and extent of an economic recovery, including the recovery of the housing market; our ability to achieve new business gains; the effect on foreign operations of currency fluctuations, tariffs, and other political, economic and regulatory risks; changes in polymer consumption growth rates where we conduct business; changes in global industry capacity or in the rate at which anticipated changes in industry capacity come online; fluctuations in raw material prices, quality and supply and in energy prices and supply; production outages or material costs associated with scheduled or unscheduled maintenance programs; unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters; an inability to achieve or delays in achieving or achievement of less than the anticipated financial benefit from initiatives related to working capital reductions, cost reductions, and employee productivity goals; an inability to raise or sustain prices for products or services; an inability to maintain appropriate relations with unions and employees; the inability to achieve expected results from our acquisition activities; our ability to continue to pay cash dividends; the amount and timing of repurchases of our common shares, if any; and other factors affecting our business beyond our control, including, without limitation, changes in the general economy, changes in interest rates and changes in the rate of inflation. The above list of factors is not exhaustive.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any further disclosures we make on related subjects in our reports on Form 10-Q, 8-K and 10-K that we provide to the Securities and Exchange Commission.

#### Additional Information

In connection with the proposed transaction, PolyOne filed with the SEC, and the SEC has declared effective, a registration statement on Form S-4 (File No. 333-185533) that includes a proxy statement of Spartech and a prospectus of PolyOne. The definitive proxy statement/prospectus has been sent to the stockholders of Spartech. SPARTECH STOCKHOLDERS ARE ENCOURAGED TO READ THE REGISTRATION STATEMENT (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS) AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT/PROSPECTUS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED MERGER. Investors and security holders are able to obtain the documents free of charge at the SEC's website, www.sec.gov, from PolyOne at its website, www.polyone.com, or 33587 Walker Road, Avon Lake, Ohio 44012, Attention: Corporate Secretary, or from Spartech at its website, www.spartech.com, or 120 S. Central Avenue, Suite 1700, Clayton, Missouri 63105, Attention: Corporate Secretary.

### **Participants in Solicitation**

PolyOne and Spartech and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information concerning PolyOne's participants is set forth in the proxy statement, dated March 23, 2012, for PolyOne's 2012 Annual Meeting of Stockholders as filed with the SEC on Schedule 14A and PolyOne's current reports on Form 8-K, as filed with the SEC on May 11, 2012 and September 25, 2012. Information concerning Spartech's participants is set forth in the proxy statement, dated January 24, 2012, for Spartech's 2012 Annual Meeting of Stockholders as filed with the SEC on Schedule 14A and Spartech's current reports on Form 8-K, as filed with the SEC on March 16, 2012 and October 29, 2012. Additional information regarding the interests of participants of PolyOne and Spartech in the solicitation of proxies in respect of the proposed merger is included in the definitive registration statement and proxy statement/prospectus filed with the SEC. This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

### **About PolyOne**

PolyOne Corporation, with 2012 revenues of \$3.0 billion, is a premier provider of specialized polymer materials, services and solutions. PolyOne is dedicated to serving customers in diverse industries around the globe, by creating value through collaboration, innovation and an unwavering commitment to excellence. Guided by its Core Values, Sustainability Promise and No Surprises Pledge (SM), PolyOne is committed to its customers, employees, communities and shareholders through ethical, sustainable and fiscally responsible principles.

### **About Spartech**

With annual revenues of approximately \$1.1 billion, Spartech is a leading producer of plastic products including polymeric compounds, concentrates, custom extruded sheet and rollstock products and packaging solutions for a wide spectrum of customers. Spartech's three business segments, which operate in the United States, Mexico, Canada, and France, annually process approximately one billion pounds of plastic resins, specialty plastic alloys, and color and specialty compounds. Additional information can be found at [www.spartech.com](http://www.spartech.com).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

POLYONE CORPORATION

Date: March 5, 2013

By: /s/ Lisa K. Kunkle  
Name: Lisa K. Kunkle

Title: Vice President, General Counsel & Secretary