
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2020

or

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

For the transition period from _____ to _____

Commission File Number: 001-36473

Trinseo S.A.

(Exact name of registrant as specified in its charter)

Luxembourg
(State or other jurisdiction of
incorporation or organization)

N/A
(I.R.S. Employer
Identification Number)

**1000 Chesterbrook Boulevard
Suite 300**

Berwyn, PA 19312
(Address of Principal Executive Offices)

(610) 240-3200
(Registrant's telephone number)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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

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

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

Title of Each Class
Ordinary Shares, par value \$0.01 per share

Trading symbol
TSE

Name of Exchange on which registered
New York Stock Exchange

As of May 4, 2020, there were 38,238,977 of the registrant's ordinary shares outstanding.

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I</u>	
<u>Financial Information</u>	
<u>Item 1.</u>	
<u>Financial Statements</u>	4
<u>Condensed Consolidated Balance Sheets as of March 31, 2020 and December 31, 2019 (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2020 and 2019 (Unaudited)</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the three months ended March 31, 2020 and 2019 (Unaudited)</u>	6
<u>Condensed Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2020 and 2019 (Unaudited)</u>	7
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2020 and 2019 (Unaudited)</u>	8
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	9
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	26
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures about Market Risk</u>	37
<u>Item 4.</u>	
<u>Controls and Procedures</u>	37
<u>Part II</u>	
<u>Other Information</u>	
<u>Item 1.</u>	
<u>Legal Proceedings</u>	38
<u>Item 1A.</u>	
<u>Risk Factors</u>	38
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	39
<u>Item 3.</u>	
<u>Defaults Upon Senior Securities</u>	39
<u>Item 4.</u>	
<u>Mine Safety Disclosures</u>	40
<u>Item 5.</u>	
<u>Other Information</u>	40
<u>Item 6.</u>	
<u>Exhibits</u>	40
<u>Exhibit Index</u>	
<u>Signatures</u>	

Trinseo S.A.
Quarterly Report on Form 10-Q
For the quarterly period ended March 31, 2020

Unless otherwise indicated or required by context, as used in this Quarterly Report on Form 10-Q (“Quarterly Report”), the term “Trinseo” refers to Trinseo S.A. (NYSE: TSE), a public limited liability company (société anonyme) existing under the laws of Luxembourg, and not its subsidiaries. The terms “Company,” “we,” “us” and “our” refer to Trinseo and its consolidated subsidiaries, taken as a consolidated entity. All financial data provided in this Quarterly Report is the financial data of the Company, unless otherwise indicated. Prior to the formation of the Company, our business was wholly owned by The Dow Chemical Company (together with other affiliates, “Dow”).

Definitions of capitalized terms not defined herein appear within our Annual Report on Form 10-K for the year ended December 31, 2019 (“Annual Report”) filed with the Securities and Exchange Commission (“SEC”) on February 28, 2020. The Company may distribute cash to shareholders under Luxembourg law via repayments of equity or an allocation of statutory profits. Until 2020, all distributions had been considered repayments of equity under Luxembourg law.

Cautionary Note on Forward-Looking Statements

This Quarterly Report contains forward-looking statements including, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. Forward-looking statements may be identified by the use of words like “expect,” “anticipate,” “intend,” “forecast,” “estimate,” “see,” “outlook,” “will,” “may,” “might,” “potential,” “likely,” “target,” “plan,” “contemplate,” “seek,” “attempt,” “should,” “could,” “would” or expressions of similar meaning. Forward-looking statements reflect management’s evaluation of information currently available and are based on our current expectations and assumptions regarding the impact from the COVID-19 pandemic, our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict.

Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in our Annual Report filed with the SEC on February 28, 2020 under Part I, Item 1A— “Risk Factors,” within this Quarterly Report and in other filings and furnishings made by the Company with the Securities and Exchange Commission from time to time.

As a result of these or other factors, our actual results may differ materially from those contemplated by the forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Therefore, we caution you against relying on these forward-looking statements. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, are available free of charge through the Investor Relations section of our website, www.trinseo.com, as soon as reasonably practicable after the reports are electronically filed or furnished with the SEC. We provide this website and information contained in or connected to it for informational purposes only. That information is not a part of this Quarterly Report.

PART I—FINANCIAL INFORMATION**Item 1. Financial Statements****TRINSEO S.A.****Condensed Consolidated Balance Sheets
(In millions, except per share data)
(Unaudited)**

	<u>March 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 440.1	\$ 456.2
Accounts receivable, net of allowance for doubtful accounts (March 31, 2020: \$6.7 ; December 31, 2019: \$5.3)	576.0	570.8
Inventories	405.5	438.2
Other current assets	16.6	25.9
Total current assets	<u>1,438.2</u>	<u>1,491.1</u>
Investments in unconsolidated affiliates	197.9	188.1
Property, plant and equipment, net of accumulated depreciation (March 31, 2020: \$702.9; December 31, 2019: \$665.7)	572.4	625.8
Other assets		
Goodwill	66.2	67.7
Other intangible assets, net	188.1	191.5
Right-of-use assets - operating	77.2	71.4
Deferred income tax assets	78.7	67.5
Deferred charges and other assets	38.7	55.7
Total other assets	<u>448.9</u>	<u>453.8</u>
Total assets	<u>\$ 2,657.4</u>	<u>\$ 2,758.8</u>
Liabilities and shareholders' equity		
Current liabilities		
Short-term borrowings and current portion of long-term debt	\$ 11.5	\$ 11.1
Accounts payable	301.9	343.0
Current lease liabilities - operating	14.8	14.1
Income taxes payable	1.9	5.0
Accrued expenses and other current liabilities	151.4	154.4
Total current liabilities	<u>481.5</u>	<u>527.6</u>
Noncurrent liabilities		
Long-term debt, net of unamortized deferred financing fees	1,162.2	1,162.6
Noncurrent lease liabilities - operating	64.1	58.0
Deferred income tax liabilities	45.9	41.5
Other noncurrent obligations	300.7	300.2
Total noncurrent liabilities	<u>1,572.9</u>	<u>1,562.3</u>
Commitments and contingencies (Note 11)		
Shareholders' equity		
Ordinary shares, \$0.01 nominal value, 50,000.0 shares authorized (March 31, 2020: 48.8 shares issued and 38.2 shares outstanding; December 31, 2019: 48.8 shares issued and 39.0 shares outstanding)	0.5	0.5
Additional paid-in-capital	575.7	574.7
Treasury shares, at cost (March 31, 2020: 10.6 shares; December 31, 2019: 9.8 shares)	(548.2)	(524.9)
Retained earnings	729.2	781.0
Accumulated other comprehensive loss	(154.2)	(162.4)
Total shareholders' equity	<u>603.0</u>	<u>668.9</u>
Total liabilities and shareholders' equity	<u>\$ 2,657.4</u>	<u>\$ 2,758.8</u>

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

TRINSEO S.A.
Condensed Consolidated Statements of Operations
(In millions, except per share data)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net sales	\$ 853.5	\$ 1,013.1
Cost of sales	783.8	915.7
Gross profit	69.7	97.4
Selling, general and administrative expenses	77.5	68.8
Equity in earnings of unconsolidated affiliates	9.8	32.2
Impairment charges	38.3	—
Operating income (loss)	(36.3)	60.8
Interest expense, net	10.3	10.2
Other expense, net	1.6	4.0
Income (loss) before income taxes	(48.2)	46.6
Provision for (benefit from) income taxes	(11.9)	10.8
Net income (loss)	\$ (36.3)	\$ 35.8
Weighted average shares- basic	38.5	41.3
Net income (loss) per share- basic	\$ (0.94)	\$ 0.87
Weighted average shares- diluted	38.5	41.8
Net income (loss) per share- diluted	\$ (0.94)	\$ 0.86

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

TRINSEO S.A.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(In millions)
(Unaudited)

	Three Months Ended	
	March 31,	
	2020	2019
Net income (loss)	\$ (36.3)	\$ 35.8
Other comprehensive income (loss), net of tax:		
Cumulative translation adjustments	10.7	(0.3)
Net gain (loss) on cash flow hedges	(3.7)	0.1
Pension and other postretirement benefit plans:		
Net gain (loss) during period (net of tax of: \$0.1 and \$(0.2))	0.6	(2.0)
Amounts reclassified from accumulated other comprehensive income	0.6	1.0
Total other comprehensive income (loss), net of tax	8.2	(1.2)
Comprehensive income (loss)	<u>\$ (28.1)</u>	<u>\$ 34.6</u>

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

TRINSEO S.A.
Condensed Consolidated Statements of Shareholders' Equity
(In millions, except per share data)
(Unaudited)

	Shares		Shareholders' Equity						
	Ordinary Shares Outstanding	Treasury Shares	Ordinary Shares	Additional Paid-In Capital	Treasury Shares	Accumulated Other		Retained Earnings	Total
						Income (Loss)	Earnings		
Balance at December 31, 2019	39.0	9.8	\$ 0.5	\$ 574.7	\$ (524.9)	\$ (162.4)	\$ 781.0	\$ 668.9	
Net loss	—	—	—	—	—	—	(36.3)	(36.3)	
Other comprehensive income	—	—	—	—	—	8.2	—	8.2	
Share-based compensation activity	—	—	—	1.0	1.7	—	—	2.7	
Purchase of treasury shares	(0.8)	0.8	—	—	(25.0)	—	—	(25.0)	
Dividends on ordinary shares (\$0.40 per share)	—	—	—	—	—	—	(15.5)	(15.5)	
Balance at March 31, 2020	<u>38.2</u>	<u>10.6</u>	<u>\$ 0.5</u>	<u>\$ 575.7</u>	<u>\$ (548.2)</u>	<u>\$ (154.2)</u>	<u>\$ 729.2</u>	<u>\$ 603.0</u>	
Balance at December 31, 2018	41.6	7.2	\$ 0.5	\$ 575.4	\$ (418.1)	\$ (142.3)	\$ 753.2	768.7	
Net income	—	—	—	—	—	—	35.8	35.8	
Other comprehensive loss	—	—	—	—	—	(1.2)	—	(1.2)	
Share-based compensation activity	0.1	(0.1)	—	(6.6)	7.0	—	—	0.4	
Purchase of treasury shares	(0.7)	0.7	—	—	(34.0)	—	—	(34.0)	
Dividends on ordinary shares (\$0.40 per share)	—	—	—	—	—	—	(16.6)	(16.6)	
Balance at March 31, 2019	<u>41.0</u>	<u>7.8</u>	<u>\$ 0.5</u>	<u>\$ 568.8</u>	<u>\$ (445.1)</u>	<u>\$ (143.5)</u>	<u>\$ 772.4</u>	<u>\$ 753.1</u>	

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

TRINSEO S.A.
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash flows from operating activities		
Net income (loss)	\$ (36.3)	\$ 35.8
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	36.4	33.9
Amortization of deferred financing fees, issuance discount, and excluded component of hedging instruments	0.4	(0.1)
Deferred income tax	(11.5)	(0.1)
Share-based compensation expense	3.2	4.1
Earnings of unconsolidated affiliates, net of dividends	(9.8)	(19.7)
Unrealized net gain on foreign exchange forward contracts	(11.5)	(6.6)
Gain on sale of businesses and other assets	(0.4)	(0.2)
Impairment charges	38.3	—
Pension settlement loss	—	0.7
Changes in assets and liabilities		
Accounts receivable	(12.7)	(4.8)
Inventories	26.8	57.7
Accounts payable and other current liabilities	(28.9)	49.4
Income taxes payable	(3.3)	(2.0)
Other assets, net	(6.9)	2.8
Other liabilities, net	10.4	2.3
Cash provided by (used in) operating activities	(5.8)	153.2
Cash flows from investing activities		
Capital expenditures	(24.3)	(25.0)
Net cash received for asset and business acquisitions, net of cash acquired	0.2	—
Proceeds from capital expenditures subsidy	—	0.7
Proceeds from the sale of businesses and other assets	11.6	—
Proceeds from the settlement of hedging instruments	51.6	—
Cash provided by (used in) investing activities	39.1	(24.3)
Cash flows from financing activities		
Short-term borrowings, net	(3.5)	(0.1)
Purchase of treasury shares	(25.0)	(37.4)
Dividends paid	(15.9)	(17.4)
Proceeds from exercise of option awards	—	0.1
Withholding taxes paid on restricted share units	(0.6)	(3.8)
Repayments of 2024 Term Loan B	(1.7)	(1.8)
Cash used in financing activities	(46.7)	(60.4)
Effect of exchange rates on cash	(2.7)	(1.6)
Net change in cash, cash equivalents, and restricted cash	(16.1)	66.9
Cash, cash equivalents, and restricted cash—beginning of period	457.4	452.3
Cash, cash equivalents, and restricted cash—end of period	\$ 441.3	\$ 519.2
Less: Restricted cash, included in "Other current assets"	(1.2)	(2.8)
Cash and cash equivalents—end of period	\$ 440.1	\$ 516.4

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

TRINSEO S.A.

**Notes to Condensed Consolidated Financial Statements
(Dollars in millions, unless otherwise stated)
(Unaudited)**

NOTE 1—BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of Trinseo S.A. and its subsidiaries (the “Company”) as of and for the periods ended March 31, 2020 and 2019 were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and reflect all adjustments, consisting only of normal recurring adjustments, which, in the opinion of management, are considered necessary for the fair statement of the results for the periods presented. Because they cover interim periods, the statements and related notes to the financial statements do not include all disclosures normally provided in annual financial statements, and therefore, these statements should be read in conjunction with the 2019 audited consolidated financial statements included within the Company’s Annual Report on Form 10-K (“Annual Report”) filed with the Securities and Exchange Commission (“SEC”) on February 28, 2020. The Company expects the effects of the COVID-19 pandemic to negatively impact its results of operations, cash flows and financial position, which impact could be material, and dependent on numerous factors that are highly uncertain, for which the ultimate impact cannot be predicted at this time, including the duration and scope of the COVID-19 pandemic. The Company’s condensed consolidated financial statements presented herein reflect the latest estimates and assumptions made by management that affect the reported amounts and related disclosures as of and for the period ended March 31, 2020. However, actual results could differ from these estimates and assumptions.

The December 31, 2019 condensed consolidated balance sheet data presented herein was derived from the Company’s December 31, 2019 audited consolidated financial statements, but does not include all disclosures required by GAAP for annual periods.

NOTE 2—RECENT ACCOUNTING GUIDANCE

In August 2018, the Financial Accounting Standards Board (“FASB”) issued guidance which aligns the requirements for capitalizing implementation costs incurred in a cloud computing hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The Company adopted this standard prospectively, effective January 1, 2020. The adoption of this guidance did not have a material impact on the Company’s condensed consolidated financial statements.

In December 2019, the FASB issued guidance that simplifies the accounting for income taxes. The amended guidance includes removal of certain exceptions to the general principles of Accounting Standards Codification 740, Income Taxes, and simplification in several other areas such as accounting for a franchise tax (or similar tax) that is partially based on income. This guidance is effective for public business entities for interim and annual reporting periods beginning after December 15, 2020, with early adoption permitted. The Company is currently assessing the timing and impacts of adopting this guidance on its consolidated financial statements.

In March 2020, the FASB issued optional guidance for a limited period of time to ease the potential burden in accounting for the effects of the transition away from London Interbank Offered Rate (“LIBOR”) and other reference rates. The Company adopted this guidance upon issuance, noting that it did not have a material impact on the Company’s condensed consolidated financial statements.

NOTE 3—NET SALES

Refer to the Annual Report for information on the Company’s accounting policies and further background related to its net sales.

[Table of Contents](#)

The following table provides disclosure of net sales to external customers by primary geographical market (based on the location where sales originated), by segment for the three months ended March 31, 2020 and 2019:

Three Months Ended	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Total
March 31, 2020						
United States	\$ 62.2	\$ —	\$ 70.6	\$ —	\$ 2.6	\$ 135.4
Europe	101.9	99.8	165.0	109.8	29.1	505.6
Asia-Pacific	52.3	1.9	49.7	73.0	13.1	190.0
Rest of World	2.7	—	19.8	—	—	22.5
Total	<u>\$ 219.1</u>	<u>\$ 101.7</u>	<u>\$ 305.1</u>	<u>\$ 182.8</u>	<u>\$ 44.8</u>	<u>\$ 853.5</u>
March 31, 2019						
United States	\$ 63.3	\$ —	\$ 81.8	\$ —	\$ 2.7	\$ 147.8
Europe	101.4	124.6	213.3	138.2	40.5	618.0
Asia-Pacific	56.5	—	51.6	90.3	23.6	222.0
Rest of World	2.7	—	22.6	—	—	25.3
Total	<u>\$ 223.9</u>	<u>\$ 124.6</u>	<u>\$ 369.3</u>	<u>\$ 228.5</u>	<u>\$ 66.8</u>	<u>\$ 1,013.1</u>

NOTE 4—INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The Company’s investments held in unconsolidated affiliates are accounted for by the equity method. The Company is currently supplemented by one joint venture, Americas Styrenics LLC (“Americas Styrenics,” a styrene and polystyrene joint venture with Chevron Phillips Chemical Company LP). The results of Americas Styrenics are included within its own reporting segment.

Americas Styrenics is a privately held company; therefore, a quoted market price for its equity interests is not available. The summarized financial information of the Company’s unconsolidated affiliate is shown below.

	Three Months Ended March 31,	
	2020	2019
Sales	\$ 322.2	\$ 369.2
Gross profit	\$ 7.2	\$ 54.2
Net income (loss)	\$ (8.3)	\$ 42.9

Americas Styrenics

As of March 31, 2020 and December 31, 2019, the Company’s investment in Americas Styrenics was \$197.9 million and \$188.1 million, respectively, which was \$3.5 million and \$10.3 million less than the Company’s 50% share of the underlying net assets of Americas Styrenics, respectively. This amount represents the difference between the book value of assets contributed to the joint venture at the time of formation (May 1, 2008) and the Company’s 50% share of the total recorded value of the joint venture’s assets and certain adjustments to conform with the Company’s accounting policies. This difference is being amortized over the weighted average remaining useful life of the contributed assets of approximately 1.9 years as of March 31, 2020. The Company did not receive dividends from Americas Styrenics during the three months ended March 31, 2020 and received dividends of \$12.5 million from Americas Styrenics during the three months ended March 31, 2019.

NOTE 5—INVENTORIES

Inventories consisted of the following:

	March 31, 2020	December 31, 2019
Finished goods	\$ 200.2	\$ 210.8
Raw materials and semi-finished goods	168.5	190.1
Supplies	36.8	37.3
Total	<u>\$ 405.5</u>	<u>\$ 438.2</u>

NOTE 6—DEBT

Refer to the Annual Report for definitions of capitalized terms not included herein and further background on the Company's debt structure discussed below. The Company was in compliance with all debt related covenants as of March 31, 2020 and December 31, 2019.

As of March 31, 2020 and December 31, 2019, debt consisted of the following:

	Interest Rate as of March 31, 2020	Maturity Date	March 31, 2020			December 31, 2019		
			Carrying Amount	Unamortized Deferred Financing Fees ⁽¹⁾	Total Debt, Less Unamortized Deferred Financing Fees	Carrying Amount	Unamortized Deferred Financing Fees ⁽¹⁾	Total Debt, Less Unamortized Deferred Financing Fees
Senior Credit Facility								
2024 Term Loan B	2.989%	September 2024	\$ 682.6	\$ (12.9)	\$ 669.7	\$ 684.3	\$ (13.7)	\$ 670.6
2022 Revolving Facility ⁽²⁾	Various	September 2022	—	—	—	—	—	—
2025 Senior Notes	5.375%	September 2025	500.0	(7.0)	493.0	500.0	(7.3)	492.7
Accounts Receivable Securitization Facility ⁽³⁾	Various	September 2021	—	—	—	—	—	—
Other indebtedness	Various	Various	11.0	—	11.0	10.4	—	10.4
Total debt			\$ 1,193.6	\$ (19.9)	\$ 1,173.7	\$ 1,194.7	\$ (21.0)	\$ 1,173.7
Less: current portion ⁽⁴⁾					(11.5)			(11.1)
Total long-term debt, net of unamortized deferred financing fees					<u>\$ 1,162.2</u>			<u>\$ 1,162.6</u>

- (1) This caption does not include deferred financing fees related to the Company's revolving facilities, which are included within "Deferred charges and other assets" on the condensed consolidated balance sheets.
- (2) Under the 2022 Revolving Facility, the Company had a capacity of \$375.0 million and funds available for borrowing of \$360.9 million (net of \$14.1 million outstanding letters of credit) as of March 31, 2020. Additionally, the Company is required to pay a quarterly commitment fee in respect of any unused commitments under this facility equal to 0.375% per annum. On April 3, 2020, the Company drew down \$100.0 million from the 2022 Revolving Facility.
- (3) This facility had a borrowing capacity of \$150.0 million as of March 31, 2020. As of March 31, 2020, the Company had approximately \$135.6 million of accounts receivable available to support this facility, based on the pool of eligible accounts receivable. In regard to outstanding borrowings, fixed interest charges are 1.95% plus variable commercial paper rates, while for available, but undrawn commitments, fixed interest charges are 1.00%.
- (4) As of March 31, 2020 and December 31, 2019, the current portion of long-term debt primarily related to \$7.0 million of the scheduled future principal payments on the 2024 Term Loan B.

NOTE 7—GOODWILL

The following table shows changes in the carrying amount of goodwill, by segment, from December 31, 2019 to March 31, 2020:

	Latex Binders	Synthetic Rubber	Performance Plastics	Polystyrene	Feedstocks	Americas Styrenics	Total
Balance at							
December 31, 2019	\$ 15.6	\$ 11.0	\$ 36.7	\$ 4.4	\$ —	\$ —	\$ 67.7
Foreign currency impact	(0.3)	(0.2)	(0.9)	(0.1)	—	—	(1.5)
Balance at March 31, 2020	<u>\$ 15.3</u>	<u>\$ 10.8</u>	<u>\$ 35.8</u>	<u>\$ 4.3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 66.2</u>

NOTE 8—DERIVATIVE INSTRUMENTS

The Company’s ongoing business operations expose it to various risks, including fluctuating foreign exchange rates and interest rate risk. To manage these risks, the Company periodically enters into derivative financial instruments, such as foreign exchange forward contracts and interest rate swap agreements. The Company does not hold or enter into financial instruments for trading or speculative purposes. All derivatives are recorded on the condensed consolidated balance sheets at fair value.

Foreign Exchange Forward Contracts

Certain subsidiaries have assets and liabilities denominated in currencies other than their respective functional currencies, which creates foreign exchange risk. The Company’s principal strategy in managing its exposure to changes in foreign currency exchange rates is to naturally hedge the foreign currency-denominated liabilities on its balance sheet against corresponding assets of the same currency, such that any changes in liabilities due to fluctuations in exchange rates are offset by changes in their corresponding foreign currency assets. In order to further reduce this exposure, the Company also uses foreign exchange forward contracts to economically hedge the impact of the variability in exchange rates on assets and liabilities denominated in certain foreign currencies. These derivative contracts are not designated for hedge accounting treatment.

As of March 31, 2020, the Company had open foreign exchange forward contracts with a notional U.S. dollar equivalent absolute value of \$455.4 million. The following table displays the notional amounts of the most significant net foreign exchange hedge positions outstanding as of March 31, 2020:

Buy / (Sell)	March 31, 2020
Euro	\$ (325.1)
Chinese Yuan	\$ (43.7)
Swiss Franc	\$ 26.3
Indonesian Rupiah	\$ (16.3)
Korean Won	\$ (13.1)

Open foreign exchange forward contracts as of March 31, 2020 had maturities occurring over a period of two months.

Foreign Exchange Cash Flow Hedges

The Company also enters into forward contracts with the objective of managing the currency risk associated with forecasted U.S. dollar-denominated raw materials purchases by one of its subsidiaries whose functional currency is the euro. By entering into these forward contracts, which are designated as cash flow hedges, the Company buys a designated amount of U.S. dollars and sells euros at the prevailing market rate to mitigate the risk associated with the fluctuations in the euro-to-U.S. dollar foreign currency exchange rates. The qualifying hedge contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in Accumulated Other Comprehensive Income (“AOCI”) to the extent effective, and reclassified to cost of sales in the period during which the transaction affects earnings or it becomes probable that the forecasted transaction will not occur.

[Table of Contents](#)

Open foreign exchange cash flow hedges as of March 31, 2020 had maturities occurring over a period of nine months, and had a net notional U.S. dollar equivalent of \$63.0 million.

Interest Rate Swaps

On September 6, 2017, the Company issued the 2024 Term Loan B, which currently bears an interest rate of LIBOR plus 2.00%, subject to a 0.00% LIBOR floor. In order to reduce the variability in interest payments associated with the Company's variable rate debt, during 2017 the Company entered into certain interest rate swap agreements to convert a portion of these variable rate borrowings into a fixed rate obligation. These interest rate swap agreements are designated as cash flow hedges, and as such, the contracts are marked-to-market at each reporting date and any unrealized gains or losses are included in AOCI to the extent effective, and reclassified to interest expense in the period during which the transaction affects earnings or it becomes probable that the forecasted transaction will not occur.

As of March 31, 2020, the Company had open interest rate swap agreements with a net notional U.S. dollar equivalent of \$200.0 million which had an effective date of September 29, 2017 and mature in September 2022. Under the terms of the swap agreements, the Company is required to pay the counterparties a stream of fixed interest payments at a rate of 1.81%, and in turn, receives variable interest payments based on 1-month LIBOR (0.99% as of March 31, 2020) from the counterparties.

Net Investment Hedge

On September 1, 2017, the Company entered into certain fixed-for-fixed cross currency swaps ("CCS"), swapping USD principal and interest payments on its 2025 Senior Notes for euro-denominated payments. Under the terms of this CCS (the "2017 CCS"), the Company notionally exchanged \$500.0 million at an interest rate of 5.375% for €420.0 million at a weighted average interest rate of 3.45% for approximately five years. On September 1, 2017, the Company designated the full notional amount of the 2017 CCS (€420.0 million) as a hedge of its net investment in certain European subsidiaries under the forward method, with all changes in the fair value of the 2017 CCS recorded as a component of AOCI, as the 2017 CCS were deemed to be highly effective hedges. A cumulative foreign currency translation loss of \$38.0 million was recorded within AOCI related to the 2017 CCS through March 31, 2018.

Effective April 1, 2018, the Company elected as an accounting policy to re-designate the 2017 CCS as a net investment hedge (and any future similar hedges) under the spot method. As such, changes in the fair value of the 2017 CCS included in the assessment of effectiveness (changes due to spot foreign exchange rates) were recorded as cumulative foreign currency translation within OCI, and will remain in AOCI until either the sale or substantially complete liquidation of the subsidiary. As of March 31, 2020, no gains or losses have been reclassified from AOCI into income related to the sale or substantially complete liquidation of the relevant subsidiaries. As an additional accounting policy election applied to similar hedges under this new standard, the initial value of any component excluded from the assessment of effectiveness is recognized in income using a systematic and rational method over the life of the hedging instrument. Any difference between the change in the fair value of the excluded component and amounts recognized in income under that systematic and rational method is recognized in AOCI. Prior to April 1, 2018, no components were excluded from the assessment of effectiveness for any of the Company's existing net investment hedges.

As of April 1, 2018, the initial excluded component value related to the 2017 CCS was \$23.6 million, which the Company elected to amortize as a reduction of "Interest expense, net" in the condensed consolidated statements of operations using the straight-line method over the remaining term of the 2017 CCS. Additionally, the accrual of periodic USD and euro-denominated interest receipts and payments under the terms of the 2017 CCS were recognized within "Interest expense, net" in the condensed consolidated statements of operations.

On February 26, 2020, the Company settled its 2017 CCS and replaced it with a new CCS arrangement (the "2020 CCS") that carried substantially the same terms as the 2017 CCS. Upon settlement of the 2017 CCS, the Company realized net cash proceeds of \$51.6 million. The remaining \$13.8 million unamortized balance of the initial excluded component related to the 2017 CCS at the time of settlement is no longer being amortized following the settlement and will remain in AOCI until either the sale or substantially complete liquidation of the relevant subsidiaries. Under the 2020 CCS, the Company notionally exchanged \$500.0 million at an interest rate of 5.375% for €459.3 million at a weighted average interest rate of 3.672% for approximately 2.7 years, with a final maturity of November 3, 2022. The cash flows under the 2020 CCS are aligned with the Company's principal and interest obligations on its 5.375% 2025 Senior Notes.

[Table of Contents](#)

Summary of Derivative Instruments

The following table presents the effect of the Company's derivative instruments, including those not designated for hedge accounting treatment, on the condensed consolidated statements of operations for the three months ended March 31, 2020 and 2019:

	Location and Amount of Gain (Loss) Recognized in Statements of Operations					
	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	Cost of sales	Interest expense, net	Other expense, net	Cost of sales	Interest expense, net	Other expense, net
Total amount of income and expense line items presented in the statements of operations in which the effects of derivative instruments are recorded	\$ 783.8	\$ 10.3	\$ 1.6	\$ 915.7	\$ 10.2	\$ 4.0
The effects of cash flow hedge instruments:						
Foreign exchange cash flow hedges						
Amount of gain reclassified from AOCI into income	\$ 0.2	\$ —	\$ —	\$ 0.6	\$ —	\$ —
Interest rate swaps						
Amount of gain (loss) reclassified from AOCI into income	\$ —	\$ (0.1)	\$ —	\$ —	\$ 0.3	\$ —
The effects of net investment hedge instruments:						
Cross currency swaps (CCS)						
Amount of gain excluded from effectiveness testing ⁽¹⁾	\$ —	\$ 3.4	\$ —	\$ —	\$ 4.0	\$ —
The effects of derivatives not designated as hedge instruments:						
Foreign exchange forward contracts						
Amount of gain recognized in income	\$ —	\$ —	\$ 13.8	\$ —	\$ —	\$ 2.7

(1) Amount for the three months ended March 31, 2020 includes the effects of the 2017 CCS through its settlement on February 26, 2020 and the effects of the 2020 CCS from when it was entered into on February 26, 2020 through March 31, 2020.

The following table presents the effect of cash flow and net investment hedge accounting on AOCI for the three months ended March 31, 2020 and 2019:

	Gain (Loss) Recognized in AOCI on Balance Sheet	
	Three Months Ended March 31,	
	2020	2019
Designated as Cash Flow Hedges		
Foreign exchange cash flow hedges	\$ 2.1	\$ 2.3
Interest rate swaps	(5.8)	(2.2)
Total	\$ (3.7)	\$ 0.1
Designated as Net Investment Hedges		
Cross currency swaps (CCS) ⁽¹⁾	\$ 22.9	\$ 11.5
Total	\$ 22.9	\$ 11.5

(1) Amount for the three months ended March 31, 2020 includes the effect on AOCI from the 2017 CCS through its settlement on February 26, 2020 and the effect on AOCI from the 2020 CCS from when it was entered into on February 26, 2020 through March 31, 2020.

The Company recorded gains of \$13.8 million and \$2.7 million during the three months ended March 31, 2020 and 2019, respectively, from settlements and changes in the fair value of outstanding forward contracts (not designated as

[Table of Contents](#)

hedges). The gains from these forward contracts offset net foreign exchange transaction losses of \$14.0 million and \$3.1 million during the three months ended March 31, 2020 and 2019, respectively, which resulted from the re-measurement of the Company's foreign currency denominated assets and liabilities. The cash settlements of these foreign exchange forward contracts are included within operating activities in the condensed consolidated statements of cash flows.

The Company expects to reclassify in the next twelve months an approximate \$1.3 million net loss from AOCI into earnings related to the Company's outstanding foreign exchange cash flow hedges and interest rate swaps as of March 31, 2020 based on current foreign exchange rates.

The following tables summarize the gross and net unrealized gains and losses, as well as the balance sheet classification, of outstanding derivatives recorded in the condensed consolidated balance sheets:

Balance Sheet Classification	March 31, 2020					Total
	Foreign Exchange Forward Contracts	Foreign Exchange Cash Flow Hedges	Interest Rate Swaps	Cross Currency Swaps		
Asset Derivatives:						
Accounts receivable, net of allowance	\$ 7.0	\$ 1.6	\$ —	\$ 4.8	\$ 13.4	
Gross derivative asset position	7.0	1.6	—	4.8	13.4	
Less: Counterparty netting	(0.1)	—	—	—	(0.1)	
Net derivative asset position	\$ 6.9	\$ 1.6	\$ —	\$ 4.8	\$ 13.3	
Liability Derivatives:						
Accounts payable	\$ (0.1)	\$ —	\$ (2.9)	\$ —	\$ (3.0)	
Other noncurrent obligations	—	—	(4.3)	(1.4)	(5.7)	
Gross derivative liability position	(0.1)	—	(7.2)	(1.4)	(8.7)	
Less: Counterparty netting	0.1	—	—	—	0.1	
Net derivative liability position	\$ —	\$ —	\$ (7.2)	\$ (1.4)	\$ (8.6)	
Total net derivative position	\$ 6.9	\$ 1.6	\$ (7.2)	\$ 3.4	\$ 4.7	

Balance Sheet Classification	December 31, 2019					Total
	Foreign Exchange Forward Contracts	Foreign Exchange Cash Flow Hedges	Interest Rate Swaps	Cross Currency Swaps		
Asset Derivatives:						
Accounts receivable, net of allowance	\$ 1.1	\$ —	\$ —	\$ 8.6	\$ 9.7	
Deferred charges and other assets	—	—	—	19.2	19.2	
Gross derivative asset position	1.1	—	—	27.8	28.9	
Less: Counterparty netting	(0.4)	—	—	—	(0.4)	
Net derivative asset position	\$ 0.7	\$ —	\$ —	\$ 27.8	\$ 28.5	
Liability Derivatives:						
Accounts payable	\$ (5.7)	\$ (0.5)	\$ (0.4)	\$ —	\$ (6.6)	
Other noncurrent obligations	—	—	(1.0)	—	(1.0)	
Gross derivative liability position	(5.7)	(0.5)	(1.4)	—	(7.6)	
Less: Counterparty netting	0.5	—	—	—	0.5	
Net derivative liability position	\$ (5.2)	\$ (0.5)	\$ (1.4)	\$ —	\$ (7.1)	
Total net derivative position	\$ (4.5)	\$ (0.5)	\$ (1.4)	\$ 27.8	\$ 21.4	

Forward contracts, interest rate swaps, and cross currency swaps are entered into with a limited number of counterparties, each of which allows for net settlement of all contracts through a single payment in a single currency in the event of a default on or termination of any one contract. As such, in accordance with the Company's accounting policy, these derivative instruments are recorded on a net basis by counterparty within the condensed consolidated balance sheets.

[Table of Contents](#)

Refer to Notes 9 and 17 of the condensed consolidated financial statements for further information regarding the fair value of the Company's derivative instruments and the related changes in AOCI.

NOTE 9—FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date.

Level 1—Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The following table summarizes the basis used to measure certain assets and liabilities at fair value on a recurring basis in the condensed consolidated balance sheets as of March 31, 2020 and December 31, 2019:

Assets (Liabilities) at Fair Value	March 31, 2020			
	Quoted Prices in Active Markets for Identical Items	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Foreign exchange forward contracts—Assets	\$ —	\$ 6.9	\$ —	\$ 6.9
Foreign exchange cash flow hedges—Assets	—	1.6	—	1.6
Interest rate swaps—(Liabilities)	—	(7.2)	—	(7.2)
Cross currency swaps—Assets	—	4.8	—	4.8
Cross currency swaps—(Liabilities)	—	(1.4)	—	(1.4)
Total fair value	\$ —	\$ 4.7	\$ —	\$ 4.7

Assets (Liabilities) at Fair Value	December 31, 2019			
	Quoted Prices in Active Markets for Identical Items	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Foreign exchange forward contracts—Assets	\$ —	\$ 0.7	\$ —	\$ 0.7
Foreign exchange forward contracts—(Liabilities)	—	(5.2)	—	(5.2)
Foreign exchange cash flow hedges—(Liabilities)	—	(0.5)	—	(0.5)
Interest rate swaps—(Liabilities)	—	(1.4)	—	(1.4)
Cross currency swaps—Assets	—	27.8	—	27.8
Total fair value	\$ —	\$ 21.4	\$ —	\$ 21.4

The Company uses an income approach to value its derivative instruments, utilizing discounted cash flow techniques, considering the terms of the contract and observable market information available as of the reporting date, such as interest rate yield curves and currency spot and forward rates. Significant inputs to the valuation for these derivative instruments are obtained from broker quotations or from listed or over-the-counter market data, and are classified as Level 2 in the fair value hierarchy.

[Table of Contents](#)

Nonrecurring Fair Value Measurements

The Company's financial assets measured at fair value on a nonrecurring basis as of March 31, 2020 were as follows:

	March 31, 2020			Total
	Quoted Prices in Active Markets for Identical Items	Significant Other Observable Inputs	Significant Unobservable Inputs	
	(Level 1)	(Level 2)	(Level 3)	
Assets:				
Boehlen styrene monomer property, plant and equipment	\$ —	\$ —	\$ 3.4	\$ 3.4
Schkopau PBR property, plant and equipment	—	—	1.5	1.5
Total fair value	\$ —	\$ —	\$ 4.9	\$ 4.9

In 2020, the Company continued its strategy to focus efforts and increase investments in certain product offerings serving the following applications, which are less cyclical and offer significantly higher growth and margin potential: coatings, adhesives, sealants, and elastomers applications ("CASE") within the Latex Binders segment; engineered materials applications within the Performance Plastics segment; and solution styrene butadiene rubber ("SSBR") within the Synthetic Rubber segment.

As a result of continuing this strategy and other management considerations, in March of 2020, the Company initiated a consultation process with the Economic Council and Works Councils of Trinseo Deutschland regarding the disposition of its styrene monomer assets in Boehlen, Germany and its polybutadiene rubber ("PBR," specifically nickel and neodymium-PBR) assets in Schkopau, Germany.

Based on the Company's evaluation of these asset groups, it determined that the long-lived assets at both locations should be assessed for impairment during the three months ended March 31, 2020. These assessments indicated that the carrying values of the asset groups at each location were not recoverable when compared to the expected undiscounted future cash flows from the operation and potential disposition of these assets. Based upon the Company's assessment, it concluded that the fair value of the Boehlen styrene monomer and Schkopau PBR asset groups totaled \$3.4 million and \$1.5 million, respectively, as of March 31, 2020. Therefore, the Company recorded impairment charges on the Boehlen styrene monomer assets and the Schkopau PBR assets of \$10.3 million and \$28.0 million, respectively, during the three months ended March 31, 2020, which are included within "Impairment charges" on the condensed consolidated statements of operations. The fair value of the depreciable assets at each location was determined through an analysis of the underlying fixed asset records in conjunction with the use of industry experience and available market data.

There were no other financial assets and no financial liabilities measured at fair value on a nonrecurring basis as of March 31, 2020 and there were no financial assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2019.

Fair Value of Debt Instruments

The following table presents the estimated fair value of the Company's outstanding debt not carried at fair value as of March 31, 2020 and December 31, 2019:

	As of	As of
	March 31, 2020	December 31, 2019
2025 Senior Notes	\$ 419.8	\$ 503.7
2024 Term Loan B	578.9	686.4
Total fair value	\$ 998.7	\$ 1,190.1

The fair value of the Company's debt facilities above (each Level 2 securities) is determined using over-the-counter market quotes and benchmark yields received from independent vendors.

There were no other significant financial instruments outstanding as of March 31, 2020 and December 31, 2019.

NOTE 10—PROVISION FOR INCOME TAXES

	Three Months Ended	
	March 31,	
	2020	2019
Effective income tax rate	24.6 %	23.1 %

Benefit from income taxes for the three months ended March 31, 2020 totaled \$11.9 million, resulting in an effective tax rate of 24.6%. Provision for income taxes for the three months ended March 31, 2019 totaled \$10.8 million, resulting in an effective tax rate of 23.1%.

The effective tax rate for 2020 was impacted by the jurisdictional mix of income before income taxes compared to the prior year, partially offset by the tax benefit related to the impairment charges recorded during the period related to the Company's assets in Boehlen and Schkopau, Germany. Refer to Note 9 for further information.

NOTE 11—COMMITMENTS AND CONTINGENCIES

Environmental Matters

Accruals for environmental matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current law, existing technologies and other information. Pursuant to the terms of the agreement associated with the Company's formation, the pre-closing environmental liabilities were retained by Dow, and Dow agreed, subject to temporal, monetary, and other limitations to indemnify the Company from and against environmental liabilities incurred or relating to the predecessor periods. No environmental claims have been asserted or threatened against the Company, and the Company is not a potentially responsible party at any Superfund Sites. As of March 31, 2020 and December 31, 2019, the Company had no accrued obligations for environmental remediation or restoration costs.

Inherent uncertainties exist in the Company's potential environmental liabilities primarily due to unknown conditions, whether future claims may fall outside the scope of the indemnity, changing governmental regulations and legal standards regarding liability, and evolving technologies for handling site remediation and restoration. In connection with the Company's existing indemnification, the possibility is considered remote that environmental remediation costs will have a material adverse impact on the condensed consolidated financial statements over the next 12 months.

Purchase Commitments

In the normal course of business, the Company has certain raw material purchase contracts where it is required to purchase certain minimum volumes at current market prices. These commitments range from one to three years. In certain raw material purchase contracts, the Company has the right to purchase less than the required minimums and pay a liquidated damages fee, or, in case of a permanent plant shutdown, to terminate the contracts. In such cases, these obligations would be less than the annual commitment as disclosed in the Notes to Consolidated Financial Statements included in the Annual Report.

Litigation Matters

From time to time, the Company may be subject to various legal claims and proceedings incidental to the normal conduct of business, relating to such matters as employees, product liability, antitrust/competition, past waste disposal practices and release of chemicals into the environment. While it is impossible at this time to determine with certainty the ultimate outcome of these routine claims, the Company does not believe that the ultimate resolution of these claims will have a material adverse effect on the Company's results of operations, financial condition or cash flow. Legal costs, including those legal costs expected to be incurred in connection with a loss contingency, are expensed as incurred.

European Commission Request for Information

On June 6, 2018, Trinseo Europe GmbH, a subsidiary of the Company, received a Request for Information in the form of a letter from the European Commission Directorate General for Competition (the "European Commission") related to styrene monomer commercial activity in the European Economic Area. The Company subsequently commenced an internal investigation into these commercial activities and discovered instances of inappropriate activity.

[Table of Contents](#)

On October 28, 2019, a supplemental request for information was received from the European Commission. This request was limited to historical employment, entity, and organizational structures, along with certain financial, styrene purchasing, and styrene market information, as well as certain spot styrene purchase contracts. The Company has provided this information and continues to fully cooperate with the European Commission.

Notwithstanding the delivery of the Company's response to the European Commission, this matter remains open with the European Commission. Based on its findings, the European Commission may decide to: (i) require further information; (ii) conduct unannounced raids of the Company's premises; (iii) adopt decisions imposing fines, interim measures to halt immediately any anti-competitive behavior, orders for the Company to cease anti-competitive activities, and/or certain behavioral or structural commitments from the Company; or (iv) take no further action. As a result of the above factors, the Company is unable to predict the ultimate outcome of this matter or estimate the range of reasonably possible losses that could be incurred. However, any potential losses incurred could be material to the Company's results of operations, balance sheet, and cash flows for the period in which they are resolved or become probable and reasonably estimable.

NOTE 12—PENSION PLANS AND OTHER POSTRETIREMENT BENEFITS

The components of net periodic benefit costs for all significant plans were as follows:

	Three Months Ended	
	March 31,	
	2020	2019
Defined Benefit Pension Plans		
Service cost	\$ 4.3	\$ 3.2
Interest cost	0.8	1.3
Expected return on plan assets	(0.3)	(0.5)
Amortization of prior service credit	(0.3)	(0.3)
Amortization of net loss	1.2	0.8
Net settlement loss	—	0.7
Net periodic benefit cost	<u>\$ 5.7</u>	<u>\$ 5.2</u>

The Company had less than \$0.1 million of net periodic benefit costs for its other postretirement plans for the three months ended March 31, 2020. Net periodic benefit costs for the Company's other postretirement plans were comprised of \$0.1 million in interest cost and \$(0.1) million in amortization of net gain for the three months ended March 31, 2019.

Service cost related to the Company's defined benefit pension plans and other postretirement plans is included within "Cost of sales" and "Selling, general and administrative expenses" whereas all other components of net periodic benefit cost are included within "Other expense, net" in the condensed consolidated statements of operations. As of March 31, 2020 and December 31, 2019, the Company's benefit obligations included primarily in "Other noncurrent obligations" in the condensed consolidated balance sheets were \$267.7 million and \$270.6 million, respectively.

The Company made cash contributions and benefit payments to unfunded plans of approximately \$1.9 million during the three months ended March 31, 2020. The Company expects to make additional cash contributions, including benefit payments to unfunded plans, of approximately \$5.8 million to its defined benefit plans for the remainder of 2020.

NOTE 13—SHARE-BASED COMPENSATION

Refer to the Annual Report for definitions of capitalized terms not included herein and further background on the Company's share-based compensation programs included in the tables below.

[Table of Contents](#)

The following table summarizes the Company's share-based compensation expense for the three months ended March 31, 2020 and 2019, as well as unrecognized compensation cost as of March 31, 2020:

	Three Months Ended		As of	
	March 31,		March 31, 2020	
	2020	2019	Unrecognized Compensation Cost	Weighted Average Years
RSUs	\$ 1.7	\$ 2.1	\$ 13.0	2.3
Options	1.0	1.1	3.7	1.6
PSUs	0.5	0.9	5.2	2.3
Total share-based compensation expense	\$ 3.2	\$ 4.1		

The following table summarizes awards granted and the respective weighted average grant date fair value for the three months ended March 31, 2020:

	Three Months Ended	
	Awards Granted	Weighted Average Grant Date Fair Value per Award
RSUs	264,604	\$ 24.30
Options	503,824	6.57
PSUs	102,545	24.54

Option Awards

The following are the weighted average assumptions used within the Black-Scholes pricing model for the Company's option awards granted during the three months ended March 31, 2020:

	Three Months Ended
	March 31, 2020
Expected term (in years)	5.50
Expected volatility	39.70 %
Risk-free interest rate	1.24 %
Dividend yield	3.25 %

The expected volatility assumption is predominantly determined based on the historical volatility of the Company's publicly traded ordinary shares. The expected term of option awards represents the period of time that option awards granted are expected to be outstanding. For the option awards granted during the three months ended March 31, 2020, the simplified method was used to calculate the expected term, given the Company's limited historical exercise data. The risk-free interest rate for the periods within the expected term of option awards is based on the U.S. Treasury yield curve in effect at the time of grant. The dividend yield is estimated based on historical and expected dividend activity.

[Table of Contents](#)

Performance Share Units (PSUs)

The following are the weighted average assumptions used within the Monte Carlo valuation model for PSUs granted during the three months ended March 31, 2020:

	Three Months Ended	
	March 31, 2020	
Expected term (in years)		3.00
Expected volatility		40.50 %
Risk-free interest rate		1.16 %
Share Price	\$	24.30

Determining the fair value of PSUs requires considerable judgment, including estimating the expected volatility of the price of the Company's ordinary shares, the correlation between the Company's share price and that of its peer companies, and the expected rate of interest. The expected volatility for each grant is determined based on the historical volatility of the Company's ordinary shares. The expected term of PSUs represents the length of the performance period. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for a duration equivalent to the performance period. The share price is the closing price of the Company's ordinary shares on the grant date.

NOTE 14—ACQUISITIONS AND DIVESTITURES

Acquisition of Latex Binders Assets in Germany

On October 1, 2019, the Company completed the acquisition from Dow of its latex binder production facilities and related infrastructure in Rheinmünster, Germany. The transaction included full ownership and operational control of latex production facilities, site infrastructure, and service contracts, as well as certain employees transferring from Dow to Trinseo. This acquisition provided Trinseo with manufacturing assets supporting its strategy to grow its Latex Binders business in applications serving the coatings, adhesives, specialty paper, and sealants markets. The transaction was accounted for as a business combination and did not require any upfront cash outlay from Trinseo. The Company assumed net liabilities of \$2.0 million as well as employees transferred in connection with the acquisition during the year ended December 31, 2019. In exchange for the net liabilities assumed, Trinseo received net cash of \$6.7 million during the year ended December 31, 2019, and an additional \$0.2 million during the three months ended March 31, 2020.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. During the first quarter of 2020, there were no changes to the purchase price allocation for the acquisition. However, further adjustments may be necessary as a result of the Company's ongoing assessment of additional information related to the fair value of assets acquired and liabilities assumed during the measurement period. Refer to the Annual Report for further information.

NOTE 15—SEGMENTS

The Company operates under six segments: Latex Binders, Synthetic Rubber, Performance Plastics, Polystyrene, Feedstocks, and Americas Styrenics. The Latex Binders segment produces styrene-butadiene latex ("SB latex") and other latex polymers and binders, primarily for coated paper and packaging board, carpet and artificial turf backings, as well as a broad range of performance latex binders products, including SB latex, SA latex, and vinylidene chloride latex for CASE applications. The Synthetic Rubber segment produces synthetic rubber products, including SSBR, used predominantly in high-performance tires, impact modifiers and technical rubber products, such as conveyer belts, hoses, seals and gaskets. The Performance Plastics segment includes a variety of highly engineered compounds and blends, the Company's acrylonitrile-butadiene-styrene ("ABS"), styrene-acrylonitrile ("SAN"), and polycarbonate ("PC") businesses, and engineered materials applications, which includes consumer electronics, medical, and thermoplastic elastomers ("TPEs") applications. The Polystyrene segment includes a variety of general purpose polystyrenes ("GPPS") and polystyrene that has been modified with polybutadiene rubber to increase its impact resistant properties ("HIPS"). The Feedstocks segment includes the Company's production and procurement of styrene monomer outside of North America, which is used as a key raw material in many of the Company's products, including polystyrene, SB latex, ABS resins, and SSBR. Lastly, the Americas Styrenics segment consists solely of the operations of the Company's 50%-owned joint venture, Americas Styrenics, a producer of both styrene monomer and polystyrene in North America.

[Table of Contents](#)

The following table provides disclosure of the Company's segment Adjusted EBITDA, which is used to measure segment operating performance and is defined below, for the three months ended March 31, 2020 and 2019. Asset and intersegment sales information by reporting segment is not regularly reviewed or included with the Company's reporting to the chief operating decision maker. Therefore, this information has not been disclosed below. Refer to Note 3 for the Company's net sales to external customers by segment for the three months ended March 31, 2020 and 2019.

Three Months Ended ⁽¹⁾	Latex	Synthetic	Performance	Americas		
	Binders	Rubber	Plastics	Polystyrene	Feedstocks	Styrenics
March 31, 2020	\$ 21.5	\$ 15.3	\$ 36.7	\$ 11.8	\$ (16.2)	\$ 9.8
March 31, 2019	\$ 17.5	\$ 8.8	\$ 35.5	\$ 16.8	\$ 17.2	\$ 32.2

- (1) The Company's primary measure of segment operating performance is Adjusted EBITDA, which is defined as income from continuing operations before interest expense, net; provision for income taxes; depreciation and amortization expense; loss on extinguishment of long-term debt; asset impairment charges; gains or losses on the dispositions of businesses and assets; restructuring charges; acquisition related costs and benefits and other items. Segment Adjusted EBITDA is a key metric that is used by management to evaluate business performance in comparison to budgets, forecasts, and prior year financial results, providing a measure that management believes reflects core operating performance by removing the impact of transactions and events that would not be considered a part of core operations. Other companies in the industry may define segment Adjusted EBITDA differently than the Company, and as a result, it may be difficult to use segment Adjusted EBITDA, or similarly named financial measures, that other companies may use to compare the performance of those companies to the Company's segment performance.

The reconciliation of income before income taxes to segment Adjusted EBITDA is as follows:

	Three Months Ended	
	March 31,	
	2020	2019
Income (loss) before income taxes	\$ (48.2)	\$ 46.6
Interest expense, net	10.3	10.2
Depreciation and amortization	36.4	33.9
Corporate Unallocated ⁽²⁾	21.9	26.0
Adjusted EBITDA Addbacks ⁽³⁾	58.5	11.3
Segment Adjusted EBITDA	\$ 78.9	\$ 128.0

- (2) Corporate unallocated includes corporate overhead costs and certain other income and expenses.

- (3) Adjusted EBITDA addbacks for the three months ended March 31, 2020 and 2019 are as follows:

	Three Months Ended	
	March 31,	
	2020	2019
Net gain on disposition of businesses and assets	\$ (0.4)	\$ (0.2)
Restructuring and other charges (Note 16)	1.8	0.4
Acquisition transaction and integration net costs	0.1	—
Asset impairment charges or write-offs (Note 9)	38.3	—
Other items ^(a)	18.7	11.1
Total Adjusted EBITDA Addbacks	\$ 58.5	\$ 11.3

- (a) Other items for the three months ended March 31, 2020 and 2019 primarily relate to advisory and professional fees incurred in conjunction with the Company's initiative to transition business services from Dow, including certain administrative services such as accounts payable, logistics, finance, and IT services. Also included within other items for the three months ended March 31, 2020 are fees incurred in conjunction with certain of

the Company’s strategic initiatives.

NOTE 16—RESTRUCTURING

Refer to the Annual Report for further details regarding the Company’s previously announced restructuring activities included in the tables below. Restructuring charges are included within “Selling, general and administrative expenses” in the condensed consolidated statements of operations.

The following table provides detail of the Company’s restructuring charges for the three months ended March 31, 2020 and 2019:

	Three Months Ended March 31,		Cumulative Life-to-date Charges	Segment
	2020	2019		
<i>Corporate Restructuring Program</i>				
Accelerated depreciation	\$ 1.3	\$ —	\$ 1.7	
Employee termination benefits	0.3	—	17.3	
Contract terminations	1.2	—	1.6	
Corporate Program Subtotal	\$ 2.8	\$ —	\$ 20.6	N/A ⁽¹⁾
<i>Terneuzen Compounding Restructuring</i>				
Asset impairment/accelerated depreciation	\$ —	\$ —	\$ 3.1	
Employee termination benefits	—	—	0.7	
Contract terminations	—	—	0.3	
Decommissioning and other	0.1	0.2	2.1	
Terneuzen Subtotal	\$ 0.1	\$ 0.2	\$ 6.2	Performance Plastics ⁽²⁾
<i>Livorno Plant Restructuring</i>				
Asset impairment/accelerated depreciation	\$ —	\$ —	\$ 14.7	
Employee termination benefits	—	—	5.4	
Contract terminations	—	—	0.3	
Decommissioning and other	0.2	0.2	4.4	
Livorno Subtotal	\$ 0.2	\$ 0.2	\$ 24.8	Latex Binders ⁽³⁾
Total Restructuring Charges	\$ 3.1	\$ 0.4		

- (1) In November 2019, the Company announced a corporate restructuring program associated with the Company’s shift to a global functional structure and business excellence initiatives to drive greater focus on business process optimization and efficiency. The corporate restructuring program is expected to be substantially completed by the end of 2020. In connection with this restructuring plan, during the three months ended March 31, 2020, the Company incurred employee termination benefit charges of \$0.3 million, contract termination charges of \$1.2 million, and accelerated depreciation charges of \$1.3 million. The Company expects to incur incremental employee termination benefit charges of \$0.7 million, inclusive of pension charges of approximately \$0.4 million, as well as contract termination charges of \$1.3 million and accelerated depreciation charges of \$1.3 million through the end of 2020, the majority of which are expected to be paid by the end of 2020. As this was identified as a corporate-related activity, the charges related to this restructuring program were not allocated to a specific segment, but rather included within corporate unallocated.
- (2) In 2017, the Company announced plans to upgrade its production capability for compounded resins with the construction of a new state-of-the art compounding facility to replace its existing compounding facility in Terneuzen, The Netherlands. As of March 31, 2020, the new facility is complete, along with all substantive transition and quality assurance activities. Production at the prior facility ceased and decommissioning activities began in 2019, and are expected to continue through the first half of 2021. The Company estimates it will incur decommissioning and other charges of approximately \$0.6 million through 2021, the majority of which are expected to be paid during the remainder of 2020.
- (3) In 2016, the Company ceased manufacturing activities at its latex binders manufacturing facility in Livorno, Italy and began decommissioning activities. In 2018, the Company entered into an agreement to sell the land where the former facility is located. This land sale closed in January 2020, for a total purchase price of \$12.5 million. A prepayment of \$1.3 million of this purchase price was received in 2018, and was recorded within “Accrued expenses and other current liabilities” on the condensed consolidated balance sheets as of December

[Table of Contents](#)

31, 2019. The remaining purchase price was received in January 2020 when the transaction closed. The Company recorded a net gain on sale of \$0.6 million during the three months ended March 31, 2020, which was recorded within “Selling, general and administrative expenses” in the condensed consolidated statements of operations.

The following table provides a roll forward of the liability balances associated with the Company’s restructuring activities as of March 31, 2020. Employee termination benefit and contract termination charges are primarily recorded within “Accrued expenses and other current liabilities” in the condensed consolidated balance sheets. The liability balances as of March 31, 2020 primarily represents activity related to the corporate restructuring program. No other individual restructuring activity had a material liability balance as of March 31, 2020.

	Balance at December 31, 2019	Expenses	Deductions ⁽¹⁾	Balance at March 31, 2020
Employee termination benefits	\$ 17.2	\$ 0.3	\$ (3.7)	\$ 13.8
Contract terminations	0.7	—	(0.5)	0.2
Decommissioning and other	—	0.3	(0.3)	—
Total	<u>\$ 17.9</u>	<u>\$ 0.6</u>	<u>\$ (4.5)</u>	<u>\$ 14.0</u>

(1) Primarily includes payments made against the existing accrual, as well as immaterial impacts of foreign currency remeasurement.

NOTE 17—ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of AOCI, net of income taxes, consisted of:

Three Months Ended March 31, 2020 and 2019	Cumulative Translation Adjustments	Pension & Other Postretirement Benefit Plans, Net	Cash Flow Hedges, Net	Total
Balance at December 31, 2019	\$ (106.7)	\$ (56.3)	\$ 0.6	\$ (162.4)
Other comprehensive income (loss)	10.7	0.6	(3.6)	7.7
Amounts reclassified from AOCI to net income ⁽¹⁾	—	0.6	(0.1)	0.5
Balance as of March 31, 2020	<u>\$ (96.0)</u>	<u>\$ (55.1)</u>	<u>\$ (3.1)</u>	<u>\$ (154.2)</u>
Balance at December 31, 2018	\$ (111.8)	\$ (39.4)	\$ 8.9	\$ (142.3)
Other comprehensive income (loss)	(0.3)	(2.0)	1.0	(1.3)
Amounts reclassified from AOCI to net income (loss) ⁽¹⁾	—	1.0	(0.9)	0.1
Balance as of March 31, 2019	<u>\$ (112.1)</u>	<u>\$ (40.4)</u>	<u>\$ 9.0</u>	<u>\$ (143.5)</u>

(1) The following is a summary of amounts reclassified from AOCI to net income for the three months ended March 31, 2020 and 2019:

[Table of Contents](#)

AOCI Components	Three Months Ended March 31,		Statements of Operations Classification
	2020	2019	
Cash flow hedging items			
Foreign exchange cash flow hedges	\$ (0.2)	\$ (0.6)	Cost of sales
Interest rate swaps	0.1	(0.3)	Interest expense, net
Total before tax	(0.1)	(0.9)	
Tax effect	—	—	Provision for (benefit from) income taxes
Total, net of tax	\$ (0.1)	\$ (0.9)	
Amortization of pension and other postretirement benefit plan items			
Prior service credit	\$ (0.3)	\$ (0.3)	(a)
Net actuarial loss	1.2	0.9	(a)
Net settlement loss	—	0.8	(a)
Total before tax	0.9	1.4	
Tax effect	(0.3)	(0.4)	Provision for (benefit from) income taxes
Total, net of tax	\$ 0.6	\$ 1.0	

(a) These AOCI components are included in the computation of net periodic benefit costs (see Note 12).

NOTE 18—EARNINGS PER SHARE

Basic earnings per ordinary share (“basic EPS”) is computed by dividing net income available to ordinary shareholders by the weighted average number of the Company’s ordinary shares outstanding for the applicable period. Diluted earnings per ordinary share (“diluted EPS”) is calculated using net income available to ordinary shareholders divided by diluted weighted average ordinary shares outstanding during each period, which includes unvested RSUs, option awards, and PSUs. Diluted EPS considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential ordinary shares would have an anti-dilutive effect.

The following table presents basic EPS and diluted EPS for the three months ended March 31, 2020 and 2019:

(in millions, except per share data)	Three Months Ended March 31,	
	2020	2019
Earnings:		
Net income (loss)	\$ (36.3)	\$ 35.8
Shares:		
Weighted average ordinary shares outstanding	38.5	41.3
Dilutive effect of RSUs, option awards, and PSUs ⁽¹⁾	—	0.5
Diluted weighted average ordinary shares outstanding	38.5	41.8
Income (loss) per share:		
Income (loss) per share—basic	\$ (0.94)	\$ 0.87
Income (loss) per share—diluted	\$ (0.94)	\$ 0.86

(1) Refer to Note 13 for discussion of RSUs, option awards, and PSUs granted to certain Company directors and employees. As the Company recorded a net loss for the three months ended March 31, 2020, potential shares related to equity-based awards have been excluded from the calculation of diluted EPS, as doing so would be anti-dilutive. For the three months ended March 31, 2019 there were 1.1 million anti-dilutive shares excluded from the computation of diluted EPS.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

2020 Year-to-Date Highlights

During the three months ended March 31, 2020, Trinseo recognized net loss of \$36.3 million, and Adjusted EBITDA of \$57.0 million. Refer to “Non-GAAP Performance Measures” below for further discussion of our use of non-GAAP measures in evaluating our performance and a reconciliation of these measures. Other highlights for the year are described below.

COVID-19 Pandemic

The Company noted adverse market and industry conditions beginning to emerge in mid-March 2020 stemming from the COVID-19 pandemic, particularly in the automotive and tire markets. As a result, during the three months ended March 31, 2020, the Company noted a negative impact to pre-tax income and Adjusted EBITDA of \$6.0 million, driven predominantly from our Synthetic Rubber operations in China. During the first quarter, the Company has continued operations at the majority of its manufacturing locations and has not experienced any material disruptions in our supply chain, which has allowed us to continue meeting customer demand. Our procurement and supply chain teams continue to develop contingency plans in the event of a significant disruption or shutdown so that future customer demand can continue to be met with timeliness and quality. The Company has been actively responding to this situation to adjust its business operations, and will continue to monitor developments and take action as needed. Refer to the “Outlook” section below for further information on the ongoing and potential impacts of COVID-19 to the Company’s operations and results in future periods.

With regard to capital resources and liquidity, the Company continues to maintain a strong balance sheet, has substantial sources of liquidity available, no maintenance covenants on its debt agreements, and no significant debt maturing until September 2024. Refer to the “Capital Resources and Liquidity” section below for further information.

Impairment of Boehlen styrene monomer and Schkopau PBR Assets

In 2020, the Company continued its strategy, as described in the Company’s Annual Report for 2019, to focus efforts and increase investments in certain product offerings serving the following applications, which are less cyclical and offer significantly higher growth and margin potential: coatings, adhesives, sealants, and elastomers (“CASE”) applications within the Latex Binders segment; engineered materials (“Engineered Materials”) applications within the Performance Plastics segment, which includes consumer electronics, medical, and thermoplastic elastomers (“TPEs”) applications; and solution styrene butadiene rubber (“SSBR”) within the Synthetic Rubber segment. As a result of continuing this strategy and other management considerations, in March 2020, the Company initiated a consultation process with the Economic Council and Works Councils of Trinseo Deutschland regarding the disposition of its styrene monomer assets in Boehlen, Germany and its polybutadiene rubber (“PBR,” specifically nickel and neodymium-PBR) assets in Schkopau, Germany. Based on the Company’s evaluation of these assets, we determined that their full carrying value was not recoverable and, as a result, we recorded an impairment charge on the assets of approximately \$38.3 million during the three months ended March 31, 2020, which is recorded within “Impairment Charges” on the condensed consolidated statements of operations.

Results of Operations
Results of Operations for the Three Months Ended March 31, 2020 and 2019

(in millions)	Three Months Ended March 31,			
	2020	%	2019	%
Net sales	\$ 853.5	100 %	\$ 1,013.1	100 %
Cost of sales	783.8	92 %	915.7	90 %
Gross profit	69.7	8 %	97.4	10 %
Selling, general and administrative expenses	77.5	9 %	68.8	7 %
Equity in earnings of unconsolidated affiliates	9.8	1 %	32.2	3 %
Impairment charges	38.3	4 %	—	—
Operating income (loss)	(36.3)	(4)%	60.8	6 %
Interest expense, net	10.3	1 %	10.2	1 %
Other expense, net	1.6	— %	4.0	— %
Income (loss) before income taxes	(48.2)	(6)%	46.6	5 %
Provision for (benefit from) income taxes	(11.9)	(1)%	10.8	1 %
Net income (loss)	\$ (36.3)	(4)%	\$ 35.8	4 %

Three Months Ended – March 31, 2020 vs. March 31, 2019

Net Sales

Of the 16% decrease in net sales, 8% was due to lower sales volume within the Feedstocks, Synthetic Rubber, Performance Plastics, and Polystyrene segments, partially offset by higher sales volume within the Latex Binders segment. An additional 6% decrease was attributable to lower selling prices mainly due to the pass through of lower raw material costs.

Cost of Sales

Of the 14% decrease in cost of sales, 7% was due to lower sales volume within the Feedstocks, Synthetic Rubber, Performance Plastics, and Polystyrene segments, partially offset by higher sales volume within the Latex Binders segment, and 5% was due to lower raw material costs, primarily from styrene and butadiene. An additional 2% decrease was due to currency impacts as the euro weakened in comparison to the U.S. dollar during the period.

Gross Profit

The decrease in gross profit of 28% was primarily attributable to styrene margin compression in the Feedstocks segment, as well as an unfavorable net timing impact in comparison to the prior year. See the segment discussion below for further information.

Selling, General and Administrative Expenses (SG&A)

The \$8.7 million, or 13%, increase in SG&A was due to several factors. Higher advisory and professional fees, mainly related to the Company's transition of business and technical services from Dow, resulted in a \$6.3 million increase. Bad debt expense also increased by \$2.6 million, and there was an increase of \$1.3 million related to increased depreciation. Partially offsetting these increases was a decrease of \$1.4 million due to currency impacts on our euro-based expenses, as the euro weakened in comparison to the U.S. dollar.

Impairment charges

Impairment charges for the three months ended March 31, 2020 were related to the impairment charges recorded on the Boehlen styrene monomer assets and Schkopau PBR assets during the period.

[Table of Contents](#)

Equity in Earnings of Unconsolidated Affiliates

The decrease in equity earnings of \$22.4 million was due to lower equity earnings from Americas Styrenics, mainly attributable to lower styrene margins and the impact from the planned turnaround at its St. James, Louisiana styrene facility.

Other Expense, Net

Other expense, net for the three months ended March 31, 2020 was \$1.6 million, which included \$1.4 million of expense related to the non-service cost components of net periodic benefit cost, as well as foreign exchange transaction losses of \$0.2 million. Net foreign transaction losses included \$14.0 million of foreign exchange transaction losses primarily from the remeasurement of our euro denominated payables due to the relative changes in rates between the U.S. dollar and the euro during the period, offset by \$13.8 million of gains from our foreign exchange forward contracts.

Other expense, net for the three months ended March 31, 2019 was \$4.0 million, which included \$2.3 million of expense related to the non-service cost components of net periodic benefit cost, as well as foreign exchange transaction losses of \$0.4 million. Net foreign transaction losses included \$3.1 million of foreign exchange transaction losses primarily from the remeasurement of our euro denominated payables due to the relative changes in rates between the U.S. dollar and the euro during the period, partially offset by \$2.7 million of gains from our foreign exchange forward contracts. Other expense, net also included \$1.5 million of other miscellaneous expenses during the period.

Provision for (Benefit from) Income Taxes

Benefit from income taxes for the three months ended March 31, 2020 totaled \$11.9 million, resulting in an effective tax rate of 24.6%. Provision for income taxes for the three months ended March 31, 2019 totaled \$10.8 million, resulting in an effective tax rate of 23.1%.

The decrease in provision for income taxes was primarily driven by the \$94.8 million decrease in income before income taxes. Included in this decrease in income before income taxes were impairment charges of \$38.3 million recorded during the period related to our assets in Boehlen and Schkopau, Germany. Refer to Note 9 in the condensed consolidated financial statements for further information.

Outlook

As described above in “2020 Year-to-Date Highlights,” the COVID-19 pandemic has created significant worldwide volatility, uncertainty and disruption, including impacts to our business and the end markets in which we operate. The Company’s actions taken in response to this pandemic, as well as our outlook for operations, demand, and liquidity are described herein. Due to the significant uncertainty underlying the duration, magnitude, long-term economic impact of and expectations for recovery from the COVID-19 pandemic, there are inherent limitations underlying our future projections. Refer to the “Item 1A. Risk Factors” section below for further information regarding the risks related to the pandemic.

The Company has taken proactive steps to minimize the potential impact of the COVID-19 crisis to our stakeholders as well as the financial impacts to the Company. Our primary focus in this environment has been maintaining a safe and healthy workplace for our employees and other stakeholders, which led to the formation of a COVID-19 crisis response team and implementation of a pandemic response plan. These actions have allowed us to ensure worker safety, optimize production schedules at our plants, and keep our supply chain intact while also proactively developing contingency plans and enabling the safe operation of our plants.

We have implemented actions to reduce cost and improve efficiency, including the continuation of our Business Excellence initiatives and the corporate restructuring program announced in the fourth quarter of 2019. In April 2020, the reorganization of our executive leadership team was also announced. We have also taken actions to bolster our already strong liquidity position, including the reduction of capital spending, operating expenses, and working capital. In addition, in April we announced the drawdown of \$100.0 million on our 2022 Revolving Credit Facility as a precautionary measure.

Operationally, the Company has continued manufacturing at most of our locations and we have not experienced any material disruptions in our supply chain. We have seen resiliency in a number of our businesses, including sustained

[Table of Contents](#)

demand for polystyrene and latex binders for food packaging, polycarbonate for isolation sheeting, and engineered materials for medical applications. Additionally, despite the decline in demand in Feedstocks in the first quarter, we have begun to see margin improvement in Europe, as lower oil prices have started to impact the styrene cost curve, increasing the competitiveness of our Europe-based assets. However, there has been a substantial decline in demand for a number of our products, especially those serving the automotive, tire, and textiles markets, which we anticipate will have a more pronounced impact on second quarter performance.

We expect this decreased demand will result in modified production schedules at certain of our facilities. Though the overall pandemic has led to travel restrictions and remote working conditions for many of our employees, we do not anticipate that this will have a significant impact on our ability to achieve our desired business goals, or meaningfully impair productivity.

Amid this market volatility and uncertainty, the Company has continued to maintain a strong financial position with ample access to capital resources and liquidity to manage the anticipated impact of the COVID-19 pandemic on our business operations for the foreseeable future. Refer to the “Capital Resources and Liquidity” section below for more information.

Selected Segment Information

The following sections describe net sales, Adjusted EBITDA, and Adjusted EBITDA margin by segment for the three months ended March 31, 2020 and 2019. Inter-segment sales have been eliminated. Refer to Note 15 in the condensed consolidated financial statements for further information on our segments, as well as for a detailed definition of Adjusted EBITDA and a reconciliation of income before income taxes to segment Adjusted EBITDA.

Latex Binders Segment

Our Latex Binders segment produces styrene-butadiene latex (“SB latex”) and other latex polymers and binders primarily for coated paper and packaging board, carpet and artificial turf backings, as well as a broad range of performance latex binders products, including SB latex, SA latex, and vinylidene chloride latex for CASE applications.

(\$ in millions)	Three Months Ended		% Change
	March 31,		
	2020	2019	
Net sales	\$ 219.1	\$ 223.9	(2)%
Adjusted EBITDA	\$ 21.5	\$ 17.5	23 %
Adjusted EBITDA margin	10 %	8 %	

Three Months Ended – March 31, 2020 vs. March 31, 2019

Of the 2% decrease in net sales, 7% was due to lower pricing from the pass through of lower raw material costs, primarily from styrene and butadiene, and an additional 1% decrease was due to currency impacts as the euro weakened in comparison to the U.S. dollar during the period. These decreases were partially offset by a 7% increase due to higher sales volume to CASE applications as well as from our acquisition in Rheinmünster, Germany (see Note 14 for further information).

The \$4.0 million, or 23%, increase in Adjusted EBITDA was primarily due to increased sales volume, which resulted in a \$4.8 million, or 28%, increase, as well as higher margins due to improved mix and lower raw material costs, which resulted in a \$1.7 million, or 10%, increase. These impacts were partially offset by a \$2.8 million, or 16%, decrease due to higher fixed costs.

Synthetic Rubber Segment

Our Synthetic Rubber segment produces styrene-butadiene and polybutadiene-based rubber products used predominantly in high-performance tires, impact modifiers and technical rubber products, such as conveyor belts, hoses, seals and gaskets. We have a broad synthetic rubber technology and product portfolio, focusing on specialty products, such as solution styrene-butadiene rubber (“SSBR”), while also producing core products, such as emulsion styrene-butadiene rubber (“ESBR”).

(\$ in millions)	Three Months Ended		
	March 31,		% Change
	2020	2019	
Net sales	\$ 101.7	\$ 124.6	(18)%
Adjusted EBITDA	\$ 15.3	\$ 8.8	74 %
Adjusted EBITDA margin	15 %	7 %	

Three Months Ended – March 31, 2020 vs. March 31, 2019

Of the 18% decrease in net sales, 7% was due to lower pricing from the pass through of lower raw material costs, mainly from styrene and butadiene, and 8% was due to decreased sales volumes from weak market conditions primarily resulting from the COVID-19 pandemic. An additional 2% decrease was due to currency impacts as the euro weakened in comparison to the U.S. dollar during the period.

The \$6.5 million, or 74%, increase in Adjusted EBITDA was primarily due to lower fixed costs, from a higher level of fixed cost absorption ahead of the planned second quarter maintenance turnaround, which resulted in a \$9.2 million, or 104%, increase. In addition, higher margins, from favorable net timing, resulted in a \$2.9 million, or 33%, increase. These impacts were partially offset by lower sales volume as described above, which resulted in a \$4.8 million, or 54%, decrease. An additional 5% decrease was due to currency impacts as the euro weakened in comparison to the U.S. dollar during the period.

Performance Plastics Segment

Our Performance Plastics segment includes a variety of highly engineered compounds and blends, our acrylonitrile-butadiene-styrene (“ABS”), styrene-acrylonitrile (“SAN”), and polycarbonate (“PC”) businesses, and engineered materials applications, which includes consumer electronics, medical, and thermoplastic elastomers (“TPEs”) applications.

(\$ in millions)	Three Months Ended		
	March 31,		% Change
	2020	2019	
Net sales	\$ 305.1	\$ 369.3	(17)%
Adjusted EBITDA	\$ 36.7	\$ 35.5	3 %
Adjusted EBITDA margin	12 %	10 %	

Three Months Ended – March 31, 2020 vs. March 31, 2019

Of the 17% decrease in net sales, 12% was due to lower sales volume, due to a delay in our raw material supply chain in PC as well as higher than normal sales volumes in the prior year due to pre-Brexit customer purchases. An additional 4% decrease was due to lower pricing from the pass through of lower raw material costs, primarily styrene.

The \$1.2 million, or 3%, increase in Adjusted EBITDA was primarily due to higher margins of 21% from improved customer mix and lower raw material costs. These impacts were partially offset by a \$5.8 million, or 16%, decrease due to lower sales volume as described above.

Polystyrene Segment

Our product offerings in our Polystyrene segment include a variety of general purpose polystyrenes (“GPPS”) and polystyrene that has been modified with polybutadiene rubber to increase its impact resistant properties (“HIPS”). These products provide customers with performance and aesthetics at a low cost across applications, including appliances, packaging, including food packaging and food service disposables, consumer electronics, and building and construction materials.

(\$ in millions)	Three Months Ended		
	March 31,		
	2020	2019	% Change
Net sales	\$ 182.8	\$ 228.5	(20)%
Adjusted EBITDA	\$ 11.8	\$ 16.8	(30)%
Adjusted EBITDA margin	6 %	7 %	

Three Months Ended – March 31, 2020 vs. March 31, 2019

Of the 20% decrease in net sales, 13% was due to lower sales volume primarily attributable to re-stocking activity in the prior year. There was an additional 6% decrease due to lower pricing from the pass through of lower styrene costs to our customers.

The \$5.0 million, or 30%, decrease in Adjusted EBITDA was primarily due to a 26% decrease in sales volume as well as a 5% decrease due to higher fixed costs.

Feedstocks Segment

The Feedstocks segment includes the Company’s production and procurement of styrene monomer outside of North America, which is used as a key raw material for the production of polystyrene, expandable polystyrene, SAN resins, styrene-acrylate latex (“SA latex”), SB latex, ABS resins, unsaturated polyethylene resins, and styrene-butadiene rubber.

(\$ in millions)	Three Months Ended		
	March 31,		
	2020	2019	% Change
Net sales	\$ 44.8	\$ 66.8	(33)%
Adjusted EBITDA	\$ (16.2)	\$ 17.2	(194)%
Adjusted EBITDA margin	(36)%	26 %	

Three Months Ended – March 31, 2020 vs. March 31, 2019

Of the 33% decrease in net sales, 23% was due to lower styrene-related sales volume and 9% was due to lower pricing from the pass through of lower styrene prices.

The decrease of \$33.4 million, or 194%, in Adjusted EBITDA was primarily due to lower margins in Europe and Asia from weaker market conditions, which resulted in a \$35.6 million, or 207%, decrease.

Americas Styrenics Segment

This segment consists solely of the equity earnings from of our 50%-owned joint venture, Americas Styrenics, a producer of both styrene monomer and polystyrene in North America. Styrene monomer is a basic building block of plastics and a key input to many of the Company’s products, as well as a key raw material for the production of polystyrene. Major applications for the polystyrene products Americas Styrenics produces include appliances, food packaging, food service disposables, consumer electronics, and building and construction materials.

[Table of Contents](#)

(\$ in millions)	Three Months Ended		% Change
	March 31,		
	2020	2019	
Adjusted EBITDA*	\$ 9.8	\$ 32.2	(70)%

*The results of this segment are comprised entirely of earnings from Americas Styrenics, our equity method investment. As such, Adjusted EBITDA related to this segment is included within "Equity in earnings of unconsolidated affiliates" in the condensed consolidated statements of operations.

Three Months Ended – March 31, 2020 vs. March 31, 2019

The decrease in Adjusted EBITDA was mainly due to lower styrene margins and the impact from the planned styrene turnaround at the St. James, Louisiana styrene facility.

Non-GAAP Performance Measures

We present Adjusted EBITDA as a non-GAAP financial performance measure, which we define as income from continuing operations before interest expense, net; provision for income taxes; depreciation and amortization expense; loss on extinguishment of long-term debt; asset impairment charges; gains or losses on the dispositions of businesses and assets; restructuring charges; acquisition related costs and other items. In doing so, we are providing management, investors, and credit rating agencies with an indicator of our ongoing performance and business trends, removing the impact of transactions and events that we would not consider a part of our core operations.

There are limitations to using the financial performance measures such as Adjusted EBITDA. This performance measure is not intended to represent net income or other measures of financial performance. As such, it should not be used as an alternative to net income as an indicator of operating performance. Other companies in our industry may define Adjusted EBITDA differently than we do. As a result, it may be difficult to use this or similarly-named financial measures that other companies may use, to compare the performance of those companies to our performance. We compensate for these limitations by providing a reconciliation of this performance measure to our net income, which is determined in accordance with GAAP.

Adjusted EBITDA is calculated as follows for the three months ended March 31, 2020 and 2019:

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Net income (loss)	\$ (36.3)	\$ 35.8
Interest expense, net	10.3	10.2
Provision for (benefit from) income taxes	(11.9)	10.8
Depreciation and amortization	36.4	33.9
EBITDA ^(a)	\$ (1.5)	\$ 90.7
Net gain on disposition of businesses and assets ^(b)	(0.4)	(0.2)
Restructuring and other charges ^(c)	1.8	0.4
Acquisition transaction and integration net costs	0.1	—
Asset impairment charges or write-offs ^(d)	38.3	—
Other items ^(e)	18.7	11.1
Adjusted EBITDA	\$ 57.0	\$ 102.0

[Table of Contents](#)

- (a) EBITDA is a non-GAAP financial performance measure that we refer to in making operating decisions because we believe it provides our management as well as our investors and credit agencies with meaningful information regarding the Company's operational performance. We believe the use of EBITDA as a metric assists our board of directors, management and investors in comparing our operating performance on a consistent basis. Other companies in our industry may define EBITDA differently than we do. As a result, it may be difficult to use EBITDA, or similarly-named financial measures that other companies may use, to compare the performance of those companies to our performance. We compensate for these limitations by providing reconciliations of our EBITDA results to our net income, which is determined in accordance with GAAP.
- (b) The net gain on disposition of businesses and assets for the three months ended March 31, 2020 relates primarily to the sale of land in Livorno, Italy. The net gain on disposition of businesses and assets for the three months ended March 31, 2019 relates to consideration earned for the performance of our former latex business in Brazil.
- (c) Restructuring and other charges for the three months ended March 31, 2020 primarily relate to employee termination benefit charges as well as contract termination charges incurred in connection with the Company's corporate restructuring program announced in the fourth quarter of 2019. The restructuring and other charges for the three months ended March 31, 2019 primarily relate to decommissioning charges incurred in connection with the upgrade and replacement of our compounding facility in Terneuzen, The Netherlands as well as our decision to cease manufacturing activities at our latex binders manufacturing facility in Livorno, Italy. Refer to Note 16 in the condensed consolidated financial statements for further information regarding restructuring activities.
- (d) Asset impairment charges or write-offs for the three months ended March 31, 2020 relate to the impairment of the Company's styrene monomer assets in Boehlen, Germany and PBR assets in Schkopau, Germany. Refer to Note 9 in the condensed consolidated financial statements for further information.
- (e) Other items for the three months ended March 31, 2020 and 2019 primarily relate to advisory and professional fees incurred in conjunction with our initiative to transition business services from Dow, including certain administrative services such as accounts payable, logistics, and IT services. Also included within other items for the three months ended March 31, 2020 are fees incurred in conjunction with certain of the Company's strategic initiatives.

Liquidity and Capital Resources

Cash Flows

The table below summarizes our primary sources and uses of cash for the three months ended March 31, 2020 and 2019. We have derived the summarized cash flow information from our unaudited financial statements.

(in millions)	Three Months Ended March 31,	
	2020	2019
Net cash provided by (used in):		
Operating activities	\$ (5.8)	\$ 153.2
Investing activities	39.1	(24.3)
Financing activities	(46.7)	(60.4)
Effect of exchange rates on cash	(2.7)	(1.6)
Net change in cash, cash equivalents, and restricted cash	<u>\$ (16.1)</u>	<u>\$ 66.9</u>

[Table of Contents](#)

Operating Activities

Net cash used in operating activities during the three months ended March 31, 2020 totaled \$5.8 million. Net cash used in operating assets and liabilities for the three months ended March 31, 2020 totaled \$14.6 million, noting an increase in accounts receivable of \$12.7 million, a decrease in accounts payable and other current liabilities of \$28.9 million, and a decrease in income taxes payable of \$3.3 million. This activity was partially offset by a decrease in inventories of \$26.8 million. Accounts receivable at the end of the first quarter increased relative to the end of 2019 primarily due to higher selling prices in the Performance Plastics and Polystyrene segments during the period. The decrease in accounts payable and other current liabilities was due to timing of vendor payments, while the decrease in income taxes payable was primarily due to the overall reduction in earnings before income taxes. The decrease in inventories was primarily due to actions taken to reduce inventory levels as well as decreased raw material prices.

Net cash provided by operating activities during the three months ended March 31, 2019 totaled \$153.2 million, inclusive of \$12.5 million in dividends from Americas Styrenics. Net cash provided by operating assets and liabilities for the three months ended March 31, 2019 totaled \$105.4 million, noting a decrease in inventories of \$57.7 million as well as an increase in accounts payable and other current liabilities of \$49.4 million. These fluctuations were partially offset by an increase in accounts receivable of \$4.8 million. The decrease in inventories was due to actions taken to reduce inventory levels as well as decreased raw material prices, while the increase in accounts payable and other current liabilities was primarily due to timing of vendor payments. Accounts receivable at the end of the first quarter increased relative to the end of 2018 primarily due to increased sales volume.

Investing Activities

Net cash provided by investing activities during the three months ended March 31, 2020 totaled \$39.1 million, primarily resulting from proceeds from the settlement of hedging instruments of \$51.6 million (see Note 8) as well as proceeds from the sale of businesses and other assets (primarily our land in Livorno, Italy – see Note 16) of \$11.6 million. These impacts were partially offset by capital expenditures of \$24.3 million.

Net cash used in investing activities during the three months ended March 31, 2019 totaled \$24.3 million, primarily resulting from capital expenditures of \$25.0 million.

Financing Activities

Net cash used in financing activities during the three months ended March 31, 2020 totaled \$46.7 million. This activity was primarily due to \$25.0 million of payments related to the repurchase of ordinary shares, \$15.9 million of dividends paid, \$3.5 million of net repayments of short-term borrowings, and \$1.7 million of net principal payments related to our 2024 Term Loan B during the period.

Net cash used in financing activities during the three months ended March 31, 2019 totaled \$60.4 million. This activity was primarily due to \$37.4 million of payments related to the repurchase of ordinary shares, \$17.4 million of dividends paid, and \$1.8 million of net principal payments related to our 2024 Term Loan B during the period. Additionally, net cash used in financing activities included \$3.8 million of withholding taxes paid related to the vesting of certain RSUs during the period.

Free Cash Flow

We use Free Cash Flow as a non-GAAP measure to evaluate and discuss the Company's liquidity position and results. Free Cash Flow is defined as cash from operating activities, less capital expenditures. We believe that Free Cash Flow provides an indicator of the Company's ongoing ability to generate cash through core operations, as it excludes the cash impacts of various financing transactions as well as cash flows from business combinations that are not considered organic in nature. We also believe that Free Cash Flow provides management and investors with a useful analytical indicator of our ability to service our indebtedness, pay dividends (when declared), and meet our ongoing cash obligations.

[Table of Contents](#)

Free Cash Flow is not intended to represent cash flows from operations as defined by GAAP, and therefore, should not be used as an alternative for that measure. Other companies in our industry may define Free Cash Flow differently than we do. As a result, it may be difficult to use this or similarly-named financial measures that other companies may use, to compare the liquidity and cash generation of those companies to our own. We compensate for these limitations by providing a reconciliation to cash provided by (used in) operating activities, which is determined in accordance with GAAP.

(in millions)	Three Months Ended	
	March 31,	
	2020	2019
Cash provided by (used in) operating activities	\$ (5.8)	\$ 153.2
Capital expenditures	(24.3)	(25.0)
Free Cash Flow	\$ (30.1)	\$ 128.2

Refer to the discussion on the previous page for significant impacts to cash provided by operating activities for the three months ended March 31, 2020 and 2019.

Capital Resources and Liquidity

We require cash principally for day-to-day operations, to finance capital investments and other initiatives, to purchase materials, to service our outstanding indebtedness, and to fund the return of capital to shareholders via dividend payments and ordinary share repurchases, when deemed appropriate. Our sources of liquidity include cash on hand, cash flow from operations, and amounts available under the Senior Credit Facility and the Accounts Receivable Securitization Facility (discussed further below).

As of March 31, 2020 and December 31, 2019, we had \$1,193.6 million and \$1,194.7 million, respectively, in outstanding indebtedness and \$956.7 million and \$963.5 million, respectively, in working capital. In addition, as of March 31, 2020 and December 31, 2019, we had \$69.2 million and \$153.5 million, respectively, of foreign cash and cash equivalents on our balance sheet, outside of our country of domicile of Luxembourg, all of which is readily convertible into other foreign currencies, including the U.S. dollar. Our intention is not to permanently reinvest our foreign cash and cash equivalents. Accordingly, we record deferred income tax liabilities related to the unremitted earnings of our subsidiaries.

The following table outlines our outstanding indebtedness as of March 31, 2020 and December 31, 2019 and the associated interest expense, including amortization of deferred financing fees and debt discounts. Effective interest rates for the borrowings included in the table below exclude the impact of deferred financing fee amortization, certain other fees charged to interest expense (such as fees for unused commitment fees during the period), and the impacts of derivatives designated as hedging instruments. For definitions of capitalized terms not included herein, refer to our Annual Report.

(\$ in millions)	As of and for the Three Months Ended			As of and for the Year Ended		
	March 31, 2020			December 31, 2019		
	Balance	Effective Interest Rate	Interest Expense	Balance	Effective Interest Rate	Interest Expense
Senior Credit Facility						
2024 Term Loan B	\$ 682.6	3.7 %	\$ 7.1	\$ 684.3	4.3 %	\$ 31.5
2022 Revolving Facility	—	—	0.7	—	—	3.2
2025 Senior Notes	500.0	5.4 %	3.6	500.0	5.4 %	12.1
Accounts Receivable Securitization Facility	—	—	0.4	—	—	1.5
Other indebtedness *	11.0	2.3 %	—	10.4	2.1 %	0.1
Total	\$ 1,193.6		\$ 11.8	\$ 1,194.7		\$ 48.4

*For the three months ended March 31, 2020, interest expense on "Other indebtedness" totaled less than \$0.1 million.

[Table of Contents](#)

Our Senior Credit Facility includes the 2022 Revolving Facility, which matures in September 2022, and has a borrowing capacity of \$375.0 million. As of March 31, 2020, the Company had no outstanding borrowings, and had \$360.9 million (net of \$14.1 million outstanding letters of credit) of funds available for borrowing under the 2022 Revolving Facility. Further, as of March 31, 2020, the Company is required to pay a quarterly commitment fee in respect of any unused commitments under the 2022 Revolving Facility equal to 0.375% per annum. On April 3, 2020, the Company drew down \$100.0 million from the 2022 Revolving Credit Facility as a precautionary measure to secure additional cash and ensure greater financial flexibility in light of the current economic uncertainty resulting from the COVID-19 pandemic. There is a springing covenant on the 2022 Revolving Credit Facility, subject to a first lien net leverage ratio not to exceed 2.0x, which applies when 30% (\$112.5 million) or more is drawn from the facility at the end of a financial quarter. As of March 31, 2020 the first lien net leverage ratio (as defined in our secured credit agreement) was 0.7x.

Also included in our Senior Credit Facility is our 2024 Term Loan B (with original principal of \$700.0 million, maturing in September 2024), which requires scheduled quarterly payments in amounts equal to 0.25% of the original principal. The stated interest rate on our 2024 Term Loan B is LIBOR plus 2.00% (subject to a 0.00% LIBOR floor). The Company made net principal payments of \$1.7 million on the 2024 Term Loan B during the three months ended March 31, 2020, with an additional \$7.0 million of scheduled future payments classified as current debt on the Company's condensed consolidated balance sheet as of March 31, 2020.

Our 2025 Senior Notes, as issued under the Indenture, include \$500.0 million aggregate principal amount of 5.375% senior notes that mature on September 1, 2025. Interest on the 2025 Senior Notes is payable semi-annually on May 3 and November 3 of each year, which commenced on May 3, 2018. These notes may be redeemed prior to their maturity at the option of the Company under certain circumstances at specific redemption prices. Refer to our Annual Report for further information.

We continue to maintain our Accounts Receivable Securitization Facility which has a borrowing capacity of \$150.0 million and matures in September 2021. As of March 31, 2020, there were no amounts outstanding under this facility, and the Company had approximately \$135.6 million of accounts receivable available to support this facility, based on the pool of eligible accounts receivable.

Our ability to raise additional financing and our borrowing costs may be impacted by short- and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by certain credit metrics such as interest coverage and leverage ratios.

We and our subsidiaries, affiliates or significant shareholders may from time to time seek to retire or purchase our outstanding debt through cash purchases in the open market, privately negotiated transactions, exchange transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Trinseo Materials Operating S.C.A. and Trinseo Materials Finance, Inc. (the "Issuers" of our 2025 Senior Notes and "Borrowers" under our Senior Credit Facility) are dependent upon the cash generation and receipt of distributions and dividends or other payments from our subsidiaries and joint venture in order to satisfy their debt obligations. There are no known significant restrictions by third parties on the ability of subsidiaries of the Company to disburse or dividend funds to the Issuers and the Borrowers in order to satisfy these obligations. However, as the Company's subsidiaries are located in a variety of jurisdictions, the Company can give no assurances that our subsidiaries will not face transfer restrictions in the future due to regulatory or other reasons beyond our control.

The Senior Credit Facility and Indenture also limit the ability of the Borrowers and Issuers, respectively, to pay dividends or make other distributions to Trinseo S.A., which could then be used to make distributions to shareholders. During the three months ended March 31, 2020, the Company declared dividends of \$0.40 per ordinary share, totaling \$15.5 million, all of which was accrued as of March 31, 2020 and which was paid in April 2020. These dividends are well within the available capacity under the terms of the restrictive covenants contained in the Senior Credit Facility and Indenture. Further, additional capacity continues to be available under the terms of these covenants to support expected future dividends to shareholders, should the Company continue to declare them.

[Table of Contents](#)

The Company's cash flow generation in recent years has been strong, with positive cash flows expected to continue for full year 2020. During the three months ended March 31, 2020, under authority from our board of directors, the Company purchased approximately 0.8 million ordinary shares from our shareholders through open market transactions for an aggregate purchase price of \$25.0 million. We believe that funds provided by operations, our existing cash, cash equivalent, and restricted cash balances, borrowings available under our 2022 Revolving Facility and our Accounts Receivable Securitization Facility will be adequate to meet planned operating and capital expenditures for at least the next 12 months under current operating conditions. Further, we also believe that our financial resources will allow us to manage the anticipated impact of the COVID-19 pandemic on our business operations for the foreseeable future, which could include lower demand, reductions in revenue or delays in payments from customers and other third parties. Our ability to generate cash from operations to pay our indebtedness and meet other liquidity needs is subject to certain risks described herein and under Part I, Item 1A-“Risk Factors” of our Annual Report. As of March 31, 2020, we were in compliance with all the covenants and default provisions under our debt agreements. Refer to our Annual Report for further information on the details of the covenant requirements.

Contractual Obligations and Commercial Commitments

There have been no material revisions outside the ordinary course of business to our contractual obligations as described within “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Contractual Obligations and Commercial Commitments” within our Annual Report.

Critical Accounting Policies and Estimates

Our unaudited interim condensed consolidated financial statements are based on the selection and application of significant accounting policies. The preparation of unaudited interim condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and revenues and expenses at the date of and during the reporting period. Actual results could differ from those estimates. However, we are not currently aware of any reasonably likely events or circumstances that would result in materially different results.

We describe our significant accounting policies in Note 2, Basis of Presentation and Summary of Significant Accounting Policies, in the Notes to Consolidated Financial Statements included in our Annual Report, while we discuss our critical accounting policies and estimates in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” within our Annual Report. There have been no material revisions to the significant accounting policies or critical accounting policies and estimates as filed in our Annual Report.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Recent Accounting Pronouncements

We describe the impact of recent accounting pronouncements in Note 2 of our condensed consolidated financial statements, included elsewhere within this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As discussed in “Quantitative and Qualitative Disclosures About Market Risk” within our Annual Report, we are exposed to changes in interest rates and foreign currency exchange rates as well as changes in the prices of certain commodities that we use in production. There have been no material changes in our exposure to market risks from the information provided within our Annual Report.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that information required to be disclosed by us in our reports that we file or submit under the Exchange Act (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) is recorded, processed,

[Table of Contents](#)

summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, with the participation of our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company’s disclosure controls and procedures as of March 31, 2020. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report were effective to provide the reasonable level of assurance described above.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2020 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be subject to various legal claims and proceedings incidental to the normal conduct of business, relating to such matters as product liability, antitrust, competition, waste disposal practices, release of chemicals into the environment and other matters that may arise in the ordinary course of our business. We currently believe that there is no litigation pending that is likely to have a material adverse effect on our business. Regardless of the outcome, legal proceedings can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Item 1A. Risk Factors

Our business faces various risks. Certain important factors may have a material adverse effect on our business prospects, financial condition and results of operations, and you should carefully consider them. Accordingly, in evaluating our business, we encourage you to consider the risk factors related to our ordinary shares as well those risk factors related to our business and industry which have been previously disclosed in Part 1, Item 1A of our Annual Report for the year ended December 31, 2019. We are including the following additional risk factor, which updates the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2019. We encourage you to consider these risks, in their entirety, in addition to other information contained in or incorporated by reference into this Quarterly Report and our other public filings with the SEC. Other events that we do not currently anticipate or that we currently deem immaterial may also affect our business, prospects, financial condition and results of operations.

The extent to which the novel coronavirus (“COVID-19”) pandemic will adversely impact our business, financial condition and results of operations is highly uncertain and cannot be predicted but could be material.

The COVID-19 pandemic has created significant worldwide volatility, uncertainty and disruption, and the situation remains dynamic and subject to rapid and possibly material change. In particular, the COVID-19 pandemic has resulted in a substantial curtailment of business activities, a significant number of business closures, suspensions or delays of production and commercial activity, government-mandated “shelter-in-place” and travel restrictions, and weakened economic conditions in the countries in which we operate.

The extent to which the COVID-19 pandemic will ultimately adversely impact our business, liquidity, financial condition and results of operations, which impact could be material, depends on numerous factors that are highly uncertain and cannot be predicted at this time. These factors include the duration and scope of the COVID-19 pandemic, travel restrictions and “shelter-in-place” directives; changes in customer demand; our relationship with, and the financial and operational capacities of, our customers and suppliers; impacts of raw material and feedstock prices affecting the cost competitiveness of our operations relative to similar operations in other regions; the health and safety of our employees and costs incurred to keep our employees safe while maintaining continued operations, including our ability to adjust our production schedules; potential future restructuring, impairment and other charges; and the impact on economic activity generally, including a global or national recession or depression, or other sustained adverse market conditions.

[Table of Contents](#)

Uncertain or depressed economic conditions, increased unemployment or a decline in consumer confidence as a result of the COVID-19 outbreak, could have an adverse effect on demand for our products and our customers' products or otherwise adversely alter customer demand patterns which may negatively impact our business, liquidity, financial condition and results of operations.

The COVID-19 pandemic may also disrupt our supply chain, transportation and logistics networks, including the ability of our third party suppliers' or logistics and transportation service providers to meet their obligations to us, which may negatively affect our operations. Ports and other channels of entry may be closed or operate at only a portion of capacity, and means of transporting products within regions or countries in which we operate may be limited.

In addition, if the COVID-19 crisis persists we face additional risks related to our liquidity and financial results, including risks associated with our indebtedness, including available capacity, compliance with financial covenants; risks related to the adequacy of our cash flow and earnings and other conditions which may affect our liquidity; and risks related to our ongoing ability to pay our quarterly dividend at prior levels.

Our efforts to manage and mitigate these factors and risks through cost-savings and other measures may not be successful and are subject to the factors described above, many of which are uncertain or outside of our control. We believe that business disruption relating to the COVID-19 pandemic will continue to negatively impact the global economy and may materially affect our businesses as outlined above, all of which would adversely impact our business and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

- (a) Recent sales of unregistered securities

None.

- (b) Use of Proceeds from registered securities

None.

- (c) Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table contains information regarding purchases of our ordinary shares made during the quarter ended March 31, 2020 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Securities Exchange Act of 1934:

Issuer Purchases of Equity Securities					
Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate number of shares that may yet be purchased under the plans or programs	
January 1 - January 31, 2020	365,977	\$ 33.05	365,977	2,046,617 ⁽¹⁾	
February 1 - February 29, 2020	448,157	\$ 28.80	448,157	1,598,460 ⁽¹⁾	
March 1 - March 31, 2020	—	\$ —	—	1,598,460 ⁽¹⁾	
Total	814,134	\$ 30.71	814,134		

- (1) At our annual general meeting held on June 19, 2019, our shareholders authorized the Company to terminate the 2017 share repurchase authorization and replace it with a new authorization to repurchase up to 4.0 million ordinary shares over the next eighteen months at a price per share of not less than \$1.00 and not more than \$1,000.00.

Item 3. Defaults Upon Senior Securities

None.

[Table of Contents](#)

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See Exhibit Index.

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Articles of Association of Trinseo S.A., as amended (incorporated herein by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, filed August 3, 2018)
4.1	Form of Specimen Share Certificate of Trinseo S.A. (incorporated herein by reference to Exhibit 4.1 to Amendment No. 3 to the Registration Statement filed on Form S-1, File No. 333-194561, filed May 16, 2014)
4.2	Indenture among Trinseo Materials Operating S.C.A., Trinseo Materials Finance, Inc. and The Bank of New York Mellon, as Trustee, dated as of August 29, 2017 (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K, filed September 5, 2017)
10.1*†	Agreement between Trinseo, LLC and Angelo Chaclas dated January 1, 2020.
10.2*†	Agreement between Timothy Stedman and Trinseo Europe GmbH dated January 1, 2020.
10.3*	Separation Agreement between Timothy Stedman and Trinseo Europe GmbH, dated April 10, 2020 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, filed April 15, 2020).
31.1†	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2†	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1†	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2†	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS†	XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document
104†	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

† Filed herewith.

* Compensatory plan or arrangement

[Table of Contents](#)

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, duly authorized.

Date: May 8, 2020

TRINSEO S.A.

By: /s/ Frank Bozich
Name: Frank Bozich
Title: President, Chief Executive Officer
(Principal Executive Officer)

By: /s/ David Stasse
Name: David Stasse
Title: Executive Vice President, Chief Financial Officer
(Principal Financial Officer)

TRINSEO LLC

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this "Agreement"), dated as of January 1, 2020, among Trinseo LLC, a Delaware limited liability company, with offices at 1000 Chesterbrook Boulevard, Suite 300, Berwyn, Pennsylvania 19312 (the "Company"), and Angelo Chaclas, of 3 Coopershawk Lane, Chadds Ford, PA 19317 (the "Executive").

WITNESSETH

WHEREAS, the Company desires to employ the Executive as Senior Vice President, Chief Legal Officer and Corporate Secretary of the Company and its ultimate parent Trinseo S.A. (the "Parent") and to pay all of the Executive's compensation as described in this Agreement;

WHEREAS, Parent desires to grant the Executive certain equity awards described in this Agreement and to guarantee the cash compensation of the Executive payable by the Company hereunder; and

WHEREAS, the Company, Parent and the Executive desire to enter into this Agreement as to the terms of the Executive's employment with the Company.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. POSITION AND DUTIES.

(a) During the Employment Term (as defined in Section 2 hereof), the Executive shall serve as Senior Vice President, Chief Legal Officer and Corporate Secretary of the Company and Parent. In this capacity, the Executive shall have the duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other executive duties, authorities and responsibilities as may reasonably be assigned to the Executive that are not inconsistent with the Executive's position as Senior Vice President, Chief Legal Officer and Corporate Secretary of the Company and Parent. The Executive's primary place of employment with the Company shall be in the Philadelphia, Pennsylvania metropolitan area; provided that the Executive understands and agrees that the Executive will be required to travel frequently for business purposes. The Executive shall report directly to the Chief Executive Officer and President.

(b) During the Employment Term, the Executive shall devote all of the Executive's business time, energy, business judgment, knowledge and skill and the Executive's reasonable best efforts to the performance of the Executive's duties with the Company and the Parent, provided that the foregoing shall not prevent the Executive from (i) serving on the boards of directors of non-profit organizations and, with the prior written approval of the Board (which approval shall not be unreasonably withheld), other for profit companies, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Executive's passive

personal investments so long as such activities in the aggregate do not violate Section 10 hereof, interfere or conflict with the Executive's duties hereunder or create a business or fiduciary conflict.

2. EMPLOYMENT TERM AND AGREEMENT TERM. The Company agrees to employ the Executive pursuant to the terms of this Agreement commencing on January 1, 2020 for an initial one year term, which shall automatically renew for successive one-year periods, unless either party gives three (3) months' advance written notice of non-renewal. Notwithstanding the foregoing, the Executive's employment hereunder may be earlier terminated in accordance with Section 7 hereof, subject to Section 8 hereof. The period of time between the Effective Date and the termination of the Executive's employment hereunder shall be referred to herein as the "Employment Term."

3. BASE SALARY. During the Employment Term, the Company agrees to pay the Executive a base salary at an annual rate of not less than \$445,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive's base salary shall be subject to annual review by the Board (or a committee thereof) during the first ninety (90) days of each calendar year, and the base salary in respect of such calendar year may be increased above, but not decreased below, its level for the preceding calendar year, by the Board. The base salary as determined herein and adjusted from time to time shall constitute "Base Salary" for purposes of this Agreement.

4. ANNUAL BONUS.

(a) During the Employment Term, the Executive shall be eligible for an annual cash performance bonus (an "Annual Bonus") in respect of each calendar year that ends during the Employment Term, to the extent earned based on performance against objective performance criteria. The performance criteria for any particular calendar year shall be determined in good faith by the Board, after consultation with the Executive, to occur as soon as practicable after the commencement of such calendar year, but no later than ninety (90) days after the commencement of such calendar year. The Executive's targeted Annual Bonus for a calendar year shall equal 70% of the Executive's Base Salary for such calendar year (the "Target Bonus") if target levels of performance for such year are achieved, with greater or lesser amounts (including zero) paid for performance above and below target (such greater and lesser amounts to be determined by a formula established by the Board for such year when it establishes the targets and performance criteria for such year); provided that the Executive's maximum Annual Bonus for any calendar year during the Employment Term shall equal 200% of the Target Bonus for such calendar year. The Executive's Target Bonus shall be subject to annual review by the Board (or a committee thereof) during the first ninety (90) days of each calendar year, and the Target Bonus for such calendar year may be increased above, but not decreased below, the levels for the preceding calendar year, by the Board.

(b) The Executive's Annual Bonus for a calendar year shall be determined by the Board (or a committee thereof) after the end of the applicable calendar year based on the level of achievement of the applicable performance criteria, and shall be paid to the Executive in the calendar year following the calendar year to which such Annual Bonus relates at approximately the same time annual bonuses are paid to other senior executives of Company and Parent, subject to continued employment at the time of payment (except as otherwise provided in Section 8 hereof).

5. EQUITY AWARDS.

(a) The Parent shall grant to the Executive incentive equity awards in calendar year 2020 as herein defined and for subsequent calendar years as may be determined and adjusted from time to time, (the “Long Term Incentive Equity Awards”), with grant date fair value equal to 150% of Base Salary for calendar year 2020, in each case, in the same form and subject to the same vesting terms and conditions as incentive equity awards granted to similarly situated senior executives of the Parent. As a reference, for calendar year 2019, the Long Term Incentive Equity Awards were allocated as: 30% Stock Options with a 3-year pro rata vesting, 30% Restricted Share Units with 3-year cliff vesting and 40% Performance Units with a 3-year performance vesting measured against Total Shareholder Return. Subsequent equity awards will be granted annually starting in 2020, according to the Long Term Incentive (“LTI”) Plan.

(b) The terms and conditions of the Long Term Incentive Equity Awards will be set forth in award agreements provided by the Parent, electronically or otherwise and will be provided to the Executive as soon as practicable after the grant dates and which the Executive will be required to sign or accept in accordance with the Parent’s acceptance procedures.

6. EMPLOYEE BENEFITS.

(a) **BENEFIT PLANS.** During the Employment Term, the Executive shall be entitled to participate in any employee benefit plan that the Company, Parent or any of their direct or indirectly controlled subsidiaries (each an “Affiliate”) has adopted or may adopt, maintain or contribute to and which benefit any of the senior executives of the Company, Parent or any Affiliate, on a basis no less favorable than that applicable to any such senior executives, where such basic company paid element (medical, dental, life insurance and disability insurance) shall be effective as of the Effective Date and any additional options elected by the Executive shall be subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided hereunder. The Executive’s participation in any such employee benefit plan shall be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time, if and to the extent allowed pursuant to the terms of such plan, provided that any such amendment may have no more adverse effect on the Executive than on any other participant in such plan. The Company may provide perquisites to the Executive at the discretion of the Board.

(b) **VACATIONS.** During the Employment Term, the Executive shall be entitled to twenty-eight (28) days of paid vacation per calendar year (pro-rated for partial years) in accordance with the Company’s policy on accrual and use applicable to employees as in effect from time to time.

(c) **BUSINESS EXPENSES.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Executive shall be reimbursed in accordance with the Company’s expense reimbursement policies as in effect from time to time, for all reasonable out-of-pocket business expenses incurred and paid by the Executive during the Employment Term and in connection with the performance of the Executive’s duties hereunder.

7. **TERMINATION.** The Executive’s employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DISABILITY.** Upon ten (10) days' prior written notice by the Company to the Executive of termination due to Disability. For purposes of this Agreement, "Disability" shall be defined as the inability of the Executive to have performed the Executive's material duties hereunder due to a physical or mental injury, infirmity or incapacity, which inability shall continue for one hundred and twenty (120) consecutive days or for one hundred eighty (180) days (including weekends and holidays) in any 365-day period as determined by the Company's outside insurance provider's physician in consultation with the Executive's physician. The Executive shall cooperate in all respects with the Company if a question arises as to whether the Executive has become disabled (including, without limitation, submitting to reasonable examinations by one or more medical doctors and other health care specialists selected by the Company and authorizing such medical doctors and other health care specialists to discuss the Executive's condition with the Company).

(b) **DEATH.** Automatically upon the date of death of the Executive.

(c) **CAUSE.** Immediately upon written notice by the Company to the Executive of a termination for Cause. "Cause" shall mean the Executive's (i) continued failure to follow the lawful and reasonable directives of the Board after written notice from the Board and a period of no less than thirty (30) days to cure such failure; (ii) willful misconduct or gross negligence in the performance of the Executive's duties; (iii) conviction of, or pleading of guilty or nolo contendere to, a non-vehicular felony; (iv) material violation of a material written Company or Parent policy that is not cured within fifteen (15) days of written notice from the Board; (v) performance of any material act of theft, embezzlement, fraud or misappropriation of or in respect of the Company's property; (vi) continued failure to cooperate in any audit or investigation of financial or business practices of the Company or Parent after written request for cooperation from the Board and a period of no less than ten (10) days to cure such failure; (vii) commission of any criminal act or other act involving moral turpitude, sexual harassment or drug violations (after an independent investigation concludes that such acts occurred and Executive has been presented with opportunity to participate in the investigation); (viii) commission of any willful act which brings public disrepute, contempt, scandal, or ridicule, or which shocks or offends the community or any group or class thereof, or which reflects unfavorably upon Company or Parent and, as a result of such act or involvement, reduces the commercial value of Company's or Parent's association with Executive; (ix) willful actions (other than legal action or arbitration arising out of this Agreement) or making or authorizing statements in derogation of Company or Parent or their products and such actions or statements become public during the Term that result in damage to the business of the Company; or (x) breach of any of the restrictive covenants set forth in Section 10 hereof or in any other written agreement between the Executive and the Company and/or its affiliates that causes material and demonstrable harm to the Company or Parent and that is not cured within fifteen (15) days of written notice from the Board (a "Material Covenant Violation").

For purposes of this Section 7(c), no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon (A) authority given pursuant to a resolution duly adopted by the Board or the board of directors of the Company or (B) the advice of counsel for the Company or Parent shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered

to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in one or more of clauses (i) through (x) of the preceding paragraph, and specifying the particulars thereof in detail.

(d) **WITHOUT CAUSE.** Immediately upon written notice by the Company to the Executive of an involuntary termination without Cause (other than for death or Disability).

(e) **GOOD REASON.** Upon written notice by the Executive to the Company of a termination for Good Reason. "Good Reason" shall mean the occurrence of any of the following events, without the express written consent of the Executive, unless such events are fully corrected in all material respects by the Company or Parent (as applicable) within thirty (30) days following written notification by the Executive to the Company of the occurrence of one of the reasons set forth below: (i) other than following the receipt of the Company's written notice pursuant to Section 7(d), the material diminution in the Executive's position, duties or authorities or assignment of duties materially inconsistent with the Executive's position with Parent, including but not limited to the Executive ceasing to be the sole SVP-CLO, CCO and CS of Parent; (ii) the relocation of the Company's primary offices in Berwyn, Pennsylvania by more than thirty-five (35) miles from its current location; (iii) a reduction in Base Salary or Target Bonus; (iv) the Company's failure to grant Executive the Long Term Incentive Equity Awards set forth in Section 5 of this Agreement; or (v) the Company's material breach of this Agreement. The Executive shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within ninety (90) days after the Executive first gains actual knowledge of the occurrence of such circumstances, and actually terminate employment within thirty (30) days following the expiration of the Company's thirty (30)-day correction period described above. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by the Executive. For avoidance of doubt, succession planning or successor candidate evaluation by the Company, shall not, by itself, constitute Good Reason.

(f) **WITHOUT GOOD REASON.** Upon three (3) months' written notice by the Executive to the Company of a voluntary termination of employment without Good Reason (which the Company may, in its sole discretion, make effective earlier than the expiration of the notice period; provided that if the Company accelerates the effective date of termination, then the Executive will continue to receive Base Salary through the expiration of the three (3) months' notice period). In such event, the last day of employment as provided in the notice period, or an earlier date at the Company's option, shall be the Executive's termination date for all purposes of this Agreement, including without limitation, the termination date for determining termination benefits pursuant to Section 8 hereof. The Company's election to accelerate the Executive's termination date shall not be considered a termination by the Company without Cause or constitute Good Reason hereunder. In addition, the Company may transition Executive's duties and responsibilities to others during the notice period and such diminution of duties and responsibilities shall not constitute Good Reason as provided for herein.

(g) **NON-RENEWAL.** If the Executive's employment is terminated by the Company or the Executive due to non-renewal as provided for in Section 2. If such notice of non-renewal is given by the Executive, then during the three (3) months' notice period any: (i) diminution in the

Executive's position, duties or authorities or assignment of duties; or (ii) acceleration of the termination date; shall not give rise to Good Reason. In addition, the Company may transition Executive's duties and responsibilities to others during the notice period and such diminution of duties and responsibilities shall not constitute Good Reason as provided for herein.

8. CONSEQUENCES OF TERMINATION.

(a) **DEATH.** In the event that the Executive's employment and the Employment Term ends on account of the Executive's death, the Executive's estate shall be entitled to the following (with the amounts due under Sections 8(a)(i) through 8(a)(v) hereof to be paid, unless otherwise provided below, within sixty (60) days following termination of employment, or such earlier date as may be required by applicable law):

(i) any unpaid Base Salary through the date of termination;

(ii) any Annual Bonus earned but unpaid with respect to the calendar year ending on or preceding the date of termination;

(iii) an amount equal to the pro-rata portion of the Executive's Target Bonus for the calendar year of termination (determined by multiplying the Target Bonus for the year of termination by a fraction, the numerator of which is the number of days during the calendar year of termination that the Executive is employed by the Company and the denominator of which is 365); provided that to the extent that the payment of such amount constitutes "nonqualified deferred compensation" for purposes of "Code Section 409A" (as defined in Section 24 hereof), such payment shall be made on the sixtieth (60th) day following such termination ;

(iv) reimbursement for any unreimbursed business expenses incurred through the date of termination;

(v) payment in respect of any accrued but unused vacation time in accordance with Company policy; and

(vi) all other payments, benefits or fringe benefits to which the Executive shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement (collectively, Sections 8(a)(i) through 8(a)(vi) hereof shall be hereafter referred to as the "Accrued Benefits").

(b) **DISABILITY.** In the event that the Executive's employment and/or Employment Term ends on account of the Executive's Disability, the Company shall pay or provide the Executive with the Accrued Benefits.

(c) **TERMINATION FOR CAUSE, WITHOUT GOOD REASON OR NON-RENEWAL BY EXECUTIVE.** If the Executive's employment is terminated (x) by the Company for Cause, or (y) by the Executive without Good Reason or the Executive due to non-renewal, the Company shall pay to the Executive the Accrued Benefits; provided that, in the event of a termination for Cause, the Executive shall not be entitled to the benefits described in Sections 8(a)(ii) and 8(a)(iii); and provided further that, in the event of a resignation by the Executive without Good Reason, the Executive shall not be entitled to the benefits described in Section 8(a)(iii).

(d) **TERMINATION WITHOUT CAUSE, FOR GOOD REASON OR NON-RENEWAL BY THE COMPANY.** If the Executive's employment by the Company is terminated (x) by the Company other than for Cause pursuant to Section 7(c) hereof, (y) by the Executive for Good Reason (collectively, a "Qualifying Termination"), or (z) non-renewal by the Company; then the Company shall pay or provide the Executive with the following:

(i) the Accrued Benefits;

(ii) subject to the Executive's not engaging in a Material Covenant Violation or a material breach of Section 11 hereof that is not cured within thirty (30) days of written notice from the Board (a "Material Cooperation Violation"), the Executive shall be entitled to an amount equal to one and one-half (1.5) multiplied by the annual sum of the Executive's Base Salary and Target Bonus in effect for the then-current year of termination (the "Severance Amount"), paid according to the Company's standard practices in installments for a period of eighteen (18) months following such termination; provided that to the extent that the payment of any amount constitutes "nonqualified deferred compensation" for purposes of Code Section 409A, any such payment scheduled to occur during the first sixty (60) days following the termination of employment shall not be paid until the sixtieth (60th) day following such termination and shall include payment of any amount that was otherwise scheduled to be paid prior thereto; and

(iii) subject to (A) the Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), (B) the Executive's continued copayment of premiums at the same level and cost to the Executive as if the Executive were an employee of the Company (excluding, for purposes of calculating cost, an employee's ability to pay premiums with pre-tax dollars), and (C) the Executive's not engaging in a Material Covenant Violation or a Material Cooperation Violation, continued participation in the Company's group health plan (to the extent permitted under applicable law) which covers the Executive (and his eligible dependents) for a period of twelve (12) months and Company paid premiums for a substantially similar health plan coverage for the remainder of the period of eighteen (18) months following such termination, provided that if the Company's group health plan is self-insured, the Company will report to the appropriate tax authorities taxable income to the Executive equal to the portion of the deemed cost of such participation (based on applicable COBRA rates) not paid by the Executive; provided further, that in the event that the Executive obtains other employment that offers group health benefits, such continuation of coverage by the Company under this Section 8(d)(iii) shall immediately cease once Executive is eligible to enroll in such coverage from his new employer; and provided further, that in the event that the Executive enrolls in coverage through Medicare, a spousal plan, or an Insurance Exchange, rather than COBRA, the Company will pay to Executive the amount equivalent to the Company share of COBRA premiums for eighteen (18) months as if Executive had enrolled in COBRA.

Payments and benefits provided in this Section 8(d) shall be in lieu of any termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or under the Worker Adjustment Retraining Notification Act of 1988 or any similar state statute or regulation.

(e) CHANGE IN CONTROL.

(i) This Section 8(e) shall apply if the Executive's employment by the Company is terminated (x) by the Company other than for Cause pursuant to Section 7(d) hereof, or (y) by the Executive for Good Reason, in either case, during the Employment Term and the two (2)-year period commencing upon a Change in Control. Subject to the Executive's not engaging in a Material Covenant Violation or a Material Cooperation Violation, upon a termination described in the preceding sentence, the Executive shall receive the benefits set forth in Section 8(d)(i), (ii) and (iii), except that in lieu of receiving the Severance Amount, as applicable, in installments as contemplated under Section 8(d)(ii), the Executive shall receive a lump sum payment equal to the applicable Severance Amount, on the date of such termination; provided that to the extent that the payment of the applicable amount constitutes "nonqualified deferred compensation" for purposes of Code Section 409A, such payment shall be made on the sixtieth (60th) day following such termination.

(ii) For purposes of this Agreement, the term "Change in Control" shall mean the consummation of the first transaction following the Effective Date, whether in a single transaction or in a series of related transactions, in which any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended) (a "Group"), (A) acquires (whether by merger, consolidation, or transfer or issuance of equity interests or otherwise) equity interests of Parent (or any surviving or resulting entity) representing more than fifty percent (50%) of the outstanding voting securities or economic value of Parent (or any surviving or resulting entity), or (B) acquires assets constituting all or substantially all (more than eighty percent (80%)) of the assets of Parent and its subsidiaries (as determined on a consolidated basis).

(f) CODE SECTION 280G.

(i) Change in Control Prior to Publicly Traded Equity of Company. So long as the Company is described in Section 280G(b)(5)(A)(ii)(I) of the Code, in the event that any payment that is either received by the Executive or paid by the Company on the Executive's behalf or any property, or any other benefit provided to the Executive under the Agreement or under any other plan, arrangement or agreement with the Company or any other person whose payments or benefits are treated as contingent on a change of ownership or control of the Company (or in the ownership of a substantial portion of the assets of the Company) or any person affiliated with the Company or such person (but only if such payment or other benefit is in connection with the Executive's employment by the Company) (collectively the "Company Payments"), would be subject to the tax imposed by Section 4999 of the Code (and any similar tax that may hereafter be imposed by any taxing authority) (the "Excise Tax"), the Company shall, with respect to such Company Payments, use its reasonable best efforts to obtain a vote satisfying the requirements of Section 280G(b)(5) of the Code, such that no portion of the Company Payments will be subject to such Excise Tax. In the event that a vote satisfying the requirements of Section 280G(b)(5) of the Code is not obtained for any reason, then the Executive will be entitled to receive a portion of the Company Payments having a value equal to \$1 less than three (3) times the Executive's "base amount" (as such term is defined in Section 280G(b)(3)(A) of the Code) (the "Safe Harbor Amount"). Any reduction of the Company Payments pursuant to the foregoing shall occur in the following order: (A) any cash severance payable by reference to the Executive's Base Salary or Annual Bonus; (B) any other cash amount payable to the Executive; (C) any benefit valued as a "parachute payment;" and (D) acceleration of vesting of any equity award.

(ii) Change in Control Upon or Following Publicly Traded Equity of Company. In the event that Company Payments become payable to the Executive during any period in which the

Company is not an entity described in Section 280G(b)(5)(A)(ii)(I) of the Code, if the Company Payments will be subject to the Excise Tax, then the Executive will be entitled to receive either (A) the full amount of the Company Payments, or (B) a portion of the Company Payments having a value equal to the Safe Harbor Amount, whichever of clauses (A) and (B), after taking into account applicable federal, state, and local income taxes and the Excise Tax, results in the receipt by the Executive on an after-tax basis, of the greatest portion of the Company Payments. Any reduction of the Company Payments pursuant to the foregoing shall occur in the same manner as provided in the last sentence of Section 8(f)(i) hereof.

(iii) Accountants. Any determination required under this Section 8(f) shall be made in writing by the independent public accountants of the Company, whose determination shall be conclusive and binding for all purposes upon the Company and the Executive. For purposes of making any calculation required by this Section 8(f), such accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good-faith interpretations concerning the application of Sections 280G and 4999 of the Code; provided, however, the accountants will factor in the adverse value to the Executive of the non-competition restriction set forth in Section 10(b) in determining such calculation.

(g) **OTHER OBLIGATIONS**. Upon any termination of the Executive's employment with the Company, the Executive shall promptly resign (following a request by the Company) from any other position as an officer, director or fiduciary of the Company, Parent and any Affiliate.

9. RELEASE; NO MITIGATION; NO SET-OFF. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits (other than the amount described in Section 8(a)(iii) hereof) shall only be payable if the Executive delivers to the Company and does not revoke a general release of claims in favor of the Company in substantially the form of Exhibit A attached hereto. Such release shall be executed and delivered (and no longer subject to revocation, if applicable) within sixty (60) days following termination. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by the Executive as a result of employment by a subsequent employer (except as provided in Section 8(d)(iii) hereof). The Company's obligations to pay the Executive amounts hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by the Executive to the Company or any of its affiliates.

10. RESTRICTIVE COVENANTS.

(a) **CONFIDENTIALITY**. During the course of the Executive's employment with the Company and its Affiliates, the Executive will learn confidential information regarding Parent and its Affiliates (the "Parent Group"). The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive's assigned duties and for the benefit of the Parent Group, either during the period of the Executive's employment or at any time thereafter, any business and technical information or trade secrets, nonpublic, proprietary or confidential information, knowledge or data relating to the Parent Group, or received from third parties subject to a duty on the Parent Group's part to maintain the confidentiality of such information and to use it only for certain limited purposes, in each case which shall have been obtained by the Executive during the Executive's employment by

the Parent Group. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). The terms and conditions of this Agreement shall remain strictly confidential, and the Executive hereby agrees not to disclose the terms and conditions hereof to any person or entity, other than immediate family members, legal advisors or personal tax or financial advisors, or prospective future employers solely for the purpose of disclosing the limitations on the Executive's conduct imposed by the provisions of this Section 10 who, in each case, shall be instructed by the Executive to keep such information confidential.

(b) **NONCOMPETITION.** The Executive acknowledges that the Executive performs services of a unique nature for the Parent Group that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Parent Group. Accordingly, during the Executive's employment hereunder and for a period of two (2) years thereafter, the Executive agrees that the Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in competition with any material business of the Parent or any Affiliate or in any other material business in which the Parent or any Affiliate has taken material steps and has material plans, on or prior to the date of termination, to be engaged in on or after such date, in any locale of any country in which the Company or such Affiliate conducts business. Notwithstanding the foregoing, nothing herein shall prohibit the Executive from being a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with Parent or any of its Affiliates, so long as the Executive has no active participation in the business of such corporation .

(c) **NONSOLICITATION; NONINTERFERENCE.** During the Executive's employment with the Company and for a period of two (2) years thereafter, the Executive agrees that the Executive shall not, except in the furtherance of the Executive's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (i) solicit, aid or induce any customer of Parent or an Affiliate to purchase goods or services then sold by Parent or any Affiliate from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer , (ii) solicit, aid or induce any employee, representative or agent of Parent or any Affiliate to leave such employment or retention or, in the case of employees, to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with Parent or any Affiliate, or hire or retain any such employee, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, or (iii) interfere, or aid or induce any other person or entity in interfering, with the relationship between Parent or any Affiliate and any of their respective vendors, joint venturers or licensors. An employee, representative or agent shall be deemed covered by this Section 10(c) while so employed or retained and for a period of six (6) months thereafter. Notwithstanding the foregoing, the provisions of this Section 10(c) shall not be violated by general advertising or solicitation not specifically targeted at Parent or Affiliate-related individuals or entities.

(d) **INVENTIONS.**

(i) The Executive acknowledges and agrees that all ideas, methods, inventions, discoveries, improvements, work products, developments or works of authorship ("Inventions"), whether patentable or unpatentable, (A) that relate to the Executive's work with the Parent Group, made or conceived by the Executive, solely or jointly with others, during the Employment Term, or (B) suggested by any work that the Executive performs in connection with the Parent Group, either while performing the Executive's duties with the Parent Group or on the Executive's own time, shall belong exclusively to the Company (or its designee), whether or not patent applications are filed thereon. The Executive will keep full and complete written records (the "Records"), in the manner prescribed by the Company, of all Inventions, and will promptly disclose all Inventions completely and in writing to the Company. The Records shall be the sole and exclusive property of the member of the Parent Group designated by Parent, and the Executive will surrender them upon the termination of the Employment Term, or upon the Company's request. The Executive will assign to the member of the Parent Group designated by Parent the Inventions and all patents that may issue thereon in any and all countries, whether during or subsequent to the Employment Term, together with the right to file, in the Executive's name or in the name of the member of the Parent Group designated by Parent, applications for patents and equivalent rights (the "Applications"). The Executive will, at any time during and subsequent to the Employment Term, make such applications, sign such papers, take all rightful oaths, and perform all acts as may be requested from time to time by the Company with respect to the Inventions. The Executive will also execute assignments to the member of the Parent Group designated by Parent of the Applications, and give the member of the Parent Group designated by Parent and its attorneys all reasonable assistance (including the giving of testimony) to obtain the Inventions for the Parent Group's benefit, all without additional compensation to the Executive from the Parent Group.

(ii) In addition, the Inventions will be deemed Work for Hire, as such term is defined under the copyright laws of the United States, on behalf of the Parent Group and the Executive agrees that the member of the Parent Group designated by Parent will be the sole owner of the Inventions, and all underlying rights therein, in all media now known or hereinafter devised, throughout the universe and in perpetuity without any further obligations to the Executive. If the Inventions, or any portion thereof, are deemed not to be Work for Hire, the Executive hereby irrevocably conveys, transfers and assigns to the member of the Parent Group designated by Parent, all rights, in all media now known or hereinafter devised, throughout the universe and in perpetuity, in and to the Inventions, including, without limitation, all of the Executive's right, title and interest in the copyrights (and all renewals, revivals and extensions thereof) to the Inventions, including, without limitation, all rights of any kind or any nature now or hereafter recognized, including, without limitation, the unrestricted right to make modifications, adaptations and revisions to the Inventions, to exploit and allow others to exploit the Inventions and all rights to sue at law or in equity for any infringement, or other unauthorized use or conduct in derogation of the Inventions, known or unknown, prior to the date hereof, including, without limitation, the right to receive all proceeds and damages therefrom. In addition, the Executive hereby waives any so-called "moral rights" with respect to the Inventions. To the extent that the Executive has any rights in the results and proceeds of the Inventions that cannot be assigned in the manner described herein, the Executive agrees to unconditionally waive the enforcement of such rights. The Executive hereby waives any and all currently existing and future monetary rights in and to the Inventions and all patents that may issue thereon, including, without limitation, any rights that would otherwise accrue

to the Executive's benefit by virtue of the Executive being an employee of or other service provider to the Parent Group.

(e) **RETURN OF COMPANY PROPERTY.** On the date of the Executive's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Executive shall return all property belonging to the Company or its Affiliates (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company). Notwithstanding anything to the contrary in this Agreement, Executive may retain his rolodex, either in electronic or paper form, in addition to copies of documents related to his compensation and benefits.

(f) **REASONABLENESS OF COVENANTS.** In signing this Agreement, the Executive gives Parent and the Company assurance that the Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 10. The Executive agrees that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates and their trade secrets and confidential information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive is bound by the restraints. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company and its Affiliates and that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. The Executive further covenants that the Executive will not challenge the reasonableness or enforceability of any of the covenants set forth in this Section 10, other than in response to an attempt by the Company or an Affiliate to enforce such covenants against the Executive. It is also agreed that the Affiliates will have the right to enforce all of the Executive's obligations to such Affiliates under this Agreement, including without limitation pursuant to this Section 10.

(g) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

(h) **TOLLING.** In the event of any violation of the provisions of this Section 10, the Executive acknowledges and agrees that the post-termination restrictions contained in this Section 10 shall be extended by a period of time equal to the period of such violation, it being the intention of the parties hereto that the running of the applicable post-termination restriction period shall be tolled during any period of such violation.

(i) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 10 and 11 hereof shall survive the termination of the Executive's employment with the Company and shall be fully enforceable thereafter.

11. COOPERATION. Upon the receipt of reasonable notice from the Company (including through outside counsel), the Executive agrees that while employed by the Company and thereafter (to the extent it does not materially interfere with the Executive's employment or other business and personal activities after employment by the Company), the Executive will reasonably

respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will provide reasonable assistance to the Company, the Affiliates and their respective representatives in defense of all claims that may be made against the Company or the Affiliates, and will reasonably assist the Company and the Affiliates in the prosecution of all claims that may be made by the Company or the Affiliates, to the extent that such claims may relate to the period of the Executive's employment with the Company. The Executive also agrees to promptly inform the Company (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company or the Affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or Affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall pay or reimburse the Executive for all reasonable out-of-pocket travel, duplicating, telephonic, counsel and other expenses incurred by the Executive in complying with this Section 11.

12. EQUITABLE RELIEF AND OTHER REMEDIES. The Executive acknowledges and agrees that the remedies at law for a breach or threatened breach of any of the provisions of Section 10 hereof or Section 11 hereof could be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, Parent and/or the Company may be entitled to seek to obtain equitable relief in the form of specific performance, a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. In the event a court of competent jurisdiction determines that a Material Covenant Violation or a Material Cooperation Violation by the Executive has occurred, any severance being paid to the Executive pursuant to this Agreement or otherwise shall immediately cease.

13. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 13 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. Parent shall assign this Agreement to any successor to all or substantially all of the business and/or assets of Parent, provided that Parent shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place and, as applicable, this Agreement shall inure to the benefit of Executive's heirs and estate. As used in this Agreement, "Parent" shall mean Parent and any successor to all or substantially all of its business and/or assets, which assumes and agrees to perform the duties and obligations of Parent under this Agreement by operation of law or otherwise. In the event of a sale of the Company (or all or substantially all of its business) to an independent third party in connection with a transaction that does not constitute a Change in Control, the Company and the Executive shall assign the Company's rights and obligations hereunder to Parent or to a mutually agreed upon direct or indirect subsidiary of Parent, and the Company shall be released from its obligations hereunder.

14. NOTICES. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At the address listed above, or such other address in the Company's files that the Executive may update from time to time.

And

If to the Company:

1000 Chesterbrook Boulevard
Suite 300
Berwyn, Pennsylvania 19312
Attention: Sr. Vice President & Chief Legal Officer

With a copy (which shall not constitute notice hereunder) to:

Trinseo Europe GmbH
Zugerstrasse 231
Horgen, CH-8810, Switzerland

Attention: Sr. Vice President & Chief Human Resources Officer

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement (including the Exhibits hereto) and any form, award, plan or policy of the Parent Group, the terms of this Agreement shall govern and control.

16. SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof.

17. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. INDEMNIFICATION. The Parent Group hereby agrees to indemnify the Executive and hold the Executive harmless to the fullest extent allowable under applicable law against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including attorney's fees, and the advancement of such fees subject to any legally required repayment undertaking), losses, and damages resulting from the Executive's performance of the Executive's duties and obligations with the Parent Group. This obligation shall survive the termination of the Executive's employment with the Company.

19. LIABILITY INSURANCE. The Parent Group shall cover the Executive under directors' and officers' liability insurance both during and, while potential liability exists, after the Employment Term in the same amount and to the same extent as the Parent Group covers its other officers and directors.

20. GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Delaware (but not including any choice of law rule thereof that would cause the laws of another jurisdiction to apply).

21. DISPUTE RESOLUTION. Each of the parties agrees that any dispute between the parties shall be resolved only in the courts of the State of Delaware or the United States District Court for the District of Delaware and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each of the parties hereto irrevocably and unconditionally (a) submits in any proceeding relating to this Agreement or the Executive's employment by the Company or any Affiliate, or for the recognition and enforcement of any judgment in respect thereof (a "Proceeding"), to the exclusive jurisdiction of the courts of the State of Delaware, the court of the United States of America for the District of Delaware, and appellate courts having jurisdiction of appeals from any of the foregoing, and agrees that all claims in respect of any such Proceeding shall be heard and determined in such Delaware State court or, to the extent permitted by law, in such federal court, (b) consents that any such Proceeding may and shall be brought in such courts and waives any objection that the Executive or the Company may now or thereafter have to the venue or jurisdiction of any such Proceeding in any such court or that such Proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (c) WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE EXECUTIVE'S EMPLOYMENT BY THE COMPANY OR ANY AFFILIATE OF THE COMPANY, OR THE EXECUTIVE'S OR THE COMPANY'S PERFORMANCE UNDER, OR THE ENFORCEMENT OF, THIS AGREEMENT, (d) agrees that service of process in any such Proceeding may be effected by mailing a copy of such process by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at the Executive's or the Company's address as provided in Section 14 hereof, and (e) agrees that nothing in this Agreement shall affect the right to effect service of process in any other manner permitted by the laws of the State of Delaware. Each party shall be responsible for its own legal fees incurred in connection with any dispute hereunder.

22. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements or understandings between the Executive and Parent Group.

23. REPRESENTATIONS; ACTIONS BY PRIOR EMPLOYERS. The Executive represents and warrants to the Company that (a) the Executive has used the Executive's best efforts

to provide the Company with (i) each agreement with a predecessor employer which may have any bearing on the Executive's legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, or (ii) a summary of the applicable provisions of each such agreement which the Executive may not provide to the Company due to an existing confidentiality obligation, and (b) other than the agreements referenced in the preceding clause (a), the Executive is not a party to any agreement or understanding, whether written or oral, and is not subject to any restriction (including, without limitation, any non-competition restriction from a prior employer), which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Executive's duties and obligations hereunder. The Executive understands that the foregoing representations are a material inducement to Parent and the Company entering into this Agreement, and to the extent that either of such representations is untrue in any material respect at any time or for any reason, this Agreement shall be voidable by Parent and the Company such that the parties hereunder shall be relieved of all of their respective duties and obligations hereunder; provided that any termination of the Executive's employment resulting from the Company exercising its rights pursuant to this sentence shall be treated as a termination of employment by the Executive without Good Reason. If any prior employer of the Executive, or any affiliate of any such prior employer, challenges the Executive's right to enter into this Agreement and to perform all of the Executive's obligations hereunder (whether by action against the Executive, the Company, Parent and/or an Affiliate), the Company, Parent (on behalf of itself and all Affiliates) and the Executive each agree to use their reasonable best efforts to defend against such challenge, and the Company further agrees to pay as incurred (within 10 days following the Company's receipt of an invoice from the Executive), at any time from the Effective Date through the Executive's remaining lifetime (or, if longer, through the 20th anniversary of the Effective Date), all legal fees and expenses that the Executive may reasonably incur as a result of his personal defense of such challenge.

24. TAX MATTERS.

(a) **WITHHOLDING.** The Company may withhold from any and all amounts payable under this Agreement or otherwise such federal, foreign, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(b) SECTION 409A COMPLIANCE.

(i) The intent of the parties is that payments and benefits under this Agreement comply with Section 409A of the Code and the regulations and guidance promulgated thereunder (collectively "Code Section 409A") and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. To the extent that any provision hereof is modified in order to comply with Code Section 409A, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Executive and the Company of the applicable provision without violating the provisions of Code Section 409A. Any such modification shall require the written consent of the Executive. In no event whatsoever shall the Company be liable for any additional tax, interest or penalty that may be imposed on the Executive by Code Section 409A or damages for failing to comply with Code Section 409A; provided that the Company makes any modification reasonably requested by the Executive in accordance with the second sentence of this Section 24(b)(i).

(ii) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.” If the Executive is deemed on the date of termination to be a “specified employee” within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered “nonqualified deferred compensation” under Code Section 409A payable on account of a “separation from service,” such payment or benefit shall be made or provided at the date which is the earlier of (A) the expiration of the six (6)-month period measured from the date of such “separation from service” of the Executive, and (B) the date of the Executive’s death, to the extent required under Code Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 24(b)(ii) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum and all remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(iii) To the extent that reimbursements or other in-kind benefits under this Agreement constitute “nonqualified deferred compensation” for purposes of Code Section 409A, (A) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(iv) For purposes of Code Section 409A, the Executive’s right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Company.

25. FURTHER ASSURANCES; PARENT GUARANTEE; DATA TRANSFER. The parties hereto shall cooperate with each other and do, or procure the doing of, all acts and things, and execute, or procure the execution of, all documents, as may reasonably be required to give full effect to this Agreement. Parent hereby guarantees the performance of the obligations of the Company to pay all cash amounts due to the Executive pursuant to this Agreement. In the event that the Company is unable or unwilling to pay any such amounts when due, upon notice of such non-payment received by Parent from the Executive, Parent shall immediately pay such amounts, or take any and all actions necessary to cause one or more Affiliates to pay such amounts, on behalf of the Company. You understand that, in order for Parent Group to administer the compensation and benefits described in this Agreement, the Parent Group must collect, process and transfer certain of your personal data and consent to the same.

26. POST-TERMINATION TAX ISSUES. For a period of seven (7) years following termination of the Executive’s employment hereunder, the Company agrees to cooperate in good faith

and use commercially reasonable efforts to comply with and respond to all reasonable requests from or inquiries by the Executive for assistance and information in connection with any matters or issues relating to Executive's preparation of the Executive's tax filings and the Executive's response to any tax audit or investigation. Such cooperation and assistance shall include, without limitation, making the Company's officers, directors, employees, legal counsel, accountants and other advisors and representatives, who are familiar with the compensation determinations made by the Company relating to the Executive's compensation, reasonably available to the Executive and the Executive's representatives, on reasonable notice during normal business hours (in a manner so as to not interfere with the normal business operations of the Company); provided, that the Company shall have no obligation to provide the Executive or his representatives with access to any books or records to the extent such books and records do not pertain to the preparation of the Executive's tax filings and the Executive's response to any tax audit or investigation and, to such extent, the Company and its representatives are entitled to withhold access to or redact any portion of such information. Notwithstanding anything to the contrary set forth in this Agreement, the Parent Group shall be required to disclose any information to, or otherwise cooperate with, the Executive (i) if doing so would reasonably be expected to violate, or be inadvisable in light of, any order, contract, fiduciary duty, applicable law or exchange regulation to which the Company or such affiliate is a party or is subject, (ii) if doing so would reasonably be expected to result in the loss of the ability to successfully assert attorney-client and work product privileges against any party, (iii) if the Parent Group, on the one hand, and the Executive, on the other hand, are adverse parties in a litigation and such information is reasonably pertinent thereto or (iv) if the Parent Group reasonably determines that such information should not be disclosed due to its competitively sensitive nature. The Parent Group may require the Executive and his representatives to enter into a confidentiality agreement or other similar agreements before providing any of the foregoing information or access.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

TRINSEO LLC

By: /s/ David Stasse
Name: David Stasse
Title: EVP and Chief Financial Officer

TRINSEO S.A.

By: /s/ Frank Bozich
Name: Frank Bozich
Title: President and Chief Executive Officer

EXECUTIVE

By: /s/ Angelo Chaclas
Name: Angelo Chaclas

Employment Agreement Signature Page

EXHIBIT A
GENERAL RELEASE

I, Angelo Chaclas, in consideration of and subject to the performance by Trinseo LLC (together with its subsidiaries, the “Company”), of its obligations under the Employment Agreement, dated as of January 1, 2020 (the “Agreement”), do hereby release and forever discharge as of the date hereof the Company and its respective “Affiliates” (as defined in the Agreement) and all present, former and future directors, officers, employees, successors and assigns of the Company and its Affiliates and direct or indirect owners (collectively, the “Released Parties”) to the extent provided below. The Released Parties are intended third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. I understand that any payments or benefits paid or granted to me under Section 8 of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in Section 8 of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.
 2. Except as provided in paragraphs 4 and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter -claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys’ fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with, or my separation or termination from, the Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees, or other expenses, including attorneys’ fees incurred in these matters) (all of the foregoing collectively referred to herein as the “Claims”).
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3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.
 4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).
 5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving any right to the Accrued Benefits or claims for indemnity, contribution, advancement or defense as provided by and in accordance with the terms of the Company by-laws, articles of incorporation, liability insurance coverage, or applicable law.
 6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 as of the execution of this General Release.
 7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.
 8. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.
 9. I agree that this General Release and the Agreement are confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone. The Company agrees to disclose any such information only to any tax, legal or other counsel of the Company as required by law.
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10. Any non -disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self -regulatory organization or any governmental entity.
11. I hereby acknowledge that Sections 8, 9, 10, 11, 12, 14, 16, 18, 19, 20, 21, 24 and 25 of the Agreement shall survive my execution of this General Release.
12. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it.
13. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof; (b) that cannot be released as a matter of law, including my rights to COBRA, workers compensation, and unemployment insurance (the application of which shall not be contested by the Company); and/or (c) to accrued, vested benefits under any employee benefit, stock, savings, insurance, or pension plan of the Company..
14. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;
 2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;
 3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;
 4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;
 5. I HAVE HAD AT LEAST [21][45] DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT AND THE CHANGES MADE SINCE MY RECEIPT
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OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED [21][45] -DAY PERIOD;

6. I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;
7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND
8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED:

DATED:

Name:

TRINSEO EUROPE GMBH

EMPLOYMENT AGREEMENT

EMPLOYMENT AGREEMENT (this “Agreement”), dated as of January 1, 2020, is among Trinseo Europe GmbH, a Swiss limited liability company (Gesellschaft mit beschränkter Haftung) (the “Company”), and Timothy Stedman of Wiesenstrasse 5, 8834 Schindellegi SZ, Switzerland (the “Executive”).

WITNESSETH

WHEREAS, the Company desires to continue to employ the Executive as Senior Vice President, Strategy & Corporate Development of the Company and to pay all of the Executive’s compensation and other benefits described in this Agreement; and

WHEREAS, the Company and the Executive desire to update the terms and conditions of such employment by entering into this Agreement which shall define the terms of the Executive’s employment with the Company.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. POSITION AND DUTIES.

(a) During the Employment Term (as defined in Section 2 hereof), the Executive shall serve as Senior Vice President, Strategy & Corporate Development of the Company and its ultimate parent company, Trinseo S.A. (“Parent”). In this capacity, the Executive shall have the duties, authorities and responsibilities commensurate with the duties, authorities and responsibilities of persons in similar capacities in similarly sized companies, and such other executive duties, authorities and responsibilities as may reasonably be assigned to the Executive that are not inconsistent with the Executive’s position as Senior Vice President, Strategy & Corporate Development of the Company and the Parent. The Executive’s principal place of employment with the Company shall be in Horgen, Switzerland, or such other location in Switzerland within 75 kilometers from Horgen as the Company may designate. However, the Executive is aware and accepts that she will be required to travel frequently for business purposes. The Executive shall report directly to the President and Chief Executive Officer of the Parent.

(b) During the Employment Term, the Executive shall devote all of the Executive’s business time, energy, business judgment, knowledge and skill and the Executive’s reasonable best efforts to the performance of the Executive’s duties with the Company and the Parent, provided that the foregoing shall not prevent the Executive from (i) serving on the boards of directors of non-profit organizations and, with the prior written approval of the Board of the Parent (the “Board”), other for profit companies, (ii) participating in charitable, civic, educational, professional, community or industry affairs, and (iii) managing the Executive’s passive personal investments so long as such activities in the aggregate do not violate Section 10 hereof, interfere or conflict with the Executive’s duties hereunder or create a business or fiduciary conflict. Any

overtime worked by the Executive is fully compensated by the Base Salary (as defined in Section 3).

2. EMPLOYMENT TERM. The Company agrees to employ the Executive pursuant to the terms of this Agreement commencing on the date written above (the “Effective Date”). Either party may terminate this Agreement by giving six months' advance written notice. Notwithstanding the foregoing, the Executive’s employment hereunder may be earlier terminated in accordance with Section 6 hereof, subject to Section 7 hereof. The period of time between the Effective Date and the termination of the Executive’s employment hereunder shall be referred to herein as the “Employment Term.” No trial period shall apply to the employment. This Agreement may be conditioned on any, or all of, the Executive: (i) passing a background check; (ii) passing a screening for illegal and controlled substances; and (iii) confirming employment eligibility; and (iv) providing the Company with the results of a recent physical examination or other evidence showing the absence of any conditions that would preclude the Executive from fulfilling the obligations contemplated in this Agreement.

3. BASE SALARY. During the Employment Term, the Company agrees to pay the Executive an annual base salary of not less than 495,000 CHF (Swiss francs) gross per annum, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive’s base salary shall be subject to annual review by the Board (or a committee thereof) during the first ninety (90) days of each calendar year, and the base salary in respect of such calendar year may be increased above, but not decreased below, its level for the preceding calendar year, by the Board. The base salary as determined herein and adjusted from time to time shall constitute “Base Salary” for purposes of this Agreement.

4. ANNUAL BONUS.

(a) During the Employment Term, the Executive shall be eligible for an annual discretionary cash performance bonus (an “Annual Bonus”) in respect of each calendar year that ends during the Employment Term, to the extent earned based on performance against objective performance criteria. The performance criteria for any particular calendar year shall be determined in good faith by the Board, no later than ninety (90) days after the commencement of such calendar year. The Executive’s targeted Annual Bonus for a calendar year shall equal 70% of the Executive’s Base Salary for such calendar year (the “Target Bonus”) if target levels of performance for such year are achieved, with greater or lesser amounts (including zero) paid for performance above and below target (such greater and lesser amounts to be determined by a formula established by the Board for such year when it establishes the targets and performance criteria for such year); provided that the Executive’s maximum Annual Bonus for any calendar year during the Employment Term shall equal 200% of the Target Bonus for such calendar year.

(b) The Executive’s Annual Bonus for a calendar year shall be determined by, and is subject to the discretion of, the Board after the end of the applicable calendar year based on the level of achievement of the applicable performance criteria, and shall be paid to the Executive in the calendar year following the calendar year to which such Annual Bonus relates at the same time annual bonuses are paid to other senior executives of the Company, subject to continued employment at the time of payment (except as otherwise provided in Section 7 hereof).

5. EMPLOYEE BENEFITS.

(a) **BENEFIT PLANS.** During the Employment Term, the Executive shall be entitled to participate in any employee benefit plan that the Company has adopted or may adopt, maintain or contribute to and which benefit any of the senior executives of the Company, on a basis no less favorable than that applicable to any such senior executives, subject to satisfying the applicable eligibility requirements, except to the extent such plans are duplicative of the benefits otherwise provided hereunder. The Executive's participation in any such employee benefit plan shall be subject to the terms of the applicable plan documents and generally applicable Company policies. Notwithstanding the foregoing, the Company may modify or terminate any employee benefit plan at any time, if and to the extent allowed pursuant to the terms of such plan, provided that any such amendment may have no more adverse effect on the Executive than on any other participant in such plan. The Company may provide prerequisites to the Executive at the discretion of the Board.

(b) **VACATIONS.** During the Employment Term, the Executive shall be entitled to paid vacation in accordance with the Company's policy on accrual and use applicable to employees as in effect from time to time, currently calculated as twenty-seven (27) days annually for the Executive.

(c) **BUSINESS EXPENSES.** Upon presentation of reasonable substantiation and documentation as the Company may specify from time to time, the Executive shall be reimbursed in accordance with the Company's expense reimbursement policies as in effect from time to time, for all reasonable out-of-pocket business expenses incurred and paid by the Executive during the Employment Term and in connection with the performance of the Executive's duties hereunder.

6. **TERMINATION.** Notwithstanding Section 2 above, the Executive's employment and the Employment Term shall terminate on the first of the following to occur:

(a) **DEATH.** Automatically upon the date of death of the Executive.

(b) **CAUSE.** Immediately upon written notice by the Company to the Executive of a termination for cause ("*wichtiger Grund*") as provided for in Swiss employment law ("Cause"). For the sake of clarity, to the extent not already provided for in Swiss law, Cause shall also include the following behaviors: (i) continued failure to follow the lawful and reasonable directives of the Board after written notice from the Board and a period of no less than thirty (30) days to cure such failure; (ii) willful misconduct or gross negligence in the performance of the Executive's duties; (iii) conviction of, or pleading of guilty or nolo contendere to, a non-vehicular felony; (iv) material violation of a material written Company or Parent policy that is not cured within fifteen (15) days of written notice from the Board; (v) performance of any material act of theft, embezzlement, fraud or misappropriation of or in respect of the Company's property; (vi) continued failure to cooperate in any audit or investigation of financial or business practices of the Company or Parent after written request for cooperation from the Board and a period of no less than ten (10) days to cure such failure; (vii) commission of any criminal act or other act involving moral turpitude, sexual harassment or drug violations (after an independent investigation concludes that such acts occurred and Executive has been presented with opportunity to participate in the investigation); (viii) commission of any willful act which brings public disrepute, contempt, scandal, or ridicule, or which shocks or offends the community or any group or class thereof, or which reflects

unfavorably upon Company or Parent and, as a result of such act or involvement, reduces the commercial value of Company's or Parent's association with Executive; (ix) willful actions (other than legal action or arbitration arising out of this Agreement) or making or authorizing statements in derogation of Company or Parent or their products and such actions or statements become public during the Term that result in damage to the business of the Company; or (x) breach of any of the restrictive covenants set forth in Section 10 hereof or in any other written agreement between the Executive and the Company and/or its Affiliate that causes material and demonstrable harm to the Company or Parent and that is not cured within fifteen (15) days of written notice from the Board.

For purposes of this Section 6(b), no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company.

7. CONSEQUENCES OF TERMINATION.

(a) **DEATH.** In the event that the Executive's employment and the Employment Term ends on account of the Executive's death, the Executive or the Executive's estate, as the case may be, shall be entitled to the following (with the amounts due under Sections 7(a)(i) through 7(a)(v) hereof to be paid, unless otherwise provided below, within sixty (60) days following termination of employment, or such earlier date as may be required by applicable law):

(i) any unpaid Base Salary through the date of termination;

(ii) any Annual Bonus earned but unpaid with respect to the calendar year ending on or preceding the date of termination;

(iii) an amount equal to the pro-rata portion of the Executive's Target Bonus for the calendar year of termination (determined by multiplying the Target Bonus for the year of termination by a fraction, the numerator of which is the number of days during the calendar year of termination that the Executive is employed by the Company and the denominator of which is 365);

(iv) reimbursement for any unreimbursed business expenses incurred through the date of termination;

(v) payment in respect of any accrued but unused vacation time in accordance with Company policy;

(vi) all other payments, benefits or fringe benefits to which the Executive shall be entitled under the terms of any applicable compensation arrangement or benefit, or fringe benefit plan or program or grant or this Agreement (collectively, Sections 7(a)(i) through 7(a)(vi) hereof shall be hereafter referred to as the "Accrued Benefits") and

(vii) if the Executive is survived by a spouse, a registered partner, children who are minors or, in the absence of such heirs, other persons to whom she had a duty to provide support, the Base Salary for one month or, if the Executive had completed more than five years of service, for two months;

(b) **TERMINATION FOR CAUSE BY THE COMPANY; TERMINATION BY THE EXECUTIVE.** If the Executive's employment is terminated (x) by the Company for Cause or (y) by the Executive for whatsoever reason, the Company shall pay to the Executive the Accrued Benefits; except for Section 7(a)(iii). If the Executive terminates the Agreement, then the Company may elect to: (i) accelerate the Executive's termination date which shall not be considered a termination by the Company without Cause; and (ii) transition Executive's duties and responsibilities to others during the notice period. However, in the event that the Executive terminates the Agreement and the Company elects to accelerate the Executive's termination date, then the Executive will continue to receive Base Salary through the expiration of the notice period.

(c) **TERMINATION WITHOUT CAUSE.** If the Executive's employment by the Company is terminated by the Company other than for Cause, the Company shall pay or provide the Executive with the following, subject to the provisions of Section 24 hereof:

(i) the Accrued Benefits;

(ii) subject to the Executive's not engaging in a Material Covenant Violation as defined hereinafter or any other breach of Section 10 hereof that is not cured within fifteen (15) days of written notice from the Board (a "Material Cooperation Violation"), the Executive shall be entitled to an amount equal to one of the following (the applicable amount determined below to be referred to herein as the "Severance Amount"):

an amount equal to one and one-half (1.5) multiplied by the sum of the Executive's then current annual Base Salary and Target Bonus for the year of termination, paid in equal monthly installments for a period of eighteen (18) months following such termination. Payments and benefits provided in this Section 7(c) shall be in lieu of any notice period as defined in Section 2, termination or severance payments or benefits for which the Executive may be eligible under any of the plans, policies or programs of the Company or under applicable law and shall be reduced by such number of monthly installments that corresponds to the number of months by which the notice period is extended based art. 336c CO, provided that the aggregate severance benefits payable hereunder shall be no less than as required by applicable law.

A "Material Covenant Violation" shall mean a breach of any of the restrictive covenants set forth in Section 10 hereof or in any other written agreement between the Executive and the Company and/or any of the Company's or Parent's direct or indirectly controlled subsidiaries (each an "Affiliate") that causes material and demonstrable harm to the Company and/or any Affiliate.

(d) **CHANGE IN CONTROL.**

(i) This Section 7(d) shall apply if the Executive's employment by the Company is terminated (x) by the Company other than for Cause, or (y) by the Executive for good reason as defined in art. 340c para 2 CO, in either case, during the two (2)-year period commencing upon a Change in Control. Subject to the Executive's not engaging in a Material Covenant Violation or a Material Cooperation Violation, upon a termination described in the preceding sentence, the Executive shall receive the benefits set forth in Section 7(c) hereof, except that in lieu of receiving the Severance Amount in installments as contemplated under Section 7(c)(ii)

hereof, the Executive shall receive a lump sum payment equal to the Severance Amount on the date of such termination.

(ii) For purposes of this Agreement, the term “Change in Control” shall mean the consummation of the first transaction following the Effective Date, whether in a single transaction or in a series of related transactions, in which any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the U.S. Securities Exchange Act of 1934, as amended) (A) acquires (whether by merger, consolidation, or transfer or issuance of equity interests or otherwise) equity interests of the Parent (or any surviving or resulting entity) representing more than fifty percent (50%) of the outstanding voting securities or economic value of the Parent (or any surviving or resulting entity), or (B) acquires assets constituting all or substantially all (more than eighty percent (80%)) of the assets of the Parent and its subsidiaries (as determined on a consolidated basis).

8. OTHER OBLIGATIONS. Upon any termination of the Executive’s employment with the Company and at any time before at the request of the Board, the Executive shall promptly resign from any other position as an officer, director or fiduciary of the Company, Parent and any Affiliate.

9. RELEASE; NO MITIGATION; NO SET-OFF. Any and all amounts payable and benefits or additional rights provided pursuant to this Agreement beyond the Accrued Benefits shall only be payable if the Executive signs and delivers to the Company a general release of claims in favor of the Company in substantially the form of Exhibit A attached hereto not earlier than 1 month and 1 day, but not later than 60 days after his employment has ended and does not revoke such General Release. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, nor shall the amount of any payment hereunder be reduced by any compensation earned by the Executive as a result of employment by a subsequent employer. The Company’s obligations to pay the Executive amounts hereunder shall not be subject to set-off, counterclaim or recoupment of amounts owed by the Executive to the Company or any Affiliates.

10. RESTRICTIVE COVENANTS.

(a) **CONFIDENTIALITY.** During the course of the Executive’s employment with the Company, the Executive will learn confidential information regarding the Company. The Executive agrees that the Executive shall not, directly or indirectly, use, make available, sell, disclose or otherwise communicate to any person, other than in the course of the Executive’s assigned duties and for the benefit of the Company, either during the period of the Executive’s employment or at any time thereafter, any business and technical information or trade secrets, nonpublic, proprietary or confidential information, knowledge or data relating to the Company or any Affiliate, or received from third parties subject to a duty on the Company’s or any Affiliates’ part to maintain the confidentiality of such information and to use it only for certain limited purposes, in each case which shall have been obtained by the Executive during the Executive’s employment by the Company. The foregoing shall not apply to information that (i) was known to the public prior to its disclosure to the Executive; (ii) becomes generally known to the public subsequent to disclosure to the Executive through no wrongful act of the Executive or any

representative of the Executive; or (iii) the Executive is required to disclose by applicable law, regulation or legal process (provided that the Executive provides the Company with prior notice of the contemplated disclosure and cooperates with the Company at its expense in seeking a protective order or other appropriate protection of such information). The Executive shall keep the terms and conditions of this Agreement strictly confidential, and the Executive hereby agrees not to disclose the terms and conditions hereof to any person or entity, other than immediate family members, legal advisors or personal tax or financial advisors, or prospective future employers solely for the purpose of disclosing the limitations on the Executive's conduct imposed by the provisions of this Section 10 who, in each case, shall be instructed by the Executive to keep such information confidential.

(b) **NONCOMPETITION.** The Executive acknowledges that the Executive performs services of a unique nature for the Company that are irreplaceable, and that the Executive's performance of such services to a competing business will result in irreparable harm to the Company. Accordingly, during the Executive's employment hereunder and for a period of twenty-four (24) months (this period referred to herein as the "Restricted Period"), the Executive agrees that the Executive will not, directly or indirectly, own, manage, operate, control, be employed by (whether as an employee, consultant, independent contractor or otherwise, and whether or not for compensation) or render services to any person, firm, corporation or other entity, in whatever form, engaged in competition with any material business of the Company or any Affiliate or in any other material business in which the Company or any Affiliate has taken material steps and has material plans, on or prior to the date or termination, to be engaged in on or after such date, in any locale of any country in which the Company or any Affiliate conducts business. Notwithstanding the foregoing, nothing herein shall prohibit the Executive from being a passive owner of not more than one percent (1%) of the equity securities of a publicly traded corporation engaged in a business that is in competition with the Company or any of its affiliates, so long as the Executive has no active participation in the business of such corporation.

(c) **NONSOLICITATION; NONINTERFERENCE.** During the Executive's employment with the Company and for the Restricted Period, the Executive agrees that the Executive shall not, except in the furtherance of the Executive's duties hereunder, directly or indirectly, individually or on behalf of any other person, firm, corporation or other entity, (i) solicit, aid or induce any customer of the Company or an Affiliate to purchase goods or services then sold by the Company or any Affiliate from another person, firm, corporation or other entity or assist or aid any other persons or entity in identifying or soliciting any such customer, (ii) solicit, aid or induce any employee, representative or agent of the Company or any Affiliate to leave such employment or retention or, in the case of employees, to accept employment with or render services to or with any other person, firm, corporation or other entity unaffiliated with the Company or any Affiliate, or hire or retain any such employee, or take any action to materially assist or aid any other person, firm, corporation or other entity in identifying, hiring or soliciting any such employee, or (iii) interfere, or aid or induce any other person or entity in interfering, with the relationship between the Company or any Affiliate and any of their respective vendors, joint ventures or licensors. An employee, representative or agent shall be deemed covered by this Section 10(c) while so employed or retained and for a period of six (6) months thereafter. Notwithstanding the foregoing, the provisions of this Section 10(c) shall not be violated by general advertising or solicitation not specifically targeted at Company or Affiliate-related individuals or entities.

(d) **INTELLECTUAL PROPERTY RIGHTS.** The rights to inventions and designs made or conceived by the Executive individually or jointly while performing his employment activity and in performance of his contractual duties belong to the Company regardless of whether they are legally protected.

(i) The rights to inventions and designs, made or conceived by the Executive while performing his employment activity, but not during the performance of his contractual duties, shall be assigned by the Executive to the Company as of their inception, regardless of whether they are legally protected. The Executive is obliged to inform the Company in writing of any such inventions or designs. The Company is entitled to grant the rights to these inventions and designs to the Executive. Should the Company retain such rights the Executive will be entitled to a special reasonable compensation.

(ii) Other rights to any work products and any know-how, which the Executive creates or in which creation he participates while performing his employment activity belong exclusively to the Company. To the extent that work products (e.g., software, reports, documentations) are protected by copyrights, the Executive hereby assigns to the Company any and all rights related to such work products, particularly the copyright and any and all rights of use, including the rights of production and duplication, of publishing, to use, to license or to sell, to distribute over data or online media, to modify and develop further as well to develop new products on the basis of the work product of the Executive or on the basis of parts of such work product.

(e) **RETURN OF COMPANY PROPERTY.** On the date of the Executive's termination of employment with the Company for any reason (or at any time prior thereto at the Company's request), the Executive shall return all property belonging to the Company or any Affiliate (including, but not limited to, any Company-provided laptops, computers, cell phones, wireless electronic mail devices or other equipment, or documents and property belonging to the Company). Any retention right is excluded.

(f) **REASONABLENESS OF COVENANTS.** In signing this Agreement, the Executive gives the Company assurance that the Executive has carefully read and considered all of the terms and conditions of this Agreement, including the restraints imposed under this Section 10. The Executive agrees that these restraints are necessary for the reasonable and proper protection of the Company and the Company and any Affiliate's trade secrets and confidential information and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area, and that these restraints, individually or in the aggregate, will not prevent the Executive from obtaining other suitable employment during the period in which the Executive is bound by the restraints. The Executive acknowledges that each of these covenants has a unique, very substantial and immeasurable value to the Company and its Affiliates and that the Executive has sufficient assets and skills to provide a livelihood while such covenants remain in force. It is also agreed that the Affiliates will have the right to enforce all of the Executive's obligations to such Affiliates under this Agreement, including without limitation pursuant to this Section 10.

(g) **REFORMATION.** If it is determined by a court of competent jurisdiction in any state that any restriction in this Section 10 is excessive in duration or scope or is unreasonable or unenforceable under applicable law, it is the intention of the parties that such restriction may be

modified or amended by the court to render it enforceable to the maximum extent permitted by the laws of that state.

(h) **SURVIVAL OF PROVISIONS.** The obligations contained in Sections 10, 10 and 11 hereof shall survive the termination or expiration of the Employment Term and the Executive's employment with the Company and shall be fully enforceable thereafter.

11. COOPERATION. Upon the receipt of reasonable notice from the Company (including through outside counsel), the Executive agrees that while employed by the Company and thereafter (to the extent it does not materially interfere with the Executive's employment or other business activities after employment by the Company), the Executive will respond and provide information with regard to matters in which the Executive has knowledge as a result of the Executive's employment with the Company, and will provide reasonable assistance to the Company, the Affiliates and their respective representatives in defense of all claims that may be made against the Company or the Affiliates, and will assist the Company and the Affiliates in the prosecution of all claims that may be made by the Company or the Affiliates, to the extent that such claims may relate to the period of the Executive's employment with the Company. The Executive also agrees to promptly inform the Board (to the extent that the Executive is legally permitted to do so) if the Executive is asked to assist in any investigation of the Company or the Affiliates (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or Affiliates with respect to such investigation, and shall not do so unless legally required. Upon presentation of appropriate documentation, the Company shall pay or reimburse the Executive for all reasonable out-of-pocket travel, duplicating, telephonic, counsel and other expenses incurred by the Executive in complying with this Section 11.

12. EQUITABLE RELIEF AND OTHER REMEDIES. The Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of any of the provisions of Section 10 and 10 hereof or Section 11 hereof would be inadequate and, in recognition of this fact, the Executive agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company shall be entitled to obtain equitable relief in the form of specific performance (*Realerfüllung*), a temporary restraining order, a temporary or permanent injunction or any other equitable remedy which may then be available. In the event of a Material Covenant Violation or a Material Cooperation Violation by the Executive, any severance being paid to the Executive pursuant to this Agreement or otherwise shall immediately cease unless otherwise prohibited by applicable law. In case of a breach by the Executive of any of the covenants contained in Section 10 or Section 11 hereof (i) any Severance Amount payable by the Company, if any, shall be forfeited and (ii) the Executive shall pay to the Company a contractual penalty in an amount equal to (i) the Executive's last annual Base Salary for each individual breach of Sections 10(a), 10(b) and 10(c)(i), (ii) one twelfth (1/12th) of the Executive's last annual Base salary for each individual breach of Sections 10(c)(ii), 10(c)(iii) and 11 and CHF 10,000 for each individual breach of Sections 10(e). In addition, the Executive shall have to compensate the Company for any damages and financial losses directly arising out of or relating to such breach. The Executive cannot disburden himself from the aforementioned prohibitions by the payment of the contractual penalty and/or damages.

13. NO ASSIGNMENTS. This Agreement is personal to each of the parties hereto. Except as provided in this Section 13 hereof, no party may assign or delegate any rights or obligations hereunder without first obtaining the written consent of the other party hereto. The Company shall assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company or Parent, provided that the Company shall require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place, and provided that the Company agrees to perform such obligations if such successor fails to do so in a timely manner. As used in this Agreement, "Company" shall mean the Company and any successor to all or substantially all of its business and/or assets, which assumes and agrees to perform the duties and obligations of the Company under this Agreement by operation of law or otherwise.

14. NOTICES. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of delivery, if delivered by hand, (b) on the date of transmission, if delivered by confirmed facsimile or electronic mail, (c) on the first business day following the date of deposit, if delivered by guaranteed overnight delivery service, or (d) on the fourth business day following the date delivered or mailed with a national postal carrier by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

At the address (or to the facsimile number) shown
in the books and records of the Company.

If to the Company:

Trinseo Europe GmbH
c/o Trinseo LLC
Chief Legal Officer
1000 Chesterbrook Boulevard, Suite 300
Berwyn, Pennsylvania 19312

And

With a copy (which shall not constitute notice hereunder)
to:

Trinseo Europe GmbH
Chief Human Resources Officer
Zugerstrasse 231
Horgen, CH-8810, Switzerland

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

15. SECTION HEADINGS; INCONSISTENCY. The section headings used in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. In the event of any inconsistency between the terms of this Agreement (including the Exhibits hereto) and any form, award, plan or policy of the Company, the terms of this Agreement shall govern and control.

16. SEVERABILITY. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof which shall be replaced by such valid and enforceable provision that best reflects the Parties original intent.

17. SUPREMACY & COUNTERPARTS. This Agreement supersedes and replaces all prior agreements and understandings, whether oral or written, in connection with the subject matter hereof; including, but not limited to, the Employment Contract having an effective date of September 14, 2015, as amended from time to time most recently on October 2, 2019. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

18. INDEMNIFICATION. The Company hereby agrees to indemnify the Executive and hold the Executive harmless to the fullest extent allowable under applicable law against and in respect of any and all actions, suits, proceedings, claims, demands, judgments, costs, expenses (including attorney's fees, and the advancement of such fees subject to any legally required repayment undertaking), losses, and damages resulting from the Executive's performance of the Executive's duties and obligations with the Company. This obligation shall survive the termination of the Executive's employment with the Company.

19. LIABILITY INSURANCE. The Company shall cover the Executive under directors' and officers' liability insurance both during and, while potential liability exists, after the Employment Term in the same amount and to the same extent as the Company covers its other officers and directors.

20. GOVERNING LAW. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall exclusively be governed by and construed in accordance with the substantive laws of Switzerland.

21. DISPUTE RESOLUTION. Each of the parties agrees that any dispute between the parties shall be resolved only in the courts of Switzerland, in accordance with art. 34 of the Swiss Code of Civil Procedure.

22. MISCELLANEOUS. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by the Executive and such officer or director as may be designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. This Agreement together with all exhibits hereto sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes any and all prior agreements

or understandings between the Executive and the Company with respect to the subject matter hereof, whether written or oral. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement.

23. REPRESENTATIONS; ACTIONS BY PRIOR EMPLOYERS. The Executive represents and warrants to the Company that (a) the Executive has used the Executive's best efforts to provide the Company with (i) each agreement with a predecessor employer which may have any bearing on the Executive's legal right to enter into this Agreement and to perform all of the obligations on the Executive's part to be performed hereunder in accordance with its terms, or (ii) a summary of the applicable provisions of each such agreement which the Executive may not provide to the Company due to an existing confidentiality obligation, and (b) other than the agreements referenced in the preceding clause (a), the Executive is not a party to any agreement or understanding, whether written or oral, and is not subject to any restriction (including, without limitation, any non-competition restriction from a prior employer), which, in either case, could prevent the Executive from entering into this Agreement or performing all of the Executive's duties and obligations hereunder. The Executive understands that the foregoing representations are a material inducement to the Company entering into this Agreement, and to the extent that either of such representations is untrue in any material respect at any time or for any reason, this Agreement shall be voidable by the Company such that the parties hereunder shall be relieved of all of their respective duties and obligations hereunder; provided that any termination of the Executive's employment resulting from the Company exercising its rights pursuant to this sentence shall have the same consequences, especially financial consequences, as a termination of employment by the Executive without good reason as defined in art. 340c para 2 CO. If any prior employer of the Executive, or any affiliate of any such prior employer, challenges the Executive's right to enter into this Agreement and to perform all of the Executive's obligations hereunder (whether by action against the Executive, the Company, Parent and/or an Affiliate), the Company (on behalf of itself, Parent and all Affiliates) and the Executive each agree to use their reasonable best efforts to defend against such challenge.

24. WITHHOLDING. The Company will deduct from the Employee's gross remuneration as provided for in this Agreement the applicable Employee contributions, respectively premiums to social security schemes (AHV|IV, EO, ALV), the premiums for the pension fund (BVG), as well as applicable taxes, if any in accordance with the respective laws, regulations and plan documents.

25. FURTHER ASSURANCES. The parties hereto shall cooperate with each other and do, or procure the doing of, all acts and things, and execute, or procure the execution of, all documents, as may reasonably be required to give full effect to this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

Trinseo Europe GmbH	Executive
Signature #1: /s/ A.L.M. Heezen	Signature: /s/ Timothy Stedman
Name: A. Heezen	Name: T.M. Stedman
Title: SVP HR	
Date: 10 March 2020	Date: 9 March 2020
Signature #2: // Isabel Hacker	
Name: Dr. I. Hacker	
Title: Director	
Date: 17 March 2020	

EXHIBIT A

GENERAL RELEASE

I, CANDIDATE NAME, in consideration of and subject to the performance by Trinseo Europe GmbH. (together with its Affiliates, the “Company”), of its obligations under the Employment Agreement, dated as of [●] (the “Agreement”), do hereby release and forever discharge as of the date hereof the Company and its respective Affiliates and all present, former and future directors, officers, employees, successors and assigns of the Company and its Affiliates and direct or indirect owners (collectively, the “Released Parties”) to the extent provided below. The Released Parties are intended third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Agreement.

1. I understand that any payments or benefits paid or granted to me under Section 7 of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in Section 7 of the Agreement. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its affiliates.
2. Except as provided in paragraphs 1 above and 5 below and except for the provisions of the Agreement which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys’ fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with, or my separation or termination from, the Company (all of the foregoing collectively referred to herein as the “Claims”).
3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.
4. I agree that this General Release does not waive or release any rights or claims that I may have which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action.
5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding

the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law at the time I sign this General Release, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding. Additionally, I am not waiving any right to the Accrued Benefits or indemnity.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law. I further agree that I am not aware of any pending claim of the type described in paragraph 2 above as of the execution of this General Release.
7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.
8. I agree that if I violate this General Release by suing the Company or the other Released Parties, I will pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees.
9. I agree that this General Release and the Agreement are confidential and agree not to disclose any information regarding the terms of this General Release or the Agreement, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone. The Company agrees to disclose any such information only to any tax, legal or other counsel of the Company as required by law.
10. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other self-regulatory organization or any governmental entity.
11. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 2 above and which, if known or suspected at the time of entering

into this General Release, may have materially affected this General Release and my decision to enter into it.

12. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Agreement after the date hereof.
13. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein and if possible under applicable law, replaced by such valid, legal and enforceable provision that best reflects the intent of the invalid, illegal or unenforceable provision.
14. This General release is subject to the substantive laws of Switzerland.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;
2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS;
3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;
4. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY; AND
5. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED:

DATED:

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Frank Bozich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trinseo S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

By: /s/ Frank Bozich
Name: Frank Bozich
Title: Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, David Stasse, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Trinseo S.A.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2020

By: /s/ David Stasse
Name: David Stasse
Title: Chief Financial Officer

**Certification of CEO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Trinseo S.A. (the "Company") on Form 10-Q for the period ended March 31, 2020 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2020

By: /s/ Frank Bozich
Name: Frank Bozich
Title: Chief Executive Officer

**Certification of CFO Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the quarterly report of Trinseo S.A. (the "Company") on Form 10-Q for the period ended March 31, 2020 (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, I, the undersigned, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

- (1) The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2020

By: /s/ David Stasse
Name: David Stasse
Title: Chief Financial Officer
