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

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**FORM 10-Q**

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

For the quarterly period ended **March 31, 2016**  
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: **001-36733**

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**AXALTA COATING SYSTEMS LTD.**

(Exact name of registrant as specified in its charter)

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**Bermuda**  
(State or other jurisdiction of  
incorporation or organization)

**98-1073028**  
(I.R.S. Employer  
Identification No.)

**Two Commerce Square**  
**2001 Market Street**  
**Suite 3600**  
**Philadelphia, Pennsylvania 19103**  
**(855) 547-1461**

(Address, including zip code, and telephone number, including area code, of the registrant's principal executive offices)

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

**Common Shares, \$1.00 par value**  
(title of class)

**New York Stock Exchange**  
(Exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

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

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

Indicate by check mark whether the Company is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer  Non-accelerated filer  Accelerated filer  Small reporting company

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

As of April 18, 2016, there were 238,781,495 shares of the registrant's common shares outstanding.

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**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

**AXALTA COATING SYSTEMS LTD.**  
Condensed Consolidated Statements of Operations (Unaudited)  
(In millions, except per share data)

	<b>Three Months Ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Net sales	\$ 955.6	\$ 989.2
Other revenue	6.0	8.3
Total revenue	961.6	997.5
Cost of goods sold	606.4	649.8
Selling, general and administrative expenses	219.1	213.0
Research and development expenses	12.6	12.9
Amortization of acquired intangibles	20.2	20.0
Income from operations	103.3	101.8
Interest expense, net	50.1	50.0
Other expense, net	8.0	3.9
Income before income taxes	45.2	47.9
Provision for income taxes	14.6	1.2
Net income	30.6	46.7
Less: Net income attributable to noncontrolling interests	0.9	1.6
Net income attributable to controlling interests	\$ 29.7	\$ 45.1
Basic net income per share	\$ 0.13	\$ 0.20
Diluted net income per share	\$ 0.12	\$ 0.19
Basic weighted average shares outstanding	237.1	229.8
Diluted weighted average shares outstanding	241.6	237.0

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

**AXALTA COATING SYSTEMS LTD.**  
Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)  
(In millions)

	Three Months Ended March 31,	
	2016	2015
Net income	\$ 30.6	\$ 46.7
Other comprehensive income (loss), before tax:		
Foreign currency translation adjustments	15.7	(109.6)
Unrealized gain (loss) on securities	(0.4)	0.5
Unrealized loss on derivatives	(2.2)	(4.8)
Unrealized loss on pension and other benefit plan obligations	(0.1)	(1.2)
Other comprehensive income (loss), before tax	13.0	(115.1)
Income tax benefit related to items of other comprehensive income (loss)	0.8	2.6
Other comprehensive income (loss), net of tax	13.8	(112.5)
Comprehensive income (loss)	44.4	(65.8)
Less: Comprehensive income attributable to noncontrolling interests	0.9	1.2
Comprehensive income (loss) attributable to controlling interests	\$ 43.5	\$ (67.0)

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

**AXALTA COATING SYSTEMS LTD.**  
Condensed Consolidated Balance Sheets (Unaudited)  
(In millions, except per share data)

	March 31, 2016	December 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 419.5	\$ 485.0
Restricted cash	2.8	2.7
Accounts and notes receivable, net	792.7	765.8
Inventories	543.4	530.7
Prepaid expenses and other	64.7	63.6
Deferred income taxes	54.9	69.5
Total current assets	1,878.0	1,917.3
Property, plant and equipment, net	1,377.5	1,382.9
Goodwill	942.1	928.2
Identifiable intangibles, net	1,177.2	1,191.6
Other assets	458.3	434.2
Total assets	\$ 5,833.1	\$ 5,854.2
<b>Liabilities, Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 419.8	\$ 454.7
Current portion of borrowings	53.7	50.1
Deferred income taxes	7.1	6.6
Other accrued liabilities	300.6	370.2
Total current liabilities	781.2	881.6
Long-term borrowings	3,405.1	3,391.4
Long-term employee benefits	252.2	252.3
Deferred income taxes	166.8	165.5
Other liabilities	26.8	22.2
Total liabilities	4,632.1	4,713.0
Commitments and contingencies (Note 5)		
Shareholders' equity		
Common shares, \$1.00 par, 1,000.0 shares authorized, 238.5 and 237.9 shares issued and outstanding at March 31, 2016 and December 31, 2015, respectively	237.2	237.0
Capital in excess of par	1,255.5	1,238.8
Accumulated deficit	(103.1)	(132.8)
Accumulated other comprehensive loss	(255.5)	(269.3)
Total Axalta shareholders' equity	1,134.1	1,073.7
Noncontrolling interests	66.9	67.5
Total shareholders' equity	1,201.0	1,141.2
Total liabilities and shareholders' equity	\$ 5,833.1	\$ 5,854.2

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

**AXALTA COATING SYSTEMS LTD.**  
Condensed Consolidated Statements of Cash Flows (Unaudited)  
(In millions)

	Three Months Ended March 31,	
	2016	2015
<b>Operating activities:</b>		
Net income	\$ 30.6	\$ 46.7
Adjustment to reconcile net income to cash used for operating activities:		
Depreciation and amortization	76.0	72.6
Amortization of financing costs and original issue discount	5.1	5.0
Deferred income taxes	(2.4)	(17.2)
Realized and unrealized foreign exchange losses, net	7.5	4.8
Stock-based compensation	10.2	1.8
Other non-cash, net	(3.0)	0.1
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(26.5)	(53.5)
Inventories	(7.5)	(25.9)
Prepaid expenses and other	(13.8)	(36.3)
Accounts payable	(16.6)	(1.0)
Other accrued liabilities	(74.2)	(91.1)
Other liabilities	(3.4)	(4.7)
Cash used for operating activities	(18.0)	(98.7)
<b>Investing activities:</b>		
Business acquisitions and purchases of controlling interests in affiliates (net of cash acquired)	—	(3.2)
Purchase of property, plant and equipment	(40.3)	(31.5)
Restricted cash	(0.1)	1.8
Other investing	(2.9)	2.7
Cash used for investing activities	(43.3)	(30.2)
<b>Financing activities:</b>		
Proceeds from short-term borrowings	—	1.5
Payments on short-term borrowings	(0.3)	(10.7)
Payments on long-term borrowings	(6.9)	(6.8)
Dividends paid to noncontrolling interests	(1.5)	(3.5)
Proceeds from option exercises and associated tax benefits	6.7	—
Other financing activities	(0.3)	(0.2)
Cash used for financing activities	(2.3)	(19.7)
Decrease in cash and cash equivalents	(63.6)	(148.6)
Effect of exchange rate changes on cash	(1.9)	(10.6)
Cash and cash equivalents at beginning of period	485.0	382.1
Cash and cash equivalents at end of period	\$ 419.5	\$ 222.9

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

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**(1) BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The interim condensed consolidated financial statements included herein are unaudited. In the opinion of management, these statements include all adjustments, consisting only of normal, recurring adjustments, necessary for a fair statement of the financial position of Axalta Coating Systems Ltd., a Bermuda exempted company limited by shares, and its consolidated subsidiaries ("Axalta," the "Company," "we," "our" and "us") at March 31, 2016 and December 31, 2015, the results of operations and comprehensive income (loss) for the three months ended March 31, 2016 and 2015, and their cash flows for the three months then ended. All intercompany balances and transactions have been eliminated. These interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated and combined financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. The year-end condensed consolidated balance sheet data was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America.

The accompanying financial statements include the interim unaudited condensed consolidated balance sheets of Axalta at March 31, 2016 and December 31, 2015, the related interim unaudited condensed consolidated statements of operations and statements of comprehensive income (loss) for the three months ended March 31, 2016 and 2015 and of cash flows for the three months ended March 31, 2016 and 2015. The interim unaudited condensed consolidated financial statements include the accounts of Axalta and its subsidiaries, and entities in which a controlling interest is maintained. Certain of our joint ventures are accounted for on a one-month lag basis, the effect of which is not material.

The results of operations for the three months ended March 31, 2016 are not necessarily indicative of the results to be expected for a full year.

***The Acquisition***

The acquisition ("Acquisition") by Axalta and certain of its indirect subsidiaries of all the capital stock, other equity interests and assets of certain entities which, together with their subsidiaries, comprised the assets and legal entities, which together with their subsidiaries, comprised the DuPont Performance Coatings business ("DPC"), which was formerly owned by E. I. du Pont de Nemours and Company ("DuPont"), closed on February 1, 2013.

***The Carlyle Offerings***

On November 11, 2014, we priced our initial public offering (the "Offering", or the "IPO"), in which certain selling shareholders affiliated with Carlyle sold 57,500,000 common shares at a price of \$19.50 per share.

In April 2015, we completed a secondary offering (the "Secondary Offering") in which Carlyle sold an aggregate of 46,000,000 common shares at a price of \$28.00 per share. In addition, Carlyle sold 20,000,000 common shares in a private placement to an affiliate of Berkshire Hathaway Inc. (together with the Secondary Offering, the "April 2015 Secondary Offerings") for \$28.00 per share. Following these sales, Carlyle ceased to control a majority of our common shares.

In August 2015, we completed a secondary offering (together with the IPO and the April 2015 Secondary Offerings, the "Carlyle Offerings") in which Carlyle sold an aggregate of 34,500,000 common shares at a public offering price of \$29.75 per share.

We did not receive any proceeds from the sale of common shares in any of the Carlyle Offerings.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**(2) RECENT ACCOUNTING GUIDANCE**

*Accounting Guidance Issued But Not Yet Adopted*

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-09, "Stock Compensation", which provides various areas of simplification surrounding the accounting for stock-based compensation. This standard is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. Early adoption is permitted prior to this date. We are in the process of assessing the impact the adoption of this standard will have on our balance sheets, statements of operations and statements of cash flows.

In February 2016, the FASB issued ASU 2016-02, "Leases", which requires lessees to recognize the assets and liabilities arising from all leases (both finance and operating) on the balance sheet. In addition to this main provision, this standard included a number of additional changes to lease accounting. This standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early adoption is permitted prior to this date. We are in the process of assessing the impact the adoption of this standard will have on our balance sheets, statements of operations and statements of cash flows.

In November 2015, the FASB issued ASU 2015-17, "Balance Sheet Classification of Deferred Taxes", which requires that all deferred tax assets and liabilities be classified as non-current on the balance sheet. The standard is effective for fiscal years beginning after December 15, 2016, with early adoption permitted. We intend to early adopt this standard during 2016. The impacts to the accompanying condensed consolidated balance sheets would have resulted in corresponding net reclassifications from current assets and liabilities to non-current assets and liabilities at March 31, 2016 and December 31, 2015 of \$47.7 million and \$62.9 million, respectively.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)", which sets forth the guidance that an entity should use related to revenue recognition. This ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers: Deferral of the Effective Date," which delayed the effective date of the new revenue accounting standard to fiscal years beginning after December 15, 2017, and the interim periods within those fiscal years. Companies will be allowed to early adopt the guidance as of the original effective date. Early adoption is not permitted prior to this date. We are in the process of assessing the impact the adoption of this standard will have on our balance sheets, statements of operations and statements of cash flows.

We have determined that all other recently issued accounting standards will not have a material impact on our interim condensed consolidated financial statements or do not apply to our operations.

**(3) GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS**

*Goodwill*

The following table shows changes in the carrying amount of goodwill from December 31, 2015 to March 31, 2016 by reportable segment:

	Performance Coatings	Transportation Coatings	Total
At December 31, 2015	\$ 866.1	\$ 62.1	\$ 928.2
Foreign currency translation	13.0	0.9	13.9
March 31, 2016	\$ 879.1	\$ 63.0	\$ 942.1



**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**Identifiable Intangible Assets**

The following tables summarize the gross carrying amounts and accumulated amortization of identifiable intangible assets by major class:

March 31, 2016	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	\$ 413.8	\$ (127.6)	\$ 286.2	10.0
Trademarks - indefinite-lived	284.4	—	284.4	Indefinite
Trademarks - definite-lived	45.8	(9.3)	36.5	14.8
Customer relationships	681.5	(112.0)	569.5	19.3
Non-compete agreements	1.9	(1.3)	0.6	4.6
<b>Total</b>	<b>\$ 1,427.4</b>	<b>\$ (250.2)</b>	<b>\$ 1,177.2</b>	

December 31, 2015	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	\$ 413.0	\$ (117.2)	\$ 295.8	10.0
Trademarks—indefinite-lived	284.4	—	284.4	Indefinite
Trademarks—definite-lived	45.2	(8.5)	36.7	14.7
Customer relationships	676.1	(102.1)	574.0	19.3
Non-compete agreements	1.9	(1.2)	0.7	4.6
<b>Total</b>	<b>\$ 1,420.6</b>	<b>\$ (229.0)</b>	<b>\$ 1,191.6</b>	

The estimated amortization expense related to the fair value of acquired intangible assets for the remainder of 2016 and each of the succeeding four years is:

Remainder of 2016	\$ 60.4
2017	\$ 80.2
2018	\$ 80.1
2019	\$ 80.1
2020	\$ 80.0

**(4) RESTRUCTURING**

In accordance with the applicable guidance for Nonretirement Postemployment Benefits, we accounted for termination benefits and recognized liabilities when the loss was considered probable that employees were entitled to benefits and the amounts could be reasonably estimated.

We have incurred costs associated with involuntary termination benefits associated with corporate-related initiatives, including our transition to a standalone entity and cost-saving opportunities associated with our Fit For Growth and Axalta Way initiatives. During the three months ended March 31, 2016 and 2015 we incurred restructuring costs of \$0.5 million and \$2.2 million, respectively. These amounts are recorded within selling, general and administrative expenses in the interim unaudited condensed consolidated statements of operations. The payments associated with these actions are expected to be completed within 12 to 15 months from March 31, 2016.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

The following table summarizes the activities related to the restructuring reserves, recorded within other accrued liabilities, and expenses from December 31, 2015 to March 31, 2016:

	<b>2016 Activity</b>
<b>Balance at December 31, 2015</b>	\$ 41.3
Expense Recorded	0.5
Payments Made	(11.7)
Foreign Currency Changes	0.7
<b>Balance at March 31, 2016</b>	<b>\$ 30.8</b>

## (5) COMMITMENTS AND CONTINGENCIES

### *Guarantees*

We directly guarantee various debt obligations under agreements with third parties related to the following: equity affiliates, customers, suppliers and other affiliated companies. No amounts were accrued at March 31, 2016 or December 31, 2015.

### *Leases*

At March 31, 2016, we have recorded approximately \$17.7 million in property, plant and equipment representing our landlord's estimated costs incurred to construct properties under two separate build-to-suit lease arrangements. Both leases commenced construction during 2015 with construction expected to be completed during 2016 and 2017 for the two properties. The construction related to the build-to-suit leases have estimated total costs of approximately \$54.8 million.

For accounting purposes, we are deemed the owner of the assets during the construction period and are required to record these costs as construction in progress during the construction period, with an offsetting liability in the same amount recorded to current and long-term borrowings, depending on the expected construction completion dates. These costs do not reflect the Company's cash obligations, but represent the landlord's costs to construct the properties, including costs for tenant improvements.

### *Other*

We are subject to various pending lawsuits and other claims including civil, regulatory and environmental matters. Certain of these lawsuits and other claims may have an impact on us. These litigation matters may involve indemnification obligations by third parties and/or insurance coverage covering all or part of any potential damage awards against DuPont and/or us. All of the above matters are subject to many uncertainties and, accordingly, we cannot determine the ultimate outcome of the lawsuits at this time.

The potential effects, if any, on the unaudited condensed consolidated financial statements of Axalta will be recorded in the period in which these matters are probable and estimable, and such effects, could be material.

In addition to the aforementioned matters, we are party to various legal proceedings in the ordinary course of business. Although the ultimate resolution of these various proceedings cannot be determined at this time, management does not believe that such proceedings, individually or in the aggregate, will have a material adverse effect on the unaudited condensed consolidated financial statements of Axalta.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**(6) LONG-TERM EMPLOYEE BENEFITS**

*Components of Net Periodic Pension Benefit Cost*

The following table sets forth the components of net periodic benefit cost for the three months ended March 31, 2016 and 2015.

	Three Months Ended March 31,	
	2016	2015
Components of net periodic benefit cost:		
Net periodic benefit cost:		
Service cost	\$ 2.5	\$ 3.1
Interest cost	3.9	4.6
Expected return on plan assets	(3.2)	(3.7)
Amortization of actuarial (gain) loss, net	(0.1)	0.3
Amortization of prior service credit, net	—	(0.1)
Net periodic benefit cost	<u>\$ 3.1</u>	<u>\$ 4.2</u>

Net periodic benefit gains associated with other long-term employee benefits consisted of amortization of prior service credits of \$0.9 million for the three months ended March 31, 2015. At March 31, 2016, there were no liabilities associated with other long-term employee benefits as the plan was effectively settled at December 31, 2015.

**(7) STOCK-BASED COMPENSATION**

During the three months ended March 31, 2016 and 2015 we recognized \$10.2 million and \$1.8 million, respectively, in stock-based compensation expense. Stock-based compensation expense is allocated between costs of goods sold and selling, general and administrative expenses on the condensed consolidated statement of operations.

We recognized a tax benefit on stock-based compensation of \$3.9 million and \$0.5 million for the three months ended March 31, 2016 and 2015, respectively.

In February 2016, we granted 1.1 million non-qualified, service-based stock options to certain employees and directors under the 2014 Incentive Award Plan (the "2014 Plan") with a strike price of \$23.24 per share. In addition, we granted 0.8 million shares of restricted stock and restricted stock units at fair values equal to \$23.24 per share. We also granted 0.3 million shares of performance share awards and performance share units at fair values equal to \$24.74 per share.

Compensation cost is recorded net of forfeitures. The forfeiture rate assumption is the estimated annual rate at which unvested awards are expected to be forfeited during the vesting period. Periodically, management will assess whether it is necessary to adjust the estimated rate to reflect changes in actual forfeitures or changes in expectations. At March 31, 2016, the Company has estimated its annual forfeiture rate at 0% due to its historical trends and expectations of forfeitures.

*Stock Options*

The Black-Scholes option pricing model was used to estimate fair values of the options as of the date of the grant. The weighted average fair value of options granted in 2016 was \$5.68 per share. Principal weighted average assumptions used in applying the Black-Scholes model were as follows:

	2016 Grants
Expected Term	6.00 years
Volatility	21.63%
Dividend Yield	—
Discount Rate	1.45%

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

Options granted under the 2014 Plan vest ratably over three years and have a life of no more than ten years. For the option grants, the market value of the stock is the closing price of the stock on the date of grant. The expected term assumptions used for the 2016 and 2015 grants were also determined using the simplified method and resulted in an expected term of 6.0 years. We do not anticipate paying cash dividends in the foreseeable future and, therefore, used an expected dividend yield of zero. Volatility for outstanding grants is based upon the peer group since the Company was either privately-held at the date of grant or had a limited history as a public company. The discount rate was derived from the U.S. Treasury yield curve. The exercise price and market value per share amounts presented above were as of the date the stock options were granted.

A summary of stock option award activity as of March 31, 2016 and changes during the period then ended, is presented below:

	Awards (in millions)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Life (years)
Outstanding at January 1, 2016	11.0	\$ 12.19		
Granted	1.1	\$ 23.24		
Exercised	(0.2)	\$ 9.22		
Forfeited	(0.3)	\$ 7.65		
Outstanding at March 31, 2016	<u>11.6</u>	<u>\$ 13.36</u>		
Vested and expected to vest at March 31, 2016	11.6	\$ 13.36	\$ 186.7	7.78
Exercisable at March 31, 2016	9.3	\$ 9.81	\$ 179.9	7.36

Cash received by the Company upon exercise of options for the three months ended March 31, 2016 was \$6.7 million, inclusive of tax benefits related to exercises of \$4.7 million. The future tax benefit related to exercises during the three months ended March 31, 2016 was \$1.2 million. The Company may settle option exercises by issuing new shares, treasury shares or shares purchased on the open market. The intrinsic value of options exercised for the three months ended March 31, 2016 was \$3.6 million.

At March 31, 2016, there was \$10.2 million of unrecognized compensation cost relating to outstanding unvested stock options expected to be recognized over the weighted average period of 2.5 years. Compensation expense is recognized for the fair value of the stock options over the requisite service period of the awards using the graded-vesting attribution method.

***Restricted Stock Awards and Restricted Stock Units***

During three months ended March 31, 2016, we issued 0.8 million shares of restricted stock and restricted stock units with a grant price of \$23.24 per share. A portion of these awards vests ratably over three years. Other awards granted to certain members of management cliff vest over two and three year periods and are subject to accelerated vesting in the event of the award recipient's termination of employment under certain circumstances.

A summary of restricted stock and restricted stock unit award activity as of March 31, 2016 is presented below:

	Awards (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2016	1.7	\$ 32.22
Granted	0.8	\$ 23.24
Vested	—	\$ —
Forfeited	—	\$ —
Outstanding at March 31, 2016	<u>2.5</u>	<u>\$ 29.39</u>

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

At March 31, 2016, there was \$48.2 million of unamortized expense relating to unvested restricted stock awards and restricted stock units that is expected to be amortized over a weighted average period of 2.4 years. Compensation expense is recognized for the fair values of the awards over the requisite service period of the awards using the graded-vesting attribution method.

***Performance Stock Awards and Performance Stock Units***

During the three months ended March 31, 2016, the Company granted performance shares and performance share units (collectively referred to as "PSUs") to certain employees of the Company as part of their annual share compensation award.

PSUs are tied to the Company's total shareholder return ("TSR") relative to the TSR of a selected industry peer group. Each award covers a three-year performance cycle starting January 1, 2016 through December 31, 2018 with a three-year service period vesting requirement. Awards will cliff vest upon meeting the applicable TSR thresholds and the three-year service requirement. The actual number of shares awarded is adjusted to between zero and 200% of the target award amount based upon achievement of pre-determined objectives. TSR relative to peers is considered a market condition under applicable authoritative guidance.

A summary of performance stock and performance stock unit award activity as of March 31, 2016 is presented below:

	Awards (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2016	— \$	—
Granted	0.3 \$	24.74
Vested	— \$	—
Forfeited	— \$	—
Outstanding at March 31, 2016	0.3 \$	24.74

At March 31, 2016, there was \$8.1 million of unamortized expense relating to unvested PSUs that is expected to be amortized over a weighted average period of 2.8 years. Compensation expense is recognized for the fair values of the awards over the requisite service period of the awards using the cliff-vesting attribution method.

**(8) OTHER EXPENSE, NET**

	Three Months Ended March 31,	
	2016	2015
Exchange losses, net	\$ 7.5	\$ 8.7
Other miscellaneous expense (income), net	0.5	(4.8)
Total	\$ 8.0	\$ 3.9

Our net exchange losses for the three months ended March 31, 2016 and 2015 consisted of remeasurement losses on our Euro borrowings, partially offset by gains related to the remeasurement of intercompany transactions denominated in currencies different from the functional currency of the relevant subsidiary. Net exchange losses for the period also include the impacts of remeasurement losses related to the remeasurement of the net monetary assets of our Venezuelan subsidiary as discussed further in Note 20.

Other miscellaneous income, net included a gain for the three months ended March 31, 2015, resulting from the acquisition of an additional 25% interest in an equity method investee for a purchase price of \$4.3 million. As a result of the acquisition, we obtained a controlling interest and recognized a gain of \$5.4 million on the remeasurement of our previously held equity interest as of the acquisition date.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**(9) INCOME TAXES**

Our effective income tax rates for the three months ended March 31, 2016 and 2015 are as follows:

	Three Months Ended March 31,	
	2016	2015
Effective Tax Rate	32.3%	2.5%

The higher effective tax rate for the three months ended March 31, 2016 was primarily due to the 2015 favorable impact of the tax benefits associated with currency exchange losses.

**(10) EARNINGS PER COMMON SHARE**

Basic earnings per common share excludes the dilutive impact of potentially dilutive securities and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted net income per common share includes the effect of potential dilution from the exercise of outstanding stock options, restricted shares and performance shares. A reconciliation of our basic and diluted earnings per common share is as follows:

(In millions, except per share data)	Three Months Ended March 31,	
	2016	2015
Net income attributable to controlling interests	\$ 29.7	\$ 45.1
Basic weighted average shares outstanding	237.1	229.8
Diluted weighted average shares outstanding	241.6	237.0
Earnings per common share:		
Basic net income per share	\$ 0.13	\$ 0.20
Diluted net income per share	\$ 0.12	\$ 0.19

The number of anti-dilutive shares that have been excluded in the computation of diluted earnings per share for the three months ended March 31, 2016 and 2015 were 1.9 million and 0.0 million, respectively.

**(11) ACCOUNTS AND NOTES RECEIVABLE, NET**

	March 31, 2016	December 31, 2015
Accounts receivable—trade, net	\$ 681.4	\$ 647.2
Notes receivable	28.6	43.0
Other	82.7	75.6
Total	\$ 792.7	\$ 765.8

Accounts and notes receivable are carried at amounts that approximate fair value. Accounts receivable—trade, net are net of allowances of \$11.0 million and \$10.7 million at March 31, 2016 and December 31, 2015, respectively. Bad debt expense, within selling, general and administration expenses, was \$0.1 million and \$0.7 million for the three months ended March 31, 2016 and 2015, respectively.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**(12) INVENTORIES**

	March 31, 2016	December 31, 2015
Finished products	\$ 319.8	\$ 313.1
Semi-finished products	90.7	88.5
Raw materials and supplies	132.9	129.1
Total	<u>\$ 543.4</u>	<u>\$ 530.7</u>

Stores and supplies inventories of \$21.2 million and \$20.8 million at March 31, 2016 and December 31, 2015, respectively, were valued under the weighted average cost method.

**(13) PROPERTY, PLANT AND EQUIPMENT, NET**

Depreciation expense amounted to \$41.7 million and \$41.3 million for the three months ended March 31, 2016 and 2015, respectively.

	March 31, 2016	December 31, 2015
Property, plant and equipment	\$ 1,894.6	\$ 1,855.3
Accumulated depreciation	(517.1)	(472.4)
Property, plant and equipment, net	<u>\$ 1,377.5</u>	<u>\$ 1,382.9</u>

**(14) BORROWINGS**

Borrowings are summarized as follows:

	March 31, 2016	December 31, 2015
Dollar Term Loan	\$ 2,036.8	\$ 2,042.5
Euro Term Loan	434.9	428.0
Dollar Senior Notes	750.0	750.0
Euro Senior Notes	279.5	274.4
Short-term and other borrowings	33.2	26.5
Unamortized original issue discount	(13.2)	(14.0)
Unamortized deferred financing costs, net	(62.4)	(65.9)
	<u>\$ 3,458.8</u>	<u>\$ 3,441.5</u>
Less:		
Short term borrowings	\$ 26.2	\$ 22.7
Current portion of long-term borrowings	27.5	27.4
Long-term debt	<u>\$ 3,405.1</u>	<u>\$ 3,391.4</u>

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

***Senior Secured Credit Facilities, as amended***

On February 3, 2014 (the "Amendment Effective Date"), Axalta Coating Systems Dutch B.B.V. ("Dutch B.B.V."), as "Dutch Borrower", and its indirect wholly-owned subsidiary, Axalta Coating Systems U.S. Holdings Inc. ("Axalta US Holdings"), as "US Borrower", executed the second amendment to the Senior Secured Credit Facilities (the "Amendment" or the "Refinancing"). The Amendment (i) converted all of the outstanding Dollar Term Loans (\$2,282.8 million) into a new class of term loans (the "New Dollar Term Loans"), and (ii) converted all of the outstanding Euro Term Loans (€397.0 million) into a new class of term loans (the "New Euro Term Loans" and, together with the New Dollar Term Loans and the Revolving Credit Facility (as defined herein), the "Senior Secured Credit Facilities"). The New Dollar Term Loans are subject to a floor of 1.00%, plus an applicable rate after the Amendment Effective Date. The applicable rate for such New Dollar Term Loans is 3.00% per annum for Eurocurrency Rate Loans as defined in the credit agreement governing the Senior Secured Credit Facilities (the "Credit Agreement") and 2.00% per annum for Base Rate Loans as defined in the Credit Agreement. The applicable rate for both Eurocurrency Rate Loans as well as Base Rate Loans is subject to a further 25 basis point reduction if the Total Net Leverage Ratio as defined in the credit agreement governing the Senior Secured Credit Facilities is less than or equal to 4.50:1.00. The New Euro Term Loans are also subject to a floor of 1.00%, plus an applicable rate after the Amendment Effective Date. The applicable rate for such New Euro Term Loans is 3.25% per annum for Eurocurrency Rate Loans. New Euro Term Loans may not be Base Rate Loans. The applicable rate is subject to a further 25 basis point reduction if the Total Net Leverage Ratio is less than or equal to 4.50:1.00. During the third quarter of 2014, our Total Net Leverage Ratio was confirmed to be less than 4.50:1.00. Consequently, the applicable rates were changed to 2.75% for the New Dollar Term Loans and 3.00% for the New Euro Term Loans through March 31, 2016.

The Senior Secured Credit Facilities are secured by substantially all assets of Axalta Coating Systems Dutch A.B.V. ("Dutch A.B.V.") and the guarantors. The Dollar Term Loan and Euro Term Loan mature on February 1, 2020 and the Revolving Credit Facility matures on February 1, 2018. Principal is paid quarterly on both the Dollar Term Loan and the Euro Term Loan based on 1% per annum of the original principal amount with the unpaid balance due at maturity.

Interest is payable quarterly on both the New Dollar Term Loan and the New Euro Term Loan. Prior to the Amendment, interest on the Dollar Term Loan was subject to a floor of 1.25% for Eurocurrency Rate Loans plus an applicable rate of 3.50%. For Base Rate Loans, the interest was subject to a floor of the greater of the federal funds rate plus 0.50%, the Prime Lending Rate, an Adjusted Eurocurrency Rate, or 2.25% plus an applicable rate of 2.50%. Interest on the Euro Term Loan, a Eurocurrency Loan, was subject to a floor of 1.25% plus an applicable rate of 4.00%.

Under the Senior Secured Credit Facilities, interest on any outstanding borrowings under the Revolving Credit Facility is subject to a floor of 1.00% for Eurocurrency Rate Loans plus an applicable rate of 3.50% (subject to an additional step-down to 3.25%). For Base Rate Loans, the interest is subject to a floor of the greater of the federal funds rate plus 0.50%, the Prime Lending Rate, an Adjusted Eurocurrency Rate, or 2.00% plus an applicable rate of 2.50% (subject to an additional step-down to 2.25%).

Under circumstances described in the Credit Agreement, we may increase available revolving or term facility borrowings by up to \$400.0 million plus an additional amount subject to the Company not exceeding a maximum first lien leverage ratio described in the Credit Agreement.

Any indebtedness under the Senior Secured Credit Facilities may be voluntarily prepaid in whole or in part, in minimum amounts, subject to the make-whole provisions set forth in the Credit Agreement. Such indebtedness is subject to mandatory prepayments amounting to the proceeds of asset sales over \$25.0 million annually, proceeds from certain debt issuances not otherwise permitted under the Credit Agreement and 50% (subject to a step-down to 25.0% or 0% if the First Lien Leverage Ratio falls below 4.25:1.00 or 3.50:1.00, respectively) of Excess Cash Flow.

We are subject to customary negative covenants as well as a financial covenant which is a maximum First Lien Leverage Ratio. This financial covenant is applicable only when greater than 25% of the Revolving Credit Facility (including letters of credit not cash collateralized to at least 103%) is outstanding at the end of the fiscal quarter.



**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

Deferred financing costs of \$92.9 million and original issue discounts of \$25.7 million were incurred at the inception of the Senior Secured Credit Facilities. These amounts are recorded as direct deductions of the associated debt obligations, with the exception of deferred financing costs related to the Revolving Credit Facility, which are classified within other assets on the accompanying condensed consolidated balance sheets as the associated debt has been undrawn since inception, and are amortized as interest expense over the life of the Senior Secured Credit Facilities. At March 31, 2016 and December 31, 2015, the remaining unamortized balances related to the deferred financing costs on the Senior Secured Credit Facilities were \$47.3 million and \$50.6 million, respectively.

Amortization expense related to deferred financing costs, net for the three months ended March 31, 2016 and 2015 was \$3.3 million and \$3.2 million, respectively.

Amortization expense related to original issue discounts was \$0.8 million for both the three months ended March 31, 2016 and 2015.

At March 31, 2016 and December 31, 2015 there were no borrowings under the Revolving Credit Facility. At March 31, 2016 and December 31, 2015, letters of credit issued under the Revolving Credit Facility totaled \$22.1 million and \$24.9 million, respectively, which reduced the availability under the Revolving Credit Facility. Availability under the Revolving Credit Facility was \$377.9 million and \$375.1 million at March 31, 2016 and December 31, 2015, respectively.

***Significant Terms of the Senior Notes***

On February 1, 2013, Dutch B B.V., as "Dutch Issuer", and Axalta US Holdings, as "US Issuer" (collectively the "Issuers") issued \$750.0 million aggregate principal amount of 7.375% senior unsecured notes due 2021 (the "Dollar Senior Notes") and related guarantees thereof. Additionally, the Issuers issued €250.0 million aggregate principal amount of 5.750% senior secured notes due 2021 (the "Euro Senior Notes" and, together with the Dollar Senior Notes, the "Senior Notes") and related guarantees thereof. Cash fees related to the issuance of the Senior Notes were \$33.1 million, are recorded as direct deductions of the associated debt obligations and are amortized into interest expense over the life of the Senior Notes. At March 31, 2016 and December 31, 2015, the remaining unamortized balance was \$20.3 million and \$21.3 million, respectively. The expense related to the amortization of the deferred financing costs was \$1.0 million for both the three months ended March 31, 2016 and 2015.

The Senior Notes are unconditionally guaranteed on a senior basis by Dutch A B.V. and certain of the Issuers' subsidiaries.

The indentures governing the Senior Notes contain covenants that restrict the ability of the Issuers and their subsidiaries to, among other things, incur additional debt, make certain payments including payment of dividends or repurchase equity interest of the Issuers, make loans or acquisitions or capital contributions and certain investments, incur certain liens, sell assets, merge or consolidate or liquidate other entities, and enter into transactions with affiliates.

*(i) Euro Senior Notes*

The Euro Senior Notes were sold at par and are due February 1, 2021. The Euro Senior Notes bear interest at 5.750% and are payable semi-annually on February 1 and August 1. Cash fees related to the issuance of the Euro Senior Notes were \$10.2 million, are recorded as direct deductions of the associated debt obligations and are amortized into interest expense over the life of the Euro Senior Notes. At March 31, 2016 and December 31, 2015, the remaining unamortized balances were \$6.2 million and \$6.5 million, respectively.

We have the option to redeem all or part of the Euro Senior Notes at the following redemption prices (expressed as percentages of principal amount):

Period	Euro Notes Percentage
2016	104.313%
2017	102.875%
2018	101.438%
2019 and thereafter	100.000%

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

Upon the occurrence of certain events constituting a change of control, holders of the Euro Senior Notes have the right to require us to repurchase all or any part of the Euro Senior Notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the repurchase date.

The indebtedness evidenced by the Euro Senior Notes and related guarantees is secured on a first-lien basis by the same assets that secure the obligations under the Senior Secured Credit Facilities, subject to permitted liens and applicable local law limitations, is senior in right of payment to all future subordinated indebtedness of the Issuers, is equal in right of payment to all existing and future senior indebtedness of the Issuers and is effectively senior to any unsecured indebtedness of the Issuers, including the Dollar Senior Notes, to the extent of the value securing the Euro Senior Notes.

(ii) *Dollar Senior Notes*

The Dollar Senior Notes were sold at par and are due May 1, 2021. The Dollar Senior Notes bear interest at 7.375% and are payable semi-annually on February 1 and August 1. Cash fees related to the issuance of the Dollar Senior Notes were \$22.9 million and are amortized into interest expense over the life of the Dollar Senior Notes. At March 31, 2016 and December 31, 2015, the remaining unamortized balances were \$14.1 million and \$14.8 million, respectively.

We have the option to redeem all or part of the Dollar Senior Notes at the following redemption prices (expressed as percentages of principal amount):

Period	Dollar Notes Percentage
2016	105.531%
2017	103.688%
2018	101.844%
2019 and thereafter	100.000%

Upon the occurrence of certain events constituting a change of control, holders of the Dollar Senior Notes have the right to require us to repurchase all or any part of the Dollar Senior Notes at a purchase price equal to 101% of the principal amount plus accrued and unpaid interest, if any, to the repurchase date.

The indebtedness evidenced by the Dollar Senior Notes is senior unsecured indebtedness of the Issuers, is senior in right of payment to all future subordinated indebtedness of the Issuers and is equal in right of payment to all existing and future senior indebtedness of the Issuers. The Dollar Senior Notes are effectively subordinated to any secured indebtedness of the Issuers (including indebtedness of the Issuers outstanding under the Senior Secured Credit Facilities and the Euro Senior Notes) to the extent of the value of the assets securing such indebtedness.

***Future repayments***

Below is a schedule of required future repayments of all borrowings outstanding at March 31, 2016.

Remainder of 2016	\$ 32.4
2017	29.6
2018	28.2
2019	27.7
2020	2,368.9
Thereafter	1,029.9
	\$ 3,516.7

**(15) FAIR VALUE ACCOUNTING**

***Fair value of financial instruments***

*Available for sale securities* - The fair values of available for sale securities at March 31, 2016 and December 31, 2015 were \$3.9 million and \$4.2 million, respectively. The fair value was based upon either Level 1 inputs when the securities are actively traded with quoted market prices or Level 2 when the securities are not frequently traded.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

*Long-term borrowings* - The fair values of the Dollar Senior Notes and Euro Senior Notes at March 31, 2016 were \$795.0 million and \$290.1 million, respectively. The fair values at December 31, 2015 were \$787.5 million and \$285.4 million, respectively. The estimated fair values of these notes are based on recent trades, as reported by a third party pricing service. Due to the infrequency of trades of the Dollar Senior Notes and the Euro Senior Notes, these inputs are considered to be Level 2 inputs.

The fair values of the New Dollar Term Loans and the New Euro Term Loans at March 31, 2016 were \$2,021.5 million and \$437.7 million, respectively. The fair values at December 31, 2015 were \$2,024.6 million and \$427.5 million, respectively. The estimated fair values of the Dollar Term Loans and the Euro Term Loans are based on recent trades, as reported by a third party pricing service. Due to the infrequency of trades of the Dollar Term Loan and the Euro Term Loan, these inputs are considered to be Level 2 inputs.

**(16) DERIVATIVE FINANCIAL INSTRUMENTS**

We selectively use derivative instruments to reduce market risk associated with changes in foreign currency exchange rates and interest rates. The use of derivatives is intended for hedging purposes only and we do not enter into derivative instruments for speculative purposes. A description of each type of derivative used to manage risk is included in the following paragraphs.

During the year ended December 31, 2013, we entered into five interest rate swaps with notional amounts totaling \$1,173.0 million to hedge interest rate exposures related to variable rate borrowings under the Senior Secured Credit Facilities. The interest rate swaps are in place until September 29, 2017. The interest rate swaps qualify and are designated as effective cash flow hedges.

The following table presents the location and fair values using Level 2 inputs of derivative instruments that qualify and have been designated as cash flow hedges included in our condensed consolidated balance sheet:

	March 31, 2016	December 31, 2015
<b>Other assets:</b>		
Interest rate swaps	\$ —	\$ 0.4
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 0.4</b>
<b>Other liabilities:</b>		
Interest rate swaps	\$ 6.0	\$ 1.8
<b>Total liabilities</b>	<b>\$ 6.0</b>	<b>\$ 1.8</b>

The following table presents the location and fair values using Level 2 inputs of derivative instruments that have not been designated as hedges included in our condensed consolidated balance sheet:

	March 31, 2016	December 31, 2015
<b>Prepaid and other assets:</b>		
Foreign currency contracts	\$ —	\$ 0.3
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 0.3</b>
<b>Other accrued liabilities:</b>		
Foreign currency contracts	\$ 2.0	\$ —
<b>Total liabilities</b>	<b>\$ 2.0</b>	<b>\$ —</b>

For derivative instruments that qualify and are designated as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive loss and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

The following tables set forth the locations and amounts recognized during the three months ended March 31, 2016 and 2015 for these cash flow hedges.

Derivatives in Cash Flow Hedging Relationships in three months ended March 31, 2016:	Amount of (Gain) Loss Recognized in OCI on Derivatives (Effective Portion)	Location of (Gain) Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of (Gain) Loss Reclassified from Accumulated OCI to Income (Effective Portion)	Location of (Gains) Losses Recognized in Income on Derivatives (Ineffective Portion)	Amount of (Gain) Loss Recognized in Income on Derivatives (Ineffective Portion)
Interest rate contracts	\$ 2.2	Interest expense, net	\$ 1.6	Interest expense, net	\$ 2.4

Derivatives in Cash Flow Hedging Relationships in three months ended March 31, 2015:	Amount of (Gain) Loss Recognized in OCI on Derivatives (Effective Portion)	Location of (Gain) Loss Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of (Gain) Loss Reclassified from Accumulated OCI to Income (Effective Portion)	Location of (Gains) Losses Recognized in Income on Derivatives (Ineffective Portion)	Amount of (Gain) Loss Recognized in Income on Derivatives (Ineffective Portion)
Interest rate contracts	\$ 4.8	Interest expense, net	\$ 1.6	Interest expense, net	\$ 1.2

Also during the year ended December 31, 2013, we purchased a €300.0 million 1.5% interest rate cap on our Euro Term Loan that is in place until September 29, 2017. We paid a premium of \$3.1 million for the interest rate cap. The interest rate cap was not designated as a hedge and the changes in the fair value of the derivative instrument are recorded in current period earnings and are included in interest expense.

Fair value gains and losses of derivative contracts, as determined using Level 2 inputs, that do not qualify for hedge accounting treatment are recorded in income as follows:

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of (Gain) Loss Recognized in Income on Derivatives	Three Months Ended March 31,	
		2016	2015
Foreign currency forward contract	Other expense, net	\$ 2.4	\$ (1.8)

**(17) SEGMENTS**

The Company identifies an operating segment as a component: (i) that engages in business activities from which it may earn revenues and incur expenses; (ii) whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance; and (iii) that has available discrete financial information.

We have two operating segments, which are also our reportable segments: Performance Coatings and Transportation Coatings. The CODM reviews financial information at the operating segment level to allocate resources and to assess the operating results and financial performance for each operating segment. Our CODM is identified as the Chief Executive Officer because he has final authority over performance assessment and resource allocation decisions. Our segments are based on the type and concentration of customers served, service requirements, methods of distribution and major product lines.

Through our Performance Coatings segment, we provide high-quality liquid and powder coatings solutions to a fragmented and local customer base. We are one of only a few suppliers with the technology to provide precise color matching and highly durable coatings systems.

Through our Transportation Coatings segment, we provide advanced coating technologies to OEMs of light and commercial vehicles. These increasingly global customers require a high level of technical support coupled with cost-effective, environmentally responsible coatings systems that can be applied with a high degree of precision, consistency and speed.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

Our business serves four end-markets globally as follows:

	Three Months Ended March 31,	
	2016	2015
<b>Performance Coatings</b>		
Refinish	\$ 378.7	\$ 393.2
Industrial	164.3	164.0
Total Net sales Performance Coatings	543.0	557.2
<b>Transportation Coatings</b>		
Light Vehicle	329.4	333.2
Commercial Vehicle	83.2	98.8
Total Net sales Transportation Coatings	412.6	432.0
Total Net sales	\$ 955.6	\$ 989.2

Asset information is not reviewed or included with our internal management reporting. Therefore, the Company has not disclosed asset information for each reportable segment.

	Performance Coatings	Transportation Coatings	Total
For the Three Months Ended March 31, 2016			
Net sales <sup>(1)</sup>	\$ 543.0	\$ 412.6	\$ 955.6
Equity in earnings in unconsolidated affiliates	0.1	0.1	0.2
Adjusted EBITDA <sup>(2)</sup>	110.1	84.7	194.8
Investment in unconsolidated affiliates	4.1	11.5	15.6

	Performance Coatings	Transportation Coatings	Total
For the Three Months Ended March 31, 2015			
Net sales <sup>(1)</sup>	\$ 557.2	\$ 432.0	\$ 989.2
Equity in earnings in unconsolidated affiliates	0.1	0.3	0.4
Adjusted EBITDA <sup>(2)</sup>	107.1	74.9	182.0
Investment in unconsolidated affiliates	4.0	6.5	10.5

(1) The Company has no intercompany sales between segments.

(2) The primary measure of segment operating performance is Adjusted EBITDA, which is defined as net income before interest, taxes, depreciation and amortization and other unusual items impacting operating results. 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 the Company's core operating performance. Reconciliation of Adjusted EBITDA to income before income taxes follows:

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

	Three Months Ended March 31,	
	2016	2015
Income before income taxes	\$ 45.2	\$ 47.9
Interest expense, net	50.1	50.0
Depreciation and amortization	76.0	72.6
EBITDA	171.3	170.5
Foreign exchange remeasurement losses <sup>(a)</sup>	7.5	8.7
Long-term employee benefit plan adjustments <sup>(b)</sup>	0.6	0.2
Termination benefits and other employee related costs <sup>(c)</sup>	1.9	3.7
Consulting and advisory fees <sup>(d)</sup>	3.0	3.1
Offering related costs <sup>(e)</sup>	—	1.4
Stock-based compensation <sup>(f)</sup>	10.2	1.8
Other adjustments <sup>(g)</sup>	1.8	(3.9)
Dividends in respect of noncontrolling interest <sup>(h)</sup>	(1.5)	(3.5)
Adjusted EBITDA	\$ 194.8	\$ 182.0

(a) Eliminates foreign exchange gains and losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies.

(b) Eliminates the non-service cost components of long-term employee benefit costs.

(c) Represents expenses primarily related to employee termination benefits and other employee-related costs including our initiative to improve overall cost structure within the European region as well as costs associated with our Axalta Way initiatives.

(d) Represents fees paid to consultants for professional services primarily related to our Axalta Way cost-savings initiatives.

(e) Represents costs associated with the offering of our common shares in the Carlyle Offerings.

(f) Represents costs associated with stock-based compensation.

(g) Represents costs for certain unusual or non-operational (gains) and losses, including a \$5.4 million gain recognized during the three months ended March 31, 2015 resulting from the remeasurement of our previously held interest in an equity method investee upon the acquisition of a controlling interest, equity investee dividends, indemnity losses (gains) associated with the Acquisition, losses (gains) on sale and disposal of property, plant and equipment, losses (gains) on foreign currency derivative instruments and non-cash fair value inventory adjustments associated with our 2015 acquisitions.

(h) Represents the payment of dividends to our joint venture partners by our consolidated entities that are not wholly owned.

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

**(18) SHAREHOLDERS' EQUITY**

The following tables present the change in total shareholders' equity for the three months ended March 31, 2016 and 2015, respectively.

	Total Axalta	Noncontrolling Interests	Total
Balance January 1, 2016	\$ 1,073.7	\$ 67.5	\$ 1,141.2
Net income	29.7	0.9	30.6
Other comprehensive income, net of tax	13.8	—	13.8
Exercise of stock options	6.7	—	6.7
Recognition of stock-based compensation	10.2	—	10.2
Dividends paid to noncontrolling interests	—	(1.5)	(1.5)
Balance March 31, 2016	\$ 1,134.1	\$ 66.9	\$ 1,201.0

	Total Axalta	Noncontrolling Interests	Total
Balance January 1, 2015	\$ 1,044.7	\$ 67.3	\$ 1,112.0
Net income	45.1	1.6	46.7
Other comprehensive loss, net of tax	(112.1)	(0.4)	(112.5)
Exercise of stock options	(0.6)	—	(0.6)
Recognition of stock-based compensation	1.8	—	1.8
Noncontrolling interest of acquired subsidiaries	—	4.3	4.3
Dividends paid to noncontrolling interests	—	(3.5)	(3.5)
Balance March 31, 2015	\$ 978.9	\$ 69.3	\$ 1,048.2

**(19) ACCUMULATED OTHER COMPREHENSIVE LOSS**

	Unrealized Currency Translation Adjustments	Long-term Employee Benefit Adjustments	Unrealized Gain (Loss) on Securities	Unrealized Gain (Losses) on Derivatives	Accumulated Other Comprehensive Income (loss)
December 31, 2015	\$ (232.8)	\$ (33.4)	\$ 0.1	\$ (3.2)	\$ (269.3)
Current year deferrals to AOCI	15.7	—	(0.4)	(2.4)	12.9
Reclassifications from AOCI to Net income	—	(0.1)	—	1.0	0.9
Net Change	15.7	(0.1)	(0.4)	(1.4)	13.8
March 31, 2016	\$ (217.1)	\$ (33.5)	\$ (0.3)	\$ (4.6)	\$ (255.5)

**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

The income tax benefit related to the changes in long-term employee benefits for the three months ended March 31, 2016 was \$0.0 million. The cumulative income tax benefit related to the adjustments for long-term employee benefits at March 31, 2016 was \$13.4 million. The income tax benefit related to the change in the unrealized loss on derivatives for the three months ended March 31, 2016 was \$0.8 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at March 31, 2016 was \$2.7 million.

	Unrealized Currency Translation Adjustments	Long-term Employee Benefit Adjustments	Unrealized Loss on Securities	Unrealized Gain (Loss) on Derivatives	Accumulated Other Comprehensive Income
December 31, 2014	\$ (72.1)	\$ (31.2)	\$ (0.2)	\$ 0.2	\$ (103.3)
Current year deferrals to AOCI	(109.2)	—	0.5	(1.4)	(110.1)
Reclassifications from AOCI to Net income	—	(0.4)	—	(1.6)	(2.0)
Net Change	(109.2)	(0.4)	0.5	(3.0)	(112.1)
March 31, 2015	\$ (181.3)	\$ (31.6)	\$ 0.3	\$ (2.8)	\$ (215.4)

The income tax benefit related to the changes in long-term employee benefits for the three months ended March 31, 2015 was \$0.8 million. The cumulative income tax benefit related to the adjustment for long-term employee benefits at March 31, 2015 was \$14.1 million. The income tax benefit related to the change in the unrealized loss on derivatives for the three months ended March 31, 2015 was \$1.8 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at March 31, 2015 was \$1.6 million.

**(20) VENEZUELA**

***Venezuela Devaluation***

As a result of challenging economic conditions, Venezuela's foreign currency exchange mechanisms have continued to develop which have impacted our Venezuela operations.

From December 31, 2014 through June 30, 2015, we used the Complementary System of Foreign Currency Administration (SICAD) rate of 12.0 Venezuelan bolivars to 1.0 U.S. dollar. At June 30, 2015, we changed the exchange rate we used to remeasure our Venezuelan bolivars from the SICAD rate to the Marginal Foreign Exchange System (SIMADI) rate of 197.7 Venezuelan bolivars to 1.0 U.S. dollar. We believed it was appropriate to move from using the SICAD rate to using the SIMADI rate at this date based on the culmination of relevant facts and circumstances, including our expectation that future dividend remittances would be made at the SIMADI rate.

In March 2016, the Venezuelan government enacted additional changes to its foreign currency exchange regime. The changes resulted in a reduction of its three-tiered exchange rate system to two tiers by eliminating the SICAD rate. The changes also devalued the official rate determined by DIPRO (formerly CENCOEX), to 10.0 Venezuelan bolivars to 1.0 U.S. dollar from 6.3 Venezuelan bolivars to 1.0 U.S. dollar, while also creating a replacement floating supplementary market exchange rate, DICOM, which will fully replace SIMADI. DICOM is intended to provide limited access to a free market rate of exchange. At March 31, 2016, the DIPRO exchange mechanism is now operational, however, SIMADI remained the operational exchange mechanism while financial institutions adjust their systems to allow for the capacity of U.S. dollars expected to be obtained through the use of DICOM. At March 31, 2016, DIPRO remained at 10.0 Venezuelan bolivars to 1.0 U.S. dollar and the exchange rates for SIMADI and DICOM were 270.5 Venezuelan bolivars to 1.0 U.S. dollar.

We believe that significant uncertainty still exists regarding the exchange mechanisms in Venezuela, including how any such mechanisms will operate in the future and the availability of U.S. dollars under each mechanism.

At March 31, 2016, we continue to believe that the SIMADI rate is the appropriate rate to use in the remeasurement of the monetary assets and liabilities of our Venezuelan subsidiary.

As a result of the devalued Venezuelan bolivar, we recorded currency exchange losses of \$7.1 million for the three months ended March 31, 2016.



**Notes to Condensed Consolidated Financial Statements (Unaudited)**  
(In millions, unless otherwise noted)

***Venezuela Financial Results***

As a result of economic uncertainty and the resulting impact on our operations, we re-evaluated the carrying value of long-lived assets for our Venezuelan subsidiary at December 31, 2015. Based on an analysis of estimated undiscounted future cash flows expected to result from the use of our productive long-lived assets with finite lives, we determined that their carrying values were recoverable. The recoverability was heavily dependent on continued demand and price assumptions of our local operations. Our price assumptions and the associated increases are expected to continue and are intended to allow us to keep pace with the changes in exchange rates and inflation. We believe these price increases are feasible given our market share, customer base and historical success of implementing price increases in similar situations in the past. With the exception of intercompany inventory purchases, our operations in Venezuela were and are expected to be entirely self-funded. Due to the ability of our Venezuelan operations to procure raw materials through Axalta subsidiaries, we do not foresee any impact on our Venezuelan subsidiary's ability to operate. We have no current need or intention to repatriate Venezuelan earnings and remain committed to the business for the foreseeable future based on our current expectations.

If our assumptions regarding continued demand and our ability to successfully implement and sustain price increases differ from actual results, or our ability to control the operations of our Venezuelan subsidiary change as a result of economic uncertainty or political instability, there is risk that our productive long-lived assets may be impaired. This could result in a material unfavorable impact to our results of operations and financial condition. At March 31, 2016, we believe that the demand and price assumptions used at December 31, 2015 continue to be reasonable.

At March 31, 2016 and December 31, 2015, our Venezuelan subsidiary had total assets of \$141.0 million and \$152.9 million, respectively, and total liabilities of \$35.1 million and \$42.2 million, respectively, which represent less than 3% of our consolidated assets and liabilities at the end of each respective period. Total liabilities includes \$10.8 million and \$9.2 million of intercompany trade liabilities designated in U.S. dollars at March 31, 2016 and December 31, 2015, respectively. At March 31, 2016 and December 31, 2015, total non-monetary assets, net, were \$113.3 million and \$112.4 million, respectively. For the three months ended March 31, 2016 and 2015, our Venezuelan subsidiary's net sales represented \$9.9 million and \$30.0 million of the Company's consolidated net sales, respectively.

**(21) SUBSEQUENT EVENTS**

In April 2016, we voluntarily prepaid \$100.0 million of the outstanding New Dollar Term Loans. As a result of the prepayment, we will record a pre-tax loss on extinguishment of approximately \$2.3 million.

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

*The following discussion and analysis of our financial condition and results of operations includes statements regarding industry outlook, our expectations regarding the performance of our business and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Non-GAAP Financial Measures," and "Forward-Looking Statements" as well as "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015. These statements include those that related to estimates reflected in our financial results as well as management's plan and outlook. Our actual results may differ materially from those contained in or implied by any forward-looking statements. The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the interim unaudited condensed consolidated financial statements and the condensed notes thereto included elsewhere in this quarterly report, as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2015.*

### FORWARD-LOOKING STATEMENTS

Many statements made in this Quarterly Report on Form 10-Q that are not statements of historical fact, including statements about our beliefs and expectations, are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended and should be evaluated as such. Forward-looking statements include information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as "anticipate," "expect," "suggests," "plan," "believe," "intend," "estimates," "targets," "projects," "should," "could," "would," "may," "will," "forecast," and other similar expressions. We base these forward-looking statements or projections on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such time. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. The forward-looking statements and projections are subject to and involve risks, uncertainties and assumptions and you should not place undue reliance on these forward-looking statements or projections. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those expressed in the forward-looking statements and projections. Factors that may materially affect such forward-looking statements and projections include:

- adverse developments in economic conditions and, particularly, in conditions in the automotive and transportation industries;
- volatility in the capital, credit and commodities markets;
- our inability to successfully execute on our growth strategy;
- risks associated with our non-U.S. operations;
- currency-related risks;
- increased competition;
- risks of the loss of any of our significant customers or the consolidation of MSOs, distributors and/or body shops;
- our reliance on our distributor network and third-party delivery services for the distribution and export of certain of our products
- price increases or interruptions in our supply of raw materials;
- failure to develop and market new products and manage product life cycles;
- litigation and other commitments and contingencies;
- significant environmental liabilities and costs as a result of our current and past operations or products, including operations or products related to our business prior to the Acquisition;
- unexpected liabilities under any pension plans applicable to our employees;
- risk that the insurance we maintain may not fully cover all potential exposures;
- failure to comply with the anti-corruption laws of the United States and various international jurisdictions;
- failure to comply with anti-terrorism laws and regulations and applicable trade embargoes;
- business disruptions, security threats and security breaches;

- our ability to protect and enforce intellectual property rights;
- intellectual property infringement suits against us by third parties;
- our substantial indebtedness;
- our ability to obtain additional capital on commercially reasonable terms may be limited;
- our ability to realize the anticipated benefits of any acquisitions and divestitures;
- our joint ventures' ability to operate according to our business strategy should our joint venture partners fail to fulfill their obligations;
- the risk of impairment charges related to goodwill, identifiable intangible assets and fixed assets;
- ability to recruit and retain the experienced and skilled personnel we need to compete;
- work stoppages, union negotiations, labor disputes and other matters associated with our labor force;
- terrorist acts, conflicts, wars and natural disasters that may materially adversely affect our business, financial condition and results of operations;
- transporting certain materials that are inherently hazardous due to their toxic nature;
- weather conditions that may temporarily reduce the demand for some of our products;
- reduced demand for some of our products as a result of improved safety features on vehicles and insurance company influence;
- the amount of the costs, fees, expenses and charges related to being a public company;
- any statements of belief and any statements of assumptions underlying any of the foregoing;
- Carlyle's ability to control our common shares;
- other factors disclosed in this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K for the year ended December 31, 2015 and our other filings with the Securities and Exchange Commission; and
- other factors beyond our control.

These cautionary statements should not be construed by you to be exhaustive and are made only as of the date of this Quarterly Report on Form 10-Q. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## **OVERVIEW**

We are a leading global manufacturer, marketer and distributor of high performance coatings systems. We have a 150-year heritage in the coatings industry and are known for manufacturing high-quality products with well-recognized brands supported by market-leading technology and customer service. Our diverse global footprint of 38 manufacturing facilities, 4 technology centers, 46 customer training centers and approximately 12,800 employees allows us to meet the needs of customers in over 130 countries. We serve our customer base through an extensive sales force and technical support organization, as well as through approximately 4,000 independent, locally based distributors.

We operate our business in two operating segments, Performance Coatings and Transportation Coatings. Our segments are based on the type and concentration of customers served, service requirements, methods of distribution and major product lines.

Through our Performance Coatings segment we provide high-quality liquid and powder coatings solutions to a fragmented and local customer base. We are one of only a few suppliers with the technology to provide precise color matching and highly durable coatings systems. The end-markets within this segment are refinish and industrial.

Through our Transportation Coatings segment we provide advanced coating technologies to OEMs of light and commercial vehicles. These increasingly global customers require a high level of technical support coupled with cost-effective, environmentally responsible coatings systems that can be applied with a high degree of precision, consistency and speed. The end-markets within this segment are light vehicle and commercial vehicle.

**BUSINESS HIGHLIGHTS AND TRENDS**

Our net sales decreased approximately 3.4% for the three months ended March 31, 2016 compared to the three months ended March 31, 2015, driven primarily by a decline of approximately 6.4% from unfavorable currency translation. Excluding the impact of currency translation, our net sales increased approximately 3.0% primarily as a result of higher average selling prices. The following trends have impacted our segment and end-market sales performance:

- *Performance Coatings*: Net sales excluding currency translation increased approximately 4.8% driven primarily by higher average selling prices in our refinish end-market and stronger volumes in our industrial end-market, particularly in EMEA. These increases were partially offset by weaker refinish end-market volumes in Latin America.
- *Transportation Coatings*: Net sales excluding currency translation increased approximately 0.7% driven primarily by higher average selling prices in our light vehicle end-market, particularly in Latin America and EMEA, which was largely offset by weaker volumes in our commercial vehicle end-market.

Our business serves four end-markets globally with net sales for the three months ended March 31, 2016 and 2015 as follows:

(In millions)	Three Months Ended March 31,		2016 vs 2015
	2016	2015	% change
<b>Performance Coatings</b>			
Refinish	\$ 378.7	\$ 393.2	(3.7)%
Industrial	164.3	164.0	0.2 %
Total Net sales Performance Coatings	543.0	557.2	(2.5)%
<b>Transportation Coatings</b>			
Light Vehicle	329.4	333.2	(1.1)%
Commercial Vehicle	83.2	98.8	(15.8)%
Total Net sales Transportation Coatings	412.6	432.0	(4.5)%
Total Net sales	\$ 955.6	\$ 989.2	(3.4)%

## Factors Affecting Our Operating Results

There have been no changes in the factors affecting our operating results previously reported in Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2015.

## NON-GAAP FINANCIAL MEASURES

### *Reconciliation of Net Income to EBITDA and Adjusted EBITDA*

To supplement our financial information presented in accordance with U.S. GAAP, we use the following non-GAAP financial measures to clarify and enhance an understanding of past performance: EBITDA and Adjusted EBITDA. We believe that the presentation of these financial measures enhances an investor's understanding of our financial performance. We further believe that these financial measures are useful financial metrics to assess our operating performance from period-to-period by excluding certain items that we believe are not representative of our core business. We use certain of these financial measures for business planning purposes and in measuring our performance relative to that of our competitors. We utilize Adjusted EBITDA as the primary measure of segment performance.

EBITDA consists of net income before interest, taxes, depreciation and amortization. Adjusted EBITDA consists of EBITDA adjusted for (i) non-operating income or expense, (ii) the impact of certain non-cash, nonrecurring or other items that are included in net income and EBITDA that we do not consider indicative of our ongoing operating performance and (iii) certain unusual or nonrecurring items impacting results in a particular period. We believe that making such adjustments provides investors meaningful information to understand our operating results and ability to analyze financial and business trends on a period-to-period basis.

We believe these financial measures are commonly used by investors to evaluate our performance and that of our competitors. However, our use of the terms EBITDA and Adjusted EBITDA may vary from that of others in our industry. These financial measures should not be considered as alternatives to income before income taxes, net income, earnings per share or any other performance measures derived in accordance with U.S. GAAP as measures of operating performance.

EBITDA and Adjusted EBITDA have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under U.S. GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA:
  - do not reflect the significant interest expense on our debt, including the Senior Secured Credit Facilities and the Senior Notes; and
  - eliminate the impact of income taxes on our results of operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any expenditures for such replacements; and
- other companies in our industry may calculate EBITDA and Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations by using EBITDA and Adjusted EBITDA along with other comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance. Such U.S. GAAP measurements include income before income taxes, net income, earnings per share and other performance measures.

In evaluating these financial measures, you should be aware that in the future we may incur expenses similar to those eliminated in this presentation. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

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The following table reconciles the net income to EBITDA and Adjusted EBITDA calculations discussed above for the periods presented:

(In millions)	Three Months Ended March 31,			
	2016		2015	
Net income	\$	30.6	\$	46.7
Interest expense, net		50.1		50.0
Provision for income taxes		14.6		1.2
Depreciation and amortization		76.0		72.6
EBITDA		171.3		170.5
Foreign exchange remeasurement losses <sup>(a)</sup>		7.5		8.7
Long-term employee benefit plan adjustments <sup>(b)</sup>		0.6		0.2
Termination benefits and other employee related costs <sup>(c)</sup>		1.9		3.7
Consulting and advisory fees <sup>(d)</sup>		3.0		3.1
Offering related costs <sup>(e)</sup>		—		1.4
Stock-based compensation <sup>(f)</sup>		10.2		1.8
Other adjustments <sup>(g)</sup>		1.8		(3.9)
Dividends in respect of noncontrolling interest <sup>(h)</sup>		(1.5)		(3.5)
Adjusted EBITDA	\$	194.8	\$	182.0

(a) Eliminates foreign exchange gains and losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies.

(b) Eliminates the non-service cost components of long-term employee benefit costs.

(c) Represents expenses primarily related to employee termination benefits and other employee-related costs including our initiative to improve overall cost structure within the European region as well as costs associated with our Axalta Way initiatives.

(d) Represents fees paid to consultants for professional services primarily related to our Axalta Way cost-savings initiatives.

(e) Represents costs associated with the offering of our common shares in the Carlyle Offerings.

(f) Represents costs associated with stock-based compensation.

(g) Represents costs for certain unusual or non-operational (gains) and losses, including a \$5.4 million gain recognized during the three months ended March 31, 2015 resulting from the remeasurement of our previously held interest in an equity method investee upon the acquisition of a controlling interest, equity investee dividends, indemnity losses (gains) associated with the Acquisition, losses (gains) on sale and disposal of property, plant and equipment, losses (gains) on foreign currency derivative instruments and non-cash fair value inventory adjustments associated with our 2015 acquisitions.

(h) Represents the payment of dividends to our joint venture partners by our consolidated entities that are not wholly owned.

**RESULTS OF OPERATIONS**

The following discussion should be read in conjunction with the information contained in the accompanying unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q. Our historical results of operations set forth below may not necessarily reflect what will occur in the future.

**Three months ended March 31, 2016 compared to the three months ended March 31, 2015**

The following table was derived from the interim unaudited condensed consolidated statements of operations for the three months ended March 31, 2016 and 2015 included elsewhere in this Quarterly Report on Form 10-Q.

(In millions)	Three Months Ended March 31,	
	2016	2015
Net sales	\$ 955.6	\$ 989.2
Other revenue	6.0	8.3
Total revenue	961.6	997.5
Cost of goods sold	606.4	649.8
Selling, general and administrative expenses	219.1	213.0
Research and development expenses	12.6	12.9
Amortization of acquired intangibles	20.2	20.0
Income from operations	103.3	101.8
Interest expense, net	50.1	50.0
Other expense, net	8.0	3.9
Income before income taxes	45.2	47.9
Provision for income taxes	14.6	1.2
Net income	30.6	46.7
Less: Net income attributable to noncontrolling interests	0.9	1.6
Net income attributable to controlling interests	\$ 29.7	\$ 45.1

**Net sales**

Net sales decreased \$33.6 million, or 3.4%, to \$955.6 million for the three months ended March 31, 2016, as compared to net sales of \$989.2 million for the three months ended March 31, 2015. Our net sales decrease for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 was primarily attributable to unfavorable impacts of currency exchange, which reduced net sales by 6.4% due to the impacts of the weakening currencies across all regions compared to the U.S. dollar. Further contributing to the net sales decline was a decrease in sales volumes of 2.1% primarily driven by Latin America. These declines were partially offset by higher average selling prices within Europe, Latin America and North America which contributed to a 5.1% increase in sales compared to the three months ended March 31, 2015.

**Other revenue**

Other revenue decreased \$2.3 million, or 27.7%, to \$6.0 million for the three months ended March 31, 2016, as compared to \$8.3 million for the three months ended March 31, 2015, primarily due to decreases in royalty revenues. Further contributing to the decrease were the impacts of weakening currencies against the U.S. dollar, which contributed to a decrease of \$0.5 million, or 6.0%.

**Cost of sales**

Cost of sales decreased \$43.4 million, or 6.7%, to \$606.4 million for the three months ended March 31, 2016 compared to \$649.8 million for the three months ended March 31, 2015. The decrease for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 resulted primarily from a 3.4% decrease associated with currency exchange due to the impact of the weakening Euro and certain currencies within Latin America. Further contributing to the decrease was lower sales volumes of 2.1% over the comparable period. Cost of sales as a percentage of net sales decreased from 65.7% for the three months ended March 31, 2015 to 63.5% for the three months ended March 31, 2016 primarily due to our cost-savings initiatives as well as lower raw material prices and higher average selling prices.

***Selling, general and administrative expenses***

Selling, general and administrative expenses increased \$6.1 million, or 2.9%, to \$219.1 million for the three months ended March 31, 2016 compared to \$213.0 million for the three months ended March 31, 2015. The increase for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 resulted primarily from an increase in stock-based compensation of \$5.9 million due primarily to the stock awards granted in 2015 and 2016 coupled with continued investments in commercial capabilities. These increases were partially offset by the benefit of currency exchange during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, which contributed to a 5.1% reduction in selling, general and administrative expenses due primarily to the impact of the weakening Euro and certain currencies within Latin America compared to the U.S. dollar.

***Research and development expenses***

Research and development expenses remained relatively consistent, decreasing \$0.3 million, or 2.3%, to \$12.6 million for the three months ended March 31, 2016 compared to \$12.9 million for the three months ended March 31, 2015. This decrease was a result of the benefit of currency exchange, which contributed to a 1.9% decrease in research and development expenses primarily as a result of the weakening Euro compared to the U.S. dollar.

***Amortization of acquired intangibles***

Amortization of acquired intangibles remained relatively consistent, increasing \$0.2 million, or 1.0%, to \$20.2 million for the three months ended March 31, 2016 compared to \$20.0 million for the three months ended March 31, 2015. This increase was the result of the amortization of intangibles acquired in connection with our 2015 acquisitions, offset by the benefit of currency exchange primarily as a result of the weakening Euro compared to the U.S. dollar.

***Interest expense, net***

Interest expense, net remained relatively consistent, increasing \$0.1 million, or 0.2%, to \$50.1 million for the three months ended March 31, 2016 compared to \$50.0 million for the three months ended March 31, 2015. The increase was primarily the result of a loss on our interest rate swaps of \$2.4 million for the three months ended March 31, 2016, offset by decreases in interest expense resulting from the pay-downs of principal made during the year ended December 31, 2015 on the New Dollar Term Loans.

***Other expense, net***

Other expense, net increased \$4.1 million, or 105.1%, to \$8.0 million for the three months ended March 31, 2016 compared to \$3.9 million for the three months ended March 31, 2015. This increase relates primarily to a gain of \$5.4 million recognized during the three months ended March 31, 2015, whereby we entered into an agreement with one of our joint venture partners to acquire a controlling interest in an investment previously accounted for as an equity method investment, which did not re-occur during the three months ended March 31, 2016.

Exchange losses were \$7.5 million during the three months ended March 31, 2016 as compared to exchange losses of \$8.7 million for the three months ended March 31, 2015, resulting in a decrease of \$1.2 million. Net exchange losses for the three months ended March 31, 2016 primarily consisted of \$7.1 million in losses related to the devaluation of our Venezuelan subsidiary's non-U.S. dollar denominated net monetary assets and liabilities and \$13.1 million in losses on our Euro borrowings, partially offset by \$12.7 million in remeasurement gains primarily related to internal transactions denominated in currencies different from the functional currency of the relevant subsidiary.

***Provision for income taxes***

We recorded an income tax provision of \$14.6 million for the three months ended March 31, 2016, which represents a 32.3% effective tax rate in relation to the income before income taxes of \$45.2 million. The effective tax rate for the three months ended March 31, 2016 differs from the U.S. Federal statutory rate by 2.7%, which is the result of various items that impacted the effective rate both favorably and unfavorably. We recorded favorable adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal statutory rate of \$5.3 million and we recognized a benefit of \$5.3 million associated with currency exchange losses. These adjustments were partially offset by the impact of pre-tax losses attributable to jurisdictions where a tax benefit is not expected to be realized of \$7.5 million and non-deductible expenses and interest of \$1.8 million.



We recorded a provision for income taxes of \$1.2 million for the three months ended March 31, 2015, which represents a 2.5% effective tax rate in relation to the income before income taxes of \$47.9 million. The effective tax rate for the three months ended March 31, 2015 differs from the U.S. Federal statutory rate by 32.5%, which is the result of various items that impacted the effective rate both favorably and unfavorably. We recorded favorable adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal statutory rate of \$12.1 million and we recognized a benefit of \$16.6 million associated with the currency exchange losses which had no impact on income before income taxes. These adjustments were partially offset by the impact of pre-tax losses attributable to jurisdictions where a tax benefit is not expected to be realized of \$3.6 million and non-deductible expenses and interest of \$6.9 million.

**SEGMENT RESULTS**

**Three months ended March 31, 2016 compared to the three months ended March 31, 2015**

The following table presents net sales by segment and segment Adjusted EBITDA for the periods presented:

(In millions)	Three Months Ended March 31,	
	2016	2015
<b>Net Sales</b>		
Performance Coatings	\$ 543.0	\$ 557.2
Transportation Coatings	412.6	432.0
Total	\$ 955.6	\$ 989.2
<b>Segment Adjusted EBITDA</b>		
Performance Coatings	\$ 110.1	\$ 107.1
Transportation Coatings	84.7	74.9
Total	\$ 194.8	\$ 182.0

***Performance Coatings Segment***

Net sales decreased \$14.2 million, or 2.5%, to \$543.0 million for the three months ended March 31, 2016 compared to net sales of \$557.2 million for the three months ended March 31, 2015. The decrease in net sales during the three months ended March 31, 2016 was primarily driven by unfavorable impacts of currency exchange across all regions, which contributed to an approximately 7.3% reduction in net sales. The negative currency exchange impacts were primarily related to the weakening Euro and certain currencies within Latin America and Asia compared to the U.S. dollar. Further contributing to the decrease was a reduction in volume of 0.6% primarily within the Latin America refinish end-market. The decrease in net sales was offset by higher average selling prices primarily within Latin America and North America, which contributed to net sales growth of 5.4%.

Adjusted EBITDA increased \$3.0 million, or 2.8%, to \$110.1 million for the three months ended March 31, 2016 compared to Adjusted EBITDA of \$107.1 million for the three months ended March 31, 2015. The increase in Adjusted EBITDA in the three months ended March 31, 2016 was primarily driven by higher average selling prices within the refinish end-market. Further contributing to this increase were lower variable costs, offset by lower volumes and unfavorable impacts of weakening currencies, primarily in certain currencies within Latin America compared to the U.S. dollar. Additionally, dividends from our consolidated joint ventures to our noncontrolling partners negatively impacted Adjusted EBITDA by \$1.2 million for the three months ended March 31, 2016 as compared to \$3.1 million for the three months ended March 31, 2015, resulting in an increase over the comparable period.

***Transportation Coatings Segment***

Net sales decreased \$19.4 million, or 4.5%, to \$412.6 million for the three months ended March 31, 2016 compared to net sales of \$432.0 million for the three months ended March 31, 2015. The decrease in net sales for the three months ended March 31, 2016 was primarily driven by unfavorable impacts of currency exchange across all regions, which contributed to an approximately 5.2% reduction in net sales. The negative currency exchange impacts were primarily related to the weakening Euro and certain currencies within Latin America and Asia compared to the U.S. dollar. Further contributing to the decrease was the impact of lower sales volumes, particularly within Latin America, partially offset by increases in sales volume within the North America light vehicle end-market and higher average selling prices in Latin America and EMEA.

Adjusted EBITDA increased \$9.8 million, or 13.1%, to \$84.7 million for the three months ended March 31, 2016 compared to Adjusted EBITDA of \$74.9 million for the three months ended March 31, 2015. The increase in Adjusted EBITDA during the three months ended March 31, 2016 was driven by higher average selling prices in Latin America and Europe and lower variable costs in North America. Offsetting the increase were decreases in volume and unfavorable impacts of weakening currencies, primarily in certain currencies within Latin America compared to the U.S. dollar.

## LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are cash on hand, cash flow from operations and available borrowing capacity under our Senior Secured Credit Facilities.

At March 31, 2016, availability under the Revolving Credit Facility was \$377.9 million, net of the letters of credit issued which reduced the availability under the Revolving Credit Facility by \$22.1 million. All such availability may be utilized without violating any covenants under the credit agreement governing the Revolving Credit Facility or the indentures governing the Dollar Senior Notes and the Euro Senior Notes. At March 31, 2016, we also had \$3.3 million in outstanding borrowings under other lines of credit. Our remaining available borrowing capacity under other lines of credit in certain non-U.S. jurisdictions totaled \$3.7 million.

We or our affiliates, at any time and from time to time, may purchase the Dollar Senior Notes, the Euro Senior Notes or other indebtedness. Any such purchases may be made through the open market or privately negotiated transactions with third parties or pursuant to one or more redemption, tender or exchange offers or otherwise, upon such terms and at such prices, as well as with such consideration, as we, or any of our affiliates, may determine.

### Cash Flows

#### Three months ended March 31, 2016 and 2015

(In millions)	Three Months Ended March 31,	
	2016	2015
Net cash used for:		
Operating activities:		
Net income	\$ 30.6	\$ 46.7
Depreciation and amortization	76.0	72.6
Deferred income taxes	(2.4)	(17.2)
Stock-based compensation	10.2	1.8
Amortization of financing costs and original issue discount	5.1	5.0
Foreign exchange losses	7.5	4.8
Other non-cash items	(3.0)	0.1
Net income adjusted for non-cash items	124.0	113.8
Changes in operating assets and liabilities	(142.0)	(212.5)
Operating activities	(18.0)	(98.7)
Investing activities	(43.3)	(30.2)
Financing activities	(2.3)	(19.7)
Effect of exchange rate changes on cash	(1.9)	(10.6)
Net decrease in cash and cash equivalents	\$ (65.5)	\$ (159.2)

#### Three Months Ended March 31, 2016

##### Net Cash Used for Operating Activities

Net cash used in operating activities for the three months ended March 31, 2016 was \$18.0 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of \$124.0 million. This was partially offset by net increases in working capital of \$142.0 million. The most significant driver in working capital was other accrued liabilities of \$74.2 million related to payments of normal seasonal operating activities, including interest payments on our long-term indebtedness and timing of cash payments for annual employee performance related benefits. In addition, there were increases in accounts receivable, inventory and other assets of \$47.8 million due to the seasonal timing of sales during the three months ended March 31, 2016 and increased inventory builds to support ongoing operational demands.

*Net Cash Used for Investing Activities*

Net cash used for investing activities for the three months ended March 31, 2016 was \$43.3 million. This use was comprised of purchases of property, plant and equipment of \$40.3 million, a decrease of \$0.1 million in restricted cash, and net cash used for other investing activities of \$2.9 million.

*Net Cash Used for Financing Activities*

Net cash used for financing activities for the three months ended March 31, 2016 was \$2.3 million. The change was primarily driven by repayments of short-term borrowings and Term Loans of \$0.3 million and \$6.9 million. Offsetting these payments was cash received from stock option exercises and their associated tax benefits for \$6.7 million. Dividends paid to noncontrolling interests totaled \$1.5 million for the three months ended March 31, 2016.

**Three Months Ended March 31, 2015**

*Net Cash Used for Operating Activities*

Net cash used for operating activities for the three months ended March 31, 2015 was \$98.7 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of \$113.8 million. This was partially offset by net increases in working capital of \$212.5 million. The most significant drivers in working capital were increases in receivables, inventory and other assets of \$115.7 million due to the timing of sales during the three months ended March 31, 2015 and increased inventory builds to support ongoing operational demands, reductions of other accrued liabilities of \$91.1 million related to payments of normal operating activities, timing of cash payments for annual employee performance related benefits, as well as restructuring costs and transition-related costs incurred during 2014.

*Net Cash Used for Investing Activities*

Net cash used for investing activities for the three months ended March 31, 2015, was \$30.2 million. This use was driven primarily by purchases of property, plant and equipment of \$31.5 million and the acquisition of a controlling interest in an equity method investee of \$3.2 million (net of cash received) partially offset by a decrease of \$1.8 million in restricted cash.

*Net Cash Used for Financing Activities*

Net cash used for financing activities for the three months ended March 31, 2015 was \$19.7 million. The change was primarily driven by repayments of short-term borrowings and Term Loans of \$10.7 million and \$6.8 million, respectively, partially offset by proceeds received from short-term borrowings during the period of \$1.5 million.

Dividends paid to noncontrolling interests totaled \$3.5 million for the three months ended March 31, 2015.

**Financial Condition**

We had cash and cash equivalents at March 31, 2016 and December 31, 2015 of \$419.5 million and \$485.0 million, respectively. Of these balances, \$326.4 million and \$372.6 million were maintained in non-U.S. jurisdictions as of March 31, 2016 and December 31, 2015, respectively. We believe our organizational structure allows us the necessary flexibility to move funds throughout our subsidiaries to meet our operational working capital needs.

Our primary sources of liquidity are cash on hand, cash flow from operations and available borrowing capacity under our Revolving Credit Facility. Based on our forecasts, we believe that cash flow from operations, available cash on hand and available borrowing capacity under our Senior Secured Credit Facilities and existing lines of credit will be adequate to service debt, fund our cost-savings initiatives, meet liquidity needs and fund necessary capital expenditures for the next twelve months.

Our ability to make scheduled payments of principal or interest on, or to refinance, our indebtedness or to fund working capital requirements, capital expenditures and other current obligations will depend on our ability to generate cash from operations. Such cash generation is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

If required, 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. Our highly leveraged nature may limit our ability to procure additional financing in the future.

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The following table details our borrowings outstanding at the end of the periods indicated:

(In millions)	March 31, 2016	December 31, 2015
Dollar Term Loan	\$ 2,036.8	\$ 2,042.5
Euro Term Loan	434.9	428.0
Dollar Senior Notes	750.0	750.0
Euro Senior Notes	279.5	274.4
Short-term and other borrowings	33.2	26.5
Unamortized original issue discount	(13.2)	(14.0)
Deferred financing costs, net	(62.4)	(65.9)
	<u>3,458.8</u>	<u>3,441.5</u>
Less:		
Short term borrowings	26.2	22.7
Current portion of long-term borrowings	27.5	27.4
Long-term debt	<u>\$ 3,405.1</u>	<u>\$ 3,391.4</u>

Our indebtedness, including the Senior Secured Credit Facilities and Senior Notes, is more fully described in Note 14 to the interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

We continue to maintain sufficient liquidity to meet our requirements, including our leverage and associated interest as well as our working capital needs. At March 31, 2016 and December 31, 2015, we had total availability under the Revolving Credit Facility of \$377.9 million and \$375.1 million, respectively, all of which may be borrowed by us without violating any covenants under the credit agreement governing such facility or the indentures governing the Dollar Senior Notes and the Euro Senior Notes.

#### Contractual Obligations

Information related to our contractual obligations can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes in the Company's contractual obligations since December 31, 2015.

#### Scheduled Maturities

Below is a schedule of required future repayments of all borrowings outstanding at March 31, 2016.

(In millions)	
Remainder of 2016	\$ 32.4
2017	29.6
2018	28.2
2019	27.7
2020	2,368.9
Thereafter	1,029.9
Total	<u>\$ 3,516.7</u>

#### Off-Balance Sheet Arrangements

We directly guarantee certain obligations under agreements with third parties. As of March 31, 2016 and December 31, 2015 these off-balance sheet arrangements were not material to our interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

#### Recent Accounting Guidance

See Note 2 "Recent Accounting Guidance" to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a summary of recent accounting guidance.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Critical accounting policies are those accounting policies that can have a significant impact on the presentation of our financial condition and results of operations, and that require the use of complex and subjective estimates based upon past experience and management's judgment. Because of the uncertainty inherent in such estimates, actual results may differ materially from these estimates. The policies applied in preparing our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q are those that management believes are the most dependent on estimates and assumptions. There have been no material changes to our critical accounting policies and estimates previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015. For a description of our critical accounting policies and estimates as well as a listing of our significant accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations - Critical Accounting Policies and Estimates" and "Note 3 - Summary of Significant Accounting Policies" in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in the market risks previously disclosed in our financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

**ITEM 4. CONTROLS AND PROCEDURES**

*Evaluation of disclosure controls and procedures*

As required by Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2016.

*Changes in internal control over financial reporting*

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

We are from time to time party to legal proceedings that arise in the ordinary course of business. We are not involved in any litigation other than that which has arisen in the ordinary course of business. We do not expect that any currently pending lawsuits will have a material effect on us.

**ITEM 1A. RISK FACTORS**

There have been no material changes in our risk factors from the risks previously reported in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2015.

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

None.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

See the Exhibit Index for the exhibits filed with this Quarterly Report on Form 10-Q or incorporated by reference.

**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.

AXALTA COATING SYSTEMS LTD.

Date: April 28, 2016

By: /s/ Charles W. Shaver

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Charles W. Shaver

Chairman of the Board and Chief Executive Officer

Date: April 28, 2016

By: /s/ Robert W. Bryant

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Robert W. Bryant

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: April 28, 2016

By: /s/ Sean M. Lannon

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Sean M. Lannon

Vice President and Global Controller

(Principal Accounting Officer)



**EXHIBIT INDEX**

<b>EXHIBIT NO.</b>	<b>DESCRIPTION OF EXHIBITS</b>
10.61	Form of Stock Option Award Agreement under the Axalta Coating Systems Ltd. 2014 Incentive Award Plan
10.62	Form of Restricted Stock Award Agreement under the Axalta Coating Systems Ltd. 2014 Incentive Award Plan
10.63	Form of Restricted Stock Unit Award Agreement under the Axalta Coating Systems Ltd. 2014 Incentive Award Plan
10.64	Form of Performance Stock Award Agreement under the Axalta Coating Systems Ltd. 2014 Incentive Award Plan
10.65	Form of Performance Share Unit Award Agreement under the Axalta Coating Systems Ltd. 2014 Incentive Award Plan
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
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
*	Previously filed.
†	In accordance with Rule 406T of Regulation S-T, the information in these exhibits is furnished and deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of Section 18 of the Exchange Act of 1934, and otherwise is not subject to liability under these sections.
††	This certificate is being furnished solely to accompany the report pursuant to 18 U.S.C. Section 1350 and is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**AXALTA COATING SYSTEMS LTD.  
2014 INCENTIVE AWARD PLAN**

**STOCK OPTION AWARD AGREEMENT**

**ELECTRONIC ACCEPTANCE OF STOCK OPTION AWARD:**

By clicking on the “**ACCEPT AWARD**” box on the “**Award Acceptance**”, you agree to be bound by the terms and conditions of this Stock Option Award Agreement (the “Agreement”) and the Axalta Coating Systems Ltd. 2014 Incentive Award Plan (as amended from time to time, the “Plan”). You acknowledge that you have reviewed the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of Options pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions relating to this Agreement and the Plan.

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to its Plan, has granted to you (“Participant”), an option (the “Option”) to purchase the number of shares of Common Stock (“Shares”) set forth in the “Award Summary” page applicable to the Option on the Morgan Stanley online site (the “Award Summary”). The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference.

**ARTICLE I.**

**GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan.

1.2 Incorporation of Terms of Plan. The Option is subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control, except with respect to the definition of Change in Control as defined in this Agreement.

**ARTICLE II.**

**GRANT OF OPTION**

2.1 Grant of Option. In consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the award date set forth in the Award Summary (the “Grant Date”), the Company has granted to Participant the Option to purchase any part or all of an aggregate of the number of Shares set forth in the Award Summary,

upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustments as provided in Section 13.2 of the Plan.

2.2 Exercise Price. The exercise price per share of the Shares subject to the Option (the "Exercise Price") shall be as set forth in the Award Summary.

2.3 Consideration to the Company. In consideration of the grant of the Option by the Company, Participant agrees to render faithful and efficient services to the Company or any Subsidiary. Nothing in the Plan or this Agreement shall confer upon Participant any right to continue in the employ or service of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

### ARTICLE III.

#### VESTING AND PERIOD OF EXERCISABILITY

##### 3.1 Vesting; Commencement of Exercisability.

(a) Subject to Sections 3.2, 3.3, 5.9 and 5.14 hereof, the Option shall become vested and exercisable as set forth in the Original Vesting Schedule section of the Award Acceptance. Subject to Section 3.1(c), in the event of Participant's Termination of Service by the Company without Cause within two (2) years after a Change in Control, any unvested Shares subject to the Option shall immediately vest in full; provided, that if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, that provides greater vesting protection to Participant, the Options shall be treated in accordance with the applicable terms of such agreement or policy.

(b) Unless otherwise determined by the Administrator, any portion of the Option that has not become vested and exercisable on or prior to the date of Participant's Termination of Service shall be forfeited on the date of Participant's Termination of Service, unless otherwise provided in the Plan, and shall not thereafter become vested or exercisable.

(c) As a condition to any accelerated vesting of the Option as set forth in Section 3.1(a), Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

3.2 Duration of Exercisability. The installments provided for in the vesting schedule are cumulative. Each such installment which becomes vested and exercisable pursuant to the vesting schedule

shall remain vested and exercisable until it becomes unexercisable under Section 3.3 hereof. Once the Option becomes unexercisable, it shall be forfeited immediately.

3.3 Expiration of Option. The Option may not be exercised to any extent by anyone after the first to occur of the following events:

(a) The expiration date set forth in the Award Summary;

(b) Except as the Administrator may otherwise approve, in the event of Participant's Termination of Service other than for Cause or by reason of Participant's death or disability, the expiration of six (6) months from the date of Participant's Termination of Service; provided, that, if (i) Participant incurs a Termination of Service by the Company without Cause within two (2) years after a Change in Control, or (ii) Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, and Participant becomes entitled to severance under any such agreement or policy within two (2) years after the date of a Change in Control (as defined in such agreement or policy), then such six (6) month period shall be three (3) years from the date of Participant's Termination of Service;

(c) Except as the Administrator may otherwise approve, the expiration of one (1) year from the date of Participant's Termination of Service by reason of Participant's death, disability or retirement at "normal retirement age" (as defined or determined by the Company or its Subsidiaries from time to time); or

(d) Except as the Administrator may otherwise approve, upon Participant's Termination of Service for Cause.

As used in this Agreement, "Cause" shall mean (a) the Board's determination that Participant failed to substantially perform Participant's duties (other than any such failure resulting from Participant's disability); (b) the Board's determination that Participant failed to carry out, or comply with any lawful and reasonable directive of the Board or Participant's immediate supervisor; (c) Participant's conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony, indictable offense or crime involving moral turpitude; (d) Participant's unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its Subsidiaries or while performing Participant's duties and responsibilities; or (e) Participant's commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company of any of its Subsidiaries. Notwithstanding the foregoing, if Participant is a party to a written employment, consulting or similar agreement with the Company (or its Subsidiary) in which the term "cause" is defined, then "Cause" shall be as such term is defined in the applicable written employment or consulting agreement.

3.4 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising

pursuant to this Agreement. Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) with respect to any withholding taxes arising in connection with the exercise of the Option, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of Shares issuable upon the exercise of the Option having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iii) with respect to any withholding taxes arising in connection with the exercise of the Option, unless otherwise determined by the Administrator, by tendering to the Company Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the exercise of the Option, subject to Participant's compliance with the Company's Insider Trading Policy, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(v) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Option, in the event Participant fails to provide timely payment of all sums required pursuant to Section 3.4(a), the Company shall have the right and option, but not the obligation, to cancel the option exercise. Alternatively, the Company or its Subsidiaries shall have the authority to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 3.4(a)(ii) above. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the exercise of the Option to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the exercise of the Option or any other taxable event related to the Option.

(c) In the event any tax withholding obligation arising in connection with the Option may be satisfied under Section 3.4(a)(ii) above, then the Company may elect to instruct any brokerage firm

determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of Shares from those Shares that are issuable upon exercise of the Option as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 3.4(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares to Participant until the foregoing tax withholding obligations are satisfied.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the Option, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Option. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or exercise of the Option or the subsequent sale of Stock. The Company and the Subsidiaries do not commit and are under no obligation to structure the Option to reduce or eliminate Participant's tax liability.

#### **ARTICLE IV.**

#### **EXERCISE OF OPTION**

4.1 Person Eligible to Exercise. During the lifetime of Participant, only Participant may exercise the Option or any portion thereof, unless it has been disposed of pursuant to a DRO or as expressly set forth in the Plan. After the death or disability of Participant, any exercisable portion of the Option may, prior to the time when the Option becomes unexercisable under Section 3.3 hereof, be exercised by Participant's personal representative or by any person empowered to do so under the Participant's will or under the then applicable laws.

4.2 Partial Exercise. Subject to Section 5.2, any exercisable portion of the Option or the entire Option, if then wholly exercisable, may be exercised in whole or in part at any time prior to the time when the Option or portion thereof becomes unexercisable under Section 3.3 hereof.

4.3 Manner of Exercise. The Option, or any exercisable portion thereof, may be exercised solely by delivery to the Secretary of the Company (or any third party administrator or other person or entity designated by the Company), during regular business hours, of all of the following prior to the time when the Option or such portion thereof becomes unexercisable under Section 3.3 hereof.

(e) An exercise notice in a form acceptable to the Administrator, stating that the Option or portion thereof is thereby exercised, such notice complying with all applicable rules established by the Administrator;

(f) The receipt by the Company of full payment for the Shares with respect to which the Option or portion thereof is exercised, in such form of consideration permitted under Section 4.4 hereof that is acceptable to the Administrator;

(g) The payment of any applicable withholding tax in accordance with Section 3.4;

(h) Any other written representations or documents as may be required in the Administrator's sole discretion to effect compliance with Applicable Law; and

(i) In the event the Option or portion thereof shall be exercised pursuant to Section 4.1 hereof by any person or persons other than Participant, appropriate proof of the right of such person or persons to exercise the Option.

Notwithstanding any of the foregoing, the Administrator shall have the right to specify all conditions of the manner of exercise, which conditions may vary by country and which may be subject to change from time to time.

4.4 Method of Payment. Payment of the exercise price shall be by any of the following, or a combination thereof, at the election of Participant:

(a) Cash or check;

(b) Unless the Administrator shall determine otherwise, through the surrender of Shares otherwise issuable upon exercise of the Option having a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Option or exercised portion thereof;

(c) Unless otherwise determined by the Administrator, through the surrender of Shares held for such period of time as may be required by the Administrator in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof;

(d) Through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; *provided* that payment of such proceeds is then made to the Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(e) Any other form of legal consideration acceptable to the Administrator.

4.5 Conditions to Issuance of Stock. The Company shall not be required to issue or deliver any Shares purchased upon the exercise of the Option or portion thereof prior to fulfillment of all of the following conditions: (A) the admission of such Shares to listing on all stock exchanges on which such Stock is then listed, (B) the completion of any registration or other qualification of such Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency which the Administrator shall, in its absolute discretion, determine to be necessary or advisable, (D) the receipt by the Company of full payment for such Shares, which may be in one or more of the forms of consideration

permitted under Section 4.4 hereof, and (E) the receipt of full payment of any applicable withholding tax in accordance with Section 3.4 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

4.6 Rights as Stockholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares purchasable upon the exercise of any part of the Option unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). No adjustment will be made for a dividend or other right for which the record date is prior to the date of such issuance, recordation and delivery, except as provided in Section 13.2 of the Plan. Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

## ARTICLE V.

### OTHER PROVISIONS

5.1 Administration. The Administrator shall have the exclusive power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

5.2 Whole Shares. The Option may only be exercised for whole Shares.

5.3 Option Not Transferable. Subject to Section 4.1 hereof, the Option may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the Option have been issued, and all restrictions applicable to such Shares have lapsed. Neither the Option nor any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

5.4 Adjustments. The Administrator may accelerate the vesting of all or a portion of the Option in such circumstances as it, in its sole discretion, may determine. In addition, upon the occurrence of certain events relating to the Stock contemplated by Section 13.2 of the Plan (including, without limitation, an



extraordinary cash dividend on such Stock), the Administrator may make such adjustments as the Administrator deems appropriate in the number of Shares subject to the Option, the exercise price of the Option and/or the kind of securities that may be issued upon exercise of the Option to give effect to such event. Participant acknowledges that the Option and the Shares subject to the Option are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

5.5 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Chief Human Resources Officer of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant (or, if Participant is then deceased, to the person entitled to exercise the Option pursuant to Section 4.1) at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 5.5, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (if to Participant) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

5.6 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

5.7 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

5.8 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Option is granted and may be exercised, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

5.9 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Option in any material way without the prior written consent of Participant.

5.10 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 5.3 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

5.11 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Option and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

5.12 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

5.13 Entire Agreement. The Plan and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

5.14 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

5.15 Agreement Severable. In the event that any provision of this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

5.16 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Option, and rights no greater than the right to receive the Stock as a general unsecured creditor with respect to options, as and when exercised pursuant to the terms hereof.

5.17 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant

hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

5.18 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 3.4(a)(iv) or Section 3.4(c) or the payment of the exercise price as provided in Section 4.4(d): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation or exercise of the Option, as applicable, occurs or arises, or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation or exercise price, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation or exercise price; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises, an amount sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

5.19 Incentive Stock Options. Participant acknowledges that to the extent the aggregate Fair Market Value of Shares (determined as of the time the option with respect to the Shares is granted) with respect to which Incentive Stock Options, including this Option (if applicable), are exercisable for the first time by Participant during any calendar year exceeds \$100,000 or if for any other reason such Incentive Stock Options do not qualify or cease to qualify for treatment as "incentive stock options" under Section 422 of the Code, such Incentive Stock Options shall be treated as Non-Qualified Stock Options. Participant further acknowledges that the rule set forth in the preceding sentence shall be applied by taking the Option and other stock options into account in the order in which they were granted, as determined under Section 422(d) of the Code and the Treasury Regulations thereunder. Participant also acknowledges that an Incentive Stock Option exercised more than three (3) months after Participant's Termination of Service, other than by reason of death or disability, will be taxed as a Non-Qualified Stock Option.

5.20 Notification of Disposition. If this Option is designated as an Incentive Stock Option, Participant shall give prompt written notice to the Company of any disposition or other transfer of any Shares acquired under this Agreement if such disposition or transfer is made (a) within two (2) years from the Grant Date or (b) within one (1) year after the transfer of such Shares to Participant. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by Participant in such disposition or other transfer.

5.21 Definitions. Notwithstanding anything to the contrary in the Plan, for purposes of this Agreement, "Change in Control" shall mean and includes each of the following: (i) a transaction or series of transactions occurring after the Grant Date whereby any "person" or related "group" of "persons" (as

such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company’s securities outstanding immediately after such transaction; (ii) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members of the Board whose election by the Board or nomination for election by the Company’s members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described in clause (iii)(x) below that occurs with a non-affiliate third party), cease for any reason to constitute a majority thereof; or (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Grant Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

(a) in the case of clauses (i) and (iii), which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, more than seventy percent (70%) of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(b) in the case of clause (iii), after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (b) as beneficially owning 30% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

\* \* \* \* \*

**AXALTA COATING SYSTEMS LTD.  
2014 INCENTIVE AWARD PLAN**

**RESTRICTED STOCK AWARD AGREEMENT**

**ELECTRONIC ACCEPTANCE OF RESTRICTED STOCK AWARD:**

By clicking on the “**ACCEPT AWARD**” box on the “**Award Acceptance**”, you agree to be bound by the terms and conditions of this Restricted Stock Award Agreement (the “Agreement”) and the Axalta Coating Systems Ltd. 2014 Incentive Award Plan (as amended from time to time, the “Plan”). You acknowledge that you have reviewed the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of Restricted Stock pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions relating to this Agreement and the Plan.

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to the Plan, has granted to you (“Participant”) the number of shares of Restricted Stock (the “Restricted Shares”) set forth in the “Award Summary” page applicable to the Restricted Shares on the Morgan Stanley online site (the “Award Summary”). The Restricted Shares are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference.

**ARTICLE I**

**GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan.

1.2 Incorporation of Terms of Plan. The Restricted Shares issued to Participant pursuant to this Agreement are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control, except with respect to the definition of Change in Control as defined in this Agreement.

**ARTICLE II.**

**ISSUANCE OF RESTRICTED SHARES**

2.1 Issuance of Restricted Shares. In consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the award date set forth in the Award Summary (the “Grant Date”), the Company has granted

to Participant the number of Restricted Shares set forth in the Award Summary, upon the terms and conditions set forth in this Agreement and the Plan.

2.2 Issuance Mechanics. As of the Grant Date, the Company shall issue the Restricted Shares in the form of Common Stock to Participant and shall at its option (a) cause a certificate or certificates representing such shares of Common Stock to be registered in the name of Participant, or (b) cause such shares of Common Stock to be held in book-entry form. If a certificate is issued, it shall be delivered to and held in custody by the Company and shall bear the restrictive legends required by Section 5.1. If the shares of Common Stock are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions of this Agreement.

### ARTICLE III.

#### VESTING, FORFEITURE AND ESCROW

3.1 Forfeiture. Subject to the provisions of Section 3.3 below, in the event of Participant's Termination of Service for any reason, any Restricted Shares that are not Vested Shares (as defined below) (the "Unvested Shares") shall thereupon be forfeited immediately and without any further action by the Company, except as otherwise provided in a written agreement between Participant and the Company. Upon forfeiture of the Unvested Shares, the Company shall become the legal and beneficial owner of the Unvested Shares and all rights and interests therein or relating thereto, and Participant will have no further rights with respect to the Unvested Shares. The Unvested Shares shall be held by the Company in accordance with Section 3.3 until the Unvested Shares are forfeited as provided in this Section 3.1, until such Unvested Shares become Vested Shares or until such time as this Agreement is no longer in effect. Participant hereby authorizes and directs the Secretary of the Company, or such other person designated by the Administrator, to transfer any Unvested Shares that are forfeited pursuant to this Section 3.1 from Participant to the Company.

3.2 Vesting.

(a) The Restricted Shares will become vested Shares (the "Vested Shares") as set forth in the Original Vesting Schedule section of the Award Acceptance. Any fraction of a Share that would otherwise become a Vested Share will be accumulated and will become a Vested Share only when a whole Vested Share has accumulated. Subject to Section 3.2(c), in the event of Participant's Termination of Service by the Company without Cause within two (2) years after a Change in Control, any Unvested Shares shall immediately vest in full; provided, that if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, that provides greater vesting protection to Participant, the Restricted Shares shall be treated in accordance with the applicable terms of such agreement or policy.

(b) In the event any of the Unvested Shares become Vested Shares, any Retained Distributions (as defined below) paid on such Unvested Shares shall be promptly paid by the Company to Participant. As soon as administratively practicable following the vesting of any Unvested Shares, the Company shall, as applicable, either deliver to Participant the certificate or certificates representing such

Restricted Shares in the Company's possession belonging to Participant, or, if the Restricted Shares are held in book-entry form, then the Company shall remove the notations indicating that the Restricted Shares are subject to the restrictions of this Agreement. Participant (or the beneficiary or personal representative of Participant in the event of Participant's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

(c) As a condition to any accelerated vesting of the Restricted Shares as set forth in Section 3.2(a), Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

As used in this Agreement, "Cause" shall mean (a) the Board's determination that Participant failed to substantially perform Participant's duties (other than any such failure resulting from Participant's disability); (b) the Board's determination that Participant failed to carry out, or comply with any lawful and reasonable directive of the Board or Participant's immediate supervisor; (c) Participant's conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony, indictable offense or crime involving moral turpitude; (d) Participant's unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its Subsidiaries or while performing Participant's duties and responsibilities; or (e) Participant's commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company of any of its Subsidiaries. Notwithstanding the foregoing, if Participant is a party to a written employment, consulting or similar agreement with the Company (or its Subsidiary) in which the term "cause" is defined, then "Cause" shall be as such term is defined in the applicable written employment or consulting agreement.

### 3.3 Escrow.

(a) The Unvested Shares shall be held by the Company until such Unvested Shares are forfeited as provided in Section 3.1, until such Unvested Shares become Vested Shares or until such time as this Agreement is no longer in effect. Participant shall not retain physical custody of any certificates representing Unvested Shares issued to Participant. Participant, by acceptance of this Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Participant's attorney(s)-in-fact to effect any transfer of forfeited Unvested Shares (and Retained Distributions, if any, paid on such forfeited Unvested Shares) to the Company as may be required pursuant to the Plan or this Agreement, and to execute such representations or other documents or assurances as the Company or such representatives deem necessary or advisable in connection with any such transfer. To the extent allowable by Applicable Law, the Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Restricted Shares in escrow and while acting in good faith and in the exercise of its judgment.

(b) The Company will retain custody of all cash dividends and other distributions (“Retained Distributions”) made or declared with respect to Unvested Shares (and such Retained Distributions will be subject to forfeiture and the other terms and conditions under this Agreement that are applicable to the Restricted Shares) until such time, if ever, as the Unvested Shares with respect to which such Retained Distributions shall have been made, paid or declared become Vested Shares. Any Retained Distributions with respect to Unvested Shares shall be forfeited in the event such Unvested Shares are forfeited.

3.4 Rights as Shareholder. Except as otherwise provided herein, upon issuance of the Restricted Shares by the Company, Participant shall have all the rights of a shareholder with respect to said Restricted Shares, subject to the restrictions herein, including the right to vote the Restricted Shares and to receive all dividends or other distributions paid or made with respect to the Restricted Shares.

#### ARTICLE IV.

##### TAXATION AND TAX WITHHOLDING

4.1 Representation. Participant represents to the Company that Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

4.2 Section 83(b) Election. If Participant makes an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the “Code”), to be taxed with respect to the Restricted Shares as of the date of transfer of the Restricted Shares rather than as of the date or dates upon which Participant would otherwise be taxable under Section 83(a) of the Code, Participant shall deliver a copy of such election to the Company promptly upon filing such election with the Internal Revenue Service.

4.3 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) with respect to any withholding taxes arising in connection with the vesting of the Restricted Shares, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Restricted Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;



(iii) with respect to any withholding taxes arising in connection with the vesting of the Restricted Shares, unless otherwise determined by the Administrator, by tendering to the Company vested shares of Common Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the vesting of the Restricted Shares, subject to Participant's compliance with the Company's Insider Trading Policy, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to those Restricted Shares that are then becoming vested and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later the settlement of such sale; or

(v) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Restricted Shares, in the event Participant fails to provide timely payment of all sums required pursuant to Section 4.3(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 4.3(a)(ii) above. The Company shall not be obligated to deliver any certificate representing the Restricted Shares to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting of the Restricted Shares or any other taxable event related to the Restricted Shares.

(c) In the event any tax withholding obligation arising in connection with the Restricted Shares may be satisfied under Section 4.3(a)(ii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares of Common Stock from those Restricted Shares that are then becoming Vested Shares as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 4.3(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to deliver any certificate representing the Restricted Shares to Participant or his or her legal representative until the foregoing tax withholding obligations are satisfied.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the Restricted Shares, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Restricted Shares. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in

connection with the awarding, vesting or payment of the Restricted Shares or the subsequent sale of the Restricted Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure this Award to reduce or eliminate Participant's tax liability.

## ARTICLE V.

### RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS

5.1 Legends. The certificate or certificates representing the Restricted Shares, if any, shall bear the following legend (as well as any legends required by the Company's charter and Applicable Law):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE IN FAVOR OF THE COMPANY AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A RESTRICTED STOCK AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

5.2 Refusal to Transfer; Stop-Transfer Notices. The Company shall not be required (a) to transfer on its books any Restricted Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such Restricted Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Restricted Shares shall have been so transferred. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

5.3 Removal of Legend. After such time as the Unvested Shares become Vested Shares, and upon Participant's request, a new certificate or certificates representing such Vested Shares shall be issued without the legend referred to in Section 5.1 and delivered to Participant. If the Restricted Shares are held in book entry form, the Company shall cause any restrictions noted on the book form to be removed.

## ARTICLE VI.

### OTHER PROVISIONS

6.1 Administration. The Administrator shall have the exclusive power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

6.2 Restricted Shares Not Transferable. The Restricted Shares and Retained Distributions may not be sold, pledged, assigned or transferred in any manner unless and until they become Vested Shares. No Unvested Shares or Retained Distributions or any interest or right therein or part thereof shall be liable for

the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect.

6.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the Unvested Shares in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the Restricted Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

6.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Chief Human Resources Officer of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 6.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (if to Participant) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

6.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

6.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

6.7 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Law, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Restricted Shares are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

6.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Restricted Shares in any material way without the prior written consent of Participant.

6.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns

of the Company. Subject to the restrictions on transfer set forth in Section 6.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

6.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Restricted Shares and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

6.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

6.12 Entire Agreement. The Plan and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

6.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

6.14 Agreement Severable. In the event that any provision of this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

6.15 Limitation on Participant’s Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general

unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Award.

6.16 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

6.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Common Stock in connection with the payment of withholding taxes as provided in Section 4.3(a)(iv) or Section 4.3(c): (A) any shares of Common Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such shares of Common Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

6.18 Definitions. Notwithstanding anything to the contrary in the Plan, for purposes of this Agreement, "Change in Control" shall mean and includes each of the following: (i) a transaction or series of transactions occurring after the Grant Date whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company's securities outstanding immediately after such transaction; (ii) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members of the Board whose election by the Board or nomination for election by the Company's members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described

in clause (iii)(x) below that occurs with a non-affiliate third party), cease for any reason to constitute a majority thereof; or (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Grant Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company's assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

(a) in the case of clauses (i) and (iii), which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, more than seventy percent (70%) of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(b) in the case of clause (iii), after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (b) as beneficially owning 30% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

\* \* \* \* \*

**AXALTA COATING SYSTEMS LTD.  
2014 INCENTIVE AWARD PLAN**

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

**ELECTRONIC ACCEPTANCE OF RESTRICTED STOCK UNIT AWARD:**

By clicking on the “**ACCEPT AWARD**” box on the “**Award Acceptance**”, you agree to be bound by the terms and conditions of this Restricted Stock Unit Award Agreement (the “Agreement”) and the Axalta Coating Systems Ltd. 2014 Incentive Award Plan (as amended from time to time, the “Plan”). You acknowledge that you have reviewed the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of Restricted Stock Units pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions relating to this Agreement and the Plan.

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to the Plan, has granted to you (“Participant”) the number of Restricted Stock Units (the “RSUs”) set forth in the “Award Summary” page applicable to the RSUs on the Morgan Stanley online site (the “Award Summary”). The RSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference.

**ARTICLE I.**

**GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan.

1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock (“Shares”) issued to Participant hereunder (“Shares”) are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control, except with respect to the definition of Change in Control as defined in this Agreement.

**ARTICLE II.**

**AWARD OF RESTRICTED STOCK UNITS AND DIVIDEND EQUIVALENTS**

2.1 Award of RSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the award date set forth in the Award Summary (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Award Summary, upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustment as provided in Section 13.2 of the Plan. Each RSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to this Agreement for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash which is paid as a dividend on one share of Common Stock. All such Dividend Equivalents shall be credited to Participant and paid in cash at the same time as the distribution or payment is made of the RSU to which such Dividend Equivalent relates in accordance with Section 2.3 below. Any Dividend Equivalents that relate to RSUs that are forfeited shall likewise be forfeited without consideration.

## 2.2 Vesting of RSUs and Dividend Equivalents.

(a) Subject to Participant's continued employment with or service to the Company or a Subsidiary on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest as set forth in the Original Vesting Schedule section of the Award Acceptance. Each additional RSU which results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) hereof shall vest whenever the underlying RSU to which such additional RSU relates vests. Subject to Section 2.2(c), in the event of Participant's Termination of Service by the Company without Cause within two (2) years after a Change in Control, any unvested RSUs shall immediately vest in full; provided, that if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, that provides greater vesting protection to Participant, the RSUs shall be treated in accordance with the applicable terms of such agreement or policy.

(b) In the event Participant incurs a Termination of Service, except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all RSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such RSUs and Dividend Equivalents which are not so vested shall lapse and expire.

(c) As a condition to any accelerated vesting of the RSUs as set forth in Section 2.2(a), Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and



potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

As used in this Agreement, “Cause” shall mean (a) the Board’s determination that Participant failed to substantially perform Participant’s duties (other than any such failure resulting from Participant’s disability); (b) the Board’s determination that Participant failed to carry out, or comply with any lawful and reasonable directive of the Board or Participant’s immediate supervisor; (c) Participant’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony, indictable offense or crime involving moral turpitude; (d) Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its Subsidiaries or while performing Participant’s duties and responsibilities; or (e) Participant’s commission of an act of fraud, embezzlement, misappropriation, misconduct, or breach of fiduciary duty against the Company of any of its Subsidiaries. Notwithstanding the foregoing, if Participant is a party to a written employment, consulting or similar agreement with the Company (or its Subsidiary) in which the term “cause” is defined, then “Cause” shall be as such term is defined in the applicable written employment or consulting agreement.

### 2.3 Distribution or Payment of RSUs.

(a) Participant’s RSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable RSU, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

(b) In the event that the Company elects to make payment of Participant’s RSUs in cash, the amount of cash payable with respect to each RSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of

any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (D) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Shares otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iii) with respect to any withholding taxes arising in connection with the distribution of the RSUs, unless otherwise determined by the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the distribution of the RSUs, subject to Participant's compliance with the Company's Insider Trading Policy, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(v) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion

of Participant's required payment obligation pursuant to Section 2.5(a)(ii) above. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs may be satisfied under Section 2.5(a)(ii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the RSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

### ARTICLE III.

#### OTHER PROVISIONS

3.1 Administration. The Administrator shall have the exclusive power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions

taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

3.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Chief Human Resources Officer of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (if to Participant) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs (including RSUs which result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3.12 Entire Agreement. The Plan and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Agreement Severable. In the event that any provision of this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

3.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents.

3.16 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

3.17 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(iv) or Section 2.5(c): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

3.18 Definitions. Notwithstanding anything to the contrary in the Plan, for purposes of this Agreement, "Change in Control" shall mean and includes each of the following: (i) a transaction or series of transactions occurring after the Grant Date whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company's securities outstanding immediately after such transaction; (ii) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members

of the Board whose election by the Board or nomination for election by the Company's members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described in clause (iii)(x) below that occurs with a non-affiliate third party), cease for any reason to constitute a majority thereof; or (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Grant Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company's assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

(a) in the case of clauses (i) and (iii), which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity")) directly or indirectly, more than seventy percent (70%) of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(b) in the case of clause (iii), after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (b) as beneficially owning 30% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

\* \* \* \* \*

**AXALTA COATING SYSTEMS LTD.  
2014 INCENTIVE AWARD PLAN**

**PERFORMANCE STOCK AWARD AGREEMENT**

**ELECTRONIC ACCEPTANCE OF PERFORMANCE STOCK AWARD:**

By clicking on the “**ACCEPT AWARD**” box on the “**Award Acceptance**”, you agree to be bound by the terms and conditions of this Performance Stock Award Agreement (the “Agreement”) and the Axalta Coating Systems Ltd. 2014 Incentive Award Plan (as amended from time to time, the “Plan”). You acknowledge that you have reviewed the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of Performance Shares pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions relating to this Agreement and the Plan.

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to the Plan, has granted to you (“Participant”) the number of shares of Restricted Stock (the “Performance Shares”) set forth in the “Award Summary” page applicable to the Performance Shares on the Morgan Stanley online site (the “Award Summary”). The Performance Shares are subject to the performance criteria and other terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference.

**ARTICLE I.**

**GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan.

1.2 Incorporation of Terms of Plan. The Performance Shares issued to Participant pursuant to this Agreement are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control, except with respect to the definition of Change in Control as defined in this Agreement.

**ARTICLE II.**

**ISSUANCE OF PERFORMANCE SHARES**

2.1 Issuance of Performance Shares. In consideration of Participant’s past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the award date set forth in the Award Summary (the “Grant Date”), the Company has granted to Participant the target number of Performance Shares (the “Target Shares”) as set forth in the Award Summary, upon the terms and conditions set forth in this Agreement and the Plan. Notwithstanding the



number of Target Shares, the number of Performance Shares that are eligible to vest pursuant to this Agreement range from zero to 200% of the Target Shares based upon the Company's relative TSR during the Performance Period and subject to forfeiture, in each case, as set forth in Article III below and the terms of the Plan.

2.2 Issuance Mechanics. As of the Grant Date, the Company shall issue into escrow a number of Performance Shares equal to 200% of the Target Shares ("the "Maximum Shares") in the form of Common Stock and shall at its option (a) cause a certificate or certificates representing such shares of Common Stock to be registered in the name of Participant, or (b) cause such shares of Common Stock to be held in book-entry form. If a certificate is issued, it shall be delivered to and held in custody by the Company and shall bear the restrictive legends required by Section 5.1. If the shares of Common Stock are held in book-entry form, then such entry will reflect that the shares are subject to the restrictions of this Agreement.

### ARTICLE III.

#### VESTING, FORFEITURE AND ESCROW

##### 3.1 Vesting.

(a) *Vesting Schedule*. The Performance Shares shall become vested Shares (the "Vested Shares"), if at all, in amounts up to the Maximum Shares on the Determination Date or the Change in Control Determination Date, as applicable, as follows, subject to Sections 3.1(b) and (c) below:

(i) If the Company achieves a TSR over the Performance Period that is below the 30<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, none of the Performance Shares shall vest;

(ii) If the Company achieves a TSR over the Performance Period that is at the 30<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of Performance Shares equal to 50% (rounded up to the nearest whole Performance Share) of the Target Shares shall vest;

(iii) If the Company achieves a TSR over the Performance Period that is at the 40<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of Performance Shares equal to 75% (rounded up to the nearest whole Performance Share) of the Target Shares shall vest;

(iv) If the Company achieves a TSR over the Performance Period that is at the 50<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of Performance Shares equal to 100% (rounded up to the nearest whole Performance Share) of the Target Shares shall vest;

(v) If the Company achieves a TSR over the Performance Period that is at the 70th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of Performance Shares equal to 150% (rounded up to the nearest whole Performance Share) of the Target Shares shall vest; or

(vi) If the Company achieves a TSR over the Performance Period that is at or above the 90<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of Performance Shares equal to the Maximum Shares shall vest.

(vii) To the extent that the Company achieves a TSR over the Performance Period that is between two thresholds specified in this Section 3.1(a), the percentage of the Performance Shares that vest shall be determined by the use of straight-line interpolation (the "Interpolated Percentage") and a number of Performance Shares equal to the Interpolated Percentage (rounded up to the nearest whole Performance Share) of the Target Shares shall vest.

(b) *Effect of Termination of Service.* Notwithstanding any contrary provision of this Agreement, upon Participant's Termination of Service for any or no reason prior to the Determination Date or the Change in Control Determination Date, as applicable, all rights with respect to any unpaid Performance Shares shall immediately terminate and Participant shall not be entitled to any payments or benefits with respect thereto.

(c) *Change in Control.*

(i) Notwithstanding any contrary provision of this Agreement, but subject to clause (c)(ii) below, in the event of a Change in Control, the number of Performance Shares determined to vest for the period beginning on January 1, 2016 and ending on the Change in Control Determination Date shall vest on December 31, 2018, subject to the Participant not incurring a Termination of Service prior to such date, in an amount equal to (A) the Target Shares in the event the Change in Control occurs at any time during the six (6) month period following the Grant Date or (B) the greater of (x) the Target Shares and (y) the number of Performance Shares determined to vest pursuant to Section 3.1(a) as of the Change in Control Determination Date in the event the Change in Control occurs at any time following the six (6) month anniversary of the Grant Date and prior to December 31, 2018; provided, that, such unvested Performance Shares shall immediately vest and no longer represent unvested Performance Shares (i) in the event of Participant's Termination of Service by the Company without Cause or by Participant for Good Reason, in each case, within two (2) years after the Change in Control or (ii) immediately prior to (and subject to the consummation of) the Change in Control in the event the successor corporation (or any of its parent entities) does not assume or substitute the unvested Performance Shares for equivalent rights in connection with such Change in Control.

(ii) As a condition to any accelerated vesting of the Performance Shares as set forth in clause (c)(i) above, Participant shall, within the thirty (30) day period following the date of

Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

(d) *Settlement.* In the event any of the Unvested Shares (as defined below) become Vested Shares, any Retained Distributions (as defined below) paid on such Unvested Shares shall be promptly paid by the Company to Participant. As soon as administratively practicable following the vesting of any Unvested Shares, the Company shall, as applicable, either deliver to Participant the certificate or certificates representing such Performance Shares in the Company's possession belonging to Participant, or, if the Performance Shares are held in book-entry form, then the Company shall remove the notations indicating that the Performance Shares are subject to the restrictions of this Agreement. Participant (or the beneficiary or personal representative of Participant in the event of Participant's death or incapacity, as the case may be) shall deliver to the Company any representations or other documents or assurances as the Company or its representatives deem necessary or advisable in connection with any such delivery.

3.2 Forfeiture. Subject to the provisions of Section 3.3 below, (i) in the event of Participant's Termination of Service for any reason, any Performance Shares that are not Vested Shares (the "Unvested Shares") shall thereupon be forfeited immediately and without any further action by the Company, except as otherwise provided in a written agreement between Participant and the Company and (ii) subject to Sections 3.1(b) and (c), in the event any Performance Shares are not earned at the maximum level in accordance with the provisions of Section 3.1(a), such Unvested Shares that are not earned in accordance with the provisions of Section 3.1(a) shall thereupon be forfeited immediately and without any further action by the Company. Upon forfeiture of the Unvested Shares, the Company shall become the legal and beneficial owner of the Unvested Shares and all rights and interests therein or relating thereto, and Participant will have no further rights with respect to the Unvested Shares. The Unvested Shares shall be held by the Company in accordance with Section 3.3 until the Unvested Shares are forfeited as provided in this Section 3.2, until such Unvested Shares become Vested Shares as provided in Section 3.1 or until such time as this Agreement is no longer in effect. Participant hereby authorizes and directs the Secretary of the Company, or such other person designated by the Administrator, to transfer any Unvested Shares that are forfeited pursuant to this Section 3.2 from Participant to the Company.

### 3.3 Escrow.

(a) The Unvested Shares shall be held by the Company until such Unvested Shares are forfeited as provided in Section 3.2, until such Unvested Shares become Vested Shares as provided in Section 3.1 or until such time as this Agreement is no longer in effect. Participant shall not retain physical custody of any certificates representing Unvested Shares issued to Participant. Participant, by acceptance of this Award, shall be deemed to appoint, and does so appoint, the Company and each of its authorized representatives as Participant's attorney(s)-in-fact to effect any transfer of forfeited Unvested Shares (and Retained Distributions, if any, paid on such forfeited Unvested Shares) to the Company as may be required pursuant to the Plan or this Agreement, and to execute such representations or other documents or assurances as the Company or such representatives deem necessary or advisable in connection with any such transfer. To the extent allowable by Applicable Law, the Company, or its designee, shall not be liable for any act it may do or omit to do with respect to holding the Performance Shares in escrow and while acting in good faith and in the exercise of its judgment.

(b) The Company will retain custody of all cash dividends and other distributions ("Retained Distributions") made or declared with respect to Unvested Shares (and such Retained Distributions will be subject to forfeiture and the other terms and conditions under this Agreement that are applicable to the Performance Shares) until such time, if ever, as the Unvested Shares with respect to which such Retained Distributions shall have been made, paid or declared become Vested Shares. Any Retained Distributions with respect to Unvested Shares shall be forfeited in the event such Unvested Shares are forfeited.

3.4 Rights as Shareholder. Except as otherwise provided herein, upon issuance of the Performance Shares by the Company, Participant shall have all the rights of a shareholder with respect to said Performance Shares, subject to the restrictions herein, including the right to vote the Performance Shares and to receive all dividends or other distributions paid or made with respect to the Performance Shares.

## ARTICLE IV.

### TAXATION AND TAX WITHHOLDING

4.1 Representation. Participant represents to the Company that Participant has reviewed with his or her own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

4.2 Section 83(b) Election. If Participant makes an election under Section 83(b) of the Internal Revenue Code of 1986, as amended (the "Code"), to be taxed with respect to the Performance Shares as of the date of transfer of the Performance Shares rather than as of the date or dates upon which Participant would otherwise be taxable under Section 83(a) of the Code, Participant shall deliver a copy of such election to the Company promptly upon filing such election with the Internal Revenue Service.

4.3 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(ii) with respect to any withholding taxes arising in connection with the vesting of the Performance Shares, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Performance Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iii) with respect to any withholding taxes arising in connection with the vesting of the Performance Shares, unless otherwise determined by the Administrator, by tendering to the Company vested shares of Common Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(iv) with respect to any withholding taxes arising in connection with the vesting of the Performance Shares, subject to Participant's compliance with the Company's Insider Trading Policy, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to those Performance Shares that are then becoming vested and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later the settlement of such sale; or

(v) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the Performance Shares, in the event Participant fails to provide timely payment of all sums required pursuant to Section 4.3(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 4.3(a)(ii) above. The Company shall not be obligated to deliver any certificate representing the Performance Shares to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting of the Performance Shares or any other taxable event related to the Performance Shares.

(c) In the event any tax withholding obligation arising in connection with the Performance Shares may be satisfied under Section 4.3(a)(ii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares of Common Stock from those Performance Shares that are then becoming Vested Shares as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 4.3(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to deliver any certificate representing the Performance Shares to Participant or his or her legal representative until the foregoing tax withholding obligations are satisfied.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the Performance Shares, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the Performance Shares. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the Performance Shares or the subsequent sale of the Performance Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure this Award to reduce or eliminate Participant's tax liability.

## ARTICLE V.

### RESTRICTIVE LEGENDS AND STOP-TRANSFER ORDERS

5.1 Legends. The certificate or certificates representing the Performance Shares, if any, shall bear the following legend (as well as any legends required by the Company's charter and Applicable Law):

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO FORFEITURE IN FAVOR OF THE COMPANY AND MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF A PERFORMANCE STOCK AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

5.2 Refusal to Transfer; Stop-Transfer Notices. The Company shall not be required (a) to transfer on its books any Performance Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (b) to treat as owner of such Performance Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Performance Shares shall have been so transferred. Participant agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

5.3 Removal of Legend. After such time as the Unvested Shares become Vested Shares, and upon Participant's request, a new certificate or certificates representing such Vested Shares shall be issued

without the legend referred to in Section 5.1 and delivered to Participant. If the Performance Shares are held in book entry form, the Company shall cause any restrictions noted on the book form to be removed.

## ARTICLE VI.

### OTHER PROVISIONS

6.1 Administration. The Administrator shall have the exclusive power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

6.2 Performance Shares Not Transferable. The Performance Shares and Retained Distributions may not be sold, pledged, assigned or transferred in any manner unless and until they become Vested Shares. No Unvested Shares or Retained Distributions or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect.

6.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the Unvested Shares in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the Performance Shares are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

6.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Chief Human Resources Officer of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 6.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (if to Participant) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

6.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

6.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

6.7 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Law, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the Performance Shares are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

6.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the Performance Shares in any material way without the prior written consent of Participant.

6.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 6.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

6.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Performance Shares and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

6.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

6.12 Entire Agreement. The Plan and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

6.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However,



notwithstanding any other provision of the Plan or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

6.14 Agreement Severable. In the event that any provision of this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

6.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Award.

6.16 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

6.17 Broker-Assisted Sales. In the event of any broker-assisted sale of shares of Common Stock in connection with the payment of withholding taxes as provided in Section 4.3(a)(iv) or Section 4.3(c): (A) any shares of Common Stock to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such shares of Common Stock may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

## ARTICLE VII.

### DEFINITIONS

7.1 For purposes of this Agreement, the following definitions shall apply:

(a) “Average Market Value” of the Company or a member of the Peer Group, as applicable, means, as of any day, the average closing price per share of Common Stock (or per share of common stock of a member of the Peer Group, as applicable) over the 20-consecutive-trading days ending with and including that day (or, if there is no closing price on that day, the last trading day before that day).

(b) “Beginning Average Market Value” means the Average Market Value as of January 1, 2016.

(c) “Cause” means any of the following: (i) if Participant is a party to a written employment or severance agreement with the Company or any of its Subsidiaries in which the term “cause” is defined (a “Relevant Agreement”), “Cause” as defined in the Relevant Agreement and (ii) if no Relevant Agreement exists, (A) Participant’s failure to (x) substantially perform his or her duties with the Company (other than any such failure resulting from Participant’s disability) or (y) comply with, in any material respect, any of the Company’s policies; (B) the Board’s determination that Participant failed in any material respect to carry out or comply with any lawful and reasonable directive of the Board; (C) Participant’s breach of a material provision of this Agreement or any Relevant Agreement; (D) Participant’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (E) Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the Company’s (or any of its affiliate’s) premises or while performing Participant’s duties and responsibilities for the Company; or (F) Participant’s commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its affiliates. Notwithstanding the foregoing, in the case of clauses (A), (B) and (C) above, no Cause will have occurred unless and until the Company has: (a) provided Participant written notice describing the applicable facts and circumstances underlying such finding of Cause; and (b) provided Participant with an opportunity to cure the same within 30 days after the receipt of such notice; provided, however, that Participant shall be provided only one cure opportunity per category of Cause event in any rolling six (6) month period. If Participant fails to cure the same within such 30 days, then “Cause” shall be deemed to have occurred as of the expiration of the 30-day cure period.

(d) “Change in Control” means and includes, notwithstanding anything to the contrary in the Plan, each of the following: (A) a transaction or series of transactions occurring after the Grant Date whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan

maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company’s securities outstanding immediately after such transaction; (B) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members of the Board whose election by the Board or nomination for election by the Company’s members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described in clause (C)(x) below that occurs with a non-affiliate third party), cease for any reason to constitute a majority thereof; or (C) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Grant Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company’s assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

(i) in the case of clauses (A) and (C), which results in the Company’s voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company’s assets or otherwise succeeds to the business of the Company (the Company or such person, the “Successor Entity”)) directly or indirectly, more than seventy percent (70%) of the combined voting power of the Successor Entity’s outstanding voting securities immediately after the transaction, and

(ii) in the case of clause (C), after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

(e) “Change in Control Determination Date” means any date within thirty days prior to the date of a Change in Control, as determined by the Administrator.

(f) “Determination Date” means February 2, 2019, or such earlier date as determined by the Administrator.

(g) “Ending Average Market Value” means the Average Market Value as of December 31, 2018; provided, that, in the event a Change in Control occurs during the Performance Period, “Ending Average Market Value” means the Average Market Value as of the Change in Control Determination Date.

(h) “Good Reason” means (i) if Participant is a party to a Relevant Agreement in which the term “good reason” is defined, “Good Reason” as defined in the Relevant Agreement and (ii) if no Relevant Agreement exists or “good reason” is not defined therein, the occurrence of any of the following events or conditions without Participant’s written consent: (A) a decrease in Participant’s annual base salary at the rate in effect on day prior to the date of Participant’s Termination of Service (without regard to any decrease that may occur after the date of a Change in Control), other than a reduction of less than 10% that is implemented in connection with a contemporaneous reduction in annual base salaries affecting other similarly situated employees of the Company, (B) a material decrease in Participant’s authority or areas of responsibility as are commensurate with such Participant’s title or position, or (C) the relocation of Participant’s primary office to a location more than 35 miles from Participant’s then-current primary office location. Participant must provide written notice to the Company of the occurrence of any of the foregoing events or conditions within ninety (90) days of the occurrence of such event or the date upon which Participant reasonably became aware that such an event or condition had occurred. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Participant. Any voluntary termination for “Good Reason” following such thirty (30) day cure period must occur no later than the date that is one (1) year following the date notice was provided by Participant. Participant’s voluntary “separation from service” within the meaning of Section 409A by reason of resignation from employment with the Company for Good Reason shall be treated as involuntary.

(i) “Peer Group” shall consist of the companies listed on Schedule A hereto; *provided, however*, that if a member of the Peer Group ceases to be a Publicly Traded Company for any reason during the Performance Period or is acquired by another Publicly Traded Company (other than a transaction the principal purpose of which is to change the name, corporate form or jurisdiction of incorporation or formation of the Peer Group member), the member shall be automatically removed from and treated as never having been included in the Peer Group.

(j) “Performance Period” means the period beginning on January 1, 2016 and ending on December 31, 2018.

(k) “Publicly Traded Company” means a company whose shares are regularly quoted or traded on an active securities exchange, over-the-counter market or inter-dealer quotation system.

(l) “TSR” means the percentage appreciation (positive or negative) in the Common Stock price (or common stock price of a member of the Peer Group, as applicable) over the Performance Period, determined by dividing (i) the difference obtained by subtracting (A) the Beginning Average Market Value, from (B) the Ending Average Market Value plus all cash dividends for the Performance Period, assuming same-day reinvestment into Common Stock (or common stock of the applicable member of the Peer Group) on the applicable ex-dividend date, by (ii) the Beginning Average Market Value. TSR shall be equitably adjusted to reflect stock dividends, stock-splits, spin-offs, and other corporate changes having similar effect.

\* \* \* \*

**SCHEDULE A  
TO PERFORMANCE STOCK AGREEMENT**

**Peer Group**

Airgas, Inc.
Albemarle Corporation
Ashland Inc.
Cabot Corporation
Celanese Corporation
Chemtura Corporation
Eastman Chemical Co.
FMC Corp.
HB Fuller Co.
W.R. Grace & Co.
Huntsman Corporation
International Flavors & Fragrances Inc.
New Market Corporation
Olin Corp.
Poly One Corporation
PPG Industries, Inc.
RPM International Inc.
Sensient Technologies Corporation
The Sherwin-Williams Company
The Valspar Corporation

**AXALTA COATING SYSTEMS LTD.  
2014 INCENTIVE AWARD PLAN**

**PERFORMANCE SHARE UNIT AWARD AGREEMENT**

**ELECTRONIC ACCEPTANCE OF PERFORMANCE SHARE UNIT AWARD:**

By clicking on the “**ACCEPT AWARD**” box on the “**Award Acceptance**”, you agree to be bound by the terms and conditions of this Performance Share Unit Award Agreement (the “Agreement”) and the Axalta Coating Systems Ltd. 2014 Incentive Award Plan (as amended from time to time, the “Plan”). You acknowledge that you have reviewed the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of Performance Share Units pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator (as defined in the Plan) upon any questions relating to this Agreement and the Plan.

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to its Plan, has granted to you (“Participant”) the number of performance share units (the “PSUs”) set forth in the “Award Summary” page applicable to the PSUs on the Morgan Stanley online site (the “Award Summary”). The PSUs are subject to the performance criteria and other terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference.

**ARTICLE I.**

**GENERAL**

1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan.

1.2 Incorporation of Terms of Plan. The PSUs and the shares of Common Stock issued to Participant hereunder (“Shares”) are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control, except with respect to the definition of Change in Control as defined in this Agreement.

**ARTICLE II.**

**AWARD OF PERFORMANCE SHARE UNITS AND DIVIDEND EQUIVALENTS**

2.1 Award of PSUs and Dividend Equivalents.

(a) In consideration of Participant's past and/or continued employment with or service to the Company or a Subsidiary and for other good and valuable consideration, effective as of the award date set forth in the Award Summary (the "Grant Date"), the Company has granted to Participant the target number of PSUs (the "Target PSUs") upon the terms and conditions set forth in the Plan and this Agreement, subject to adjustment as provided in Section 13.2 of the Plan. Notwithstanding the number of Target PSUs, the number of PSUs that are eligible to vest pursuant to this Agreement range from zero to 200% of the Target PSUs based upon the Company's relative TSR during the Performance Period and subject to forfeiture, in each case, as set forth in Article II below and the terms of the Plan. Each PSU represents the right to receive one Share or, at the option of the Company, an amount of cash as set forth in Section 2.3(b), in either case, at the times and subject to the conditions set forth herein. However, unless and until the PSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the PSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each PSU granted pursuant to this Agreement for all ordinary cash dividends which are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable PSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each PSU shall be equal to the amount of cash which is paid as a dividend on one share of Common Stock. All such Dividend Equivalents shall be credited to Participant and paid in cash at the same time as the distribution or payment is made of the PSU to which such Dividend Equivalent relates in accordance with Section 2.3 below. Any Dividend Equivalents that relate to PSUs that are forfeited shall likewise be forfeited without consideration.

## 2.2 Vesting of PSUs and Dividend Equivalents.

(a) *Vesting Schedule.* Subject to Sections 2.2(b) and (c) below and subject to the terms of this Agreement, the PSUs shall vest, if at all, in amounts up to 200% of the Target PSUs (the "Maximum PSUs") on the Determination Date or the Change in Control Determination Date, as applicable, as follows:

(i) If the Company achieves a TSR over the Performance Period that is below the 30<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, none of the PSUs shall vest;

(ii) If the Company achieves a TSR over the Performance Period that is at the 30<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 50% (rounded up to the nearest whole Share) of the Target PSUs shall vest;

(iii) If the Company achieves a TSR over the Performance Period that is at the 40<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 75% (rounded up to the nearest whole Share) of the Target PSUs shall vest;



(iv) If the Company achieves a TSR over the Performance Period that is at the 50<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 100% (rounded up to the nearest whole Share) of the Target PSUs shall vest;

(v) If the Company achieves a TSR over the Performance Period that is at the 70<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 150% (rounded up to the nearest whole Share) of the Target PSUs shall vest; or

(vi) If the Company achieves a TSR over the Performance Period that is at or above the 90<sup>th</sup> percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to the Maximum PSUs shall vest.

(vii) To the extent that the Company achieves a TSR over the Performance Period that is between two thresholds specified in this Section 2.2(a), the percentage of the PSUs that vest shall be determined by the use of straight-line interpolation (the "Interpolated Percentage") and a number of PSUs equal to the Interpolated Percentage (rounded up to the nearest whole PSU) of the Target PSUs shall vest.

(b) *Effect of Termination of Service.* Notwithstanding any contrary provision of this Agreement, upon Participant's Termination of Service for any or no reason prior to the Determination Date or the Change in Control Determination Date, as applicable, any and all PSUs and Dividend Equivalents shall immediately be forfeited and Participant's rights with respect thereto shall lapse and expire.

(c) *Change in Control.*

(i) Notwithstanding any contrary provision of this Agreement, but subject to clause (c)(ii) below, in the event of a Change in Control, the number of PSUs determined to vest for the period beginning on January 1, 2016 and ending on the Change in Control Determination Date shall vest on December 31, 2018, subject to the Participant not incurring a Termination of Service prior to such date, in an amount equal to (A) the Target PSUs in the event the Change in Control occurs at any time during the six (6) month period following the Grant Date or (B) the greater of (x) the Target PSUs and (y) the number of PSUs determined to vest pursuant to Section 2.2(a) as of the Change in Control Determination Date in the event the Change in Control occurs at any time following the six (6) month anniversary of the Grant Date and prior to December 31, 2018; provided, that, such unvested PSUs shall immediately vest and no longer represent unvested PSUs (i) in the event of Participant's Termination of Service by the Company without Cause [or by Participant for Good Reason, in each case,] within two (2) years after the Change in Control or (ii) immediately prior to (and subject to the consummation of) the Change in Control in the event the successor corporation (or any of its parent entities) does not assume or substitute the unvested PSUs for equivalent rights in connection with such Change in Control.

(ii) As a condition to any accelerated vesting of the PSUs as set forth in clause (c)(i) above, Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and

current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

(d) *Lapse of PSUs.*

(i) In the event Participant incurs a Termination of Service, except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all PSUs and Dividend Equivalents granted under this Agreement which have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such PSUs and Dividend Equivalents which are not so vested shall lapse and expire.

(ii) Subject to Sections 2.2(b) and (c), in the event the PSUs do not vest at the maximum level in accordance with the provisions of Section 2.2(a), such PSUs that do not vest in accordance with the provisions of Section 2.2(a) shall be forfeited and Participant's rights in any such PSUs and related Dividend Equivalents shall lapse and expire.

2.3 Distribution or Payment of PSUs.

(a) Participant's PSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable PSU pursuant to Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of PSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

(b) In the event that the Company elects to make payment of Participant's PSUs in cash, the amount of cash payable with respect to each PSU shall be equal to the Fair Market Value of a Share on the day immediately preceding the applicable distribution or payment date set forth in Section 2.3(a). All distributions made in Shares shall be made by the Company in the form of whole Shares.

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall,

in its absolute discretion, determine to be necessary or advisable, and (D) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. Participant may make such payment in one or more of the forms specified below:

(iii) by cash or check made payable to the Company or the Subsidiary with respect to which the withholding obligation arises;

(iv) with respect to any withholding taxes arising in connection with the distribution of the PSUs, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(v) with respect to any withholding taxes arising in connection with the distribution of the PSUs, unless otherwise determined by the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes;

(vi) with respect to any withholding taxes arising in connection with the distribution of the PSUs, subject to Participant's compliance with the Company's Insider Trading Policy, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to Shares then issuable to Participant pursuant to the PSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company or the Subsidiary with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the Company or the applicable Subsidiary at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vii) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the PSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) above. The Company shall not be

obligated to deliver any certificate representing Shares issuable with respect to the PSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs or any other taxable event related to the PSUs.

(c) In the event any tax withholding obligation arising in connection with the PSUs may be satisfied under Section 2.5(a)(ii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the subsequent sale of Shares. The Company and the Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

2.6 Rights as Shareholder. Neither Participant nor any person claiming under or through Participant will have any of the rights or privileges of a shareholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a shareholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

### ARTICLE III.

#### OTHER PROVISIONS

3.1 Administration. The Administrator shall have the exclusive power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon

Participant, the Company and all other interested persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan or this Agreement.

3.2 PSUs Not Transferable. The PSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the PSUs have been issued, and all restrictions applicable to such Shares have lapsed. No PSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

3.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the PSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Section 13.2 of the Plan.

3.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Chief Human Resources Officer of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last address reflected on the Company's records. By a notice given pursuant to this Section 3.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (if to Participant) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

3.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

3.7 Conformity to Securities Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the PSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

3.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the PSUs in any material way without the prior written consent of Participant.

3.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 3.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

3.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the PSUs, the Dividend Equivalents and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3.12 Entire Agreement. The Plan and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

3.13 Section 409A. This Award is not intended to constitute “nonqualified deferred compensation” within the meaning of Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the date hereof, “Section 409A”). However, notwithstanding any other provision of the Plan or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

3.14 Agreement Severable. In the event that any provision of this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of this Agreement.

3.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs and Dividend Equivalents.

3.16 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

3.17 Broker-Assisted Sales. In the event of any broker-assisted sale of Shares in connection with the payment of withholding taxes as provided in Section 2.5(a)(iv) or Section 2.5(c): (A) any Shares to be sold through a broker-assisted sale will be sold on the day the tax withholding obligation arises or as soon thereafter as practicable; (B) such Shares may be sold as part of a block trade with other participants in the Plan in which all participants receive an average price; (C) Participant will be responsible for all broker's fees and other costs of sale, and Participant agrees to indemnify and hold the Company harmless from any losses, costs, damages, or expenses relating to any such sale; (D) to the extent the proceeds of such sale exceed the applicable tax withholding obligation, the Company agrees to pay such excess in cash to Participant as soon as reasonably practicable; (E) Participant acknowledges that the Company or its designee is under no obligation to arrange for such sale at any particular price, and that the proceeds of any such sale may not be sufficient to satisfy the applicable tax withholding obligation; and (F) in the event the proceeds of such sale are insufficient to satisfy the applicable tax withholding obligation, Participant agrees to pay immediately upon demand to the Company or its Subsidiary with respect to which the withholding obligation arises an amount in cash sufficient to satisfy any remaining portion of the Company's or the applicable Subsidiary's withholding obligation.

3.18 Definitions. For purposes of this Agreement, the following definitions shall apply:

(a) "Average Market Value" of the Company or a member of the Peer Group, as applicable, means, as of any day, the average closing price per share of Common Stock (or per share of common stock of a member of the Peer Group, as applicable) over the 20-consecutive-trading days ending with and including that day (or, if there is no closing price on that day, the last trading day before that day).

(b) "Beginning Average Market Value" means the Average Market Value as of January 1, 2016.

(c) “Cause” means any of the following: (i) if Participant is a party to a written employment or severance agreement with the Company or any of its Subsidiaries in which the term “cause” is defined (a “Relevant Agreement”), “Cause” as defined in the Relevant Agreement and (ii) if no Relevant Agreement exists, (A) Participant’s failure to (x) substantially perform his or her duties with the Company (other than any such failure resulting from Participant’s disability) or (y) comply with, in any material respect, any of the Company’s policies; (B) the Board’s determination that Participant failed in any material respect to carry out or comply with any lawful and reasonable directive of the Board; (C) Participant’s breach of a material provision of this Agreement or any Relevant Agreement; (D) Participant’s conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (E) Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the Company’s (or any of its affiliate’s) premises or while performing Participant’s duties and responsibilities for the Company; or (F) Participant’s commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its affiliates. Notwithstanding the foregoing, in the case of clauses (A), (B) and (C) above, no Cause will have occurred unless and until the Company has: (a) provided Participant written notice describing the applicable facts and circumstances underlying such finding of Cause; and (b) provided Participant with an opportunity to cure the same within 30 days after the receipt of such notice; provided, however, that Participant shall be provided only one cure opportunity per category of Cause event in any rolling six (6) month period. If Participant fails to cure the same within such 30 days, then “Cause” shall be deemed to have occurred as of the expiration of the 30-day cure period.

(d) “Change in Control” means and includes, notwithstanding anything to the contrary in the Plan, each of the following: (A) a transaction or series of transactions occurring after the Grant Date whereby any “person” or related “group” of “persons” (as such terms are used in Sections 13(d) and 14(d) (2) of the Exchange Act) (other than the Company, any of its Subsidiaries, an employee benefit plan maintained by the Company or any of its Subsidiaries or a “person” that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing 30% or more of the total combined voting power of the Company’s securities outstanding immediately after such transaction; (B) during any 12 month period, individuals who, at the beginning of such period, constitute the Board together with any new members of the Board whose election by the Board or nomination for election by the Company’s members was approved by a vote of at least two-thirds of the members of the Board then still in office who either were members of the Board at the beginning of the one-year period or whose election or nomination for election was previously so approved (other than (x) an individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of the directors of the Company, as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act, and (y) any member of the Board whose initial assumption of office during such 12 month period in connection with a transaction described in clause (C)(x) below that occurs with a non-affiliate third party), cease for any reason to constitute a majority thereof; or (C) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) after the Grant Date of (x) a merger, consolidation, reorganization, or business combination or (y) a sale, lease, exchange or other transfer (in one transaction



or a series of transactions contemplated or arranged by any party as a single plan) of all or substantially all of the Company's assets or (z) the acquisition of assets or stock of another entity, other than a transaction:

(i) in the case of clauses (A) and (C), which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "Successor Entity") directly or indirectly, more than seventy percent (70%) of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and

(ii) in the case of clause (C), after which no person or group beneficially owns voting securities representing 30% or more of the combined voting power of the Successor Entity; provided, however, that no person or group shall be treated for purposes of this clause (ii) as beneficially owning 30% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction.

(e) "Change in Control Determination Date" means any date within thirty days prior to the date of a Change in Control, as determined by the Administrator.

(f) "Determination Date" means February 2, 2019, or such earlier date as determined by the Administrator.

(g) "Ending Average Market Value" means the Average Market Value as of December 31, 2018; provided, that, in the event a Change in Control occurs during the Performance Period, "Ending Average Market Value" means the Average Market Value as of the Change in Control Determination Date.

(h) [Good Reason] means (i) if Participant is a party to a Relevant Agreement in which the term "good reason" is defined, "Good Reason" as defined in the Relevant Agreement and (ii) if no Relevant Agreement exists or "good reason" is not defined therein, the occurrence of any of the following events or conditions without Participant's written consent: (A) a decrease in Participant's annual base salary at the rate in effect on day prior to the date of Participant's Termination of Service (without regard to any decrease that may occur after the date of a Change in Control), other than a reduction of less than 10% that is implemented in connection with a contemporaneous reduction in annual base salaries affecting other similarly situated employees of the Company, (B) a material decrease in Participant's authority or areas of responsibility as are commensurate with such Participant's title or position, or (C) the relocation of Participant's primary office to a location more than 35 miles from Participant's then-current primary office location. Participant must provide written notice to the Company of the occurrence of any of the foregoing events or conditions within ninety (90) days of the occurrence of such event or the date upon which Participant reasonably became aware that such an event or condition had occurred. The Company or any successor or affiliate shall have a period of thirty (30) days to cure such event or condition after receipt of written notice of such event from Participant. Any voluntary termination for "Good Reason" following such thirty (30) day cure period must occur no later than the date that is one (1) year following the date notice was provided

by Participant. Participant's voluntary "separation from service" within the meaning of Section 409A by reason of resignation from employment with the Company for Good Reason shall be treated as involuntary.]

(i) "Peer Group" shall consist of the companies listed on Schedule A hereto; *provided, however*, that if a member of the Peer Group ceases to be a Publicly Traded Company for any reason during the Performance Period or is acquired by another Publicly Traded Company (other than a transaction the principal purpose of which is to change the name, corporate form or jurisdiction of incorporation or formation of the Peer Group member), the member shall be automatically removed from and treated as never having been included in the Peer Group.

(j) "Performance Period" means the period beginning on January 1, 2016 and ending on December 31, 2018.

(k) "Publicly Traded Company" means a company whose shares are regularly quoted or traded on an active securities exchange, over-the-counter market or inter-dealer quotation system.

(l) "TSR" means the percentage appreciation (positive or negative) in the Common Stock price (or common stock price of a member of the Peer Group, as applicable) over the Performance Period, determined by dividing (i) the difference obtained by subtracting (A) the Beginning Average Market Value, from (B) the Ending Average Market Value plus all cash dividends for the Performance Period, assuming same-day reinvestment into Common Stock (or common stock of the applicable member of the Peer Group) on the applicable ex-dividend date, by (ii) the Beginning Average Market Value. TSR shall be equitably adjusted to reflect stock dividends, stock-splits, spin-offs, and other corporate changes having similar effect.

\* \* \* \* \*

**SCHEDULE A  
TO PERFORMANCE SHARE UNIT AGREEMENT**

**Peer Group**

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Airgas, Inc.
Albemarle Corporation
Ashland Inc.
Cabot Corporation
Celanese Corporation
Chemtura Corporation
Eastman Chemical Co.
FMC Corp.
HB Fuller Co.
W.R. Grace & Co.
Huntsman Corporation
International Flavors & Fragrances Inc.
New Market Corporation
Olin Corp.
Poly One Corporation
PPG Industries, Inc.
RPM International Inc.
Sensient Technologies Corporation
The Sherwin-Williams Company
The Valspar Corporation

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Charles W. Shaver, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axalta Coating Systems Ltd.;
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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: April 28, 2016

By: /s/ Charles W. Shaver  
Name: Charles W. Shaver  
Title: Chairman of the Board and Chief Executive Officer

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Robert W. Bryant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Axalta Coating Systems Ltd.;
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 control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer 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: April 28, 2016

By: /s/ Robert W. Bryant  
Name: Robert W. Bryant  
Title: Executive Vice President and Chief Financial 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**

I, Robert W. Bryant, Executive Vice President and Chief Financial Officer of Axalta Coating Systems Ltd., certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2016 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; 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: April 28, 2016

By: /s/ Robert W. Bryant  
Name: Robert W. Bryant  
Title: Executive Vice President and Chief Financial Officer

This certification accompanies this report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to liability pursuant to that section. The certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.