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

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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

AXALTA COATING SYSTEMS LTD.
(Exact name of registrant as specified in its charter)

Bermuda	**2851**	**98-1073028**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(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)

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

Common Shares, $1.00 par value	**New York Stock Exchange**
(title of class)	(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 ý No ¨

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

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

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

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

As of July 20, 2018, there were 240,592,922 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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net sales	$ 1,206.5	$ 1,088.5	$ 2,372.3	$ 2,096.3
Other revenue	5.7	6.1	11.9	12.0
Total revenue	1,212.2	1,094.6	2,384.2	2,108.3
Cost of goods sold	793.8	690.0	1,569.8	1,331.4
Selling, general and administrative expenses	224.6	246.0	452.4	470.6
Venezuela deconsolidation charge	—	70.9	—	70.9
Research and development expenses	18.0	16.4	37.3	32.0
Amortization of acquired intangibles	29.3	23.8	58.2	45.5
Income from operations	146.5	47.5	266.5	157.9
Interest expense, net	39.3	35.6	78.7	71.4
Other expense, net	8.1	21.3	5.9	20.1
Income (loss) before income taxes	99.1	(9.4)	181.9	66.4
Provision for income taxes	22.0	9.5	33.8	19.4
Net income (loss)	77.1	(18.9)	148.1	47.0
Less: Net income attributable to noncontrolling interests	2.2	1.9	3.3	3.7
Net income (loss) attributable to controlling interests	$ 74.9	$ (20.8)	$ 144.8	$ 43.3
Basic net income (loss) per share	$ 0.31	$ (0.09)	$ 0.60	$ 0.18
Diluted net income (loss) per share	$ 0.31	$ (0.09)	$ 0.59	$ 0.18
Basic weighted average shares outstanding	240.3	240.9	240.6	240.4
Diluted weighted average shares outstanding	244.6	240.9	245.2	246.5

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

AXALTA COATING SYSTEMS LTD.

Condensed Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$ 77.1	$ (18.9)	$ 148.1	$ 47.0
Other comprehensive income (loss), before tax:				
Foreign currency translation adjustments	(112.4)	27.2	(69.3)	67.8
Unrealized (loss) on securities	—	(0.3)	—	(0.3)
Unrealized gain (loss) on derivatives	4.7	(1.9)	12.6	(1.3)
Unrealized gain (loss) on pension plan obligations	(1.6)	8.8	(1.3)	9.3
Other comprehensive income (loss), before tax	(109.3)	33.8	(58.0)	75.5
Income tax provision related to items of other comprehensive income (loss)	0.4	2.4	1.7	2.6
Other comprehensive income (loss), net of tax	(109.7)	31.4	(59.7)	72.9
Comprehensive income (loss)	(32.6)	12.5	88.4	119.9
Less: Comprehensive income (loss) attributable to noncontrolling interests	(0.6)	2.0	1.4	4.7
Comprehensive income (loss) attributable to controlling interests	$ (32.0)	$ 10.5	$ 87.0	$ 115.2

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

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

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 551.1	$ 769.8
Restricted cash	2.7	3.1
Accounts and notes receivable, net	974.5	870.2
Inventories	599.9	608.6
Prepaid expenses and other	129.5	63.9
Total current assets	2,257.7	2,315.6
Property, plant and equipment, net	1,340.3	1,388.6
Goodwill	1,241.6	1,271.2
Identifiable intangibles, net	1,409.1	1,428.2
Other assets	447.5	428.6
Total assets	$ 6,696.2	$ 6,832.2
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 537.7	$ 554.9
Current portion of borrowings	39.9	37.7
Other accrued liabilities	416.3	489.6
Total current liabilities	993.9	1,082.2
Long-term borrowings	3,842.2	3,877.9
Accrued pensions	267.7	279.1
Deferred income taxes	155.9	152.9
Other liabilities	30.6	32.3
Total liabilities	5,290.3	5,424.4
Commitments and contingencies (Note 7)		
Shareholders' equity		
Common shares, $1.00 par, 1,000.0 shares authorized, 246.0 and 243.9 shares issued at June 30, 2018 and December 31, 2017, respectively	244.5	242.4
Capital in excess of par	1,384.5	1,354.5
Retained earnings (Accumulated deficit)	136.3	(21.4)
Treasury shares, at cost 5.4 and 2.0 shares at June 30, 2018 and December 31, 2017	(162.2)	(58.4)
Accumulated other comprehensive loss	(299.6)	(241.0)
Total Axalta shareholders' equity	1,303.5	1,276.1
Noncontrolling interests	102.4	131.7
Total shareholders' equity	1,405.9	1,407.8
Total liabilities and shareholders' equity	$ 6,696.2	$ 6,832.2

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

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

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating activities:		
Net income	$ 148.1	$ 47.0
Adjustment to reconcile net income to cash used for operating activities:		
Depreciation and amortization	182.1	167.3
Amortization of deferred financing costs and original issue discount	3.9	4.2
Debt extinguishment and refinancing related costs	8.4	12.4
Deferred income taxes	4.0	(12.9)
Realized and unrealized foreign exchange (gains) losses, net	6.1	(2.4)
Stock-based compensation	18.1	21.3
Asset impairments	—	3.2
Loss on deconsolidation of Venezuela	—	70.9
Other non-cash, net	3.5	2.8
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(133.5)	(128.9)
Inventories	(31.8)	(5.1)
Prepaid expenses and other	(59.7)	(60.9)
Accounts payable	37.0	(6.3)
Other accrued liabilities	(60.6)	(13.4)
Other liabilities	(4.6)	(5.1)
Cash provided by operating activities	121.0	94.1
Investing activities:		
Acquisitions	(78.2)	(533.3)
Investment in non-controlling interest	(26.9)	—
Purchase of property, plant and equipment	(74.6)	(57.4)
Reduction of cash due to Venezuela deconsolidation	—	(4.3)
Other investing activities	5.3	(0.3)
Cash used for investing activities	(174.4)	(595.3)
Financing activities:		
Proceeds from long-term borrowings	468.9	456.4
Payments on short-term borrowings	(23.0)	(4.4)
Payments on long-term borrowings	(498.5)	(6.1)
Financing-related costs	(4.5)	(8.9)
Dividends paid to noncontrolling interests	(1.0)	(0.9)
Purchase of treasury stock	(103.8)	(8.3)
Proceeds from option exercises	10.5	12.9
Deferred acquisition-related consideration	(5.9)	(3.4)
Cash provided by (used for) financing activities	(157.3)	437.3
Decrease in cash	(210.7)	(63.9)
Effect of exchange rate changes on cash	(8.4)	10.8
Cash at beginning of period	772.9	538.1
Cash at end of period	$ 553.8	$ 485.0
Cash at end of period reconciliation:		
Cash and cash equivalents	$ 551.1	$ 482.1
Restricted cash	2.7	2.9
Cash at end of period	$ 553.8	$ 485.0

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

(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 June 30, 2018 and December 31, 2017, the results of operations and comprehensive income (loss) for the three and six months ended June 30, 2018 and 2017, and their cash flows for the six 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 financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2017. 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 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 and six months ended June 30, 2018 are not necessarily indicative of the results to be expected for a full year.

Accounting Standards - Reclassifications

During the six months ended June 30, 2018, we adopted various accounting standards that had impacts to the accompanying condensed consolidated financial statements, one of which resulted in reclassifications to amounts previously reported for the three and six months ended June 30, 2017. Refer to Note 2 for further information.

(2) RECENT ACCOUNTING GUIDANCE

Recently Adopted Accounting Guidance

In August 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2017-12, "Derivatives and Hedging," which modifies the presentation and disclosure of hedging results and provides partial relief on the timing of certain aspects of hedge documentation including the elimination of the requirement to recognize hedge ineffectiveness separately in earnings. We elected to early adopt this standard on January 1, 2018 using the modified retrospective approach. We recorded a cumulative adjustment for previously recognized ineffectiveness to retained earnings at January 1, 2018. This did not result in a material impact to our financial statements.

In March 2017, the FASB issued ASU 2017-07, "Compensation—Retirement Benefits," which requires that an employer report the service cost component of net periodic pension costs in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. It also requires the other components of net periodic pension cost to be presented in the statement of operations separately from the service cost component and outside a subtotal of income from operations. On January 1, 2018 we retrospectively adopted this standard, which resulted in a reclassification on the condensed consolidated statements of operations of $0.1 million and $0.5 million for the three and six months ended June 30, 2017, respectively, from income from operations to other expense, net.

On January 1, 2018, we adopted ASU 2017-01, "Clarifying the Definition of a Business," which sets forth the accounting guidance that assists in the determination of whether a set of transferred assets and activities is a business. This new guidance requires an entity to first evaluate whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets. If this threshold is met, the set of transferred assets and activities is not a business; whereas, if the threshold is not met, the entity evaluates whether the set meets the requirement that a business include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The standard also narrows the definition of outputs by more closely aligning it with how outputs are described in the new revenue guidance.

On January 1, 2018, we adopted ASU 2016-01, "Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which requires equity investments in unconsolidated entities, excluding those accounted for using the equity method of accounting, to be remeasured at exit price fair value, with changes recorded in the statement of operations. This standard was adopted using the modified retrospective application resulting in a cumulative adjustment to retained earnings at January 1, 2018. This did not result in a material impact to our financial statements.

(In millions, unless otherwise noted)

On January 1, 2018, we adopted ASU 2014-09, "Revenue from Contracts with Customers," and all related amendments comprising ASC 606 (the "new revenue standard"), electing to use the modified retrospective method. We also elected to apply certain practical expedients, including the application of the modified retrospective method to open contracts at December 31, 2017. Comparative information has not been recasted and continues to be reported under historical U.S. GAAP in effect to those applicable periods. The following table summarizes the cumulative effect made to our condensed consolidated balance sheet as a result of the adoption to this standard.

	December 31, 2017	Adjustments due to ASU 2014-09	January 1, 2018
Assets			
Inventories	$ 608.6	$ (22.7)	$ 585.9
Prepaid expenses and other (1)	63.9	41.7	105.6
Other assets (2)	428.6	(1.9)	426.7
Liabilities			
Other accrued liabilities (3)	$ 489.6	$ 1.9	$ 491.5
Deferred income taxes	152.9	3.0	155.9
Equity			
Accumulated deficit	$ (21.4)	$ 12.1	$ (9.3)
Noncontrolling interests	131.7	0.1	131.8

(1) Includes the impact to contract assets resulting from the modified retrospective adoption of the new revenue standard.
(2) Includes the impacts to deferred income taxes resulting from the modified retrospective adoption of the new revenue standard.
(3) Includes the impacts of estimated variable consideration on certain arrangements in our refinish end-market.

The impacts to the balance sheet as of the adoption date represent the acceleration of revenue for certain arrangements, primarily within our light vehicle end-market, for which we determined our performance obligation has been satisfied, as discussed further in Note 3. Specifically, we concluded that the transfer of control to the customer, as defined under the new revenue standard, occurs at a date prior to consumption. Additionally, certain costs historically reported in selling, general and administrative expenses under historical U.S. GAAP related to technical support services that are not considered material in the context of our contracts with certain customers are now reported within cost of goods sold on the condensed consolidated statements of operations, as they represent costs incurred in satisfaction of performance obligations. See Note 3 for further discussion.

Accounting Guidance Issued But Not Yet Adopted

In January 2017, the FASB issued ASU 2017-04, "Simplifying the Test for Goodwill Impairment," which eliminates the second step in the goodwill impairment test requiring an entity to determine the implied fair value of the reporting unit's goodwill. Instead, an entity should recognize an impairment loss if the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, with the impairment loss not to exceed the amount of goodwill allocated to the reporting unit. The standard is effective for annual and interim goodwill impairment tests conducted in fiscal years beginning after December 15, 2019, with early adoption permitted. This standard is not expected to have a material impact on our financial statements unless an impairment indicator is identified in our reporting units.

In February 2016, the FASB issued ASU 2016-02, "Leases," which, together with amendments comprising ASC 842, requires lessees to identify arrangements that should be accounted for as leases and generally recognize, for operating and finance leases with terms exceeding twelve months, a right-of-use asset and lease liability 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 currently undertaking a process to quantify the impact that this standard will have on our consolidated financial statements and will provide further detail as we progress in our quantification. We are in process of reviewing our lease arrangements, as well as working through implementation steps and assessing our procedural and policy requirements. At a minimum, in the period the ASU is adopted, in addition to the expanded disclosures regarding leases, total assets and total liabilities will increase and our build-to-suit leases accounted for as sale-leaseback financing transactions will be analyzed for possible derecognition and treatment as either operating or financing leases.

(3) REVENUE

We recognize revenue at the point our contractual performance obligations with our customers are satisfied. This occurs at the point in time when control of our products transfers to the customer based on considerations of right to payment, transfer of legal title, physical possession, risks and rewards of ownership and customer acceptance. For the majority of our revenue, control transfers upon shipment of our products to our customers. Our remaining revenue is recorded upon delivery or consumption for our product sales or as incurred for services provided and royalties earned.

Revenue is measured as the amount of consideration we expect to receive in exchange for our products or services. Our contracts, including those subject to standard terms and conditions under multi-year agreements, are largely short-term in nature and each customer purchase order typically represents a contract with the delivery of coatings representing the only separate performance obligation.

For certain customer arrangements within our light vehicle, industrial and commercial vehicle end-markets, revenue is recognized upon shipment, as this is the point in time we have concluded that control of our product has transferred to our customer based on our considerations of the indicators of control in the contracts, including right of use and risk and reward of ownership. For consignment arrangements, revenue is recognized upon actual consumption by our customers, as this represents the point in time that control is determined to have transferred to the customer based on the contractual arrangement.

In our refinish end-market, our product sales are typically supplied through a network of distributors. Control transfers and revenue is recognized when our products are delivered to our distribution customers. Variable consideration in the form of price, less discounts and rebates, are estimated and recorded, as a reduction to net sales, upon the sale of our products based on our ability to make a reasonable estimate of the amounts expected to be received or incurred. The estimates of variable consideration involve significant assumptions based on the best estimates of inventory held by distributors, applicable pricing, as well as the use of historical actuals for sales, discounts and rebates, which may result in changes in estimates in the future.

The timing of payments associated with the above arrangements may differ from the timing associated with the satisfaction of our performance obligations. The period between the satisfaction of the performance obligation and the receipt of payment is dependent on terms and conditions specific to the customers.

All costs incurred directly in satisfaction of our performance obligations associated with revenue are reported in cost of goods sold on the statements of operations. We also incur incremental up-front costs in order to obtain contracts with certain customers, including Business Incentive Plan assets ("BIPs"), which are capitalized as a component of other assets and amortized over the estimated life of the contractual arrangement as a reduction of net sales. The Company receives volume commitments and/or sole supplier status from its customers over the life of the contractual arrangements, which approximates a five-year weighted average useful life. The termination clauses in these contractual arrangements include standard clawback provisions that enable the Company to collect monetary damages in the event of a customer's failure to meet its commitments under the relevant contract. At June 30, 2018 and December 31, 2017, the total carrying value of BIPs were $174.7 million and $173.0 million, respectively, and are presented within other assets on the condensed consolidated balance sheets. For the three and six months ended June 30, 2018, $16.8 million and $33.1 million, respectively, were amortized and reflected as reductions of net sales in the condensed consolidated statements of

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

operations, while $16.1 million and $33.0 million were amortized during the three and six months ended June 30, 2017, respectively. We do not incur any other incremental direct costs to obtain a contract.

We accrue for sales returns and other allowances based on our historical experience, as well as expectations based on current information relevant to our customers. We include the amounts billed to customers for shipping and handling fees in net sales and include costs incurred for the delivery of goods as cost of goods sold in the statement of operations.

Recognition of licensing and royalty income occurs at the point in time when agreed upon performance obligations are satisfied, the amount is fixed or determinable, and collectability is reasonably assured.

Consideration for products in which control has transferred to our customers that is conditional on something other than the passage of time is recorded as a contract asset within prepaid expenses and other on the balance sheet. The contract asset balances at June 30, 2018 and January 1, 2018 were $44.5 million and $41.7 million, respectively.

The arrangements discussed above that have changed under the new revenue standard have resulted in a difference in timing of revenue recognition and classification of associated costs compared to historical U.S. GAAP. In addition to the application of the modified retrospective method to open contracts at the date of adoption (discussed in Note 2), we have applied certain other policy elections upon adoption of the new revenue standard beginning January 1, 2018, including accounting for shipping and handling costs as contract fulfillment costs, as well as excluding from the transaction price any taxes imposed on and collected from customers in revenue producing transactions. Other practical expedients associated with the new revenue standard were assessed by management and concluded to be not applicable, including the application of a portfolio approach, costs to obtain a contract, existence of significant financing components, contract modifications and right to invoice.

The following tables summarizes the impact to our condensed consolidated statements of operations and balance sheets in accordance with the new revenue standard:

	For the three months ended June 30, 2018		
	As reported	Prior to ASU 2014-09	Increases / (Decreases)
Net sales	$ 1,206.5	$ 1,208.1	$ (1.6)
Cost of goods sold	793.8	779.2	14.6
Selling, general and administrative expenses	224.6	239.3	(14.7)
Provision for income taxes	22.0	22.2	(0.2)
Net income	77.1	78.4	(1.3)
Less: Net income attributable to noncontrolling interests	2.2	2.2	—
Net income attributable to controlling interests	$ 74.9	$ 76.2	$ (1.3)

	For the six months ended June 30, 2018		
	As reported	Prior to ASU 2014-09	Increases / (Decreases)
Net sales	$ 2,372.3	$ 2,368.1	$ 4.2
Cost of goods sold	1,569.8	1,539.2	30.6
Selling, general and administrative expenses	452.4	480.8	(28.4)
Provision for income taxes	33.8	33.4	0.4
Net income	148.1	146.5	1.6
Less: Net income attributable to noncontrolling interests	3.3	3.1	0.2
Net income attributable to controlling interests	$ 144.8	$ 143.4	$ 1.4

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

	At June 30, 2018		
	As reported	Prior to ASU 2014-09	Increases / (Decreases)
Assets			
Inventories	$ 599.9	$ 623.9	$ (24.0)
Prepaid expenses and other	129.5	85.0	44.5
Other assets	447.5	449.9	(2.4)
Liabilities			
Other accrued liabilities	$ 416.3	$ 414.4	$ 1.9
Deferred income taxes	155.9	153.1	2.8
Equity			
Retained earnings	$ 136.3	$ 122.8	$ 13.5
Accumulated other comprehensive loss	(299.6)	(299.2)	(0.4)
Noncontrolling interests	102.4	102.1	0.3

Revenue Streams

Our revenue streams are disaggregated based on the types of products and services offered in contracts with our customers, which are depicted in each of our four end-markets.

- Refinish - We develop, market and supply a complete portfolio of innovative coatings systems and color matching technologies to facilitate faster automotive collision repairs relative to competing technologies. Our refinish products and systems include a range of coatings layers required to match the vehicle’s color and appearance, producing a repair surface indistinguishable from the adjacent surface.

- Industrial - The industrial end-market is comprised of liquid and powder coatings used in a broad array of end-market applications. We are also a leading global developer, manufacturer and supplier of functional and decorative liquid and powder coatings for a large number of diversified applications in the industrial end-market. We provide a full portfolio of products for applications including architectural cladding and fittings, automotive coatings, general industrial, job coaters, electrical insulation coatings, HVAC, appliances, industrial wood, coil, rebar and oil & gas pipelines.

- Light Vehicle - Light vehicle original equipment manufacturers ("OEMs") select coatings providers on the basis of their global ability to deliver advanced technological solutions that improve exterior appearance and durability and provide long-term corrosion protection. Customers also look for suppliers that can enhance process efficiency to reduce overall manufacturing costs and provide on-site technical support.

- Commercial Vehicle - Sales in the commercial vehicle end-market are generated from a variety of applications including non-automotive transportation (e.g., heavy duty truck, bus and rail) and Agricultural, Construction and Earthmoving, as well as related markets such as trailers, recreational vehicles and personal sport vehicles. This end-market is primarily driven by global commercial vehicle production, which is influenced by overall economic activity, government infrastructure spending, equipment replacement cycles and evolving environmental standards. Commercial vehicle OEMs select coatings providers on the basis of their ability to consistently deliver advanced technological solutions that improve exterior appearance, protection and durability and provide extensive color libraries and matching capabilities at the lowest total cost-in-use, while meeting stringent environmental requirements.

We also have other revenue streams which include immaterial revenues relative to the net sales of our four end-markets, comprised of sales of royalties and services, primarily within our light vehicle and refinish end-markets.

See Note 19 for net sales by end-market.

(4) ACQUISITIONS

Acquisition of The Valspar Corporation's North American Industrial Wood Coatings Business

On June 1, 2017, the Company completed its acquisition from The Valspar Corporation ("Valspar") of certain assets constituting its North American Industrial Wood Coatings business (the "Industrial Wood" business), for a purchase price of $420.0 million, subject to working capital adjustments. No material adjustments were recorded during the three and six months ended June 30, 2018, as we finalized our purchase accounting during the respective measurement period, one year following the closing date. After all required adjustments, the Company paid an aggregate purchase price of $430.3 million, which was comprised of the following:

	June 1, 2017 (As Initially Reported)	Measurement Period Adjustments	June 1, 2017 (As Adjusted)
Accounts and notes receivable—trade	$ 23.3	$ —	$ 23.3
Inventories	24.9	(0.2)	24.7
Prepaid expenses and other	0.2	—	0.2
Property, plant and equipment	23.0	0.1	23.1
Identifiable intangibles	254.2	4.9	259.1
Accounts payable	(22.4)	0.2	(22.2)
Other accrued liabilities	(5.1)	0.4	(4.7)
Net assets acquired before goodwill on acquisition	298.1	5.4	303.5
Goodwill on acquisition	132.6	(5.8)	126.8
Net assets acquired	$ 430.7	$ (0.4)	$ 430.3

Supplemental Pro Forma Information

The following supplemental pro forma information represents the results of operations as if the Company had acquired the Industrial Wood business on January 1, 2016:

	For the six months ended
(in millions, except per share data)	**June 30, 2017**
Net sales	$ 2,197.6
Net income	53.8
Net income attributable to controlling interests	50.1
Net income per share (Basic)	0.21
Net income per share (Diluted)	0.20

The 2017 supplemental pro forma net income was adjusted to exclude $5.3 million ($3.3 million, net of pro forma income tax impact) of acquisition-related costs incurred in 2017 and $2.3 million ($1.4 million, net of pro forma income tax impact) of non-recurring expense related to the fair market value adjustment to acquisition date inventory. The unaudited pro forma consolidated information does not necessarily reflect the actual results that would have occurred had the acquisition taken place on January 1, 2016, nor is it meant to be indicative of future results of operations of the combined businesses under the ownership and operation of the Company.

Other Acquisitions

During the six months ended June 30, 2018, we successfully completed two strategic acquisitions in North America which operate within our Performance Coatings segment ("2018 Acquisitions"). Our 2018 aggregate spending for these acquisitions was $75.4 million. The overall impacts to our condensed consolidated financial statements were not considered to be material, either individually or in the aggregate. The fair value associated with identifiable intangible assets from the 2018 Acquisitions was $61.6 million, comprised primarily of technology assets, which will be amortized over an average term of approximately 9 years.

(In millions, unless otherwise noted)

At June 30, 2018, for the 2018 Acquisitions treated as business combinations and any business combination completed after June 30, 2017, we have not finalized the related purchase accounting and the amounts recorded represent preliminary values. We expect to finalize our purchase accounting during the respective measurement periods which will be no later than one year following the closing dates.

In addition, during the six months ended June 30, 2018, as part of the Stock Purchase Agreement for a joint venture acquired during the year ended December 31, 2016, we were required to purchase an additional 24.5% interest for $26.9 million, increasing our total ownership percentage to 75.5%.

(5) GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill

The following table shows changes in the carrying amount of goodwill from December 31, 2017 to June 30, 2018 by reportable segment:

	Performance Coatings	Transportation Coatings	Total
December 31, 2017	$ 1,189.2	$ 82.0	$ 1,271.2
Purchase accounting adjustments	(0.2)	—	(0.2)
Foreign currency translation	(27.5)	(1.9)	(29.4)
June 30, 2018	$ 1,161.5	$ 80.1	$ 1,241.6

Identifiable Intangible Assets

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

June 30, 2018	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	$ 548.8	$ (235.4)	$ 313.4	10.4
Trademarks - indefinite-lived	270.9	—	270.9	Indefinite
Trademarks - definite-lived	101.4	(20.8)	80.6	15.8
Customer relationships	930.8	(198.6)	732.2	19.1
Other	17.2	(5.2)	12.0	4.8
Total	$ 1,869.1	$ (460.0)	$ 1,409.1	

December 31, 2017	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	$ 498.0	$ (213.6)	$ 284.4	10.5
Trademarks—indefinite-lived	277.2	—	277.2	Indefinite
Trademarks—definite-lived	102.6	(17.7)	84.9	15.9
Customer relationships	945.1	(176.8)	768.3	19.0
Other	16.6	(3.2)	13.4	4.8
Total	$ 1,839.5	$ (411.3)	$ 1,428.2	

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

The estimated amortization expense related to the fair value of acquired intangible assets for the remainder of 2018 and each of the succeeding five years is:

Remainder of 2018	$ 57.4
2019	114.6
2020	114.4
2021	113.8
2022	111.5
2023	71.8

(6) RESTRUCTURING

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

We have incurred costs in connection with involuntary termination benefits associated with our productivity 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 and six months ended June 30, 2018, we made changes in estimates that resulted in benefits of $0.6 million and $1.5 million, respectively. During the three and six months ended June 30, 2017, we incurred restructuring costs of $0.4 million and $1.4 million, respectively. These amounts are recorded within selling, general and administrative expenses in the condensed consolidated statements of operations. The payments associated with these actions are expected to be substantially completed within 12 to 15 months from the balance sheet date.

The following table summarizes the activities related to the restructuring reserves and expenses from December 31, 2017 to June 30, 2018:

	2018 Activity
Balance at December 31, 2017	$ 71.5
Changes to estimates	(1.5)
Payments made	(34.3)
Foreign currency translation	(0.7)
Balance at June 30, 2018	$ 35.0

Restructuring charges incurred during 2017 included actions to reduce operational costs through activities to rationalize our manufacturing footprint. The impact to earnings from accelerated depreciation related to these manufacturing assets for the three and six months ended June 30, 2017 was $2.1 million and $4.3 million, respectively. During both the three and six months ended June 30, 2017, we also recorded impairment losses of $3.2 million associated with these manufacturing facilities based on market price estimates recorded within other expense, net.

(7) COMMITMENTS AND CONTINGENCIES

Sale-Leaseback Obligations

We have two lease arrangements that are treated as sale-leaseback financing transactions. The lessors' building costs are depreciated over an estimated useful life beginning at the commencement of the rental terms, at which point such lease assets recorded in property, plant and equipment had a corresponding offset within long-term borrowings. The table below reflects the total remaining cash payments related to both transactions during the rental term as of June 30, 2018:

	Sale-leaseback obligations
Remainder of 2018	$ 2.6
2019	5.3
2020	5.4
2021	5.5
2022	5.8
Thereafter	83.2
Total minimum payments	$ 107.8

Guarantees

We guarantee certain of our customers' obligations to third parties, whereby any default by our customers on their obligations could force us to make payments to the applicable creditors. At June 30, 2018 and December 31, 2017, we had outstanding bank guarantees of $14.5 million and $15.2 million, respectively, which expire between 2018 and 2022. We monitor the obligations to evaluate whether we have a liability at the balance sheet date, for which none existed at June 30, 2018 and December 31, 2017.

Other

We are subject to various pending lawsuits, legal proceedings and other claims in the ordinary course of business, including civil, regulatory and environmental matters. These litigation matters may involve third-party indemnification obligations and/or insurance covering all or part of any potential damage against us. All of these matters are subject to many uncertainties and, accordingly, we cannot determine the ultimate outcome of the proceedings and other claims at this time, although 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. The potential effects, if any, on such condensed consolidated financial statements will be recorded in the period in which these matters are probable and estimable.

(8) LONG-TERM EMPLOYEE BENEFITS

Components of Net Periodic Benefit Cost

The following table sets forth the components of net periodic benefit cost for the three and six months ended June 30, 2018 and 2017:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Components of net periodic benefit cost:				
Net periodic benefit cost:				
Service cost	$ 2.2	$ 2.1	$ 4.5	$ 4.2
Interest cost	3.4	3.3	6.8	6.7
Expected return on plan assets	(4.1)	(3.5)	(8.3)	(7.0)
Amortization of actuarial loss, net	0.3	0.3	0.6	0.8
Amortization of prior service credit, net	(0.1)	—	(0.1)	—
Net periodic benefit cost	$ 1.7	$ 2.2	$ 3.5	$ 4.7

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

(9) STOCK-BASED COMPENSATION

During the three and six months ended June 30, 2018, we recognized $9.7 million and $18.1 million, respectively, in stock-based compensation expense which was allocated between costs of goods sold and selling, general and administrative expenses on the condensed consolidated statements of operations. We recognized a tax benefit of $1.9 million and $3.4 million for the three and six months ended June 30, 2018, respectively. Forfeitures are recorded in the period they occur.

During the three and six months ended June 30, 2017, we recognized $10.9 million and $21.3 million, respectively, in stock-based compensation expense which was allocated to cost of goods sold and selling, general and administrative expenses on the condensed consolidated statements of operations. We recognized a tax benefit of $3.4 million and $6.3 million for the three and six months ended June 30, 2017, respectively.

2018 Activity

In February 2018, we granted non-qualified service-based stock options, restricted stock awards, restricted stock units, performance stock awards and performance share units to certain employees and directors. All awards were granted under the Company's 2014 Incentive Award Plan (the "2014 Plan"). A summary of award activity by type for the six months ended June 30, 2018 is presented below.

Stock Options	Awards/Units (in millions)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (in millions)	Weighted Average Remaining Contractual Life (years)
Outstanding at January 1, 2018	8.1	$ 16.54		
Granted	0.8	29.84		
Exercised	(0.9)	11.58		
Forfeited	(0.1)	28.92		
Outstanding at June 30, 2018	7.9	$ 18.35		
Vested and expected to vest at June 30, 2018	7.9	$ 18.35	$ 96.1	6.39
Exercisable at June 30, 2018	6.2	$ 15.66	$ 93.2	5.73

Cash received by the Company upon exercise of options for the six months ended June 30, 2018 was $11.0 million. Tax benefits on these exercises were $3.9 million.

At June 30, 2018, there is $6.8 million of unrecognized expense relating to unvested stock options that is expected to be amortized over a weighted average period of 1.5 years.

Restricted Stock Awards and Restricted Stock Units	Awards (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2018	1.9	$ 29.32
Granted	0.6	30.13
Vested	(1.1)	30.17
Forfeited	—	—
Outstanding at June 30, 2018	1.4	$ 29.04

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

Tax benefits on the vesting of restricted stock during the six months ended June 30, 2018 were $0.2 million.

At June 30, 2018, there is $23.8 million of unamortized expense relating to unvested restricted stock and restricted stock units that is expected to be amortized over a weighted average period of 1.7 years.

Performance Stock Awards and Performance Share Units	Awards (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2018	0.6	$ 31.17
Granted	0.3	33.77
Vested	—	—
Forfeited	—	—
Outstanding at June 30, 2018	0.9	$ 32.08

At June 30, 2018, there is $16.9 million of unamortized expense relating to unvested performance stock awards and performance share units that is expected to be amortized over a weighted average period of 2.1 years.

(10) OTHER EXPENSE, NET

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Foreign exchange losses, net	$ 1.7	$ 6.0	$ 1.7	$ 4.8
Impairments of property	—	3.2	—	3.2
Debt extinguishment and refinancing related costs	8.4	12.4	8.4	12.4
Other miscellaneous income, net	(2.0)	(0.3)	(4.2)	(0.3)
Total	$ 8.1	$ 21.3	$ 5.9	$ 20.1

Debt extinguishment and refinancing related costs include third-party fees incurred in conjunction with the refinancing of the Dollar Term Loans during 2017 and 2018, as well as the loss on extinguishment associated with the write-off of unamortized deferred financing costs and original issue discounts associated with the 2023 Euro Term Loans for the three and six months ended June 30, 2018, as discussed further in Note 16.

(11) INCOME TAXES

Our effective income tax rates for the six months ended June 30, 2018 and 2017 are as follows:

	Six Months Ended June 30,	
	2018	2017
Effective Tax Rate	18.6%	29.2%

The lower effective tax rate for the six months ended June 30, 2018 was primarily due to the absence of the unfavorable impact of the Venezuelan deconsolidation charge for the six months ended June 30, 2017, the net favorable impact of earnings where the statutory rate is lower than the U.S. Federal statutory rate and the impact of the U.S. Tax Cuts and Jobs Act ("U.S. TCJA"), offset by a decrease in excess tax benefits related to stock-based compensation of $4.1 million compared to $8.9 million for the six months ended June 30, 2018 and 2017, respectively.

On December 22, 2017, the U.S. TCJA legislation was enacted into law and as a result we recorded a provisional tax charge at December 31, 2017 of $107.8 million. As of June 30, 2018, we have reviewed additional guidance released by the Department of the Treasury and reduced the tax charge by $12.4 million related to the realizability of certain interest carryforwards. Our net provisional tax charge recorded to date is based on our present understanding of the U.S. TCJA and may be further adjusted as additional guidance is released. The benefit related to the reduction to the U.S. TCJA provisional tax charge was largely offset by the impact of tax discrete items for the six months ended June 30, 2018 related to other tax initiatives.

The effective tax rate for the six months ended June 30, 2018 differs from the U.S. Federal statutory rate due to 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, currency exchange losses, revisions to the provisional charge related to the U.S. TCJA discussed above and current year excess tax benefits related to stock-based compensation. These adjustments were offset by the unfavorable impact of pre-tax losses attributable to jurisdictions where a tax benefit is not expected to be realized, unrecognized tax benefits and non-deductible expenses and interest.

(12) NET INCOME (LOSS) PER COMMON SHARE

Basic net income 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 hypothetical exercise of outstanding stock options and vesting of restricted shares and performance shares. A reconciliation of our basic and diluted net income per common share is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	**2018**	**2017**	**2018**	**2017**
Net income (loss) to common shareholders	$ 74.9	$ (20.8)	$ 144.8	$ 43.3
Basic weighted average shares outstanding	240.3	240.9	240.6	240.4
Diluted weighted average shares outstanding	244.6	240.9	245.2	246.5
Net income (loss) per common share:				
Basic net income (loss) per share	$ 0.31	$ (0.09)	$ 0.60	$ 0.18
Diluted net income (loss) per share	$ 0.31	$ (0.09)	$ 0.59	$ 0.18

The number of anti-dilutive shares that have been excluded in the computation of diluted net income (loss) per share for the three and six months ended June 30, 2018 were 2.7 million and 2.6 million, respectively. The number of anti-dilutive shares that have been excluded in the computation of diluted net income (loss) per share for the three and six months ended June 30, 2017 were 11.6 million and 1.7 million, respectively.

(13) ACCOUNTS AND NOTES RECEIVABLE, NET

	June 30, 2018	December 31, 2017
Accounts receivable - trade, net	$ 861.8	$ 748.2
Notes receivable	27.8	29.4
Other	84.9	92.6
Total	$ 974.5	$ 870.2

Accounts and notes receivable are carried at amounts that approximate fair value. Accounts receivable - trade, net are net of allowances of $15.2 million and $15.9 million at June 30, 2018 and December 31, 2017, respectively. Bad debt expense, within selling, general and administration expenses for the three and six months ended June 30, 2018, was $0.6 million and $0.8 million, respectively, and $1.7 million and $2.4 million for the three and six months ended June 30, 2017, respectively.

(14) INVENTORIES

	June 30, 2018	December 31, 2017
Finished products	$ 321.4	$ 347.5
Semi-finished products	101.3	95.5
Raw materials and supplies	177.2	165.6
Total	$ 599.9	$ 608.6

Stores and supplies inventories of $21.8 million and $20.8 million at June 30, 2018 and December 31, 2017, respectively, were valued under the weighted average cost method.

(In millions, unless otherwise noted)

(15) PROPERTY, PLANT AND EQUIPMENT, NET

Depreciation expense amounted to $42.7 million and $89.1 million for the three and six months ended June 30, 2018, respectively, and $44.7 million and $88.0 million for the three and six months ended June 30, 2017, respectively.

	June 30, 2018	December 31, 2017
Property, plant and equipment	$ 2,204.1	$ 2,193.6
Accumulated depreciation	(863.8)	(805.0)
Property, plant, and equipment, net	$ 1,340.3	$ 1,388.6

(16) BORROWINGS

Borrowings are summarized as follows:

	June 30, 2018	December 31, 2017
2024 Dollar Term Loans	$ 2,423.9	$ 1,960.0
2023 Euro Term Loans	—	472.5
2024 Dollar Senior Notes	500.0	500.0
2024 Euro Senior Notes	387.1	399.7
2025 Euro Senior Notes	520.0	536.9
Short-term and other borrowings	98.1	94.8
Unamortized original issue discount	(13.7)	(9.1)
Unamortized deferred financing costs	(33.3)	(39.2)
	$ 3,882.1	$ 3,915.6
Less:		
Short-term borrowings	$ 15.6	$ 12.9
Current portion of long-term borrowings	24.3	24.8
Long-term debt	$ 3,842.2	$ 3,877.9

Senior Secured Credit Facilities, as amended

On December 15, 2016, Axalta Coating Systems Dutch B B.V. (“Dutch B B.V.”) and its indirect 100% owned subsidiary, Axalta Coating Systems U.S. Holdings Inc. (“Axalta US Holdings”) executed the fourth amendment (the "Fourth Amendment") to the credit agreement (the “Credit Agreement”) governing our Senior Secured Credit Facilities (as defined below). The Fourth Amendment (i) converted all of the outstanding U.S. dollar term loans ($1,775.3 million) into a new tranche of term loans issued at par with principal of $1,545.0 million (the "2023 Dollar Term Loans"), (ii) converted all of the outstanding Euro Term Loans (€199.0 million) into a new tranche of term loans issued at par with principal of €400.0 million (the "2023 Euro Term Loans" and, together with the 2023 Dollar Term Loans, the "2023 Term Loans").

On June 1, 2017, Dutch B B.V. and Axalta US Holdings executed the fifth amendment to the Credit Agreement (the "Fifth Amendment"). The Fifth Amendment converted all of the outstanding 2023 Dollar Term Loans into a new tranche of term loans with principal of $2,000.0 million (the "2024 Dollar Term Loans"). The 2024 Dollar Term Loans were issued at 99.875% of par, or a $2.5 million discount.

On April 11, 2018, Dutch B B.V. and Axalta US Holdings executed the sixth amendment to the Credit Agreement (the "Sixth Amendment"). The Sixth Amendment repriced the 2024 Dollar Term Loans by increasing its aggregate principal balance by $475.0 million to $2,430.0 million. The increased principal balance of the 2024 Dollar Term Loans under the Sixth Amendment was issued at 99.750% of par or $6.0 million discount. Proceeds from the Sixth Amendment, along with cash on the balance sheet, were used to extinguish the existing 2023 Euro Term Loans. The 2024 Dollar Term Loans together with the Revolving Credit Facility as defined herein, are referred to as the "Senior Secured Credit Facilities."

Interest was and is payable quarterly on both the 2023 Term Loans and 2024 Dollar Term Loans.

The 2024 Dollar Term Loans are subject to a floor of zero plus an applicable rate of 1.75% per annum for Eurocurrency Rate Loans as defined in the Credit Agreement and 0.75% per annum for Base Rate Loans as defined in the Credit Agreement.

Prior to the Sixth Amendment, interest on the 2024 Dollar Term Loans was subject to a floor of zero, plus an applicable rate. The applicable rate for such 2024 Dollar Term Loans was 2.00% per annum for Eurocurrency Rate Loans as defined in the Credit Agreement and 1.00% per annum for Base Rate Loans as defined in the Credit Agreement.

Prior to the Fifth Amendment, interest on the 2023 Dollar Term Loans was subject to a floor of 0.75%, plus an applicable rate. The applicable rate for such 2023 Dollar Term Loans was 2.50% per annum for Eurocurrency Rate Loans as defined in the Credit Agreement and 1.50% per annum for Base Rate Loans as defined in the Credit Agreement. The 2023 Euro Term Loans were also subject to a floor of 0.75%, plus an applicable rate of 2.25% per annum for Eurocurrency Rate Loans. The 2023 Euro Term Loans may not be Base Rate Loans.

Any indebtedness under the Senior Secured Credit Facilities may be voluntarily prepaid in whole or in part, in minimum amounts, subject to the provisions set forth in the Credit Agreement. Such indebtedness is subject to mandatory prepayments amounting to the proceeds of asset sales over $75.0 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.

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 2024 Dollar Term Loans mature on June 1, 2024. Principal is paid quarterly based on 1% per annum of the original principal amount outstanding on the most recent amendment date with the unpaid balance due at maturity.

We are subject to customary negative covenants in addition to the First Lien Leverage Ratio financial covenant for purposes of determining any Excess Cash Flow mandatory payment. Further, the Senior Secured Credit Facilities, among other things, include customary restrictions (subject to certain exceptions) on the Company's ability to incur certain indebtedness, grant certain liens, make certain investments, declare or pay certain dividends, or repurchase shares of the Company's common stock. As of June 30, 2018, the Company is in compliance with all covenants under the Senior Secured Credit Facilities.

Revolving Credit Facility

On August 1, 2016 (the "Third Amendment Effective Date"), Dutch B B.V. and Axalta US Holdings executed the third amendment to the Credit Agreement (the "Third Amendment"). The Third Amendment impacted the Revolving Credit Facility by (i) extending the maturity of the Revolving Credit Facility to five years from the Third Amendment Effective Date, or August 1, 2021, provided that such date will be accelerated to the date that is 91 days prior to the maturity of the term loans borrowed under the Credit Agreement if the maturity of such term loans precedes the maturity of the Revolving Credit Facility, (ii) decreasing the applicable interest margins, and (iii) amending the financial covenant applicable to the Revolving Credit Facility to be applicable only when greater than 30% (previously 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. If such conditions are met, the First Lien Net Leverage Ratio (as defined by the Credit Agreement) at the end of the quarter is required to be greater than 5.50:1.00. At June 30, 2018, the financial covenant is not applicable as there were no borrowings.

Under the Third Amendment, interest on any outstanding borrowings under the Revolving Credit Facility is subject to a floor of zero for Adjusted Eurocurrency Rate Loans (as defined in the Credit Agreement) plus an applicable rate of 2.75% (previously 3.50%) subject to an additional step-down to 2.50% or 2.25%, if the First Lien Net Leverage Ratio falls below 3.00:1.00 or 2.50:1.00, respectively. 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 or an Adjusted Eurocurrency Rate plus 1%, plus an applicable rate of 1.75% (previously 2.50%), subject to an additional step-down to 1.50% or 1.25%, if the First Lien Net Leverage Ratio falls below 3.00:1.00 and 2.50:1.00, respectively.

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.

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

There have been no borrowings on the Revolving Credit Facility since the issuance of the Senior Secured Credit Facilities. At June 30, 2018 and December 31, 2017, letters of credit issued under the Revolving Credit Facility totaled $43.2 million and $35.5 million which reduced the availability under the Revolving Credit Facility. Availability under the Revolving Credit Facility was $356.8 million and $364.5 million at June 30, 2018 and December 31, 2017, respectively.

Significant Terms of the Senior notes

On August 16, 2016, Axalta Coating Systems, LLC ("U.S. Issuer") issued $500.0 million in aggregate principal amount of 4.875% Senior Unsecured Notes (the "2024 Dollar Senior Notes") and €335.0 million in aggregate principal amount of 4.250% Senior Unsecured Notes (the "2024 Euro Senior Notes"), each due August 2024 (collectively the "2024 Senior Notes").

The 2024 Senior Notes are fully and unconditionally guaranteed by Dutch B B.V. ("Parent Guarantor").

On September 27, 2016, Dutch B B.V. (the "Dutch Issuer" and together with the U.S. Issuer, the "Issuers"), issued €450.0 million in aggregate principal amount of 3.750% Euro Senior Unsecured Notes due January 2025 (the "2025 Euro Senior Notes" and together with the 2024 Senior Notes, the "Senior Notes").

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) *2024 Dollar Senior Notes*

The 2024 Dollar Senior Notes were issued at 99.951% of par, or $2.0 million discount, and are due August 15, 2024. The 2024 Dollar Senior Notes bear interest at 4.875% which is payable semi-annually on February 15 and August 15. We have the option to redeem all or part of the 2024 Dollar Senior Notes at the following redemption prices (expressed as percentages of principal amount) on or after August 15 of the years indicated:

Period	2024 Dollar Senior Notes Percentage
2019	103.656%
2020	102.438%
2021	101.219%
2022 and thereafter	100.000%

Notwithstanding the foregoing, at any time and from time to time prior to August 15, 2019, we may at our option redeem in the aggregate up to 40% of the original aggregate principal amount of the 2024 Dollar Senior Notes with the net cash proceeds of one or more Equity Offerings (as defined in the indenture governing the 2024 Dollar Senior Notes) at a redemption price of 104.875% plus accrued and unpaid interest, if any, to the redemption date. At least 50% of the original aggregate principal of the notes must remain outstanding after each such redemption.

Upon the occurrence of certain events constituting a change of control, holders of the 2024 Dollar Senior Notes have the right to require us to repurchase all or any part of the 2024 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 2024 Dollar Senior Notes, subject to local law limitations, will initially be jointly and severally guaranteed on a senior unsecured basis by each of the Parent Guarantor's existing and future direct and indirect subsidiaries that is a borrower under or that guarantees the Senior Secured Credit Facilities. Under certain circumstances, the guarantors may be released from their guarantees without the consent of the holders of the applicable series of notes.

The indebtedness issued through the 2024 Dollar Senior Notes is senior unsecured indebtedness of the U.S. Issuer, is senior in right of payment to all future subordinated indebtedness of the U.S. Issuer and guarantors and is equal in right of payment to all existing and future senior indebtedness of the U.S. Issuer and guarantors. The 2024 Dollar Senior Notes are effectively subordinated to any secured indebtedness of the U.S. Issuer and guarantors (including indebtedness outstanding under the Senior Secured Credit Facilities) to the extent of the value of the assets securing such indebtedness.

(In millions, unless otherwise noted)

(ii) *2024 Euro Senior Notes*

The 2024 Euro Senior Notes were issued at par and are due August 15, 2024. The 2024 Euro Senior Notes bear interest at 4.250% which is payable semi-annually on February 15 and August 15. We have the option to redeem all or part of the 2024 Euro Senior Notes at the following redemption prices (expressed as percentages of principal amount) on or after August 15 of the years indicated:

Period	2024 Euro Senior Notes Percentage
2019	103.188%
2020	102.125%
2021	101.063%
2022 and thereafter	100.000%

Notwithstanding the foregoing, at any time and from time to time prior to August 15, 2019, we may at our option redeem in the aggregate up to 40% of the original aggregate principal amount of the 2024 Euro Senior Notes with the net cash proceeds of one or more Equity Offerings (as defined in the indenture governing the 2024 Euro Senior Notes) at a redemption price of 104.250% plus accrued and unpaid interest, if any, to the redemption date. At least 50% of the original aggregate principal of the notes must remain outstanding after each such redemption.

Upon the occurrence of certain events constituting a change of control, holders of the 2024 Euro Senior Notes have the right to require us to repurchase all or any part of the 2024 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 2024 Euro Senior Notes, subject to local law limitations, will initially be jointly and severally guaranteed on a senior unsecured basis by each of the Parent Guarantor's existing and future direct and indirect subsidiaries that is a borrower under or that guarantees the Senior Secured Credit Facilities. Under certain circumstances, the guarantors may be released from their guarantees without the consent of the holders of the applicable series of notes.

The indebtedness issued through the 2024 Euro Senior Notes is senior unsecured indebtedness of the U.S. Issuer, is senior in right of payment to all future subordinated indebtedness of the U.S. Issuer and guarantors and is equal in right of payment to all existing and future senior indebtedness of the U.S. Issuer and guarantors. The 2024 Euro Senior Notes are effectively subordinated to any secured indebtedness of the U.S. Issuer and guarantors (including indebtedness outstanding under the Senior Secured Credit Facilities) to the extent of the value of the assets securing such indebtedness.

The indebtedness issued through the 2024 Euro Senior Notes is senior unsecured indebtedness of the U.S. Issuer, is senior in right of payment to all future subordinated indebtedness of the U.S. Issuer and guarantors and is equal in right of payment to all existing and future senior indebtedness of the U.S. Issuer and guarantors. The 2024 Euro Senior Notes are effectively subordinated to any secured indebtedness of the U.S. Issuer and guarantors (including indebtedness outstanding under the Senior Secured Credit Facilities) to the extent of the value of the assets securing such indebtedness.

(iii) *2025 Euro Senior Notes*

The 2025 Euro Senior Notes were issued at par and are due January 15, 2025. The 2025 Euro Senior Notes bear interest at 3.750% which is payable semi-annually on January 15 and July 15. We have the option to redeem all or part of the 2025 Euro Senior Notes at the following redemption prices (expressed as percentages of principal amount) on or after January 15 of the years indicated:

Period	2025 Euro Senior Notes Percentage
2020	102.813%
2021	101.875%
2022	100.938%
2023 and thereafter	100.000%

(In millions, unless otherwise noted)

Notwithstanding the foregoing, at any time and from time to time prior to January 15, 2020, we may at our option redeem in the aggregate up to 40% of the original aggregate principal amount of the 2025 Euro Senior Notes with the net cash proceeds of one or more Equity Offerings (as defined in the indenture governing the 2025 Euro Senior Notes) at a redemption price of 103.750% plus accrued and unpaid interest, if any, to the redemption date. At least 50% of the original aggregate principal of the notes must remain outstanding after each such redemption.

Upon the occurrence of certain events constituting a change of control, holders of the 2025 Euro Senior Notes have the right to require us to repurchase all or any part of the 2025 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 2025 Euro Senior Notes, subject to local law limitations, will initially be jointly and severally guaranteed on a senior unsecured basis by each of the Dutch Issuer's existing and future direct and indirect subsidiaries that is a borrower under or that guarantees the Senior Secured Credit Facilities. Under certain circumstances, the guarantors may be released from their guarantees without the consent of the holders of the applicable series of notes.

The indebtedness issued through the 2025 Euro Senior Notes is senior unsecured indebtedness of the Dutch Issuer, is senior in right of payment to all future subordinated indebtedness of the Dutch Issuer and guarantors and is equal in right of payment to all existing and future senior indebtedness of the Dutch Issuer and guarantors. The 2025 Euro Senior Notes are effectively subordinated to any secured indebtedness of the Dutch Issuer and guarantors (including indebtedness outstanding under the Senior Secured Credit Facilities) 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 June 30, 2018.

Remainder of 2018	$	28.4
2019		26.1
2020		25.2
2021		25.2
2022		52.0
Thereafter		3,756.6
	$	3,913.5

The table above excludes $15.6 million of debt associated with our sale-leaseback financings that will not be settled with cash.

(17) FAIR VALUE ACCOUNTING

Fair value of financial instruments

Equity securities with readily determinable fair values - The fair values of equity securities with readily determinable fair values at June 30, 2018 and December 31, 2017 were $0.7 million and $4.3 million, respectively. These balances are recorded within other assets, with any changes in fair value recorded within other expense, net. The exit price 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.

Long-term borrowings - The fair values of the 2024 Dollar Senior Notes, 2024 Euro Senior Notes and 2025 Euro Senior Notes at June 30, 2018 were $496.9 million, $402.1 million and $534.3 million, respectively. The fair values at December 31, 2017 were $524.4 million, $427.7 million and $571.8 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 Senior Notes, these inputs are considered to be Level 2 inputs.

The fair values of the 2024 Dollar Term Loans and the 2023 Euro Term Loans at June 30, 2018 were $2,402.7 million and zero, respectively. The fair values at December 31, 2017 were $1,967.4 million and $475.5 million, respectively. The estimated fair values of the term loans are based on recent trades, as reported by a third-party pricing service, and due to the infrequency of the trades, these inputs are considered to be Level 2 inputs.

Fair value of contingent consideration

The fair value of contingent consideration associated with acquisitions completed in current and prior years are valued at each balance sheet date, until amounts become payable, with adjustments recorded within selling, general and administrative expenses on the condensed consolidated statement of operations. The fair value of contingent consideration was zero and $8.9 million at June 30, 2018 and December 31, 2017, respectively. During the three and six months ended June 30, 2017 the Company recorded gains of $2.2 million and $3.9 million associated with the changes to fair value, respectively. Adjustments made to fair value were immaterial for the three and six months ended June 30, 2018. Due to the significant unobservable inputs used in the valuations, these liabilities are categorized within Level 3 of the fair value hierarchy.

(18) 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.

Derivative Instruments Qualifying and Designated as Cash Flow and Net Investment Hedges

Interest Rate Caps Designated as Cash Flow Hedges

During the year ended December 31, 2017, we entered into four 1.5% interest rate caps with aggregate notional amounts totaling $850 million to hedge the variable interest rate exposures on our 2024 Dollar Term Loans. Three of these interest rate caps, comprising $600 million of the notional value, expire December 31, 2019 and had a deferred premium of $8.6 million at inception. The fourth interest rate cap, comprising the remaining $250 million of the notional value, expires December 31, 2021 and had a deferred premium of $8.1 million at inception. All deferred premiums will be paid quarterly over the term of the respective interest rate caps.

Interest Rate Swaps Designated as Cash Flow Hedges

During the three months ended June 30, 2018, we entered into three interest rate swaps with aggregate notional amounts totaling $475.0 million to hedge interest rate exposures related to variable rate borrowings under the Senior Secured Credit Facilities. Under the terms of the interest rate swap agreements, the Company is required to pay the counter-parties a stream of fixed interest payments at a rate of 2.72% and in turn, receives variable interest payments based on 3-month LIBOR from the counter-parties. The interest rate swaps are designated as cash flow hedges and expire on March 31, 2023.

Cross-Currency Swaps Designated as Net Investment Hedges

During the three months ended June 30, 2018, we entered into three fixed-for-fixed cross-currency swaps with aggregate notional amounts totaling $475.0 million to hedge the variability of exchange rate impacts between the U.S. Dollar and Euro. Under the terms of the cross-currency swap agreements, the Company has notionally exchanged $475.0 million at a weighted average interest rate of 4.47% for €387.2 million at a weighted average interest rate of 1.95%. The cross-currency swaps are designated as net investment hedges and expire on March 31, 2023.

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

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 and net investment hedges included in our condensed consolidated balance sheets:

	June 30, 2018	December 31, 2017
Prepaid expenses and other:		
Interest rate caps (cash flow hedges)	$ 3.2	$ —
Cross-currency swaps (net investment hedges)	12.2	—
Other assets:		
Interest rate caps (cash flow hedges)	6.6	1.2
Interest rate swaps (cash flow hedges)	3.7	—
Cross-currency swaps (net investment hedges)	8.9	—
Total assets	$ 34.6	$ 1.2
Other accrued liabilities:		
Interest rate caps (cash flow hedges)	$ —	$ 2.6
Interest rate swaps (cash flow hedges)	0.7	—
Total liabilities	$ 0.7	$ 2.6

For derivative instruments that qualify and are designated as cash flow or net investment hedges, the gains or losses on the derivatives are reported as components of accumulated other comprehensive loss, within unrealized gains (losses) on derivatives in the same period or periods during which the hedged transactions affect earnings. Gains and losses on the derivative representing hedge components excluded from the assessment of effectiveness are recognized over the life of the hedge on a systematic and rational basis.

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 and six months ended June 30, 2018 and 2017 for these cash flow and net investment hedges.

		For the Three Months Ended June 30,			
		2018		2017	
Derivatives in Cash Flow and Net Investment Hedges	Location of (Gain) Loss Reclassified from AOCI into Income	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of (Gain) Loss Reclassified from AOCI to Income	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of (Gain) Loss Reclassified from AOCI to Income
Interest rate caps	Interest expense, net	$ (2.4)	$ (0.8)	$ 2.2	$ 0.6
Interest rate swaps	Interest expense, net	(2.5)	0.4	—	—
Cross-currency swaps	Interest expense, net	(23.9)	2.9	—	—

		For the Six Months Ended June 30,			
		2018		2017	
Derivatives in Cash Flow and Net Investment Hedges	Location of (Gain) Loss Reclassified from AOCI into Income	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of (Gain) Loss Reclassified from AOCI to Income	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of (Gain) Loss Reclassified from AOCI to Income
Interest rate caps	Interest expense, net	$ (10.4)	$ (0.7)	$ 3.7	$ 2.7
Interest rate swaps	Interest expense, net	(2.5)	0.4	—	—
Cross-currency swaps	Interest expense, net	(23.9)	2.9	—	—

Over the next 12 months, we expect amounts of $1.0 million pertaining to cash flow hedges to be reclassified from accumulated other comprehensive income into earnings.

Derivative Instruments Not Designated as Cash Flow Hedges

We periodically enter into foreign currency forward and option contracts to reduce market risk and hedge our balance sheet exposures and cash flows for subsidiaries with exposures denominated in currencies different from the functional currency of the relevant subsidiary. These contracts have not been designated as hedges and all gains and losses are marked to market through other expense, net in the condensed consolidated statement of operations.

During the year ended December 31, 2017, we purchased a 1.25% interest rate cap with a notional amount of €388.0 million to hedge the variable interest rate exposures on our 2023 Euro Term Loans. We paid a premium equal to $0.6 million for the interest rate cap which is effective through December 31, 2019. Changes in the fair value of the derivative instrument are recorded in current period earnings and are included in interest expense. The fair value of this interest rate cap at June 30, 2018 was zero.

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 sheets:

	June 30, 2018	December 31, 2017
Prepaid expenses and other:		
Foreign currency forward contracts	$ 0.2	$ —
Total assets	$ 0.2	$ —
Other accrued liabilities:		
Foreign currency forward contracts	$ —	$ 0.7
Total liabilities	$ —	$ 0.7

(In millions, unless otherwise noted)

Fair value gains and losses of derivative contracts, as determined using Level 2 inputs, that have not been designated for hedge accounting treatment are recorded in earnings as follows:

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of (Gain) Loss Recognized in Income on Derivatives	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Interest rate caps	Interest expense, net	$ —	$ 0.1	$ —	$ 0.4
Foreign currency forward contracts	Other expense, net	(6.0)	4.8	(4.6)	7.2

(19) 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. 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.

Our business serves four end-markets globally as follows:

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Performance Coatings				
Refinish	$ 447.1	$ 421.2	$ 859.7	$ 809.8
Industrial	337.4	241.7	653.5	439.5
Total Net sales Performance Coatings	784.5	662.9	1,513.2	1,249.3
Transportation Coatings				
Light Vehicle	329.4	334.3	678.9	674.3
Commercial Vehicle	92.6	91.3	180.2	172.7
Total Net sales Transportation Coatings	422.0	425.6	859.1	847.0
Total Net sales	$ 1,206.5	$ 1,088.5	$ 2,372.3	$ 2,096.3

(In millions, unless otherwise noted)

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

	Three Months Ended June 30,					
	2018			2017		
	Performance Coatings	Transportation Coatings	Total	Performance Coatings	Transportation Coatings	Total
Net sales [1]	$ 784.5	$ 422.0	$ 1,206.5	$ 662.9	$ 425.6	$ 1,088.5
Equity in earnings in unconsolidated affiliates	—	0.4	0.4	0.1	0.1	0.2
Adjusted EBITDA [2]	176.5	71.1	247.6	146.8	80.4	227.2
Investment in unconsolidated affiliates	3.0	13.2	16.2	3.0	11.8	14.8

	Six Months Ended June 30,					
	2018			2017		
	Performance Coatings	Transportation Coatings	Total	Performance Coatings	Transportation Coatings	Total
Net sales [1]	$ 1,513.2	$ 859.1	$ 2,372.3	$ 1,249.3	$ 847.0	$ 2,096.3
Equity in earnings in unconsolidated affiliates	0.1	0.3	0.4	0.2	0.2	0.4
Adjusted EBITDA [2]	319.7	147.9	467.6	263.7	166.6	430.3
Investment in unconsolidated affiliates	3.0	13.2	16.2	3.0	11.8	14.8

(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 select other items impacting operating results. These other items impacting operating results are items that management has concluded are (1) non-cash items included within net income, (2) items the Company does not believe are indicative of ongoing operating performance or (3) non-recurring, unusual or infrequent items that have not occurred within the last two years or we believe are not reasonably likely to recur within the next two years. 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, which represents EBITDA adjusted for the select items referred to above. 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 June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Income (loss) before income taxes	$ 99.1	$ (9.4)	$ 181.9	$ 66.4
Interest expense, net	39.3	35.6	78.7	71.4
Depreciation and amortization	90.2	84.9	182.1	167.3
EBITDA	228.6	111.1	442.7	305.1
Debt extinguishment and refinancing related costs (a)	8.4	12.4	8.4	12.4
Foreign exchange remeasurement losses (b)	1.7	6.0	1.7	4.8
Long-term employee benefit plan adjustments (c)	(0.5)	0.1	(1.0)	0.5
Termination benefits and other employee related costs (d)	(0.9)	—	(2.2)	0.8
Consulting and advisory fees (e)	—	—	—	(0.1)
Transition-related costs (f)	—	3.9	(0.2)	3.9
Offering and transactional costs (g)	0.1	6.6	0.3	5.6
Stock-based compensation (h)	9.7	10.9	18.1	21.3
Other adjustments (i)	0.5	2.6	0.8	2.8
Dividends in respect of noncontrolling interest (j)	—	(0.5)	(1.0)	(0.9)
Deconsolidation impacts and impairments (k)	—	74.1	—	74.1
Adjusted EBITDA	$ 247.6	$ 227.2	$ 467.6	$ 430.3

(a) During both the three and six months ended June 30, 2018 and 2017 we refinanced our term loans, which resulted in losses of $8.4 million and $12.4 million, respectively. We do not consider these to be indicative of our ongoing operating performance.

(b) Eliminates foreign exchange losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.

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

(d) Represents expenses and associated changes to estimates primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(e) Represents expenses and associated changes to estimates for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(f) Represents integration costs and associated changes to estimates related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar. These amounts are not considered indicative of our ongoing operating performance.

(g) Represents acquisition-related expenses, including changes in the fair value of contingent consideration, which are not considered indicative of our ongoing operating performance.

(h) Represents non-cash costs associated with stock-based compensation.

(i) Represents certain non-operational or non-cash gains and losses unrelated to our core business and which we do not consider indicative of ongoing operations, including indemnity losses associated with the acquisition by Axalta of the DuPont Performance Coatings business, gains and losses from the sale and disposal of property, plant and equipment, from the remaining foreign currency derivative instruments and from non-cash fair value inventory adjustments associated with our business combinations.

(j) Represents the payment of dividends to our joint venture partners by our consolidated entities that are not 100% owned, which are reflected to show the cash operating performance of the entities on Axalta's financial statements.

(k) In conjunction with the deconsolidation of our Venezuelan subsidiary during the three and six months ended June 30, 2017, we recorded a loss on deconsolidation of $70.9 million. During the three and six months ended June 30, 2017 we recorded non-cash impairment charges related to a manufacturing facility previously announced for closure of $3.2 million. We do not consider these to be indicative of our ongoing operating performance.

(In millions, unless otherwise noted)

(20) SHAREHOLDERS' EQUITY

The following tables present the change in total shareholders’ equity for the six months ended June 30, 2018 and 2017, respectively.

	Total Axalta	Noncontrolling Interests	Total
Balance at December 31, 2017	$ 1,276.1	$ 131.7	$ 1,407.8
Cumulative effect of an accounting change	12.1	0.1	12.2
Balance at January 1, 2018	$ 1,288.2	$ 131.8	$ 1,420.0
Net income	144.8	3.3	148.1
Other comprehensive loss, net of tax	(57.8)	(1.9)	(59.7)
Recognition of stock-based compensation	18.1	—	18.1
Exercise of stock options	11.1	—	11.1
Treasury share repurchases	(103.8)	—	(103.8)
Non-controlling interests of acquired subsidiaries	2.9	(29.8)	(26.9)
Dividends paid to noncontrolling interests	—	(1.0)	(1.0)
Balance at June 30, 2018	$ 1,303.5	$ 102.4	$ 1,405.9

	Total Axalta	Noncontrolling Interests	Total
Balance at December 31, 2016	$ 1,125.1	$ 121.5	$ 1,246.6
Net income	43.3	3.7	47.0
Other comprehensive income, net of tax	71.9	1.0	72.9
Recognition of stock-based compensation	21.3	—	21.3
Exercise of stock options	12.9	—	12.9
Treasury share repurchases	(8.3)	—	(8.3)
Dividends paid to noncontrolling interests	—	(0.9)	(0.9)
Balance at June 30, 2017	$ 1,266.2	$ 125.3	$ 1,391.5

(21) ACCUMULATED OTHER COMPREHENSIVE LOSS

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized Gain (Loss) on Securities	Unrealized Gain (Losses) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2017	$ (208.8)	$ (31.4)	$ 0.8	$ (1.6)	$ (241.0)
Cumulative effect of an accounting change	—	—	(0.8)	—	(0.8)
Balance at January 1, 2018	(208.8)	(31.4)	—	(1.6)	(241.8)
Current year deferrals to AOCI	(67.4)	(1.5)	—	10.9	(58.0)
Reclassifications from AOCI to Net income (loss)	—	0.5	—	(0.3)	0.2
Net Change	(67.4)	(1.0)	—	10.6	(57.8)
Balance at June 30, 2018	$ (276.2)	$ (32.4)	$ —	$ 9.0	$ (299.6)

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

The income tax benefit related to the changes in pension benefits for the six months ended June 30, 2018 was $0.3 million. The cumulative income tax benefit related to the adjustments for pension benefits at June 30, 2018 was $13.3 million. The income tax provision related to the change in the unrealized loss on derivatives for the six months ended June 30, 2018 was $2.0 million. The cumulative income tax provision related to the adjustments for unrealized loss on derivatives at June 30, 2018 was $1.4 million.

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized Gain (Loss) on Securities	Unrealized Gain (Loss) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2016	$ (292.2)	$ (56.6)	$ 0.4	$ (2.0)	$ (350.4)
Current year deferrals to AOCI	66.8	—	(0.3)	(2.4)	64.1
Reclassifications from AOCI to Net income	—	6.2	—	1.6	7.8
Net Change	66.8	6.2	(0.3)	(0.8)	71.9
Balance at June 30, 2017	$ (225.4)	$ (50.4)	$ 0.1	$ (2.8)	$ (278.5)

Included in the reclassification from AOCI to net income (loss) was a pension plan adjustment related to the deconsolidation of our Venezuelan subsidiary and the corresponding write-off of the accumulated actuarial loss on our Venezuela pension plan. This resulted in a decrease of $5.9 million in AOCI, inclusive of $2.6 million of tax benefits, and is discussed further in Note 22.

The income tax benefit related to the changes in pension benefits for the six months ended June 30, 2017 was $0.5 million. The cumulative income tax benefit related to the adjustments for pension benefits at June 30, 2017 was $16.0 million. The income tax benefit related to the change in the unrealized loss on derivatives for the six months ended June 30, 2017 was $0.5 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at June 30, 2017 was $1.6 million.

(22) VENEZUELA

Due to the challenging economic conditions and political unrest in Venezuela, which have resulted in increasingly restrictive foreign exchange control regulations and reduced access to U.S. dollars through official currency exchange markets, during the three months ended June 30, 2017, we concluded there was an other-than-temporary lack of exchangeability between the Venezuelan bolivar and the U.S. dollar. This lack of exchangeability restricted our Venezuelan subsidiary's ability to pay dividends or settle intercompany obligations, which severely limited our ability to realize the benefits from earnings of our Venezuelan operations and access the resulting liquidity provided by those earnings.

Based on the fact that this lack of exchangeability, the continued political unrest, the recent drop in demand for our business and the losses incurred, we concluded that we no longer met the accounting criteria of control in order to continue consolidating our Venezuelan operations and accounted for our investments in our Venezuelan subsidiary under the cost method of accounting. As a result of this change, we recorded a loss of $70.9 million on our condensed consolidated statement of operations during the three months ended June 30, 2017. This loss was comprised of the subsidiary's net assets for $30.0 million, counterparty intercompany receivables with our Venezuela subsidiary for $35.0 million and unrealized actuarial losses associated with pension plans in accumulated other comprehensive income of $5.9 million. The value of the cost investment and all previous intercompany balances were zero as of June 30, 2017. Further, our consolidated balance sheet and statement of operations excludes the results of our Venezuelan operations. We will recognize income only to the extent that we are paid for inventory we sell or receive cash dividends from our Venezuelan legal entity.

Prior to the deconsolidation, for the three and six months ended June 30, 2017, our Venezuelan subsidiary's net sales represented $0.7 million and $2.5 million of our consolidated net sales, respectively.

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 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, 2017.

FORWARD-LOOKING STATEMENTS

Many statements made in the following discussion and analysis of our financial condition and results of operations and elsewhere 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 federal securities laws 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, strategies and capital structure. 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, including, but not limited to, the risks and uncertainties described in "Non-GAAP Financial Measures" and "Forward-Looking Statements," as well as "Risk Factors" 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;
- increased competition;
- weather conditions or severe storms 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;
- risks of the loss or change in purchasing levels 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;
- credit risk exposure from our customers;
- price increases or interruptions in our supply of raw materials;
- failure to develop and market new products and manage product life cycles;
- business disruptions, security threats and security breaches, including cyber security risks to our information technology systems;
- risks associated with our outsourcing strategies;
- risks associated with our non-U.S. operations;
- currency-related risks;
- terrorist acts, conflicts, wars and natural disasters that may materially adversely affect our business, financial condition and results of operations;
- 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;

- risks associated with protecting data privacy;
- 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 our acquisition of DuPont Performance Coatings;
- transporting certain materials that are inherently hazardous due to their toxic nature;
- litigation and other commitments and contingencies;
- our ability to recruit and retain the experienced and skilled personnel we need to compete;
- unexpected liabilities under any pension plans applicable to our employees;
- work stoppages, union negotiations, labor disputes and other matters associated with our labor force;
- our ability to protect and enforce intellectual property rights;
- intellectual property infringement suits against us by third parties;
- 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;
- risk that the insurance we maintain may not fully cover all potential exposures;
- the risk of impairment charges related to goodwill, identifiable intangible assets and fixed assets;
- risks associated with changes in tax rates or regulations, including unexpected impacts of the new U.S. Tax Cuts and Jobs Act legislation, which may differ with further regulatory guidance and changes in our current interpretations and assumptions;
- our substantial indebtedness;
- our ability to obtain additional capital on commercially reasonable terms may be limited;
- any statements of belief and any statements of assumptions underlying any of the foregoing;
- other factors disclosed in this Quarterly Report on Form 10-Q, our Annual Report on Form 10-K for the year ended December 31, 2017 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 over 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 50 manufacturing facilities, 4 technology centers, 47 customer training centers and approximately 14,000 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

General Business Highlights

Our net sales increased 13.2% for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, driven by volume growth of 7.4% primarily within our Performance Coatings Segment. Acquisitions positively impacted and contributed to 6.9% of the volume increase. Increases in average selling prices across both end-markets within the Performance Coatings segment were slightly offset by pricing concessions within the Transportation Coatings segment and contributed to a net increase of 1.4%. Favorable currency translation contributed to a further increase of net sales of 4.4% due primarily to the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar. The following trends have impacted our segment and end-market sales performance:

- *Performance Coatings:* Net sales increased 21.1% driven primarily by stronger volumes in our industrial end-market, including the impacts of acquisitions combined with organic volume growth in all regions except for Latin America.

- *Transportation Coatings:* Net sales increased 1.4% driven primarily by favorable foreign currency translation and higher volume across all regions except for Europe within the commercial vehicle end market, offset by slightly lower selling prices in both our light vehicle and commercial vehicle end-markets.

Our business serves four end-markets globally with net sales for the three and six months ended June 30, 2018 and 2017, as follows:

(In millions)	Three Months Ended June 30,		2018 vs 2017	Six Months Ended June 30,		2018 vs 2017
	2018	2017	% change	2018	2017	% change
Performance Coatings						
Refinish	$ 447.1	$ 421.2	6.1 %	$ 859.7	$ 809.8	6.2%
Industrial	337.4	241.7	39.6 %	653.5	439.5	48.7%
Total Net sales Performance Coatings	784.5	662.9	18.3 %	1,513.2	1,249.3	21.1%
Transportation Coatings						
Light Vehicle	329.4	334.3	(1.5)%	678.9	674.3	0.7%
Commercial Vehicle	92.6	91.3	1.4 %	180.2	172.7	4.3%
Total Net sales Transportation Coatings	422.0	425.6	(0.8)%	859.1	847.0	1.4%
Total Net sales	$ 1,206.5	$ 1,088.5	10.8 %	$ 2,372.3	$ 2,096.3	13.2%

Acquisitions Highlights

During the six months ended June 30, 2018, we successfully completed two strategic acquisitions in North America that benefited our Performance Coatings segment. Our 2018 aggregate spending for these acquisitions was $75.4 million.

In addition, as part of the Stock Purchase Agreement for a joint venture acquisition during the year ended December 31, 2016, during the six months ended June 30, 2018, we were required to purchase an additional 24.5% interest for $26.9 million, increasing our total ownership percentage to 75.5%.

Capital and Liquidity Highlights

During the six months ended June 30, 2018, we completed the Sixth Amendment of our Senior Secured Credit Facilities, which repriced the 2024 Dollar Term Loans and increased its aggregate principal balance by $475.0 million to $2,430.0 million. Proceeds from the Sixth Amendment, along with cash on the balance sheet, were used to extinguish the existing 2023 Euro Term Loans. Concurrent with the refinancing, we executed interest rate and cross-currency swaps to convert $475.0 million of the 2024 Dollar Term Loans principal into Euro fixed-rate debt at an interest rate of 1.95%, which matures in 2023. The combined effect of the refinancing and the swaps are expected to result in annual cash interest savings of approximately $10.0 million.

During the six months ended June 30, 2018, we have spent $103.8 million on share repurchases as we continue to execute against our share repurchase program.

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, 2017.

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 define our core business as those operations relating to the Company's ongoing performance and the concept is used to make resource allocation and performance evaluation decisions. We use certain of these financial measures for business planning purposes and in measuring our performance relative to that of our competitors. We also 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-cash items included within net income, (ii) items the Company does not believe are indicative of ongoing operating performance or (iii) nonrecurring, unusual or infrequent items that have not occurred within the last two years or we believe are not reasonably likely to recur within the next two years. 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 New Senior Notes (as defined herein); 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 the excluded items noted above.

The following table reconciles net income (loss) to EBITDA and Adjusted EBITDA measures discussed above for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$ 77.1	$ (18.9)	$ 148.1	$ 47.0
Interest expense, net	39.3	35.6	78.7	71.4
Provision for income taxes	22.0	9.5	33.8	19.4
Depreciation and amortization	90.2	84.9	182.1	167.3
EBITDA	228.6	111.1	442.7	305.1
Debt extinguishment and refinancing related costs (a)	8.4	12.4	8.4	12.4
Foreign exchange remeasurement losses (b)	1.7	6.0	1.7	4.8
Long-term employee benefit plan adjustments (c)	(0.5)	0.1	(1.0)	0.5
Termination benefits and other employee related costs (d)	(0.9)	—	(2.2)	0.8
Consulting and advisory fees (e)	—	—	—	(0.1)
Transition-related costs (f)	—	3.9	(0.2)	3.9
Offering and transactional costs (g)	0.1	6.6	0.3	5.6
Stock-based compensation (h)	9.7	10.9	18.1	21.3
Other adjustments (i)	0.5	2.6	0.8	2.8
Dividends in respect of noncontrolling interest (j)	—	(0.5)	(1.0)	(0.9)
Deconsolidation impacts and impairments (k)	—	74.1	—	74.1
Adjusted EBITDA	$ 247.6	$ 227.2	$ 467.6	$ 430.3

(a) During both the three and six months ended June 30, 2018 and 2017 we refinanced our term loans, which resulted in losses of $8.4 million and $12.4 million, respectively. We do not consider these to be indicative of our ongoing operating performance.

(b) Eliminates foreign exchange losses resulting from the remeasurement of assets and liabilities denominated in foreign currencies, net of the impacts of our foreign currency instruments used to hedge our balance sheet exposures.

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

(d) Represents expenses and associated changes to estimates primarily related to employee termination benefits and other employee-related costs associated with our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(e) Represents expenses and associated changes to estimates for professional services primarily related to our Axalta Way initiatives, which are not considered indicative of our ongoing operating performance.

(f) Represents integration costs and associated changes to estimates related to the 2017 acquisition of the Industrial Wood business that was a carve-out business from Valspar. These amounts are not considered indicative of our ongoing operating performance.

(g) Represents acquisition-related expenses, including changes in the fair value of contingent consideration, which are not considered indicative of our ongoing operating performance.

(h) Represents non-cash costs associated with stock-based compensation.

(i) Represents certain non-operational or non-cash gains and losses unrelated to our core business and which we do not consider indicative of ongoing operations, including indemnity losses associated with the acquisition by Axalta of the DuPont Performance Coatings business, gains and losses from the sale and disposal of property, plant and equipment, from the remaining foreign currency derivative instruments and from non-cash fair value inventory adjustments associated with our business combinations.

(j) Represents the payment of dividends to our joint venture partners by our consolidated entities that are not 100% owned, which are reflected to show the cash operating performance of the entities on Axalta's financial statements.

(k) In conjunction with the deconsolidation of our Venezuelan subsidiary during the three and six months ended June 30, 2017, we recorded a loss on deconsolidation of $70.9 million. During the three and six months ended June 30, 2017 we recorded non-cash impairment charges related to a manufacturing facility previously announced for closure of $3.2 million. We do not consider these to be indicative of our ongoing operating performance.

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 June 30, 2018 compared to the three months ended June 30, 2017

The following table was derived from the unaudited condensed consolidated statements of operations for the three months ended June 30, 2018 and 2017 included elsewhere in this Quarterly Report on Form 10-Q.

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017
Net sales	$ 1,206.5	$ 1,088.5
Other revenue	5.7	6.1
Total revenue	1,212.2	1,094.6
Cost of goods sold	793.8	690.0
Selling, general and administrative expenses	224.6	246.0
Venezuela deconsolidation charge	—	70.9
Research and development expenses	18.0	16.4
Amortization of acquired intangibles	29.3	23.8
Income from operations	146.5	47.5
Interest expense, net	39.3	35.6
Other expense, net	8.1	21.3
Income (loss) before income taxes	99.1	(9.4)
Provision for income taxes	22.0	9.5
Net income (loss)	77.1	(18.9)
Less: Net income attributable to noncontrolling interests	2.2	1.9
Net income (loss) attributable to controlling interests	$ 74.9	$ (20.8)

Net sales

Net sales increased $118.0 million, or 10.8%, to $1,206.5 million for the three months ended June 30, 2018, as compared to net sales of $1,088.5 million for the three months ended June 30, 2017. Our net sales increase for the three months ended June 30, 2018 was due primarily to increases in sales volumes of 6.5% across all regions. Recent acquisitions contributed 5.6% to the volume increase. Increases in average selling prices across both end-markets within the Performance Coatings segment were slightly offset by pricing concessions to select customers within the Transportation Coatings segment and contributed to a net increase of 1.9%. Favorable currency translation contributed to a further increase of net sales of 2.4% due primarily to the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar.

Other revenue

Other revenue remained relatively consistent at $5.7 million for the three months ended June 30, 2018 compared to $6.1 million for the three months ended June 30, 2017 primarily driven by slight declines in service revenues, slightly offset by the impacts of the strengthening Euro compared to the U.S. dollar.

Cost of sales

Cost of sales increased $103.8 million, or 15.0%, to $793.8 million for the three months ended June 30, 2018, compared to $690.0 million for the three months ended June 30, 2017. The increase for the three months ended June 30, 2018 resulted primarily from higher volumes of 6.5% which include the impacts from acquisitions. Furthering this increase were unfavorable currency effects resulting from the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar, which contributed to a 2.3% increase. Cost of sales as a percentage of net sales increased to 65.8% for the three months ended June 30, 2018 compared to 63.4% for the three months ended June 30, 2017, primarily related to an increase in raw material pricing pressures across both segments that contributed to a 3.2% increase in cost of sales, as well as the impacts of the new revenue standard which resulted in an increase in cost of sales of $14.6 million, or 2.1%, as discussed in Note 3 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased $21.4 million, or 8.7%, to $224.6 million for the three months ended June 30, 2018 compared to $246.0 million for the three months ended June 30, 2017. The decrease is primarily driven by the benefit resulting from the adoption of the new revenue standard which resulted in a decrease of $14.7 million, or 6.0%, as discussed in Note 3 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Furthering the decrease was the impact of $12.7 million of costs primarily related to acquisition and transition-related costs incurred during the three months ended June 30, 2017 for which there were no corresponding costs incurred during the three months ended June 30, 2018.

Slightly offsetting the decrease were unfavorable currency effects resulting from the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar, which contributed to a 2.9% increase, and the impacts from acquisitions of $2.1 million as a result of a full three months of costs incurred during the three months ended June 30, 2018 compared to one month of costs incurred during the three months ended June 30, 2017.

Venezuela deconsolidation charge

During the three months ended June 30, 2017, we recorded a loss of $70.9 million in conjunction with the deconsolidation of our Venezuelan subsidiary, for which there were no corresponding losses recorded during the three months ended June 30, 2018.

Research and development expenses

Research and development expense increased $1.6 million, or 9.8%, to $18.0 million for the three months ended June 30, 2018 compared to $16.4 million for the three months ended June 30, 2017. This increase was primarily driven by impacts from acquisitions of $2.2 million and unfavorable impacts of currency exchange from the strengthening of the Euro and Chinese Renminbi against the U.S. dollar of 4.9%, which were partially offset by overall reduced spend.

Amortization of acquired intangibles

Amortization of acquired intangibles increased $5.5 million, or 23.1%, to $29.3 million for the three months ended June 30, 2018 compared to $23.8 million for the three months ended June 30, 2017. This increase was attributable to amortization of the definite-lived intangible assets acquired from our recent acquisitions, combined with the impacts of the strengthening of the Euro compared to the U.S. dollar.

Interest expense, net

Interest expense, net increased $3.7 million, or 10.4%, to $39.3 million for the three months ended June 30, 2018 compared to $35.6 million for the three months ended June 30, 2017. The increase was primarily driven by the strengthening of the Euro compared to the U.S. dollar, the increase in LIBOR over the comparable period and the incremental principal from the 2017 refinancings which resulted in interest for only part of the three months ended June 30, 2017 compared to a full three months of interest in June 30, 2018. These increases were partially offset by the impacts of our principal pay down and the refinancing of our indebtedness during 2017 and 2018, which reduced the overall interest rates of our debt portfolio, as well as the impacts of our derivative instruments.

Other expense, net

Other expense, net decreased $13.2 million from $21.3 million for the three months ended June 30, 2017 to $8.1 million for the three months ended June 30, 2018. This decrease relates primarily to a reduction in exchange losses, net of $1.7 million during the three months ended June 30, 2018 as compared to $6.0 million for the three months ended June 30, 2017, resulting in a $4.3 million decrease. Furthering the decrease is related to the loses on debt extinguishment and refinancing related costs as $8.4 million was incurred during the three months ended June 30, 2018 compared to $12.4 million incurred during the three months ended June 30, 2017.

Provision for income taxes

We recorded an income tax provision of $22.0 million for the three months ended June 30, 2018, which represents a 22.2% effective tax rate in relation to income before income taxes of $99.1 million. The effective tax rate for the three months ended June 30, 2018 differs from the U.S. Federal statutory rate by 1.2%, which is the result of various items that impacted the effective rate both favorably and unfavorably. We recorded adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal rate, primarily in Bermuda, Germany, Luxembourg and Switzerland, which had a net favorable impact of $17.0 million and current year excess tax benefits related to stock-based compensation of $1.8 million. 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 $11.3 million, non-deductible expenses and interest of $2.0 million and we recognized expense of $3.7 million associated with currency exchange losses.

We recorded an income tax provision of $9.5 million for the three months ended June 30, 2017, which represents a 101.1% effective tax rate in relation to losses before income taxes of $9.4 million. The effective tax rate for the three months ended June 30, 2017 differs from the U.S. Federal statutory rate by 136.1%, which is the result of various items that impacted the effective rate both favorably and unfavorably. We recorded adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal rate, primarily in Bermuda, China, Germany, Luxembourg, Netherlands and Switzerland, which had a net favorable impact of $16.8 million, current year excess tax benefits related to stock-based compensation of $3.1 million and we recognized a benefit of $0.5 million associated with currency exchange losses. Furthermore, we recorded a deferred tax asset of $16.8 million related to the tax basis in our deconsolidated Venezuelan subsidiary, which was fully offset by a valuation allowance as we do not expect to realize the benefits. Our net favorable 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 $3.9 million and non-deductible expenses and interest of $4.1 million. In addition, the pre-tax charge of $70.9 million related to the deconsolidation of our Venezuelan subsidiary resulted in an unfavorable impact of $24.8 million on the effective rate.

Six months ended June 30, 2018 compared to the six months ended June 30, 2017

The following table was derived from the unaudited condensed consolidated statements of operations for the six months ended June 30, 2018 and 2017 included elsewhere in this Quarterly Report on Form 10-Q.

	Six Months Ended June 30,	
(In millions)	**2018**	**2017**
Net sales	$ 2,372.3	$ 2,096.3
Other revenue	11.9	12.0
Total revenue	2,384.2	2,108.3
Cost of goods sold	1,569.8	1,331.4
Selling, general and administrative expenses	452.4	470.6
Venezuela deconsolidation charge	—	70.9
Research and development expenses	37.3	32.0
Amortization of acquired intangibles	58.2	45.5
Income from operations	266.5	157.9
Interest expense, net	78.7	71.4
Other expense, net	5.9	20.1
Income before income taxes	181.9	66.4
Provision for income taxes	33.8	19.4
Net income	148.1	47.0
Less: Net income attributable to noncontrolling interests	3.3	3.7
Net income attributable to controlling interests	$ 144.8	$ 43.3

Net sales

Net sales increased $276.0 million, or 13.2%, to $2,372.3 million for the six months ended June 30, 2018, compared to net sales of $2,096.3 million for the six months ended June 30, 2017. Our net sales increase for the six months ended June 30, 2018 was due to increases in sales volumes of 7.4% across all regions. Recent acquisitions contributed 6.9% to the volume increase. Increases in average selling prices across both end-markets within the Performance Coatings segment were slightly offset by pricing concessions to select customers within the Transportation Coatings segment and contributed to a net increase of 1.4%. Favorable currency translation contributed to a further increase of net sales of 4.4% due primarily to the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar.

Other revenue

Other revenue remained relatively consistent at $11.9 million for the six months ended June 30, 2018 compared to $12.0 million for the six months ended June 30, 2017 primarily driven by slight declines in service revenues, slightly offset by the impacts of the strengthening Euro compared to the U.S. dollar.

Cost of sales

Cost of sales increased $238.4 million, or 17.9%, to $1,569.8 million for the six months ended June 30, 2018 compared to $1,331.4 million for the six months ended June 30, 2017. The increase for the six months ended June 30, 2018 resulted primarily from higher volumes of 7.4%, which include the impacts from acquisitions, and unfavorable currency effects resulting from the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar, which contributed to a 3.8% increase. Cost of sales as a percentage of net sales increased to 66.2% for the six months ended June 30, 2018 compared to 63.5% for the six months ended June 30, 2017 primarily related to an increase in raw material pricing pressures across both segments that contributed to a 3.3% increase in cost of sales. Furthering these increases were impacts of the new revenue standard which resulted in an increase in cost of sales of $30.6 million, or 2.2%, as discussed in Note 3 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Selling, general and administrative expenses

Selling, general and administrative expenses decreased $18.2 million, or 3.9%, to $452.4 million for the six months ended June 30, 2018 compared to $470.6 million for the six months ended June 30, 2017. The decrease is primarily driven by the benefit resulting from the adoption of the new revenue standard which resulted in a decrease of $28.4 million, or 6.0%, as discussed in Note 3 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Furthering the decrease was $14.1 million of costs related to our cost savings initiatives and acquisition-related costs incurred during the six months ended June 30, 2017 for which there were no corresponding costs incurred during the six months ended June 30, 2018.

Slightly offsetting the decrease were unfavorable currency effects resulting from the impacts of the strengthening Euro and Chinese Renminbi compared to the U.S. dollar, which contributed to a 4.6% increase, and the impacts from acquisitions of $6.2 million as a result of a full six months of costs incurred during the six months ended June 30, 2018 compared to only a part of the six months ended June 30, 2017.

Venezuela deconsolidation charge

During the six months ended June 30, 2017 we recorded a loss of $70.9 million in conjunction with the deconsolidation of our Venezuelan subsidiary, for which there were no corresponding losses recorded during the six months ended June 30, 2018.

Research and development expenses

Research and development expenses increased $5.3 million, or 16.6%, to $37.3 million for the six months ended June 30, 2018 compared to $32.0 million for the six months ended June 30, 2017. This increase was primarily driven by the impacts from acquisitions of $5.4 million and unfavorable impacts of currency exchange from the strengthening of the Euro and Chinese Renminbi against the U.S. dollar of 8.5%, which were partially offset by overall reduced spend.

Amortization of acquired intangibles

Amortization of acquired intangibles increased $12.7 million, or 27.9%, to $58.2 million for the six months ended June 30, 2018 compared to $45.5 million for the six months ended June 30, 2017. This increase was attributable to amortization of the definite-lived intangible assets from our acquisitions, combined with the impacts of the strengthening of the Euro against the U.S. dollar.

Interest expense, net

Interest expense, net increased $7.3 million, or 10.2%, to $78.7 million for the six months ended June 30, 2018 compared to $71.4 million for the six months ended June 30, 2017. The increase was primarily driven by the strengthening of the Euro compared to the U.S. dollar, the increase in LIBOR over the comparable period and the incremental principal from the 2017 refinancings which resulted in interest for only part of the six months ended June 30, 2017 compared to a full six months of interest for the six months ended June 30, 2018. These increases were partially offset by the impacts of our principal pay down and the refinancing of our indebtedness during 2017 and 2018, which reduced the overall interest rates of our debt portfolio, as well as the impacts of our derivative instruments.

Other expense, net

Other expense, net decreased $14.2 million to $5.9 million for the six months ended June 30, 2018 compared to $20.1 million for the six months ended June 30, 2017. This decrease relates primarily to a reduction in exchange losses, net of $1.7 million during the six months ended June 30, 2018 as compared to $4.8 million for the six months ended June 30, 2017, resulting in a $3.1 million decrease. Furthering the decrease was the reduction in losses on debt extinguishment and refinancing related costs as $8.4 million was incurred during the six months ended June 30, 2018 compared to $12.4 million incurred during the six months ended June 30, 2017.

Provision for income taxes

We recorded an income tax provision of $33.8 million for the six months ended June 30, 2018, which represents a 18.6% effective tax rate in relation to the income before income taxes of $181.9 million. The effective tax rate for the six months ended June 30, 2018 differs from the U.S. Federal statutory rate by 2.4%, which is the result of various items that impacted the effective rate both favorably and unfavorably. We recorded adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal rate, primarily in Bermuda, Germany, Luxembourg and Switzerland, which had a net favorable impact of $21.3 million, current year excess tax benefits related to stock-based compensation of $4.1 million and we recognized a benefit of $0.3 million associated with currency exchange losses. Additionally, we recorded a $12.4 million benefit to revise the provisional charge reported in the 2017 Annual Report on Form 10-K related to the U.S. TCJA based on additional guidance released by the Department of the Treasury. 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 $12.7 million, unrecognized tax benefits of $7.2 million and non-deductible expenses and interest of $5.1 million.

We recorded a provision for income taxes of $19.4 million for the six months ended June 30, 2017, which represents a 29.2% effective tax rate in relation to the income before income taxes of $66.4 million. The effective tax rate for the six months ended June 30, 2017 differs from the U.S. Federal statutory rate by 5.8%, which is the result of various items that impacted the effective rate both favorably and unfavorably. We recorded adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal rate, primarily in Bermuda, China, Germany, Luxembourg, Netherlands and Switzerland, which had a net favorable impact of $28.0 million, current year excess tax benefits related to stock-based compensation of $8.9 million and we recognized a benefit of $7.7 million associated with currency exchange losses. Furthermore, we recorded a deferred tax asset of $16.8 million related to the tax basis in our deconsolidated Venezuelan subsidiary, which was fully offset by a valuation allowance as we do not expect to realize the benefits. Our net favorable 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 $7.9 million and non-deductible expenses and interest of $7.8 million. In addition, the pre-tax charge of $70.9 million related to the deconsolidation of our Venezuelan subsidiary resulted in an unfavorable impact of $24.8 million on the effective rate.

SEGMENT RESULTS

Three months ended June 30, 2018 compared to the three months ended June 30, 2017

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

	Three Months Ended June 30,	
(In millions)	**2018**	**2017**
Net Sales		
Performance Coatings	$ 784.5	$ 662.9
Transportation Coatings	422.0	425.6
Total	$ 1,206.5	$ 1,088.5
Segment Adjusted EBITDA		
Performance Coatings	$ 176.5	$ 146.8
Transportation Coatings	71.1	80.4
Total	$ 247.6	$ 227.2

Performance Coatings Segment

Net sales increased $121.6 million, or 18.3%, to $784.5 million for the three months ended June 30, 2018 compared to net sales of $662.9 million for the three months ended June 30, 2017. The increase in net sales for the three months ended June 30, 2018 was primarily driven by a 10.6% increase in sales volumes across both end-markets inclusive of a 9.2% benefit from acquisitions. This growth was also driven by higher average selling prices which increased net sales by 4.8%, and favorable impacts of currency exchange related to the strengthening of the Euro and certain currencies within Asia, which contributed to a 2.9% increase in net sales.

Adjusted EBITDA increased $29.7 million, or 20.2%, to $176.5 million for the three months ended June 30, 2018 compared to Adjusted EBITDA of $146.8 million for the three months ended June 30, 2017. The increase in Adjusted EBITDA for the three months ended June 30, 2018 was primarily driven by increases in sales volumes, including the impacts of our recent acquisitions, higher average selling prices, and favorable impacts of the strengthening Euro and Chinese Renminbi compared to the U.S dollar. This increase was partially offset by higher raw material costs.

Transportation Coatings Segment

Net sales decreased $3.6 million, or 0.8%, to $422.0 million for the three months ended June 30, 2018 compared to net sales of $425.6 million for the three months ended June 30, 2017. The slight decrease in net sales for the three months ended June 30, 2018 was driven by lower than average selling prices of 2.6% primarily in our light vehicle end-market. These declines were partially offset by slight increases in sales volumes of 0.2% across both end-markets and through favorable impacts of currency exchange related to the strengthening of the Euro and Chinese Renminbi compared to the U.S. dollar which contributed to a 1.6% increase.

Adjusted EBITDA decreased $9.3 million, or 11.6%, to $71.1 million for the three months ended June 30, 2018 compared to Adjusted EBITDA of $80.4 million for the three months ended June 30, 2017. The decrease in Adjusted EBITDA in the three months ended June 30, 2018 was driven by lower average selling prices, higher raw material costs and unfavorable impacts of the weakening of certain currencies within Latin America compared to the U.S dollar, which were partially offset by increases in sales volumes across both end-markets and slightly lower operating costs.

Six months ended June 30, 2018 compared to the six months ended June 30, 2017

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

	Six Months Ended June 30,	
(In millions)	**2018**	**2017**
Net Sales		
Performance Coatings	$ 1,513.2	$ 1,249.3
Transportation Coatings	859.1	847.0
Total	$ 2,372.3	$ 2,096.3
Segment Adjusted EBITDA		
Performance Coatings	$ 319.7	$ 263.7
Transportation Coatings	147.9	166.6
Total	$ 467.6	$ 430.3

Performance Coatings Segment

Net sales increased $263.9 million, or 21.1%, to $1,513.2 million for the six months ended June 30, 2018 compared to net sales of $1,249.3 million for the six months ended June 30, 2017. The increase in net sales for the six months ended June 30, 2018 was primarily driven by a 12.0% increase in sales volumes across both end-markets, inclusive of an 11.6% benefit from acquisitions. Further contributing to the increase was higher average selling prices of 4.1% and the favorable impacts of currency exchange related to the strengthening of the Euro and Chinese Renminbi compared to the U.S. dollar, which contributed to a 5.0% increase.

Adjusted EBITDA increased $56.0 million, or 21.2%, to $319.7 million for the six months ended June 30, 2018 compared to Adjusted EBITDA of $263.7 million for the six months ended June 30, 2017. The increase in Adjusted EBITDA in the six months ended June 30, 2018 was primarily driven by increases in sales volumes, including the impacts of our recent acquisitions, higher average selling prices and favorable impacts of currency exchange related to the strengthening of the Euro and Chinese Renminbi compared to the U.S dollar, which were partially offset by higher variable costs.

Transportation Coatings Segment

Net sales increased $12.1 million, or 1.4%, to $859.1 million for the six months ended June 30, 2018 compared to net sales of $847.0 million for the six months ended June 30, 2017. The increase in net sales for the six months ended June 30, 2018 was driven by favorable impacts of currency exchange related to the strengthening of the Euro and Chinese Renminbi compared to the U.S. dollar which contributed to a 3.3% increase, as well as increases in sales volumes of 0.7% across both end-markets, partially offset by lower average selling prices which resulted in declines of 2.6%.

Adjusted EBITDA decreased $18.7 million, or 11.2%, to $147.9 million for the six months ended June 30, 2018 compared to Adjusted EBITDA of $166.6 million for the six months ended June 30, 2017. The decrease in Adjusted EBITDA in the six months ended June 30, 2018 was driven by lower average selling prices combined with higher variable costs. These decreases were partially offset by increases in sales volumes and favorable impacts of currency exchange related to the strengthening of the Euro and Chinese Renminbi 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 June 30, 2018, availability under the Revolving Credit Facility was $356.8 million, net of $43.2 million of letters of credit outstanding. All such availability may be utilized without violating any covenants under the credit agreement governing such facility or the indentures governing the New Senior Notes. At June 30, 2018, we had $15.4 million of outstanding borrowings under other lines of credit. Our remaining available borrowing capacity under other lines of credit in certain non-U.S. jurisdictions totaled $2.9 million.

We or our affiliates, at any time and from time to time, may purchase shares of our common stock, the New 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

Six months ended June 30, 2018 and 2017

	Six Months Ended June 30,	
(In millions)	**2018**	**2017**
Net cash provided by (used for):		
Operating activities:		
Net income	$ 148.1	$ 47.0
Depreciation and amortization	182.1	167.3
Amortization of deferred financing costs and original issue discount	3.9	4.2
Debt extinguishment	8.4	12.4
Deferred income taxes	4.0	(12.9)
Realized and unrealized foreign exchange (gains) losses, net	6.1	(2.4)
Stock-based compensation	18.1	21.3
Asset impairment	—	3.2
Loss on deconsolidation of Venezuela	—	70.9
Other non-cash items	3.5	2.8
Net income adjusted for non-cash items	374.2	313.8
Changes in operating assets and liabilities	(253.2)	(219.7)
Operating activities	121.0	94.1
Investing activities	(174.4)	(595.3)
Financing activities	(157.3)	437.3
Effect of exchange rate changes on cash	(8.4)	10.8
Net decrease in cash and cash equivalents	$ (219.1)	$ (53.1)

Six months ended June 30, 2018

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2018 was $121.0 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of $374.2 million. This was partially offset by net uses of working capital of $253.2 million. The most significant drivers of the uses of working capital were accounts receivables of $133.5 million and prepaid expenses and other of $59.7 million, due to the seasonal increase in net sales and upfront customer incentive payments during the six months ended June 30, 2018. Other drivers of the working capital uses were other accrued liabilities of $60.6 million related to payments of normal operating activities, including interest payments on our long-term indebtedness and timing of cash payments for annual employee performance related benefits.

Net Cash Used for Investing Activities

Net cash used for investing activities for the six months ended June 30, 2018 was $174.4 million. The primary uses were for business acquisitions of $78.2 million, purchases of property, plant and equipment of $74.6 million and an investment in a non-controlling interest of $26.9 million.

Net Cash Used for Financing Activities

Net cash used for financing activities for the six months ended June 30, 2018 was $157.3 million. This change was driven by payments of $521.5 million to pay down short-term and long-term borrowings that includes pay down of the Euro Term Loans, purchases of treasury stock totaling $103.8 million, and payments of $11.4 million consisting of financing-related costs, deferred acquisition-related consideration associated with historical acquisitions, and dividends to noncontrolling interests. These payments were offset by net proceeds of $468.9 million relating to the refinancing of our Dollar Term Loans and cash received from stock option exercises of $10.5 million.

Other Impacts on Cash

Currency exchange impacts on cash for the six months ended June 30, 2018 were unfavorable by $8.4 million, which was driven primarily by the Euro and Chinese Renminbi.

Six months ended June 30, 2017

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the six months ended June 30, 2017 was $94.1 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of $313.8 million. This was partially offset by net uses of working capital of $219.7 million. The most significant drivers of the uses of working capital were accounts receivables of $128.9 million and other assets of $60.9 million, due to the seasonal increase in net sales and upfront customer incentive payments during the six months ended June 30, 2017. Other drivers of the working capital uses were other accrued liabilities of $13.4 million related to payments of normal operating activities, including interest payments on our long-term indebtedness and timing of cash payments for annual employee performance related benefits.

Net Cash Used for Investing Activities

Net cash used in investing activities for the six months ended June 30, 2017 was $595.3 million. This use was driven by business acquisitions of $533.3 million, purchases of property, plant and equipment of $57.4 million and reduction of cash due to Venezuela deconsolidation of $4.3 million.

Net Cash Provided by Financing Activities

Net cash provided by financing activities for the six months ended June 30, 2017 was $437.3 million. This change was driven by net proceeds of $456.4 million relating to the refinancing of our Dollar Term Loans and cash received from stock option exercises of $12.9 million. These proceeds were offset by payments of $32.0 million consisting of financing-related costs, purchases of treasury stock, pay-down of short-term and long-term borrowings, deferred acquisition-related considerations, including payments for deferred purchase price consideration and contingent consideration on historical acquisitions, and dividends to noncontrolling interests.

Other Impacts on Cash

Currency exchange impacts on cash for the six months ended June 30, 2017 were $10.8 million, which was driven by favorable exchange impacts from various foreign currencies.

Financial Condition

We had cash and cash equivalents at June 30, 2018 and December 31, 2017 of $551.1 million and $769.8 million, respectively. Of these balances, $379.3 million and $398.9 million were maintained in non-U.S. jurisdictions as of June 30, 2018 and December 31, 2017, 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 business may not generate sufficient cash flow from operations and future borrowings may not be available under our Senior Secured Credit Facilities in an amount sufficient to enable us to pay our indebtedness, or to fund our other liquidity needs, including planned capital expenditures. In such circumstances, we may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances. 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.

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

(In millions)	June 30, 2018	December 31, 2017
2024 Dollar Term Loans	$ 2,423.9	$ 1,960.0
2023 Euro Term Loans	—	472.5
2024 Dollar Senior Notes	500.0	500.0
2024 Euro Senior Notes	387.1	399.7
2025 Euro Senior Notes	520.0	536.9
Short-term and other borrowings	98.1	94.8
Unamortized original issue discount	(13.7)	(9.1)
Unamortized deferred financing costs	(33.3)	(39.2)
	$ 3,882.1	$ 3,915.6
Less:		
Short-term borrowings	$ 15.6	$ 12.9
Current portion of long-term borrowings	24.3	24.8
Long-term debt	$ 3,842.2	$ 3,877.9

Our indebtedness, including the Senior Secured Credit Facilities and New Senior Notes, is more fully described in Note 16 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. Availability under the Revolving Credit Facility was $356.8 million and $364.5 million at June 30, 2018 and December 31, 2017, 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 New Senior Notes.

In April 2018, we entered into the sixth amendment to the Credit Agreement (the "Sixth Amendment"), which repriced the 2024 Dollar Term Loans and increased the aggregate principal balance of our 2024 Dollar Term Loans by $475.0 million to $2,430.0 million. Proceeds from the Sixth Amendment, along with cash on the balance sheet, were used to extinguish the existing 2023 Euro Term Loans.

Concurrent with the refinancing, we executed interest rate and cross-currency swaps to convert $475.0 million of the 2024 Dollar Term Loans principal into Euro fixed-rate debt at an interest rate of 1.95%, which matures in 2023. The combined effect of the refinancing and the swaps are expected to result in annual cash interest savings of approximately $10 million.

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, 2017. There have been no material changes in the Company’s contractual obligations since December 31, 2017.

Scheduled Maturities

Below is a schedule of required future repayments of all borrowings outstanding at June 30, 2018.

(In millions)	
Remainder of 2018	$ 28.4
2019	26.1
2020	25.2
2021	25.2
2022	52.0
Thereafter	3,756.6
Total	$ 3,913.5

The table above excludes $15.6 million of debt associated with our sale-leaseback financings that will not be settled with cash.

Off-Balance Sheet Arrangements

See Note 7 "Commitments and Contingencies" to the interim unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for disclosure of our guarantees of certain customers' obligations to third parties.

Recent Accounting Guidance

See Note 2 "Recent Accounting Guidance" to the interim 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, 2017. 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, 2017.

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, 2017.

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 June 30, 2018.

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 June 30, 2018 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, 2017.

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

Issuer Purchases of Equity Securities

The following table summarizes the Company's share repurchase activity through the share repurchase program for the three months ended June 30, 2018:

(in thousands, except per share data)

Month	Total Number of Shares Purchased[1]	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Programs[2]	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Share Repurchase Agreement[2]
April 2018	723.3	$ 29.96	723.3	$ 591,617.9
May 2018	1,710.5	31.21	1,592.3	541,937.9
June 2018	834.4	30.40	834.4	516,569.4
Total	**3,268.2**	**$ 30.73**	**3,150.0**	**$ 516,569.4**

[1] These amounts include share repurchases pursuant to the Company's 2014 Incentive Award Plan (the "2014 Plan") and applicable award agreements, under which participants may request the Company to withhold or may tender to the Company shares as satisfaction of applicable tax withholding on the vesting of restricted stock and performance stock. Shares so withheld or tendered will have been repurchased pursuant to the terms of the 2014 Plan and applicable award agreements and not pursuant to publicly announced share repurchase programs.

[2] Shares were repurchased through the $675.0 million share repurchase program announced in March 2017. We repurchased $96.7 million of our common shares during the three months ended June 30, 2018 and $61.7 million repurchases in prior periods. At June 30, 2018, the Company had remaining authorization to repurchase $516.6 million of shares. There is no expiration date on the share repurchase program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBITS
10.67	Form of Indemnification and Advancement Agreement
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
†	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.

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:	July 26, 2018	By: /s/ Charles W. Shaver Charles W. Shaver Chairman of the Board and Chief Executive Officer
Date:	July 26, 2018	By: /s/ Robert W. Bryant Robert W. Bryant Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date:	July 26, 2018	By: /s/ Sean M. Lannon Sean M. Lannon Vice President, Corporate Finance and Global Controller (Principal Accounting Officer)

INDEMNIFICATION AND ADVANCEMENT AGREEMENT

This Indemnification and Advancement Agreement (the "Agreement") is made as of ______________, 20__ by and between Axalta Coating Systems Ltd., a Bermuda exempted company (the "Company"), and __________________ ("Indemnitee").

RECITALS:

WHEREAS, directors, officers, and other persons in service to publicly-traded companies are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the company itself;

WHEREAS, highly competent persons have become more reluctant to serve as directors or in other capacities unless they are provided with adequate protection through insurance and adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the company;

WHEREAS, the board of directors of the Company (the "Board") has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its shareholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, section 98 of the Companies Act 1981 (as amended) of Bermuda (the "Companies Act"), provides generally that a Bermuda company may in its bye-laws or in any contract or arrangement indemnify its directors and officers against certain liabilities in relation to such company or any subsidiary thereof;

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification, advancement of expenses and any other rights provided to, or for the benefit of, Indemnitee as provided for in the bye-laws of the Company, as may be amended from time to time (the "Bye-Laws"), the Companies Act or other applicable law and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, (i) Indemnitee may not regard the protection available under the Bye-Laws and insurance as adequate in the present circumstances, (ii) Indemnitee may not be willing to serve or continue to serve as a director and/or officer without adequate protection, (iii) the Company desires Indemnitee to serve in such capacity, and (iv) Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he or she be so indemnified.

AGREEMENT:

NOW, THEREFORE, in consideration of the terms and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions.

(a) As used in this Agreement:

"Affiliate" of any specified Person shall mean any other Person controlling, controlled by or under common control with such specified Person.

"Bermuda Law" means any law, rule, statute, regulation, order, judgment, decree, treaty or other requirement having the force of law in Bermuda.

"Corporate Status" describes Indemnitee's past, present or future status as a director, officer, employee, agent, fiduciary or trustee of (i) the Company or its subsidiaries, or (ii) any other Enterprise of which such person is or was serving at the request of the Company.

"Disinterested Director" means a director of the Company who is not or was not a party to a Proceeding in respect of which indemnification is sought by Indemnitee.

"Enterprise" shall mean the Company and any of its subsidiaries and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary or trustee.

"Expenses" shall mean all reasonable direct and indirect costs, expenses, fees and charges (including without limitation attorneys' fees, retainers, court costs, transcript costs, fees and cost of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, fees and expenses of third party vendors and all other disbursements or expenses) of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include, without limitation, (i) expenses incurred in connection with any appeal resulting from, incurred by Indemnitee in connection with, arising out of respect of or relating to, any Proceeding, including without limitation, the premium, security for, and other costs relating to any cost bond, supersedes bond, or other appeal bond or its equivalent, (ii) for purposes of Section 10(d) of this Agreement only, expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise, (iii) any United States federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, and (iv) any interest, assessments or other charges in respect of the foregoing.

"Indemnity Obligations" shall mean all obligations of the Company to Indemnitee under this Agreement, including the Company's obligations to provide indemnification to Indemnitee and advance Expenses to Indemnitee under this Agreement.

"Independent Counsel" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder; provided, however, that the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Liabilities" means all claims, liabilities, damages, losses, judgments (including pre- and post-judgment interest), orders, fines, penalties and other amounts payable in connection with, arising out of, or in respect of or relating to any Proceeding, including, without limitation, amounts paid in settlement in any Proceeding and all costs and expenses in complying with any judgment, order or decree issued or entered in connection with any Proceeding or any settlement agreement, stipulation or consent decree entered into or issued in settlement of any Proceeding.

"Person" shall mean any individual, corporation, partnership, limited partnership, limited liability company, trust, governmental agency or body or any other legal entity.

"Proceeding" shall mean any actual threatened, pending or completed action, claim, suit, arbitration, alternate dispute resolution mechanism, formal or informal hearing, inquiry or investigation, litigation, inquiry, administrative hearing, mediation, regulatory or self-regulatory action or any other actual, threatened, pending or completed judicial, administrative or arbitration proceeding (including, without limitation, any such proceeding under the United States Securities Act of 1933, as amended, or the Exchange Act, or any other United States federal law, state law, statute or regulation), whether brought by or in the name or right of the Company or otherwise, and whether of a civil, criminal, administrative or investigative nature, in each case, in which Indemnitee was, is or will be, or is threatened to be, involved as a party, witness or otherwise by reason of Indemnitee's Corporate Status, or by reason of any actual or alleged action taken by Indemnitee or of any inaction on Indemnitee's part while having any Corporate Status, in each case, whether or not serving in such capacity at the time any Liability or Expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement. This shall also include any proceeding initiated by Indemnitee to enforce Indemnitee's rights under this Agreement.

(b) For the purpose hereof, references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; and references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent, fiduciary or trustee of the Company or its subsidiaries which imposes duties on, or involves services by, such director, officer, employee, agent, fiduciary or trustee, with respect to an employee benefit plan, its participants or beneficiaries.

Section 2. Indemnity.

(a) Subject to Section 8, the Company shall indemnify Indemnitee if Indemnitee is a party or is threatened to be made a party to any threatened, pending or completed Proceeding, including a Proceeding brought by or in the right of the Company or its subsidiaries, by reason of the fact that Indemnitee is or was a director, officer, employee, agent, fiduciary or trustee of the Company or its subsidiaries or is or was serving at the request of the Company as a director, officer, employee, agent, fiduciary or trustee of any other company, corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other entity or enterprise or by reason of anything done or not done by Indemnitee in any such capacity. Subject to Section 8, pursuant to this Section 2, Indemnitee shall be indemnified from and against all Liabilities and Expenses actually incurred by Indemnitee in connection with such Proceeding (including, but not limited to, the investigation, defense, settlement or appeal thereof).

(b) Notwithstanding any other provision of this Agreement other than Section 8, Indemnitee shall be indemnified against all Expenses actually incurred by Indemnitee or on Indemnitee's behalf in defending any Proceedings referred to in Section 2(a) in which judgment is given in Indemnitee's favor, in which he or she is acquitted, or in respect of which relief is granted to Indemnitee by the Supreme Court of Bermuda (the "Court") under section 281 of the Companies Act.

(c) Without limiting the scope of the indemnity provided under any other provision of this Agreement, if Indemnitee has reason to apprehend that any claim will or might be made against him or her in respect of any negligence, default, breach of duty or breach of trust, he or she may apply to the Court for relief pursuant to section 281 of the Companies Act and, to the extent that the Court relieves Indemnitee, either wholly or partly, from Indemnitee's liability in accordance with section 281 of the Companies Act, Indemnitee shall be indemnified against any liability incurred by him or her in defending any Proceedings in accordance with section 98(2)(b) of the Companies Act.

Section 3. Indemnification For Expenses as a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Liabilities and Expenses suffered or incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 4. Additional Indemnification. Notwithstanding any limitation in Section 2, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the name or right of the Company to procure a judgment in its favor) against all Liabilities and Expenses suffered or incurred by Indemnitee in connection with such Proceeding:

i. to the fullest extent permitted by the provision of the Companies Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any replacement of the Companies Act, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the Companies Act adopted after the date of this Agreement that increase the extent to which a company may indemnify its officers and directors.

Section 5. Advances of Expenses. In accordance with the pre-existing provision of Section 53.3 of the Bye-Laws, and notwithstanding Section 8 and any other provision of this Agreement to the contrary, the Company shall advance, to the extent not prohibited by law, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made no later than thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest-free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement. In accordance with section 98(2)(c) of the Companies Act, Indemnitee agrees to repay any amounts advanced if any allegation of fraud or dishonesty is proved against Indemnitee.

Section 6. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any Proceeding with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification or advancement of Expenses under this Agreement, Indemnitee shall submit to the Company a written request therefor, including therein or therewith such documentation and information as is reasonably available to Indemnitee. Subject to Section 8, upon making such request for indemnification, Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in the making of any determination contrary to such presumption. Any delay or failure by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay or failure in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification or advancement of Expenses, advise the Board in writing that Indemnitee has made such a request.

(b) In the event Indemnitee is entitled to indemnification or advancement of Expenses with respect to any Proceeding, Indemnitee may, at Indemnitee's option, (i) retain counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably withheld, conditioned or delayed) to represent Indemnitee in, and with respect to, such Proceeding, at the sole expense of the Company, or (ii) have the Company assume the defense of Indemnitee in such Proceeding, in which case the Company shall assume the defense of such Proceeding with counsel selected by the Company and approved by Indemnitee (which approval shall not be unreasonably withheld, conditioned or delayed) within ten (10) days of the Company's receipt of written notice of Indemnitee's election to cause the Company to do so. If the Company is required to assume the defense of any such Proceeding, it shall engage legal counsel for such defense, and the Company shall be solely responsible for all fees and expenses of such legal counsel and otherwise of such defense. Such legal counsel may represent both Indemnitee and the Company (and/or any other party or parties entitled to be indemnified by the Company with respect to such matter) unless, in the reasonable opinion of Indemnitee (after consultation with legal counsel), there is an actual or potential conflict of interest between Indemnitee and the Company (or any other such party or parties) or there are legal defenses available to Indemnitee that are not available to the Company (or any such other party or parties). Notwithstanding either party's assumption of responsibility for defense of a Proceeding, each party shall have the right to engage separate counsel at its own expense. The party having responsibility for defense of a Proceeding shall provide the other party and its counsel with all copies of pleadings and material correspondence relating to the Proceeding. Indemnitee and the Company shall reasonably cooperate in the defense of any Proceeding with respect to which indemnification is sought hereunder, regardless of whether the Company or Indemnitee assumes the defense thereof. Indemnitee may not settle or compromise any Proceeding without the prior written consent of the Company, which consent shall not be unreasonably withheld, conditioned or delayed. The Company may not settle or compromise any Proceeding without the prior written consent of Indemnitee, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 7. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 6(a), subject to Section 8, the Company shall advance all Expenses necessary to defend against a Claim. If any determination by the Company is required by applicable law with respect to Indemnitee's ultimate entitlement to indemnification, such determination shall be made by the following person or persons who shall be empowered to make such determination:

(i) the Board, by a majority vote of the Disinterested Directors; or

(ii) if such vote is not obtainable or, even if obtainable, if such Disinterested Directors so direct by majority vote, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee.

For the purposes of Section 7(a)(ii), Independent Counsel shall be selected by the Board and approved by Indemnitee. Upon failure of the Board to so select such Independent Counsel or upon failure of Indemnitee to so approve, such Independent Counsel shall be selected by a single arbitrator pursuant to the rules of the American Arbitration Association. Such determination of entitlement shall be made no later than thirty (30) days after receipt of Indemnitee's written request for indemnification pursuant to this Agreement. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Subject to Section 8, any Expenses incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company will not deny any written request for indemnification hereunder made by Indemnitee unless an adverse determination as to Indemnitee's entitlement to such indemnification described in this Section 7 has been made. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. The Company shall be bound by and shall have no right to challenge a favorable determination of Indemnitee's entitlements.

(b) In the event any determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 7(a)(ii) hereof, (i) the Independent Counsel shall be selected by the Company within ten (10) days of the Submission Date (as defined below) (the cost of each such counsel to be paid by the Company), (ii) the Company shall give written notice to Indemnitee advising it of the identity of the Independent Counsel so selected and (iii) Indemnitee may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company Indemnitee's written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1 of this Agreement. Absent a timely objection, the person so selected shall act as Independent Counsel. If a written objection is so made by Indemnitee, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If no Independent Counsel shall have been selected and not objected to before the later of (i) thirty (30) days after the submission by Indemnitee of a written request for indemnification pursuant to

Section 7(a) hereof (the "Submission Date") and (ii) ten (10) days after the final disposition of the Proceeding, each of the Company and Indemnitee shall select a law firm or member of a law firm meeting the qualifications to serve as Independent Counsel, and such law firms or members of law firms shall select the Independent Counsel. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 10(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding; provided that, in absence of any such determination with respect to such Proceeding, the Company shall pay Liabilities and advance Expenses with respect to such Proceeding as if the Company had determined Indemnitee to be entitled to indemnification and advancement of Expenses with respect to such Proceeding.

Section 8. Limitation of Indemnification. Notwithstanding any other terms of this Agreement other than a change in applicable Bermuda Law in accordance with Section 11(a) of this Agreement, nothing herein shall indemnify Indemnitee against, or exempt Indemnitee from, any liability in respect of Indemnitee's fraud or dishonesty.

Section 9. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 6(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or independent legal counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or independent legal counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 7 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall, to the fullest extent not prohibited by law, be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent a prohibition of such indemnification under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if (i) the determination is to be made by Independent Counsel and Indemnitee objects to the Company's selection of Independent Counsel and (ii) the Independent Counsel ultimately selected requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee is not entitled to indemnification under this Agreement.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers, employees, boards (or committees thereof) or agents of the Enterprise in the course of their duties, or on the advice of legal counsel or other advisors (including financial advisors and accountants) for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, actuary or other expert or advisor selected with reasonable care by the Enterprise. The provisions of this Section 9(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any director, officer, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 10. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 7 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 5 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 7(a) of this Agreement within forty-five (45) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 3 or the second to last sentence of Section 7(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 2 or 4 of this Agreement is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of Indemnitee's entitlement to such indemnification and/or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 7 of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 10, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 7(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. The Company shall indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action or proceeding brought by Indemnitee for indemnification or advance of Expenses from the Company under this Agreement, any other agreement, or the Bye-Laws, or under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advancement of Expenses or insurance recovery, as the case may be.

Section 11. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Bye-Laws, any agreement, a vote of shareholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Bermuda Law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Bye-Laws and/or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of Expenses and/or insurance provided by one or more Persons with whom or which Indemnitee may be associated. The Company hereby acknowledges and agrees that (i) the Company shall be the indemnitor of first resort with respect to any Proceeding, Expense, Liability or matter that is the subject of the Indemnity Obligations, (ii) the Company shall be primarily liable for all Indemnity Obligations and any indemnification afforded to Indemnitee in respect of any Proceeding, Expense, Liability or matter that is the subject of Indemnity Obligations, whether created by law, organizational or constituent documents, contract (including this Agreement) or otherwise, (iii) any obligation of any other Persons with whom or which Indemnitee may be associated to indemnify Indemnitee and/or advance Expenses to Indemnitee in respect of any proceeding shall be secondary to the obligations of the Company hereunder, (iv) the Company shall be required to indemnify Indemnitee and advance Expenses to Indemnitee hereunder to the fullest extent provided herein without regard to any rights Indemnitee may have against any other Person with whom or which Indemnitee may be associated or insurer of any such Person and (v) the Company irrevocably waives, relinquishes and releases any other Person with whom or which Indemnitee may be associated from any claim of contribution, subrogation, reimbursement, exoneration or indemnification, or any other recovery of any kind in respect of amounts paid by the Company hereunder. In the event any other Person with whom or which Indemnitee may be associated or their insurers advances or extinguishes any liability or loss which is the subject of any Indemnity Obligation owed by the Company or payable under any insurance policy provided under this Agreement, the payor shall have a right of subrogation against the Company or its insurer or insurers for all amounts so paid which would otherwise be payable by the Company or its insurer or insurers under this Agreement. In no event will payment of an Indemnity Obligation of the Company under this Agreement by any other Person with whom or which Indemnitee may be associated or their insurers affect the obligations of the Company hereunder or shift primary liability for any Indemnity Obligation to any other Person with whom or which Indemnitee may be associated. Any indemnification and/or insurance or advancement of Expenses provided by any other Person with whom or which Indemnitee may be associated with respect to any liability arising as a result of Indemnitee's Corporate Status or capacity as an officer or director of any Person is specifically in excess over any Indemnity Obligation of the Company or any valid and collectible insurance (including but not limited to any malpractice insurance or professional errors and omissions insurance) provided by the Company under this Agreement, and any obligation to provide indemnification and/or insurance or advance Expenses of any other Person with whom or which Indemnitee may be associated shall be reduced by any amount that Indemnitee collects from the Company as an indemnification payment or advancement of Expenses pursuant to this Agreement.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, fiduciaries, trustees or agents of the Company or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise for which such person is serving at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee, fiduciary, trustee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Company shall not be subrogated to and hereby waives any rights to be subrogated to any rights of recovery of Indemnitee, including rights of indemnification provided to Indemnitee from any other person or entity with whom Indemnitee may be associated as well as any rights to contribution that might otherwise exist; provided, however, that the Company shall be subrogated to the extent of any such payment of all rights of recovery of Indemnitee under insurance policies of the Company or any of its subsidiaries.

(e) The indemnification and contribution provided for in this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of Indemnitee.

Section 12. Duration of Agreement; Not Employment Contract. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. The Company shall require and cause any direct or indirect successor (whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company, by written agreement, to expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any other Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any other Enterprise), if any, is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any other Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director of the Company, by the memorandum of association of the Company, the Bye-Laws, and the Companies Act.

Section 13. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 14. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer, employee, fiduciary, trustee or agent of the Company or any of its subsidiaries or (at the request of the Company) any other Enterprise.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Bye-Laws and applicable law, and shall not be deemed a substitute therefore, nor to diminish or abrogate any rights of Indemnitee thereunder.

(c) The parties hereto agree that each party hereto may enforce this Agreement by seeking specific performance hereof, without any necessity of showing irreparable harm or posting a bond, which requirements are hereby waived, and that by seeking specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he or she may be entitled.

Section 15. More Favorable Indemnification Agreements. In the event the Company enters into an indemnification agreement with another director or officer of the Company or any of its subsidiaries containing a term or terms more favorable to Indemnitee than the terms contained herein, Indemnitee shall be afforded the benefit of such more favorable term or terms and such more favorable term or terms shall be deemed incorporated by reference herein as if set forth in full herein.

Section 16. Modification and Waiver. Except as provided in Section 11(a) with respect to changes in Bermuda Law that broaden the right of Indemnitee to be indemnified by the Company and Section 15 which provides for Indemnitee to be afforded the benefit of a more favorable term or terms included in other indemnification agreements, no supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all of the parties hereto. Except as otherwise expressly provided herein, the rights of a party hereunder (including the right to enforce the obligations hereunder of the other parties) may be waived only with the written consent of such party, and no waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 17. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

Axalta Coating Systems
Two Commerce Square
2001 Market Street
Suite 3600
Philadelphia, Pennsylvania 19103
Attention: General Counsel

or to any other address as may have been furnished to Indemnitee by the Company.

Section 18. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company and any other Enterprise (and their other respective directors, officers, employees, fiduciaries, trustees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 19. Applicable Law and Consent to Jurisdiction. The terms and conditions of this Agreement and the rights of the parties hereunder shall be governed by and construed in all respects in accordance with Bermuda Law. The parties to this Agreement hereby irrevocably agree that the courts of Bermuda shall have non-exclusive jurisdiction in respect of any dispute, suit, action, arbitration or proceedings ("Agreement Proceedings") which may arise out of or in connection with this Agreement and waive any objection to Agreement Proceedings in the courts of Bermuda on the grounds of venue or on the basis that the Agreement Proceedings have been brought in an inconvenient forum; provided that to the extent any matters are referred to arbitration pursuant to Section 7(a) or 10(a), such matters shall be exclusively determined by such arbitral proceedings which shall be conducted by a single arbitrator, in the English language and in Philadelphia, Pennsylvania, USA.

Section 20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 21. Miscellaneous. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

AXALTA COATING SYSTEMS LTD.

By: ___________________________
Name:
Title:

INDEMNITEE

____
Name:
Address:

Signature Page to Indemnification and Advancement Agreement

Exhibit 31.1

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: July 26, 2018

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

Exhibit 31.2

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: July 26, 2018

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

Exhibit 32.1

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

I, Charles W. Shaver, Chairman of the Board and Chief Executive Officer of Axalta Coating Systems Ltd. (the "Company"), 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 June 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) 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: July 26, 2018

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

Exhibit 32.2

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. (the "Company"), 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 June 30, 2018 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) 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: July 26, 2018

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.