

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2019

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

(State or other jurisdiction of
incorporation or organization)

2851

(Primary Standard Industrial
Classification Code Number)

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)

98-1073028

(I.R.S. Employer
Identification No.)

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

Common Shares, \$1.00 par value

(title of class)

New York Stock Exchange

(Exchange on which registered)

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

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

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

Indicate by check mark whether the 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. Large accelerated filer 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

As of April 18, 2019, there were 234,601,688 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 March 31,	
	2019	2018
Net sales	\$ 1,119.3	\$ 1,172.0
Cost of goods sold	751.3	776.0
Selling, general and administrative expenses	217.5	227.8
Loss on assets held for sale	5.2	—
Research and development expenses	18.2	19.3
Amortization of acquired intangibles	28.5	28.9
Income from operations	98.6	120.0
Interest expense, net	41.3	39.4
Other income, net	(1.0)	(2.2)
Income before income taxes	58.3	82.8
Provision for income taxes	14.2	11.8
Net income	44.1	71.0
Less: Net income attributable to noncontrolling interests	0.7	1.1
Net income attributable to controlling interests	\$ 43.4	\$ 69.9
Basic earnings per share	\$ 0.19	\$ 0.29
Diluted earnings per share	\$ 0.18	\$ 0.28

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 March 31,	
	2019	2018
Net income	\$ 44.1	\$ 71.0
Other comprehensive (loss) income, before tax:		
Foreign currency translation adjustments	13.3	43.1
Unrealized (loss) gain on derivatives	(14.6)	7.9
Unrealized gain on pension plan obligations	0.5	0.3
Other comprehensive (loss) income, before tax	(0.8)	51.3
Income tax (benefit) provision related to items of other comprehensive (loss) income	(1.7)	1.3
Other comprehensive income, net of tax	0.9	50.0
Comprehensive income	45.0	121.0
Less: Comprehensive (loss) income attributable to noncontrolling interests	1.2	2.0
Comprehensive income attributable to controlling interests	\$ 43.8	\$ 119.0

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)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 501.1	\$ 693.6
Restricted cash	2.8	2.8
Accounts and notes receivable, net	920.5	860.8
Inventories	626.8	613.0
Prepaid expenses and other current assets	210.4	139.4
Total current assets	2,261.6	2,309.6
Property, plant and equipment, net	1,274.4	1,298.2
Goodwill	1,216.1	1,230.8
Identifiable intangibles, net	1,310.8	1,348.0
Other assets	610.5	489.1
Total assets	\$ 6,673.4	\$ 6,675.7
Liabilities, Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 530.9	\$ 522.8
Current portion of borrowings	43.5	42.2
Other accrued liabilities	447.1	475.6
Total current liabilities	1,021.5	1,040.6
Long-term borrowings	3,809.0	3,821.8
Accrued pensions	257.6	261.9
Deferred income taxes	138.5	140.8
Other liabilities	167.2	100.1
Total liabilities	5,393.8	5,365.2
Commitments and contingencies (Note 6)		
Shareholders' equity		
Common shares, \$1.00 par, 1,000.0 shares authorized, 247.8 and 246.7 shares issued at March 31, 2019 and December 31, 2018, respectively	247.0	245.3
Capital in excess of par	1,431.6	1,409.5
Retained earnings	241.3	198.6
Treasury shares, at cost 13.6 and 11.1 shares at March 31, 2019 and December 31, 2018, respectively	(378.0)	(312.2)
Accumulated other comprehensive loss	(335.7)	(336.1)
Total Axalta shareholders' equity	1,206.2	1,205.1
Noncontrolling interests	73.4	105.4
Total shareholders' equity	1,279.6	1,310.5
Total liabilities and shareholders' equity	\$ 6,673.4	\$ 6,675.7

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)

	Three months ended March 31,	
	2019	2018
Operating activities:		
Net income	\$ 44.1	\$ 71.0
Adjustment to reconcile net income to cash used for operating activities:		
Depreciation and amortization	91.6	91.9
Amortization of deferred financing costs and original issue discount	2.2	1.9
Deferred income taxes	0.4	(4.9)
Realized and unrealized foreign exchange (gains) losses, net	0.9	(1.3)
Stock-based compensation	6.7	8.4
Loss on assets held for sale	5.2	—
Interest income on swaps designated as net investment hedges	(3.5)	—
Other non-cash, net	(0.3)	(5.3)
Changes in operating assets and liabilities:		
Trade accounts and notes receivable	(90.4)	(52.3)
Inventories	(22.2)	(42.9)
Prepaid expenses and other assets	(60.5)	(30.2)
Accounts payable	35.4	33.9
Other accrued liabilities	(69.2)	(87.0)
Other liabilities	1.7	(4.2)
Cash used for operating activities	(57.9)	(21.0)
Investing activities:		
Acquisitions, net of cash acquired	(1.7)	(78.2)
Purchase of property, plant and equipment	(20.5)	(39.5)
Interest proceeds on swaps designated as net investment hedges	3.5	—
Other investing activities, net	(0.1)	—
Cash used for investing activities	(18.8)	(117.7)
Financing activities:		
Payments on short-term borrowings	(11.3)	(9.3)
Payments on long-term borrowings	(7.3)	(6.9)
Financing-related costs	(0.9)	—
Purchase of treasury stock	(65.7)	(3.3)
Proceeds from option exercises	11.4	6.2
Dividends paid to non-controlling interests	(1.1)	(1.0)
Investment in non-controlling interest	(26.9)	(26.9)
Cash used for financing activities	(101.8)	(41.2)
Decrease in cash	(178.5)	(179.9)
Effect of exchange rate changes on cash	0.8	10.3
Cash at beginning of period	696.4	772.9
Cash at end of period	\$ 518.7	\$ 603.3
Cash at end of period reconciliation:		
Cash and cash equivalents	\$ 501.1	\$ 600.4
Restricted cash	2.8	2.9
Cash and restricted cash held for sale	14.8	—
Cash at end of period	\$ 518.7	\$ 603.3

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

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

(1) BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements included herein are unaudited. In the opinion of management, these statements include all adjustments, consisting only of normal, recurring adjustments, necessary for a fair statement of the financial position of Axalta Coating Systems Ltd., a Bermuda exempted company limited by shares, and its consolidated subsidiaries ("Axalta," the "Company," "we," "our" and "us") at March 31, 2019 and December 31, 2018, the results of operations and comprehensive income (loss) for the three months ended March 31, 2019 and 2018, and its cash flows for the three months then ended. All intercompany balances and transactions have been eliminated.

These interim unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. 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 months ended March 31, 2019 are not necessarily indicative of the results to be expected for a full year.

Reclassifications

During the three months ended March 31, 2019, the condensed consolidated statements of operations were updated to combine "Net sales" and "Other revenue" into "Net sales". The 2018 condensed consolidated statements of operations have been updated for comparability with the current year presentation.

Correction of Immaterial Errors to Prior Period Financial Statements

During the three months ended March 31, 2019, the Company identified and corrected an error that affected the 2018 previously-issued consolidated and condensed financial statements. Specifically, the financial statements reflected an investment in noncontrolling interest payment of \$26.9 million within investing activities as opposed to its appropriate classification within financing activities. The Company determined that these corrections were immaterial to the previously-issued financial statements. However, given the significance of the error and for comparability purposes, we have revised the condensed consolidated statements of cash flows for the three months ended March 31, 2018, and will revise annual and interim periods in future filings. This revision has no impacts on the consolidated or condensed statements of operations or balance sheets.

	Three months ended March 31, 2018			
	As Reported		Revised	
Cash used for investing activities	\$	(144.6)	\$	(117.7)
Cash used for financing activities	\$	(14.3)	\$	(41.2)

Recently Adopted Accounting Guidance

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 recognized, for operating and finance leases with terms exceeding twelve months, a right-of-use asset (or "ROU") 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. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either the adoption date or the beginning of the earliest comparative period presented in the financial statements as its date of initial application. We elected to adopt the new standard on January 1, 2019 and use the adoption date as our date of initial application. As a result, historical financial information will not be updated, and the disclosures required under the new standard will not be provided as of and for periods before January 1, 2019. See Note 7 for further information on the implementation of the standard.

The new standard provides a number of optional practical expedients in transition. We have elected the package of practical expedients, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. We have also elected the practical expedient pertaining to land easements which permits entities to forgo the evaluation of existing land easement arrangements in transition to determine if they contain a lease. We did not elect the use-of-hindsight practical expedient. The new standard also provides practical expedients for an entity's ongoing accounting. We have elected the short term lease exception and we will not recognize ROU assets or lease liabilities for qualifying leases (leases with a term of less than 12 months from lease commencement). We also elected the accounting policy election to not separate lease and non-lease components for all asset classes.

The Company implemented an outsourced software solution to support the ongoing accounting requirements that this standard will have on our consolidated financial statements. We have evaluated the completeness and accuracy of lease data entered into the software solution and updated our processes, policies and internal controls. Changes to our internal controls covered the identification, accounting and disclosure of leases both upon adoption and subsequent to adoption. Adoption of the new standard at January 1, 2019 resulted in a one-time loss to retained earnings of \$0.7 million on our condensed consolidated balance sheets and consolidated statement of changes in shareholders' equity related to the net difference of derecognition of existing assets and debt obligations associated with our leases currently accounted for as sale-leaseback financings, for which the ASU requires accounting for as a lease at the date of initial application.

Of the accounting standards we have adopted in 2019, the below standard did not have a material impact:

ASU		Effective Date
2018-16	Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes	January 1, 2019

(2) 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.

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.

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 March 31, 2019 and December 31, 2018 were \$45.2 million and \$47.2 million, respectively.

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

We provide certain customers with incremental up-front consideration, subject to clawback provisions, including Business Incentive Plan assets ("BIPs"), which is capitalized as a component of other assets and amortized over the estimated life of the contractual arrangement as a reduction of net sales. At March 31, 2019 and December 31, 2018, the total carrying value of BIPs were \$190.5 million and \$190.8 million, respectively, and are presented within other assets on the condensed consolidated balance sheets. For the three months ended March 31, 2019 and 2018, \$17.1 million and \$16.3 million, respectively, were amortized and reflected as reductions of net sales in the condensed consolidated statements of operations. The total carrying value of BIPs exclude other upfront incentives made in conjunction with long-term customer commitments of \$81.9 million and \$56.0 million at March 31, 2019 and December 31, 2018, respectively, which will be repaid in future periods.

See Note 18 for disaggregated net sales by end-market.

(3) ACQUISITIONS AND DIVESTITURES

During the three months ended March 31, 2019, we entered into an agreement to sell our 60.0% interest in a consolidated joint venture within our Performance Coatings segment. The results of operations of the portion of the business to be sold is included in continuing operations within the condensed consolidated statements of operations. All assets and liabilities of the disposal group have been classified as held for sale on our condensed consolidated balance sheet and recorded at the lower of carrying value and fair value less cost to sell, which resulted in a loss of \$5.2 million for the three months ended March 31, 2019. The carrying amounts of the major classes of assets and liabilities that were classified as held for sale at March 31, 2019, within prepaid and other current assets and other accrued liabilities, respectively, as follows:

	March 31, 2019
Assets	
Cash and cash equivalents	\$ 7.3
Restricted cash	7.5
Accounts and notes receivable, net	30.4
Inventories	7.3
Property, plant and equipment, net	8.4
Goodwill	5.6
Identifiable intangibles, net	1.8
Other assets	5.2
Loss on assets held for sale	(5.2)
Assets held for sale	<u>\$ 68.3</u>
Liabilities	
Accounts payable	16.5
Other accrued liabilities	6.5
Other liabilities	4.4
Liabilities held for sale	<u>\$ 27.4</u>

Other Activity

In addition, during the three months ended March 31, 2019, pursuant to the stock purchase agreement for a joint venture acquired during the year ended December 31, 2016, we were required to purchase the remaining interest in our consolidated entity of 24.5% for \$26.9 million, increasing our total ownership percentage to 100.0%.

At March 31, 2019, for any business combination completed after March 31, 2018, 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.

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

(4) GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill

The following table shows changes in the carrying amount of goodwill from December 31, 2018 to March 31, 2019 by reportable segment:

	Performance Coatings	Transportation Coatings	Total
December 31, 2018	\$ 1,151.5	\$ 79.3	\$ 1,230.8
Purchase accounting adjustments	0.7	—	0.7
Held for sale adjustment	(5.6)	—	(5.6)
Foreign currency translation	(9.1)	(0.7)	(9.8)
March 31, 2019	<u>\$ 1,137.5</u>	<u>\$ 78.6</u>	<u>\$ 1,216.1</u>

Identifiable Intangible Assets

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

March 31, 2019	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	\$ 541.5	\$ (271.4)	\$ 270.1	10.4
Trademarks - indefinite-lived	265.8	—	265.8	Indefinite
Trademarks - definite-lived	100.2	(25.5)	74.7	15.8
Customer relationships	924.4	(233.8)	690.6	19.1
Other	15.7	(6.1)	9.6	5.1
Total	<u>\$ 1,847.6</u>	<u>\$ (536.8)</u>	<u>\$ 1,310.8</u>	

December 31, 2018	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Weighted average amortization periods (years)
Technology	\$ 545.7	\$ (260.7)	\$ 285.0	10.4
Trademarks—indefinite-lived	269.0	—	269.0	Indefinite
Trademarks—definite-lived	100.6	(24.0)	76.6	15.8
Customer relationships	929.9	(222.9)	707.0	19.1
Other	15.7	(5.3)	10.4	5.1
Total	<u>\$ 1,860.9</u>	<u>\$ (512.9)</u>	<u>\$ 1,348.0</u>	

The estimated amortization expense related to the fair value of acquired intangible assets for the remainder of 2019 and each of the succeeding five years is:

Remainder of 2019	\$ 87.5
2020	113.5
2021	112.9
2022	110.7
2023	71.5
2024	66.6

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

(5) RESTRUCTURING

In accordance with the applicable guidance for ASC 712, *Nonretirement Postemployment Benefits*, we accounted for termination benefits and recognized liabilities when the loss was considered probable that employees were entitled to benefits and the amounts could be reasonably estimated.

We have incurred costs in connection with involuntary termination benefits associated with our corporate-related initiatives and cost-saving opportunities associated with our Fit For Growth and Axalta Way initiatives. 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 completed within 12 to 24 months from the balance sheet date.

The following table summarizes the activities related to the restructuring reserves and expenses from December 31, 2018 to March 31, 2019:

	2019 Activity
Balance at December 31, 2018	\$ 102.7
Expenses, net of changes to estimates	1.3
Payments made	(14.0)
Foreign currency translation	(1.5)
Balance at March 31, 2019	\$ 88.5

The impacts to pre-tax earnings from incremental accelerated depreciation resulting from the previously announced closure of our manufacturing facility in Mechelen, Belgium site, for the three months ended March 31, 2019 were \$6.1 million, which were recorded to cost of goods sold. There was no accelerated depreciation recorded during the three months ended March 31, 2018.

(6) COMMITMENTS AND CONTINGENCIES

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 March 31, 2019 and December 31, 2018, we had outstanding bank guarantees of \$12.1 million and \$12.7 million, respectively, which expire between 2019 and 2022. We monitor the obligations to evaluate whether we have a liability at the balance sheet date, for which none existed at March 31, 2019 and December 31, 2018.

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.

(7) LEASES

We have operating and finance leases for certain warehouses, office spaces, land, and equipment. As described within Note 1, we adopted ASU 2016-02, "Leases," on January 1, 2019 requiring, among other changes, operating and finance leases with terms exceeding twelve months to be recognized as ROU assets and lease liabilities on the balance sheet.

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

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The lease term is determined to be the non-cancelable period including any lessee renewal options which are considered to be reasonably certain of exercise. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company used judgment to determine an appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term in a similar economic environment.

Certain of our lease agreements include rental payments based on an index or adjusted periodically for inflation. The changes to the CPI are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred. In addition, variable lease expense also includes elements of a contract that is based on usage during the term. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Supplemental balance sheet information related to leases is summarized as follows:

		March 31, 2019
Assets	Classification	
Operating lease assets	Other assets ⁽¹⁾	\$ 95.5
Finance lease assets	Property, plant and equipment, net ⁽²⁾	70.3
Total leased assets		\$ 165.8
Liabilities		
Current		
Operating	Other accrued liabilities	\$ 28.1
Finance	Current portion of borrowings	2.9
Noncurrent		
Operating	Other liabilities	71.8
Finance	Long-term borrowings	64.0
Total lease liabilities		\$ 166.8

⁽¹⁾ Operating lease assets are recorded net of accumulated amortization of \$5.0 million as of March 31, 2019.

⁽²⁾ Finance lease assets are recorded net of accumulated amortization of \$1.4 million as of March 31, 2019.

Components of lease expense are summarized as follows:

		Three months ended March 31
		2019
Finance lease cost		
Amortization of right-of-use assets		\$ 1.0
Interest on lease liabilities		0.9
Operating lease cost		8.9
Variable lease cost		0.8
Short-term lease cost		0.3
Net lease cost		\$ 11.9

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

Supplemental cash flow information related to leases is summarized as follows:

	Three months ended March 31	
	2019	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	9.1
Operating cash flows from finance leases	\$	0.9
Financing cash flows from finance leases	\$	1.2
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$	5.9
Finance leases	\$	—

Lease term and discount rate information is summarized as follows:

	March 31, 2019
Weighted-average remaining lease term (years)	
Operating leases	5.5
Finance leases	17.7
Weighted-average discount rate	
Operating leases	3.6%
Finance leases	5.3%

Maturities of lease liabilities as of March 31, 2019 is as follows:

Year	Operating Leases	Finance Leases
Remainder of 2019	\$ 23.8	\$ 3.4
2020	25.9	5.5
2021	19.2	5.6
2022	13.0	5.7
2023	10.9	5.8
Thereafter	22.0	79.3
Total lease payments	\$ 114.8	\$ 105.3
Less: imputed interest	14.9	38.4
Present value of lease liabilities	\$ 99.9	\$ 66.9

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

As discussed in Note 1, we have elected the transition methodology to apply the standard at the beginning of the period of adoption, January 1, 2019, through a cumulative-effect adjustment to retained earnings. Under this transition method, the application date of the new standard shall begin in the reporting period in which we have adopted the standard. For comparability purposes, the following table reflects the total remaining cash payments related to all transactions during the rental term at December 31, 2018 associated with three lease arrangements that were treated as sale-leaseback financing transactions under ASC 840 and disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2018:

	Sale-leaseback obligations	
2019	\$	5.3
2020		5.4
2021		5.4
2022		5.7
2023		5.7
Thereafter		77.1
Total minimum payments	\$	104.6

At December 31, 2018, future minimum payments under non-cancelable operating leases under ASC 840 were as follows:

	Operating Leases	
2019	\$	34.6
2020		23.5
2021		17.1
2022		13.2
2023		11.5
Thereafter		16.6
Total minimum payments	\$	116.5

(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 months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
	2019	2018
Components of net periodic benefit cost:		
Net periodic benefit cost:		
Service cost	\$ 1.9	\$ 2.3
Interest cost	3.2	3.4
Expected return on plan assets	(3.5)	(4.2)
Amortization of actuarial loss, net	0.5	0.3
Net periodic benefit cost	\$ 2.1	\$ 1.8

(9) STOCK-BASED COMPENSATION

During the three months ended March 31, 2019 and 2018, we recognized \$6.7 million and \$8.4 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 tax benefits of \$1.3 million and \$1.5 million for the three months ended March 31, 2019 and 2018, respectively. Forfeitures are recorded in the period they occur.

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

2019 Activity

In February 2019, we granted non-qualified service-based stock options, restricted stock units and performance share units to certain employees and directors. All awards were granted under the Company's Amended and Restated 2014 Incentive Award Plan. The performance share units are subject to certain performance and market conditions, in addition to the service-based vesting conditions. A summary of award activity by type for the three months ended March 31, 2019 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, 2019	7.2	\$ 19.32		
Granted	0.8	27.01		
Exercised	(1.2)	10.04		
Forfeited	(0.1)	28.52		
Outstanding at March 31, 2019	6.7	\$ 21.64		
Vested and expected to vest at March 31, 2019	6.7	\$ 21.64	\$ 38.9	6.08
Exercisable at March 31, 2019	5.2	\$ 19.72	\$ 38.9	5.17

Cash received by the Company upon exercise of options for the three months ended March 31, 2019 was \$11.4 million. Excess tax benefits on these exercises were \$3.7 million.

At March 31, 2019, there is \$7.6 million of unrecognized expense relating to unvested stock options that is expected to be amortized over a weighted average period of 1.7 years.

Restricted Stock Awards and Restricted Stock Units	Awards (millions)	Weighted-Average Fair Value
Outstanding at January 1, 2019	1.6	\$ 29.12
Granted	0.6	27.01
Vested	(0.6)	27.99
Forfeited	—	26.89
Outstanding at March 31, 2019	1.6	\$ 28.76

Tax shortfall expenses on the vesting of restricted stock and restricted stock units during the three months ended March 31, 2019 was \$0.1 million.

At March 31, 2019, there is \$29.5 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, 2019	0.8	\$ 31.82
Granted	0.3	29.28
Vested	—	—
Forfeited	(0.3)	25.66
Outstanding at March 31, 2019	0.8	\$ 33.47

At March 31, 2019, there is \$16.5 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 2.2 years. The forfeitures include performance stock awards and performance share units that did not meet the performance target required for vesting.

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

(10) OTHER INCOME, NET

	Three Months Ended March 31,	
	2019	2018
Foreign exchange losses, net	\$ 2.4	\$ —
Other miscellaneous income, net	(3.4)	(2.2)
Total	\$ (1.0)	\$ (2.2)

(11) INCOME TAXES

Our effective income tax rates for the three months ended March 31, 2019 and 2018 are as follows:

	Three months ended March 31,	
	2019	2018
Effective Tax Rate	24.3%	14.3%

The higher effective tax rate for the three months ended March 31, 2019 was primarily due to the unfavorable impact of net currency exchange losses in 2019 and the one-time favorable impact related to the reduction of the U.S. Tax Cuts and Jobs Act tax charge which lowered the effective tax rate in 2018. These adjustments were partially offset by an increase in net excess tax benefits related to stock-based compensation of \$3.6 million compared with \$2.4 million for the three months ended March 31, 2019 and 2018, respectively.

The effective tax rate for the three months ended March 31, 2019 differs from the U.S. Federal statutory rate due to various items that impacted the effective rate both favorably and unfavorably. We recorded the unfavorable impact of pre-tax losses attributable to jurisdictions where a tax benefit is not expected to be realized, net currency exchange losses and the unfavorable impact associated with the loss on assets held for sale. These adjustments were offset by the favorable adjustments for earnings in jurisdictions where the statutory rate is lower than the U.S. Federal statutory rate, and current year net excess tax benefits related to stock-based compensation.

(12) EARNINGS PER COMMON SHARE

Basic earnings per common share excludes the dilutive impact of potentially dilutive securities and is computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings 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 earnings per common share is as follows:

(In millions, except per share data)	Three Months Ended March 31,	
	2019	2018
Net income to common shareholders	\$ 43.4	\$ 69.9
Basic weighted average shares outstanding	234.1	240.9
Diluted weighted average shares outstanding	236.6	245.8
Earnings per common share:		
Basic earnings per share	\$ 0.19	\$ 0.29
Diluted earnings per share	\$ 0.18	\$ 0.28

The number of anti-dilutive shares that have been excluded in the computation of diluted earnings per share for the three months ended March 31, 2019 and 2018 were 2.9 million and 2.5 million, respectively.

(13) ACCOUNTS AND NOTES RECEIVABLE, NET

	March 31, 2019	December 31, 2018
Accounts receivable - trade, net ⁽¹⁾	\$ 809.9	\$ 739.9
Notes receivable	26.2	36.1
Other	84.4	84.8
Total	<u>\$ 920.5</u>	<u>\$ 860.8</u>

(1) Allowance for doubtful accounts was \$13.9 million and \$15.4 million at March 31, 2019 and December 31, 2018, respectively.

Bad debt expense of \$1.0 million and \$0.2 million was included within selling, general and administrative expenses for the three months ended March 31, 2019 and March 31, 2018.

(14) INVENTORIES

	March 31, 2019	December 31, 2018
Finished products	\$ 349.3	\$ 334.0
Semi-finished products	110.0	108.0
Raw materials	146.4	149.9
Stores and supplies	21.1	21.1
Total	<u>\$ 626.8</u>	<u>\$ 613.0</u>

(15) PROPERTY, PLANT AND EQUIPMENT, NET

Depreciation expense amounted to \$45.4 million and \$46.4 million for the three months ended March 31, 2019 and March 31, 2018, respectively.

	March 31, 2019	December 31, 2018
Property, plant and equipment	\$ 2,224.8	\$ 2,218.8
Accumulated depreciation	(950.4)	(920.6)
Property, plant, and equipment, net	<u>\$ 1,274.4</u>	<u>\$ 1,298.2</u>

(16) BORROWINGS

Borrowings are summarized as follows:

	March 31, 2019	December 31, 2018
2024 Dollar Term Loans	\$ 2,405.7	\$ 2,411.8
2024 Dollar Senior Notes	500.0	500.0
2024 Euro Senior Notes	376.9	383.3
2025 Euro Senior Notes	506.3	514.9
Short-term and other borrowings	111.4	103.8
Unamortized original issue discount	(12.1)	(12.6)
Unamortized deferred financing costs	(35.7)	(37.2)
	<u>\$ 3,852.5</u>	<u>\$ 3,864.0</u>
Less:		
Short-term borrowings	\$ 19.2	\$ 17.9
Current portion of long-term borrowings	24.3	24.3
Long-term debt	<u>\$ 3,809.0</u>	<u>\$ 3,821.8</u>

Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions, unless otherwise noted)

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 (\$1,541.1 million) into a new upsized 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 and increased the 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 a \$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."

On October 31, 2018, Dutch B B.V. and Axalta US Holdings, the Company, and certain other subsidiaries of the Company as guarantors entered into the seventh amendment to the Credit Agreement (the "Seventh Amendment"). The Seventh Amendment amended the Credit Agreement to, among other things, (i) allow for the Company and certain wholly owned subsidiaries of the Company to be added as guarantors under the Credit Agreement, (ii) provide that (A) the covenants in the Credit Agreement generally apply to the Company and its restricted subsidiaries and (B) upon election at any time thereafter, a successor holdings guarantor may be designated and, upon the effectiveness of the guarantee of such successor parent guarantor, the covenants in the Credit Agreement will generally apply to such successor holdings guarantor and its restricted subsidiaries, (iii) otherwise amend the Credit Agreement in order to effect certain corporate transactions as part of a potential internal reorganization of certain of the Company's subsidiaries and certain potential future reorganizations involving the Company and (iv) update guarantee limitations for certain of the guarantors.

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 the Company and the other 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.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions, unless otherwise noted)

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 March 31, 2019, 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 under the Senior Secured Credit Facilities (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 March 31, 2019, 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 \$700.0 million plus an additional amount subject to the Company not exceeding a maximum first lien leverage ratio described in the Credit Agreement.

There have been no borrowings on the Revolving Credit Facility since the issuance of the Senior Secured Credit Facilities. At March 31, 2019 and December 31, 2018, letters of credit issued under the Revolving Credit Facility totaled \$43.9 million and \$44.8 million, respectively, which reduced the availability under the Revolving Credit Facility. Availability under the Revolving Credit Facility was \$356.1 million and \$355.2 million at March 31, 2019 and December 31, 2018, respectively.

Significant Terms of the Senior Notes

On August 16, 2016, Axalta Coating Systems, LLC (the "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").

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.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(In millions, unless otherwise noted)

On October 26, 2018, the U.S. Issuer and the party thereto entered into a seventh supplemental indenture (the "2024 Seventh Supplemental Indenture") to the 2024 Senior Notes. In addition, on October 26, 2018, the Dutch Issuer and the new guarantors party thereto entered into a seventh supplemental indenture (the "2025 Seventh Supplemental Indenture" and, together with the 2024 Seventh Supplemental Indenture, the "October 2018 Supplemental Indentures") to the 2025 Euro Senior Notes. The October 2018 Supplemental Indentures permit the Company and its subsidiaries to effect certain corporate transactions as part of a potential internal reorganization of certain of the Company's subsidiaries (the "Proposed Restructuring") and certain potential future reorganizations involving the Company. Each of the October 2018 Supplemental Indentures amended the applicable indenture in order to, among other things, (i) add the Company and certain wholly owned subsidiaries of the Company as guarantors of the applicable Senior Notes, (ii) provide that (A) the covenants of the applicable Indenture generally apply to the Company and its restricted subsidiaries and (B) upon an election by the relevant Issuer at any time thereafter, a successor parent guarantor may be designated and, upon the effectiveness of the guarantee of such successor parent guarantor, the covenants of the applicable Indenture will generally apply to such successor parent guarantor and its restricted subsidiaries, (iii) otherwise amend the applicable Indenture in order to effect the Proposed Restructuring (as defined below) and (iv) update guarantee limitations for certain of the guarantors.

In connection with the October 2018 Supplemental Indentures above, the Company became the parent guarantor of the Senior Notes.

(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, are jointly and severally guaranteed on a senior unsecured basis by the Company and each of its 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.

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(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, are jointly and severally guaranteed on a senior unsecured basis by the Company and each of its 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.

(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
2019	102.813%
2020	101.875%
2021	100.938%
2022 and thereafter	100.000%

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.

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

Upon the occurrence of certain events constituting a change of control, holders of the 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, are jointly and severally guaranteed on a senior unsecured basis by the Company and each of its existing and future direct and indirect subsidiaries that is a borrower under or that guarantees the Senior Secured Credit Facilities (other than the Dutch Issuer). 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 March 31, 2019.

Remainder of 2019	\$	35.8
2020		26.9
2021		26.8
2022		54.3
2023		27.1
Thereafter		3,729.4
	\$	<u>3,900.3</u>

(17) FINANCIAL INSTRUMENTS, HEDGING ACTIVITIES AND FAIR VALUE MEASUREMENTS

Fair value of financial instruments

Equity securities with readily determinable fair values - Balances of equity securities are recorded within other assets, with any changes in fair value recorded within other expense, net. The fair values of available for sale securities are based upon Level 1 inputs when the securities are actively traded with quoted market prices.

Long-term borrowings - 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, these inputs are considered to be Level 2 inputs.

Derivative instruments - The Company's interest rate caps, interest rate swaps and cross-currency swaps are valued using broker quotations, or market transactions in either the listed or over-the-counter markets. As such, these derivative instruments are considered to be Level 2 inputs.

Fair value of contingent consideration

The fair value of contingent consideration associated with acquisitions completed in 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. Due to the significant unobservable inputs used in the valuations, these liabilities are categorized within Level 3 of the fair value hierarchy. Adjustments made to fair value were immaterial for both the three months ended March 31, 2019 and March 31, 2018.

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

The table below presents the fair values of our financial instruments measured on a recurring basis by level within the fair value hierarchy at March 31, 2019 and December 31, 2018.

	March 31, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Prepaid expenses and other current assets:								
Interest rate caps ⁽¹⁾	\$ —	\$ 2.3	\$ —	\$ 2.3	\$ —	\$ 4.5	\$ —	\$ 4.5
Cross-currency swaps ⁽²⁾	—	14.3	—	14.3	—	14.1	—	14.1
Other assets:								
Interest rate caps ⁽¹⁾	—	—	—	—	—	1.4	—	1.4
Cross-currency swaps ⁽²⁾	—	0.6	—	0.6	—	—	—	—
Investment in equity securities	0.8	—	—	0.8	0.7	—	—	0.7
Liabilities:								
Other accrued liabilities:								
Interest rate swaps ⁽¹⁾	—	1.2	—	1.2	—	—	—	—
Other liabilities:								
Interest rate caps ⁽¹⁾	—	0.1	—	0.1	—	—	—	—
Interest rate swaps ⁽¹⁾	—	12.8	—	12.8	—	2.9	—	2.9
Cross-currency swaps ⁽²⁾	—	—	—	—	—	8.8	—	8.8
Long-term borrowings:								
2024 Dollar Senior Notes	—	502.1	—	502.1	—	474.9	—	474.9
2024 Euro Senior Notes	—	392.9	—	392.9	—	381.1	—	381.1
2025 Euro Senior Notes	—	527.3	—	527.3	—	497.5	—	497.5
2024 Dollar Term Loans	—	2,354.6	—	2,354.6	—	2,276.1	—	2,276.1

(1) Cash flow hedge

(2) Net investment hedge

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 \$850.0 million to hedge the variable interest rate exposures on our 2024 Dollar Term Loans. Three of these interest rate caps, comprising \$600.0 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 \$250.0 million of the notional value, expires December 31, 2021 and had a deferred premium of \$8.1 million at inception. All deferred premiums are paid quarterly over the term of the respective interest rate caps. These interest rate caps are marked to market at each reporting date and any unrealized gains or losses are included in accumulated other comprehensive (loss) income ("AOCI") and reclassified to interest expense in the same period or periods during which the hedged transactions affect earnings.

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

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. These interest rate swaps are marked to market at each reporting date and any unrealized gains or losses are included in AOCI and reclassified to interest expense in the same period or periods during which the hedged transactions affect earnings.

During the three months ended March 31, 2019, we entered into two interest rate swaps with aggregate notional amounts totaling \$500.0 million, effective December 31, 2019, to hedge interest rate exposure associated with the 2024 Dollar Term Loans. 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 2.59% 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 December 31, 2022. These interest rate swaps are marked to market at each reporting date and any unrealized gains or losses are included in AOCI and reclassified to interest expense in the same period or periods during which the hedged transactions affect earnings.

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. These cross-currency swaps are marked to market at each reporting date and any unrealized gains or losses are included in unrealized currency translation adjustments, within AOCI.

During the three months ended December 31, 2018, we settled three fixed-for-fixed cross-currency swaps previously executed in 2018 resulting in cash proceeds of \$22.5 million. Concurrently, we notionally exchanged \$475.0 million at a weighted average interest rate of 4.47% for €416.6 million at a weighted average interest rate of 1.44%. The cross-currency swaps are designated as net investment hedges and expire on March 31, 2023. These cross-currency swaps are marked to market at each reporting date and any unrealized gains or losses are included in unrealized currency translation adjustments, within AOCI.

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 accumulated other comprehensive (loss) income:

	March 31, 2019	December 31, 2018
Accumulated other comprehensive (loss) income (AOCI):		
Interest rate caps (cash flow hedges)	\$ 0.3	\$ (3.4)
Interest rate swaps (cash flow hedges)	14.0	3.0
Cross-currency swaps (net investment hedges)	(14.9)	(27.7)
Total accumulated other comprehensive (loss) income	<u>\$ (0.6)</u>	<u>\$ (28.1)</u>

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 months ended March 31, 2019 and 2018 for these cash flow and net investment hedges.

Derivatives in Cash Flow and Net Investment Hedges	Location of (Gain) Loss Recognized in Income on Derivatives	For the Three Months Ended March 31,			
		2019		2018	
		Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of (Gain) Loss Recognized in Income	Net Amount of (Gain) Loss Recognized in OCI on Derivatives	Amount of (Gain) Loss Recognized in Income
Interest rate caps	Interest expense, net	\$ 2.5	\$ (1.1)	\$ (8.0)	\$ 0.1
Interest rate swaps	Interest expense, net	11.0	(0.1)	—	—
Cross-currency swaps	Interest expense, net	(13.3)	(3.6)	—	—

Over the next 12 months, we expect gains of \$0.6 million pertaining to cash flow hedges to be reclassified from accumulated other comprehensive income into earnings, related to our interest rate caps and interest rate swaps.

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 income, net in the 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 March 31, 2019 was zero.

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 March 31,	
		2019	2018
Interest rate caps	Interest expense, net	\$ —	\$ —
Foreign currency forward contracts	Other income, net	1.5	1.4

(18) 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.

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

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.

During the three months ended March 31, 2019, Axalta transitioned to using Adjusted EBIT as the primary measure to evaluate financial performance of the operating segments and allocate resources. Asset information is not reviewed or included with our internal management reporting. Therefore, the Company has not disclosed asset information for each reportable segment. The following table presents relevant information of our reportable segments.

	Three Months Ended March 31,	
	2019	2018
Net sales ⁽¹⁾:		
Refinish	\$ 405.5	\$ 414.2
Industrial	307.8	316.8
Total Net sales Performance Coatings	713.3	731.0
Light Vehicle	315.9	353.2
Commercial Vehicle	90.1	87.8
Total Net sales Transportation Coatings	406.0	441.0
Total Net sales	1,119.3	1,172.0
Equity in earnings (losses) in unconsolidated affiliates:		
Performance Coatings	0.1	0.1
Transportation Coatings	(0.4)	(0.1)
Total	\$ (0.3)	\$ —
Investment in unconsolidated affiliates:		
Performance Coatings	2.5	3.3
Transportation Coatings	12.3	12.7
Total	\$ 14.8	\$ 16.0

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

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

The following table reconciles our segment operating performance to income before income taxes for the periods presented:

	Three Months Ended March 31,	
	2019	2018
Segment Adjusted EBIT ⁽¹⁾:		
Performance Coatings	\$ 78.6	\$ 76.0
Transportation Coatings	34.2	45.0
Total ⁽²⁾	112.8	121.0
Interest expense, net	41.3	39.4
Termination benefits and other employee related costs ^(a)	1.3	(1.3)
Offering and transactional costs ^(b)	0.6	—
Accelerated depreciation ^(c)	6.1	—
Loss on assets held for sale ^(d)	5.2	—
Change in fair value of equity investments ^(e)	—	0.1
Income before income taxes	\$ 58.3	\$ 82.8

(1) The primary measure of segment operating performance is Adjusted EBIT, which is defined as net income before interest, taxes 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 EBIT 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 Adjusted EBIT adjusted for the select items referred to above.

(2) Does not represent Axalta's Adjusted EBIT referenced elsewhere by the Company.

(a) Represents expenses and associated changes to estimates related to employee termination benefits and other employee-related costs. Employee termination benefits are associated with Axalta Way initiatives. These amounts are not considered indicative of our ongoing operating performance.

(b) Represents acquisition and divestiture-related expenses, all of which are not considered indicative of our ongoing operating performance.

(c) Represents incremental depreciation expense resulting from truncated useful lives of the assets impacted by our manufacturing footprint assessments, which we do not consider indicative of our ongoing operating performance.

(d) Represents the loss recognized on the anticipated sale of our interest in a joint venture business determined to be held for sale, which is not considered indicative of our ongoing operating performance.

(e) Represents mark to market impacts of our equity investments, which we do not consider to be indicative of our ongoing operating performance.

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

(19) SHAREHOLDERS' EQUITY

The following tables present the change in total shareholders' equity for the three months ended March 31, 2019 and 2018, respectively.

	Total Axalta	Noncontrolling Interests	Total
Balance at December 31, 2018	\$ 1,205.1	\$ 105.4	\$ 1,310.5
Cumulative effect of an accounting change	(0.7)	—	(0.7)
Balance at January 1, 2019	\$ 1,204.4	\$ 105.4	\$ 1,309.8
Net income	43.4	0.7	44.1
Other comprehensive loss, net of tax	0.4	0.5	0.9
Recognition of stock-based compensation	6.7	—	6.7
Exercise of stock options	11.4	—	11.4
Treasury share repurchases	(65.8)	—	(65.8)
Non-controlling interests of acquired subsidiaries	5.7	(32.1)	(26.4)
Dividends paid to noncontrolling interests	—	(1.1)	(1.1)
Balance at March 31, 2019	<u>\$ 1,206.2</u>	<u>\$ 73.4</u>	<u>\$ 1,279.6</u>

	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	69.9	1.1	71.0
Other comprehensive income, net of tax	49.1	0.9	50.0
Recognition of stock-based compensation	8.4	—	8.4
Exercise of stock options	6.2	—	6.2
Treasury share repurchases	(3.3)	—	(3.3)
Noncontrolling interests of acquired subsidiaries	2.9	(29.8)	(26.9)
Dividends paid to noncontrolling interests	—	(1.0)	(1.0)
Balance at March 31, 2018	<u>\$ 1,421.4</u>	<u>\$ 103.0</u>	<u>\$ 1,524.4</u>

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

(20) ACCUMULATED OTHER COMPREHENSIVE LOSS

	Unrealized Currency Translation Adjustments	Pension Adjustments	Unrealized Gain (Loss) on Derivatives	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2018	\$ (299.4)	\$ (36.4)	\$ (0.3)	\$ (336.1)
Current year deferrals to AOCI	12.8	—	(11.4)	1.4
Reclassifications from AOCI to Net income	—	—	(1.0)	(1.0)
Net Change	12.8	—	(12.4)	0.4
Balance at March 31, 2019	<u>\$ (286.6)</u>	<u>\$ (36.4)</u>	<u>\$ (12.7)</u>	<u>\$ (335.7)</u>

The income tax provision related to the changes in pension benefits for the three months ended March 31, 2019 was \$0.5 million. The cumulative income tax benefit related to the adjustments for pension benefits at March 31, 2019 was \$13.9 million. The income tax benefit related to the change in the unrealized loss on derivatives for the three months ended March 31, 2019 was \$2.2 million. The cumulative income tax benefit related to the adjustments for unrealized loss on derivatives at March 31, 2019 was \$1.7 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, 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	42.2	—	—	6.4	48.6
Reclassifications from AOCI to Net income	—	0.6	—	(0.1)	0.5
Net Change	42.2	0.6	—	6.3	49.1
Balance at March 31, 2018	<u>\$ (166.6)</u>	<u>\$ (30.8)</u>	<u>\$ —</u>	<u>\$ 4.7</u>	<u>\$ (192.7)</u>

The income tax benefit related to the changes in pension benefits for the three months ended March 31, 2018 was \$0.3 million. The cumulative income tax benefit related to the adjustments for pension benefits at March 31, 2018 was \$13.3 million. The income tax expense related to the change in the unrealized loss on derivatives for the three months ended March 31, 2018 was \$1.6 million. The cumulative income tax expense related to the adjustments for unrealized loss on derivatives at March 31, 2018 was \$1.0 million.

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the interim unaudited condensed consolidated financial statements and the condensed notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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 "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;
- reduced demand for some of our products as a result of improved safety features on vehicles, insurance company influence, new business models or new methods of travel
- 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 business 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 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;
- risks associated with the United Kingdom's withdrawal from the European Union;
- 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;

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- 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;
- 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;
- risks associated with changes in tax rates or regulations, including unexpected impacts of the new U.S. TCJA 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, 2018 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, four 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 decreased 4.5% for the three months ended March 31, 2019 compared with the three months ended March 31, 2018, primarily driven by the impacts of unfavorable currency translation which contributed to a decrease in net sales of 4.8%. Further contributing to the decrease in net sales was a net decline in volumes of 1.8%, primarily within our Transportation Coatings segment, including the positive impacts of acquisitions which contributed 0.3% to volumes. Partially offsetting these declines were increases in average selling prices across both segments, resulting in an increase of 2.1%. The following trends have impacted our segment and end-market sales performance:

- *Performance Coatings:* Net sales decreased 2.4% driven primarily by the impacts of unfavorable foreign currency translation of 4.8%, as well as a decline in volumes across both end-markets of 0.9%, inclusive of the positive impacts of acquisitions of 0.5%. Partially offsetting these declines were increases in average selling prices across both end-markets of 3.3%.
- *Transportation Coatings:* Net sales decreased 7.9% driven primarily by the impacts of unfavorable foreign currency translation of 4.8%, as well as a decline in volumes of 3.3%. Partially offsetting these declines were higher average selling prices of 0.2%.

Our business serves four end-markets globally with net sales for the three months ended March 31, 2019 and 2018, as follows:

(In millions)	Three Months Ended March 31,		2019 vs 2018
	2019	2018	% change
Performance Coatings			
Refinish	\$ 405.5	\$ 414.2	(2.1)%
Industrial	307.8	316.8	(2.8)%
Total Net sales Performance Coatings	713.3	731.0	(2.4)%
Transportation Coatings			
Light Vehicle	315.9	353.2	(10.6)%
Commercial Vehicle	90.1	87.8	2.6 %
Total Net sales Transportation Coatings	406.0	441.0	(7.9)%
Total Net sales	\$ 1,119.3	\$ 1,172.0	(4.5)%

Acquisitions and Divestitures Highlights

During the three months ended March 31, 2019, pursuant to the stock purchase agreement for a consolidated joint venture acquisition 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 100.0%.

During the three months ended March 31, 2019, we entered into an agreement to sell our 60.0% interest in a consolidated joint venture within our Performance Coatings segment. The results of operations of the portion of the business to be sold is included in continuing operations within the condensed consolidated statements of operations. All assets and liabilities of the disposal group have been classified as held for sale on our condensed consolidated balance sheet and recorded at the lower of carrying value and fair value less cost to sell, which resulted in a loss of \$5.2 million for the three months ended March 31, 2019. See Note 3 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

Capital and Liquidity Highlights

During the three months ended March 31, 2019, we repurchased 2.5 million shares for total consideration of \$65.8 million as we continue to execute against our previously approved 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, 2018.

RESULTS OF OPERATIONS

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

Net sales

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Net sales	\$ 1,119.3	\$ 1,172.0	\$ (52.7)	(4.5)%
Volume effect				(2.1)%
Impact of acquisitions				0.3 %
Price/product mix effect				2.1 %
Exchange rate effect				(4.8)%

Net sales decreased due to the following:

- Unfavorable impacts of currency translation, due primarily to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar
- Lower sales volumes across both segments, partially offset by an increase within our commercial vehicle end-market

Partially offset by:

- Higher average selling prices across both our segments, primarily within our Performance Coatings segment
- Impacts of acquisitions within our Performance Coatings segment

Cost of sales

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Cost of sales	\$ 751.3	\$ 776.0	\$ (24.7)	(3.2)%
% of net sales	67.1%	66.2%		

Cost of sales decreased due to the following:

- Favorable impacts of currency translation of 3.7%, due primarily to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar
- Lower sales volumes across both segments

Partially offset by:

- Increased raw material costs across both segments
- Incremental accelerated depreciation expense of \$6.1 million, for which there were no costs in the comparable period

Cost of sales as a percentage of net sales increased due to the following:

- Lower sales volume covering fixed costs and the incremental accelerated depreciation expense of \$6.1 million, as well as increased raw material costs, partially offset by increase in price recapture in net sales

Selling, general and administrative expenses

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
SG&A	\$ 217.5	\$ 227.8	\$ (10.3)	(4.5)%

Selling, general and administrative expenses decreased due to the following:

- Favorable impacts of currency translation of 4.7% due primarily to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar

Partially offset by:

- Axalta Way cost savings initiatives and acquisition-related costs of \$1.9 million and \$0.3 million for the three months ended March 31, 2019 and 2018, respectively, resulting in a \$1.6 million increase over the comparable period

Loss on assets held for sale

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Loss on assets held for sale	\$ 5.2	\$ —	\$ 5.2	100.0%

Loss on assets held for sale increased due to the following:

- During the three months ended March 31, 2019, we recorded a loss on the anticipated sale of our interest in a joint venture business determined to be held for sale as discussed above in "Business Highlights - Acquisitions and Divestitures"

Research and development expenses

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Research and development expenses	\$ 18.2	\$ 19.3	\$ (1.1)	(5.7)%

Research and development expenses decreased due to the following:

- Favorable impacts of currency translation, which reduced expenses by 1.0% due primarily to the weakening of the Euro and Chinese Renminbi compared to the U.S. dollar

Amortization of acquired intangibles

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Amortization of acquired intangibles	\$ 28.5	\$ 28.9	\$ (0.4)	(1.4)%

Amortization of acquired intangibles decreased due to the following:

- Favorable impacts of foreign currency of 1.9%, primarily related to the weakening of the Euro and Chinese Renminbi compared to the U.S. dollar

Interest expense, net

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Interest expense, net	\$ 41.3	\$ 39.4	\$ 1.9	4.8%

Interest expense, net increased due to the following:

- Increases in average interest rates due to LIBOR increases on our variable rate debt over the comparable period, mostly offset by impacts of our derivative instruments
- Increases in interest costs associated with finance leases under the new standard, of which certain leases were historically treated as sale-leaseback financing transactions

Other income, net

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Other income, net	\$ (1.0)	\$ (2.2)	\$ 1.2	(54.5)%

Other income, net decreased due to the following:

- Increase in miscellaneous expenses, including increased net foreign exchange losses

Provision for income taxes

	Three months ended March 31,	
	2019	2018
Income before income taxes	\$ 58.3	\$ 82.8
Provision for income taxes	14.2	11.8
Statutory U.S. Federal income tax rate	21.0%	21.0 %
Effective tax rate	24.3%	14.3 %
Effective tax rate vs. statutory U.S. Federal income tax rate	3.3%	(6.7)%

Items impacting the effective tax rate vs. statutory U.S. federal income tax rate	(Favorable) Unfavorable Impact	
	2019	2018
Earnings generated in jurisdictions where the statutory rate is lower than the U.S. Federal rate ⁽¹⁾	\$ (9.2)	\$ (4.3)
Changes in valuation allowance	2.6	1.3
Foreign exchange gain (loss), net	5.9	(4.0)
Stock-based compensation net excess tax benefits	(3.6)	(2.4)
Non-deductible expenses and interest	1.6	3.1
Increase in unrecognized tax benefits ⁽²⁾	0.8	6.4
U.S. tax reform ⁽³⁾	—	(12.4)

(1) Primarily related to earnings in Bermuda, Germany, Luxembourg, and Switzerland.

(2) The 2018 unrecognized tax benefit is primarily associated with the financial impacts surrounding the announced closure of our manufacturing facility at our Mechelen, Belgium site.

(3) Primarily related to the realizability of certain tax attributes.

SEGMENT RESULTS

The Company's products and operations are managed and reported in two operating segments: Performance Coatings and Transportation Coatings. During the three months ended March 31, 2019, the primary measure of performance used to review the operating segments was transitioned to Adjusted EBIT from Adjusted EBITDA. See Note 18 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information.

Performance Coatings Segment

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Net sales	\$ 713.3	\$ 731.0	\$ (17.7)	(2.4)%
Volume effect				(1.4)%
Impact of acquisitions				0.5 %
Price/product mix effect				3.3 %
Exchange rate effect				(4.8)%
Adjusted EBIT	\$ 78.6	\$ 76.0	\$ 2.6	3.4 %
Adjusted EBIT Margin	11.0%	10.4%		

Net sales decreased due to the following:

- Unfavorable currency translation primarily related to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar
- Decreases in organic volumes across both end-markets

Partially offset by:

- Higher average selling prices across both end-markets and all regions
- Benefits from acquisitions in the refinish end-market

Adjusted EBIT increased due to the following:

- Higher average selling prices across both segments and all regions

Partially offset by:

- Unfavorable currency translation primarily related to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar
- Higher raw material costs across both end-markets
- Lower organic volumes, offset partially by the impacts of our recent acquisitions

Transportation Coatings Segment

	Three months ended March 31,		2019 vs 2018	
	2019	2018	\$ Change	% Change
Net sales	\$ 406.0	\$ 441.0	\$ (35.0)	(7.9)%
Volume effect				(3.3)%
Price/product mix effect				0.2 %
Exchange rate effect				(4.8)%
Adjusted EBIT	\$ 34.2	\$ 45.0	\$ (10.8)	(24.0)%
Adjusted EBIT Margin	8.4%	10.2%		

Net sales decreased due to the following:

- Unfavorable currency translation primarily related to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar
- Volume decreases primarily in our light vehicle end-market

Partially offset by:

- Increases in average selling price in our light vehicle end-market, primarily in our North America and EMEA regions

Adjusted EBIT decreased due to the following:

- Higher raw materials costs across both end-markets and all regions
- Decreases in sales volumes across all regions in our light vehicle end-market
- Unfavorable currency translation primarily related to the weakening of the Euro, Chinese Renminbi and Brazilian Real compared to the U.S. dollar

Partially offset by:

- Increases in average selling price in our light vehicle end-market, primarily in our North America and EMEA regions
- Reductions in costs due to operational efficiencies associated with our cost savings initiatives

LIQUIDITY AND CAPITAL RESOURCES

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

At March 31, 2019, availability under the Revolving Credit Facility was \$356.1 million, net of \$43.9 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 Senior Notes. At March 31, 2019, we had \$16.7 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 \$3.8 million.

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

Cash Flows
Three months ended March 31, 2019 and 2018

(In millions)	Three months ended March 31,	
	2019	2018
Net cash provided by (used for):		
Operating activities:		
Net income	\$ 44.1	\$ 71.0
Depreciation and amortization	91.6	91.9
Amortization of deferred financing costs and original issue discount	2.2	1.9
Deferred income taxes	0.4	(4.9)
Realized and unrealized foreign exchange (gains) losses, net	0.9	(1.3)
Stock-based compensation	6.7	8.4
Loss on assets held for sale	5.2	—
Interest income on swaps designated as net investment hedges	(3.5)	—
Other non-cash, net	(0.3)	(5.3)
Net income adjusted for non-cash items	147.3	161.7
Changes in operating assets and liabilities	(205.2)	(182.7)
Operating activities	(57.9)	(21.0)
Investing activities	(18.8)	(117.7)
Financing activities	(101.8)	(41.2)
Effect of exchange rate changes on cash	0.8	10.3
Net decrease in cash and cash equivalents	\$ (177.7)	\$ (169.6)

Three months ended March 31, 2019
Net Cash Used for Operating Activities

Net cash used for operating activities for the three months ended March 31, 2019 was \$57.9 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of \$147.3 million. This was more than offset by net uses of working capital of \$205.2 million. The most significant drivers of the uses of working capital were increases in accounts receivable of \$90.4 million, prepaid expenses and other assets of \$60.5 million and inventories of \$22.2 million during the three months ended March 31, 2019, as well as a decrease in other accrued liabilities of \$69.2 million. These outflows were primarily driven by customer incentive payments and payments of normal seasonal operating activities, including interest payments on our long-term indebtedness and timing of cash payments for annual employee performance related benefits. Partially offsetting these outflows were increases in accounts payable of \$35.4 million.

Net Cash Used for Investing Activities

Net cash used for investing activities for the three months ended March 31, 2019 was \$18.8 million. The primary uses were for business acquisitions of \$1.7 million and purchases of property, plant and equipment of \$20.5 million.

Net Cash Used for Financing Activities

Net cash used for financing activities for the three months ended March 31, 2019 was \$101.8 million. This change was driven by payments of \$18.6 million on short-term and long-term borrowings, purchases of treasury stock totaling \$65.7 million, an investment in a non-controlling interest of \$26.9 million and dividends to noncontrolling interests. These payments were partially offset by cash received from stock option exercises of \$11.4 million.

Other Impacts on Cash

Currency exchange impacts on cash for the three months ended March 31, 2019 were favorable by \$0.8 million, which was driven primarily by the Chinese Renminbi.

Three months ended March 31, 2018

See Note 1 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for information related to the revisions of net cash used for investing and financing activities for the three months ended March 31, 2018.

Net Cash Used for Operating Activities

Net cash used for operating activities for the three months ended March 31, 2018 was \$21.0 million. Net income before deducting depreciation, amortization and other non-cash items generated cash of \$161.7 million. This was partially offset by net increases in working capital of \$182.7 million. The most significant drivers in working capital were increases in accounts receivable of \$52.3 million related to the seasonal timing of sales, and decreases in other accrued liabilities of \$87.0 million related to payments of normal seasonal operating activities, including interest payments on our long-term indebtedness and timing of cash payments for annual employee performance related benefits. In addition, there were increases in inventory of \$42.9 million to support ongoing operational demands.

Net Cash Used for Investing Activities

Net cash used for investing activities for the three months ended March 31, 2018 was \$117.7 million. This use was primarily comprised of acquisitions of \$78.2 million and purchases of property, plant and equipment of \$39.5 million.

Net Cash Used for Financing Activities

Net cash used for financing activities for the three months ended March 31, 2018 was \$41.2 million. This change was driven by repayments of short-term borrowings and quarterly principal payments on our term loans of \$9.3 million and \$6.9 million, respectively. Other payments include purchases of treasury stock of \$3.3 million, an investment in a non-controlling interest of \$26.9 million and dividends to non-controlling interests of \$1.0 million. Offsetting these payments was cash received from stock option exercises for \$6.2 million.

Other Impacts on Cash

Currency exchange impacts on cash for the three months ended March 31, 2018 were \$10.3 million, which was driven by favorable exchange impacts primarily from the Euro and Chinese Renminbi.

Financial Condition

We had cash and cash equivalents at March 31, 2019 and December 31, 2018 of \$501.1 million and \$693.6 million, respectively. Of these balances, \$365.1 million and \$417.1 million were maintained in non-U.S. jurisdictions as of March 31, 2019 and December 31, 2018, respectively, which excludes cash in assets held for sale of \$7.3 million at March 31, 2019. 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 Senior Secured Credit Facilities. 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 saving initiatives, meet liquidity needs and fund necessary capital expenditures for the next twelve months.

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

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

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

(In millions)	March 31, 2019	December 31, 2018
2024 Dollar Term Loans	\$ 2,405.7	\$ 2,411.8
2024 Dollar Senior Notes	500.0	500.0
2024 Euro Senior Notes	376.9	383.3
2025 Euro Senior Notes	506.3	514.9
Short-term and other borrowings	111.4	103.8
Unamortized original issue discount	(12.1)	(12.6)
Unamortized deferred financing costs	(35.7)	(37.2)
	<u>\$ 3,852.5</u>	<u>\$ 3,864.0</u>
Less:		
Short-term borrowings	\$ 19.2	\$ 17.9
Current portion of long-term borrowings	24.3	24.3
Long-term debt	<u>\$ 3,809.0</u>	<u>\$ 3,821.8</u>

Our indebtedness, including the Senior Secured Credit Facilities and Senior Notes, is more fully described in Note 16 to the 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 \$356.1 million and \$355.2 million at March 31, 2019 and December 31, 2018, 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 Senior Notes.

In April 2018, we entered into 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.

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 1.44%, which matures in 2023. The combined effect of the refinancing and the swaps are expected to result in annual cash interest savings of approximately \$14.0 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, 2018. There have been no material changes in the Company's contractual obligations since December 31, 2018.

Off-Balance Sheet Arrangements

See Note 6 "Commitments and Contingencies" to the 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 1 "Basis of Presentation and Summary of Significant Accounting Policies" to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for a summary of recent accounting guidance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies are those accounting policies that can have a significant impact on the presentation of our financial condition and results of operations, and that require the use of complex and subjective estimates based upon past experience and management's judgment. Because of the uncertainty inherent in such estimates, actual results may differ materially from these estimates. The policies applied in preparing our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q are those that management believes are the most dependent on estimates and assumptions. There have been no material changes to our critical accounting policies and estimates previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018. 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 1 - Basis of Presentation and Summary of Significant Accounting Policies" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

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, 2018.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of disclosure controls and procedures

As required by Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (the "Exchange Act"), the Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Exchange Act) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2019.

Changes in internal control over financial reporting

There were no other changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting, except with regard to the implementation of ASU 2016-02 "Leases" (See Note 1 to the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q for additional information).

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, 2018.

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 its share repurchase program for the three months ended March 31, 2019:

(in thousands, except per share data)

<u>Month</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Programs ¹</u>	<u>Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Share Repurchase Agreement ¹</u>
January 2019	—	\$ —	—	\$ 366,455.5
February 2019	1,916.3	26.11	1,916.3	316,417.2
March 2019	631.2	24.93	631.2	300,682.7
Total	2,547.5	\$ 25.82	2,547.5	\$ 300,682.7

¹ Shares were repurchased through the \$675.0 million share repurchase program announced in March 2017. We repurchased \$65.8 million of our common shares during the three months ended March 31, 2019 and \$308.5 million in prior periods. At March 31, 2019, the Company had remaining authorization to repurchase \$300.7 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
10.58	Form of Performance Share Unit Agreement for U.S. Employees
10.59	Form of Performance Share Unit Agreement for Non - U.S. Employees
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1††	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2††	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101†	INS - XBRL Instance Document. The document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document
101†	SCH - XBRL Taxonomy Extension Schema Document
101†	CAL - XBRL Taxonomy Extension Calculation Linkbase Document
101†	DEF - XBRL Taxonomy Extension Definition Linkbase Document
101†	LAB - XBRL Taxonomy Extension Label Linkbase Document
101†	PRE - XBRL Taxonomy Extension Presentation Linkbase Document
†	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: April 25, 2019

By: /s/ Robert W. Bryant

Robert W. Bryant
Chief Executive Officer and President
(Principal Executive Officer)

Date: April 25, 2019

By: /s/ Sean M. Lannon

Sean M. Lannon
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

**AXALTA COATING SYSTEMS LTD.
AMENDED AND RESTATED 2014 INCENTIVE AWARD PLAN**

PERFORMANCE SHARE UNIT GRANT NOTICE

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the “Company”), pursuant to its Amended and Restated 2014 Incentive Award Plan, as amended from time to time (the “Plan”), hereby grants to the holder listed below (“Participant”) the number of performance share units (the “PSUs”) set forth below. The PSUs are subject to the performance criteria and other terms and conditions set forth in this Performance Share Unit Grant Notice (the “Grant Notice”) and the Performance Share Unit Agreement attached hereto as Exhibit A, including Appendix 1 (Vesting) and Appendix 2 (Confidentiality and Business Protection Agreement) thereto (the “Agreement”) and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in the Grant Notice and the Agreement.

Participant:

Grant Date:

[____]

Target Number of PSUs (the “Target PSUs”):

Notwithstanding the number of Target PSUs, the number of PSUs that are eligible to vest pursuant to this Agreement range from zero to 200% of the Target PSUs.

Type of Shares Issuable:

Common Stock

Vesting Schedule:

The PSUs will vest in accordance with the vesting schedule set forth in Appendix 1.

By Participant’s signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

AXALTA COATING SYSTEMS LTD. HOLDER:

PARTICIPANT

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____

**EXHIBIT A
TO PERFORMANCE SHARE UNIT GRANT NOTICE**

PERFORMANCE SHARE UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the Target PSUs set forth in the Grant Notice. The actual number of PSUs that are eligible to vest pursuant to this Agreement range from zero to 200% of the Target PSUs based upon performance metrics set forth on Appendix 1 during the Performance Period and subject to forfeiture, in each case, as set forth in Article II below and the terms of the Plan.

ARTICLE I.

GENERAL

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

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

ARTICLE II.

AWARD OF PERFORMANCE SHARE UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of PSUs and Dividend Equivalents.

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

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

2.2 Vesting of PSUs and Dividend Equivalents.

(a) *Vesting Schedule.* Subject to Sections 2.2(b) and (c) below and subject to the terms of this Agreement, the PSUs shall vest, if at all, in amounts up to 200% of the Target PSUs (the "Maximum PSUs") on the Determination Date, in accordance with the vesting schedule set forth in Appendix 1.

(b) *Effect of Termination of Service.* Notwithstanding any contrary provision of this Agreement, except as otherwise provided in Section 2.2(c)(i)(A), upon Participant's Termination of Service prior to the date the PSUs are determined to vest pursuant to this Agreement, any and all PSUs and Dividend Equivalents shall immediately be forfeited and Participant's rights with respect thereto shall lapse and expire; provided that in the event of Participant's Termination of Service prior to the date the PSUs are determined to vest (i) by the Company by reason of Participant's Disability or (ii) by reason of death, the Target PSUs (or if such Termination of Service occurs after a Change in Control, then the number of PSUs determined pursuant to Section 2.3(c)(i)) and related Dividend Equivalents shall immediately vest in full and be settled in accordance with Section 2.3(a).

(c) *Change in Control.*

(i) Notwithstanding any contrary provision of this Agreement, in the event of a Change in Control prior to the end of the Performance Period, the number of PSUs determined to vest pursuant to the Change in Control section of Appendix 1 shall vest on December 31, 2021, subject to the Participant not incurring a Termination of Service prior to such date; provided, that, subject to clause (c)(ii) below, such unvested PSUs shall immediately vest and be settled in accordance with Section 2.3(a) (A) in the event of Participant's Termination of Service by the Company without Cause or by Participant for Good Reason, in each case, within two (2) years after the Change in Control, (B) immediately prior to (and subject to the consummation of) the Change in Control in the event the successor corporation (or any of its parent entities) does not assume or substitute the unvested PSUs for equivalent rights in connection with such Change in Control, or (C) in the event of Participant's Termination of Service by the Company by reason of Participant's Disability or by reason of death as provided in Section 2.2(b).

(ii) As a condition to any accelerated vesting of the PSUs as set forth in Section 2.2(c)(i)(A) above, Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

(d) *Lapse of PSUs.*

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

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

2.3 Distribution or Payment of PSUs.

(a) Participant's PSUs shall be distributed in Shares (either in book-entry form or otherwise) or, at the option of the Company, paid in an amount of cash as set forth in Section 2.3(b), in either case, as soon as administratively practicable following the vesting of the applicable PSU pursuant to

Section 2.2, and, in any event, within sixty (60) days following such vesting. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of PSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A of the Code.

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

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (D) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

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

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by law to be withheld with respect to any taxable event arising pursuant to this Agreement. Unless the Participant makes an advance election pursuant to this Section 2.5(a), the Company shall instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(a), including the transactions described in the previous sentence, as applicable. Alternatively, Participant may elect to such tax withholding obligations in one or more of the forms specified below, provided such election is made in accordance with any advance notice requirements that the Company may establish for this purpose:

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

(ii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes (or, if the Administrator determines that it would be consistent with Applicable Law and would not result in adverse accounting consequences, such greater amount as the Administrator may designate, up to the maximum statutory withholding rate);

(iii) with respect to any withholding taxes arising in connection with the distribution of the PSUs, unless otherwise determined by the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Company and its Subsidiaries based on the minimum applicable statutory withholding rates for federal, state, local and foreign income tax and payroll tax purposes (or, if the Administrator determines that it would be consistent with Applicable Law and would not result in adverse accounting consequences, such greater amount as the Administrator may designate, up to the maximum statutory withholding rate); or

(iv) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the PSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a) above. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the PSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs or any other taxable event related to the PSUs. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing tax withholding obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(b) if such delay will result in a violation of Section 409A of the Code.

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

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

ARTICLE III.

OTHER PROVISIONS

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

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

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

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

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

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

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

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

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

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

3.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of the Company or any Subsidiary or shall interfere with or restrict in any way the rights of the Company and its

Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit or appendix hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof; provided, however, that (i) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, that provides greater vesting protection to Participant, then the PSUs shall be treated in accordance with the applicable terms of such agreement or policy; and (ii) if Participant is party to the Company's Executive Restrictive Covenant and Severance Agreement or other severance, non-compete, employment or similar agreement with the Company or any of its affiliates that includes the same or similar restrictive covenants as those in Appendix 2, then Appendix 2 shall not apply to Participant. For the avoidance of doubt, the Company's Restrictive Covenant and Severance Policy does not constitute an agreement with the same or similar covenants as Appendix 2.

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

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

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

3.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

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

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

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

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

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

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

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

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

(d) “Determination Date” means the date the Administrator determines the number of PSUs that shall vest pursuant to Section 2.2(a), which date shall be no later than February 28, 2022.

(e) “Disability” shall mean the following: (a) if Participant is a party to an employment, severance or similar agreement with the Company or any of its affiliates in which “disability ” or term of like import is defined, “Disability” or term of like import as defined in such agreement and (b) if no such agreement exists, at any time the Company or any of its affiliates sponsors a long-term disability plan for the Company’s employees, “disability” as defined in such long-term disability plan for the purpose of determining a participant’s eligibility for benefits, provided, however, if the long-term disability plan contains multiple definitions of disability, “Disability” shall refer to that definition of disability which, if Participant qualified for such disability benefits, would provide coverage for the longest period of time. The determination of whether Participant has a Disability shall be made by the person or persons required to make disability determinations under the long-term disability plan. At any time the Company does not sponsor a long-term disability plan for its employees, Disability shall mean Participant’s inability to perform, with or without reasonable accommodation, the essential functions of the Participant’s position for a total of three months during any six-month period as a result of incapacity due to mental or physical illness as determined by a physician selected by the Company or its insurers and acceptable to Participant or Participant’s legal representative, with such agreement as to acceptability not to be unreasonably withheld or delayed.

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

(g) “Performance Period” means the period beginning on January 1, 2019 and ending on December 31, 2021.

* * * * *

VESTING

ADJUSTED EPS PSU BANKING

1. If the Company achieves an Adjusted EPS between the “Threshold” and “Target” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 3.5% and 14% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
2. If the Company achieves an Adjusted EPS between the “Target” and “Maximum” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 14% and 28% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
3. If the Company achieves an Adjusted EPS greater than the “Maximum” amount in the table below for any fiscal year during the Performance Period, a number of PSUs equal to 28% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
4. If the Company achieves an Adjusted EPS between the “Threshold” and “Target” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 7% and 28% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
5. If the Company achieves an Adjusted EPS between the “Target” and “Maximum” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 28% and 56% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
6. If the Company achieves an Adjusted EPS greater than the “Maximum” amount in the table below for the cumulative Performance Period, a number of PSUs equal to 56% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”

<i>ADJUSTED EPS</i>	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Performance Period (cumulative 3-year)
Metric Target	\$1.39	\$1.48	\$1.63	\$4.55
Threshold (% of metric target)	\$1.251 (90%)	\$1.258 (85%)	\$1.304 (80%)	\$3.8675 (85%)
Target (% or metric target)	\$1.39 (100%)	\$1.48 (100%)	\$1.63 (100%)	\$4.55 (100%)
Maximum (% of metric target)	\$1.529 (110%)	\$1.702 (115%)	\$1.956 (120%)	\$5.2325 (115%)

ROIC PSU BANKING

1. If the Company achieves an ROIC between the “Threshold” and “Target” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 1.5% and 6% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
2. If the Company achieves an ROIC between the “Target” and “Maximum” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 6% and 12% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
3. If the Company achieves an ROIC greater than the “Maximum” amount in the table below for any fiscal year during the Performance Period, a number of PSUs equal to 12% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
4. If the Company achieves an ROIC between the “Threshold” and “Target” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 3% and 12% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
5. If the Company achieves an ROIC between the “Target” and “Maximum” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 12% and 24% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
6. If the Company achieves an ROIC greater than the “Maximum” amount in the table below for the cumulative Performance Period, a number of PSUs equal to 24% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”

<i>ROIC</i>	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Performance Period (cumulative 3-year)
Metric Target	13.5%	14.2%	15.3%	14.4%
Threshold	12.15%	12.07%	12.24%	12.24%

(% of metric target)	(90%)	(85%)	(80%)	(85%)
Target (% or metric target)	13.5% (100%)	14.2% (100%)	15.3% (100%)	14.4% (100%)
Maximum (% of metric target)	14.85% (110%)	16.33% (115%)	18.36% (120%)	16.56% (115%)

TSR MODIFIER

1. If the Company achieves a TSR over the Performance Period that is at or below the 25th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 75% of the Banked PSUs shall vest.
2. If the Company achieves a TSR over the Performance Period that is between the 25th percentile and 75th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 100% of the Banked PSUs shall vest.
3. If the Company achieves a TSR over the Performance Period that is at or above the 75th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to the lesser of (i) 125% of the Banked PSUs or (ii) the Maximum PSUs, shall vest.

CHANGE IN CONTROL

In the event of a Change in Control prior to the end of the Performance Period, the number of PSUs determined to vest shall be equal to (A) the number of Banked PSUs, if any, plus (B) 100%, 80% or 60% of the Target PSUs if the Change in Control occurs during fiscal year 2019, 2020 or 2021, respectively.

DEFINITIONS

For purposes of this Appendix 1, the following definitions shall apply to capitalized terms not defined in the Performance Share Unit Grant Notice or the Performance Share Unit Agreement:

(a) "Adjusted EPS" means the diluted earnings per share of the Company, adjusted for (i) certain non-cash items included within net income, (ii) certain items not indicative of ongoing operating performance or (iii) certain nonrecurring, unusual or infrequent items that have not occurred within the last two years or are not reasonably likely to recur within the next two years, each as determined by the Committee and subject to certain other adjustments made in the Committee's discretion.

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

(c) "Beginning Average Market Value" means the Average Market Value as of December 31, 2018.

(d) "Ending Average Market Value" means the Average Market Value as of December 31, 2021; provided, that, in the event a Change in Control occurs during the Performance Period, "Ending Average Market Value" means the Average Market Value as of the Change in Control Determination Date.

(e) "Peer Group" shall consist of the companies included in the S&P 500 index as of January 1, 2019; *provided, however*, that if a member of the Peer Group ceases to be a Publicly Traded Company for any reason during the Performance Period or is acquired by another Publicly Traded Company (other than a transaction the principal purpose of which is to change the name, corporate form or jurisdiction of incorporation or formation of the Peer Group member), the member shall be automatically removed from and treated as never having been included in the Peer Group.

(f) "Performance Period" means the period beginning on January 1, 2019 and ending on December 31, 2021.

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

(h) "ROIC" means the return on invested capital of the Company, calculated as a fraction using (i) a numerator of adjusted earnings before interest and taxes (Adjusted EBIT) and (ii) a denominator of debt plus equity less cash (Invested Capital), each as determined by the Committee and subject to certain adjustments made in the Committee's discretion.

"TSR" means the percentage appreciation (positive or negative) in the Common Stock price (or common stock price of a member of the Peer Group, as applicable) over the Performance Period, determined by dividing (i) the difference obtained by subtracting (A) the Beginning Average Market Value, from (B) the Ending Average Market Value plus all cash dividends for the Performance Period, assuming same-day reinvestment into Common Stock (or common stock of the applicable member of the Peer Group) on the applicable ex-dividend date, by (ii) the Beginning Average Market Value. TSR shall be equitably adjusted to reflect stock dividends, stock-splits, spin-offs, and other corporate changes having similar effect. The Committee may adjust the Company's TSR to take into account unusual or nonrecurring events, including unusual and extraordinary corporate transactions, events or developments, events outside the scope of the Company's core business activities or any other items set forth in the performance criteria adjustment provisions of the Plan.

**APPENDIX 2
TO PERFORMANCE SHARE UNIT AGREEMENT**

CONFIDENTIALITY AND BUSINESS PROTECTION AGREEMENT

Capitalized terms used but not defined in this Appendix 2 shall have the respective meanings ascribed to such terms in the Agreement, the Grant Notice or the Plan, as applicable.

WHEREAS, the Company operates in a highly competitive business environment and has a legitimate interest in protecting its valuable assets, including its confidential information, trade secrets, and intellectual property; its goodwill and reputation; the business relationships it has developed with its clients and vendors; and the training and development of its employees;

WHEREAS, Participant's employment and responsibilities with the Company have permitted and will in the future permit Participant to have access to competitively sensitive and highly confidential business information and trade secrets of the Company and to derive and enjoy the benefit of the Company's relationships with its customers and business partners, which have been developed by the Company's employees and/or or as a result of the innovative products and technologies that the Company has brought or will bring to its customers ("Goodwill");

WHEREAS, the Company's customers are located across the United States and around the world; the market for the Company's products, processes, and services is national and international in scope; the Company sells and markets the same or similar products, processes, and services across state and national boundaries; and the Company's market expands or contracts over time based on the growth of the Company's business and the demand for the Company's products, processes, and services;

WHEREAS, the Company desires to ensure that its confidential information, trade secrets, intellectual property, goodwill, reputation, business relationships, and investment in training and developing employees are adequately protected and are not used or disclosed without proper authorization by the Company; and

WHEREAS, Participant's eligibility to receive the PSUs is conditioned upon Participant's timely acceptance of the obligations and other terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of Participant's eligibility for the PSUs, and as a condition of Participant's continued access to the Company's confidential information and trade secrets and the benefit of the Company's Goodwill and customer relationships, the Company and Participant agree as follows:

1. Access to Confidential Information. In the course of Participant's employment, the Company will provide Participant with access to certain Confidential Information, which is not in the public domain, is highly valuable and competitively sensitive and which, if acquired by the Company's competitors, would cause irreparable harm to the Company. As used in this Agreement, "Confidential Information" means all information that Participant acquires from the Company which is not publicly known outside of the Company, and which concerns any of the following: the methods, processes, or know-how used or developed by the Company to design, manufacture, distribute, market, or sell its products, processes, or services; the research, development, or design of the Company's products or processes; the Company's plans or strategies for sales, marketing, or distribution; the Company's supply and distribution processes or arrangements; research initiatives or projects; results of tests or experiments; information on financial performance, pricing, margins, or profits or production, labor, or other costs; market or sales data; existing or planned merger, acquisition, or divestiture activities; proposals or terms of contracts with customers, suppliers, distributors, or others; the identity and skills of other the Company employees; and information provided to the Company by its customers, suppliers, or third parties pursuant to a confidentiality obligation or an expectation of confidentiality.

2. Covenants to Protect Confidential Information. Participant covenants, promises, and agrees that she/he will not, directly or indirectly, use Confidential Information (or cause or permit it to be used) for any purpose other than the good-faith performance of her/his duties as a Company employee. In addition, subject to the Permitted Disclosures referenced below, Participant covenants, promises, and agrees that she/he will not, directly or indirectly, disclose Confidential Information (or cause or permit it to be disclosed) to any individual or person other than employees, consultants, contractors, suppliers, vendors, or teammates authorized by the Company to receive such information and having a need to know such information in connection with the good-faith support of the Company's business activities. Participant further covenants, promises, and agrees (a) not to remove from the Company's premises (including the Company's computer systems, servers, and networks) any Confidential Information in any form, except as required in the performance of his or her duties as an the Company employee, and (b) to return to the Company any and all records containing Confidential Information immediately upon termination of the employment relationship between Participant and the Company. Furthermore, Participant covenants, promises, and agrees not to accept employment with any employer that manufactures, markets, or sells products, processes, or services that are similar to or competitive with products, processes, or services manufactured, marketed, or sold by the Company, where such employment would involve duties the performance of which would inevitably cause Participant to use or disclose Confidential Information of the Company for the benefit of a third party in violation of this Agreement. The covenants and promises set forth in this section shall continue both during and after Participant's employment with the Company and, notwithstanding any other provision of this Agreement, in all cases shall be subject to the Permitted Disclosures referenced below.

3. Covenant to Protect Goodwill and Customer Relationships. Participant acknowledges that the Goodwill of the Company shall belong to the Company and not be used for the benefit of Participant, a future employer, or any other third party. In recognition of the value and importance of the Goodwill to the Company, Participant covenants, promises, and agrees that, during the Restricted Period (as defined below), Participant will refrain from directly or indirectly soliciting or attempting to solicit business from a Customer or a Prospective Customer, where a purpose of such solicitation is to induce the Customer or Prospective Customer to reduce or alter its business relationship with the Company or to purchase or acquire from a third party any product, process, or service that is competitive with any product, process, or service that the Company offers to its customers. As used in this Agreement, the Restricted Period shall

consist of the continuous period of twelve (12) consecutive months immediately following the Participant's separation from service with the Company, provided, however, that this twelve (12)-month period may be extended by any period of Participant's noncompliance with the covenants and promises set forth in this Agreement.

4. Covenant Not to Solicit Employees. In recognition of the Company's investment in recruiting, training, and developing its employees, Participant covenants, promises, and agrees that, during employment by the Company and during the Restricted Period, she/he shall not solicit or encourage any employee of the Company to resign from or cease employment with the Company, or to accept a position as an employee or consultant for any other entity or person that manufactures, sells, or markets products, processes, or services that are similar to or competitive with products, processes, or services manufactured, sold, or marketed by the Company. This Section 4 does not apply to the solicitation of any Company employee who is not employed by the Company until after the date on which Participant's Termination of Service occurs.

5. Covenants Not to Compete.

a. Establishment or Leadership of a Competitive Business. During Participant's employment with the Company, and during the Restricted Period, Participant covenants, promises, and agrees that she/he shall not, within the Geographic Territory, either (i) directly or indirectly own, establish, or control (other than through ownership of less than two percent (2%) of the shares of publicly traded stock) or (ii) serve as an officer, director, principal, or partner of a business that manufactures, develops, markets, or sells products, processes, or services that are similar to or competitive with the products, processes, or services that are manufactured, marketed, sold, or being developed by the Company during the final twenty-four (24) months of Participant's employment with the Company. As used herein, the "Geographic Territory" is defined to include all states of the United States in which the Company manufactures, distributes, sells, or markets its products, processes, or services during the twenty-four (24) months immediately preceding the start of the Restricted Period, and all countries in which the Company manufactures, distributes, sells, or markets its products, processes, or services during the twenty-four (24) months immediately preceding the start of the Restricted Period. The Geographic Territory does not include any state or country in which the Company does not maintain operations or commence sales or marketing until after the start of the Restricted Period.

b. Prohibited Positions with Competitors. During Participant's employment with the Company and during the Restricted Period, Participant covenants, promises, and agrees that she/he shall not directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company. The term "Business" refers to the business of the Company and shall include the manufacturing and sale of automotive and industrial paints, coatings and related products, as such business may be expanded or altered by the Company during the term of the Participant's employment with the Company. This Agreement shall not be construed to bar any attorney from engaging in the practice of law as an attorney for any third party; provided that he or she otherwise complies with his or her obligations under this Agreement and under the applicable rules of professional conduct.

6. Nature and Timing of Separation. The obligations set forth in this Agreement shall apply regardless of the voluntary or involuntary nature of the termination of the employment relationship between the Company and Participant, the duration of that relationship, or any other circumstances under which the relationship terminates.

7. Injunctive Relief. Participant specifically acknowledges and agrees that Participant's violation of any obligation under the preceding sections of this Agreement will cause irreparable harm to the Company's legitimate business interests, and that such harm cannot be measured by any specific amount of money or adequately remedied by the award of any sum of monetary damages. Therefore, Participant specifically agrees and understands that the Company will be entitled to specific performance and injunctive and other equitable relief in case of any breach or attempted breach of the preceding sections and agrees not to assert as a defense that the Company has an adequate remedy at law. Any injunctive relief shall be in addition to, and not in lieu of, any other remedies available to the Company.

8. Conformance and Severability. It is the intent of the Parties that each of the covenants and promises set forth above is divisible and severable from the other covenants and promises in those sections. The Parties further intend that this Agreement be enforceable to the maximum extent possible and that, if a court of competent jurisdiction determines that any term or clause renders some or all of this Agreement invalid or unenforceable, then, such term or clause should be modified to the extent necessary to make the Agreement legal and enforceable while preserving as much as possible of the intent of such term or clause. Where a court of competent jurisdiction determines that any term or clause renders some or all of this Agreement invalid or unenforceable, and such modification is not feasible, it is the intent of the Parties that the offending term or clause should be substituted with another term or clause that is enforceable and most nearly achieves the same objectives. Where a court determines that neither modification nor substitution of such term or clause is feasible under the circumstances, only then shall the offending term or clause be severed and stricken from the Agreement, but only to the extent that the term or clause is invalid or unenforceable, and the remaining provisions of the Agreement shall be enforced in accordance with their terms and entitled to full force and effect.

9. Permitted Disclosures. Notwithstanding any other provision of this Agreement, Participant will not be held civilly or criminally liable under any federal or state trade secret law for disclosing a trade secret of the Company in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney representing or advising Participant concerning such disclosure, if the disclosure (a) is made solely for the purpose of reporting or investigating a suspected violation of law or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. In addition, if Participant files a lawsuit against the Company for retaliation for reporting a suspected violation of law, Participant may disclose trade secrets of the Company to the attorney representing him/her and may use the trade secret information in the court proceeding, only if any document containing the trade secret is filed under seal, and Participant does not disclose the trade secret except as specifically directed or authorized by a court order. In addition, nothing in this Agreement should be construed (i) to impede or interfere with Participant's right to respond truthfully and completely to any request for information regarding the Company's activities where disclosure is required by legal process, or (ii) to prevent Participant from communicating directly with, responding to any inquiry from, or providing truthful testimony or information to, any regulatory or law enforcement agency of the United States, the U.S. Congress, an Inspector General, or a state government agency in the course of a lawful investigation or proceeding. Participant is not required to contact the Company as a precondition to any of the foregoing, provided, however, that Participant cannot, without the written approval of the Company's General Counsel, disclose the substance of communications between the Company personnel and the Company's legal counsel which are protected by the Company's attorney-client privilege.

10. General.

a. With the exception of modification or substitution of terms by a court of competent jurisdiction under the Conformance and Severability section above, no modification or waiver of any provision of this Agreement shall be valid unless in writing signed by both Parties and specifically referring to this Agreement by name.

b. Participant acknowledges that the services to be rendered by Participant are personal and that Participant may not assign any of her/his duties or obligations under this Agreement. The Company may assign the Agreement to any successor or transferee. This Agreement shall be valid and binding upon all heirs, successors and assigns of the Parties.

c. No delay or omission in enforcing any provision of this Agreement or in exercising any right or remedy set forth in this Agreement shall operate as a waiver of any right or remedy or preclude enforcement or specific performance of such provision or the exercise of any right or remedy.

d. The Parties acknowledge that they have each read this Agreement in its entirety, understand it, agree to be bound by its terms and conditions, and intend that the Agreement be interpreted as if drafted equally by both Parties.

e. Participant agrees that the Company may, in its sole discretion, share all or part of this Agreement with any future or prospective employer to the extent reasonably necessary to ensure Participant's compliance. In addition, Participant agrees to provide the Company, upon its request, with the name, address, and contact information of any new employer or third party whose relationship with Participant may violate the provisions of this Agreement.

**AXALTA COATING SYSTEMS LTD.
AMENDED AND RESTATED 2014 INCENTIVE AWARD PLAN**

PERFORMANCE SHARE UNIT GRANT NOTICE

Axalta Coating Systems Ltd., a Bermuda exempted limited liability company (the "Company"), pursuant to its Amended and Restated 2014 Incentive Award Plan, as amended from time to time (the "Plan"), hereby grants to the holder listed below ("Participant") the number of performance share units (the "PSUs") set forth below. The PSUs are subject to the performance criteria and other terms and conditions set forth in this Performance Share Unit Grant Notice (the "Grant Notice") and the Performance Share Unit Agreement attached hereto as Exhibit A, including Appendix 1 (Vesting), Appendix 2 (Confidentiality and Business Protection Agreement) and Appendix 3 (Country-Specific Terms and Conditions) thereto (the "Agreement") and the Plan, which are incorporated herein by reference. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in the Grant Notice and the Agreement.

Participant:

Grant Date:

[____]

Target Number of PSUs (the "Target PSUs"):

Notwithstanding the number of Target PSUs, the number of PSUs that are eligible to vest pursuant to this Agreement range from zero to 200% of the Target PSUs.

Type of Shares Issuable:

Common Stock

Vesting Schedule:

The PSUs will vest in accordance with the vesting schedule set forth in Appendix 1.

By Participant's signature below, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice. Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice or the Agreement.

AXALTA COATING SYSTEMS LTD. HOLDER:

PARTICIPANT

By: _____
Print Name: _____
Title: _____

By: _____
Print Name: _____

**EXHIBIT A
TO PERFORMANCE SHARE UNIT GRANT NOTICE**

PERFORMANCE SHARE UNIT AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the Target PSUs set forth in the Grant Notice. The actual number of PSUs that are eligible to vest pursuant to this Agreement range from zero to 200% of the Target PSUs based upon performance metrics set forth on Appendix 1 during the Performance Period and subject to forfeiture, in each case, as set forth in Article II below and the terms of the Plan.

ARTICLE I.

GENERAL

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

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

ARTICLE II.

AWARD OF PERFORMANCE SHARE UNITS AND DIVIDEND EQUIVALENTS

2.1 Award of PSUs and Dividend Equivalents.

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

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

2.2 Vesting of PSUs and Dividend Equivalents.

(a) *Vesting Schedule.* Subject to Sections 2.2(b) and (c) below and subject to the terms of this Agreement, the PSUs shall vest, if at all, in amounts up to 200% of the Target PSUs (the "Maximum PSUs") on the Determination Date, in accordance with the vesting schedule set forth in Appendix 1.

(b) *Effect of Termination of Service.* Notwithstanding any contrary provision of this Agreement, except as otherwise provided in Section 2.2(c)(i)(A), upon Participant's Termination of Service prior to the date the PSUs are determined to vest pursuant to this Agreement, any and all PSUs and Dividend Equivalents shall immediately be forfeited and Participant's rights with respect thereto shall lapse and expire; provided that in the event of Participant's Termination of Service, prior to the date the PSUs are determined to vest, by reason of death, the Target PSUs (or if such Termination of Service occurs after a Change in Control, then the number of PSUs determined pursuant to Section 2.3(c)(i)) and related Dividend Equivalents shall immediately vest in full and be settled in accordance with Section 2.3(a).

(c) *Change in Control.*

(i) Notwithstanding any contrary provision of this Agreement, in the event of a Change in Control prior to the end of the Performance Period, the number of PSUs determined to vest pursuant to the Change in Control section of Appendix 1 shall vest on December 31, 2021, subject to the Participant not incurring a Termination of Service prior to such date; provided, that, subject to clause (c)(ii) below, such unvested PSUs shall immediately vest and be settled in accordance with Section 2.3(a) (A) in the event of Participant's Termination of Service by the Company without Cause or by Participant for Good Reason, in each case, within two (2) years after the Change in Control, (B) immediately prior to (and subject to the consummation of) the Change in Control in the event the successor corporation (or any of its parent entities) does not assume or substitute the unvested PSUs for equivalent rights in connection with such Change in Control, or (C) in the event of Participant's Termination of Service by reason of death as provided in Section 2.2(b).

(ii) As a condition to any accelerated vesting of the PSUs as set forth in Section 2.2(c)(i)(A) above, Participant shall, within the thirty (30) day period following the date of Participant's Termination of Service, execute and not revoke a general release of all claims, including all known and unknown and current and potential claims, in favor of the Company and its affiliates in either (A) a form provided to Participant by the Company or (B) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, the form of release of claims applicable to Participant under such agreement or policy.

(d) *Lapse of PSUs.*

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

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

(e) For purposes of this Agreement and the Grant Notice, Participant's Termination of Service will be deemed to occur on the date that Participant ceases to be actively employed by or actively provide services to the Company or its Subsidiaries (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or in service or the terms of Participant's contract of employment if any) and Participant's right to vest in the PSUs will terminate as of such date and will not be extended by any notice

period mandated or implied under local law or any period during or for which Participant receives pay in lieu of notice or severance pay. The Company shall have the sole discretion to determine when Participant is no longer actively employed or providing services for purposes of this Agreement, without reference to any other agreement, written or oral, including Participant's contract of employment.

2.3 Distribution or Payment of PSUs.

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

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

2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares prior to the fulfillment of all of the following conditions: (A) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (B) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (C) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (D) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Company or its Subsidiary with respect to which the applicable withholding obligation arises.

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

(a) Participant shall be required to remit to the Company or the applicable Subsidiary, an amount sufficient to satisfy any applicable income tax, employment tax, social insurance, social security, payroll tax, contributions, payment on account obligations or other amounts required by law to be withheld, collected or accounted for with respect to any taxable event arising pursuant to this Agreement ("Taxes"). Unless the Participant makes an advance election pursuant to this Section 2.5(a), the Company shall instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those Shares then issuable to Participant pursuant to the PSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the Tax obligation and to remit the proceeds of such sale to the Company or the Subsidiary with respect to which the obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(a), including the transactions described in the previous sentence, as applicable. Alternatively, Participant may elect to such Tax obligations in one or more of the forms specified below, provided such election is made in accordance with any advance notice requirements that the Company may establish for this purpose:

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

(ii) with respect to any Taxes arising in connection with the distribution of the PSUs, unless otherwise determined by the Administrator, by requesting that the Company and its Subsidiaries withhold a net number of vested Shares otherwise issuable pursuant to the PSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the obligation of the Company and its Subsidiaries with respect to Taxes based on the minimum applicable statutory rates for Taxes (or, if the Administrator determines that it would be consistent with Applicable Law and would not result in adverse accounting consequences, such greater amount as the Administrator may designate, up to the maximum statutory rate);

(iii) with respect to any Taxes arising in connection with the distribution of the PSUs, unless otherwise determined by the Administrator, by tendering to the Company vested Shares having a then current Fair Market Value not exceeding the amount necessary to satisfy the obligation of the Company and its Subsidiaries with respect to Taxes based on the minimum applicable statutory rates for Taxes (or, if the Administrator determines that it would be consistent with Applicable Law and would not result in adverse accounting consequences, such greater amount as the Administrator may designate, up to the maximum statutory rate); or

(iv) in any combination of the foregoing.

(b) With respect to any Taxes arising in connection with the PSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to (i) deduct such amounts from other compensation payable to Participant and/or (ii) treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a) above. The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the PSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all Taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the PSUs or any other taxable event related to the PSUs. The Company may refuse to issue any Shares in settlement of the PSUs to Participant until the foregoing Tax obligations are satisfied, *provided* that no payment shall be delayed under this Section 2.5(b) if such delay will result in a violation of Section 409A of the Code.

(c) Regardless of any action the Company and/or any Subsidiary takes with respect to any or all Taxes, Participant acknowledges that (i) the ultimate liability for all Taxes is and remains Participant's responsibility and (ii) such Taxes may exceed the amount actually withheld or accounted for by the Company or the applicable Subsidiary. Participant further acknowledges that the Company (and its Subsidiaries) (i) make no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of the PSUs, including the grant, vesting or settlement of the PSUs, and the subsequent sale of any Shares acquired at settlement; and (ii) do not commit to structure the terms of the grant or any aspect of the PSUs to reduce or eliminate Participant's liability for Taxes. Further, if Participant is subject to Taxes in more than one jurisdiction between the Grant Date and the date of any relevant taxable or tax withholding event, as applicable, Participant acknowledges that the Company and/or the applicable Subsidiary (including any Subsidiary previously employing or retaining Participant, as applicable) may be required to withhold or account for Taxes in more than one jurisdiction.

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

ARTICLE III.

OTHER PROVISIONS

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

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

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

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

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

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

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

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

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

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

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

3.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit or appendix hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof; provided, however, that (i) if Participant is party to a severance or employment agreement with the Company or any of its affiliates or is a participant in a severance policy of the Company or any of its affiliates, in either case, that provides greater vesting protection to Participant, then the PSUs shall be treated in accordance with the applicable terms of such agreement or policy; and (ii) if Participant is party to the Company's Executive Restrictive Covenant and Severance Agreement or other severance, non-compete, employment or similar agreement with the Company or any of its affiliates that includes the same or similar restrictive covenants as those in Appendix 2, then Appendix 2 shall not apply to Participant. For the avoidance of doubt, the Company's Restrictive Covenant and Severance Policy does not constitute an agreement with the same or similar covenants as Appendix 2.

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

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

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

3.16 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

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

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

(a) "Cause" means any of the following: (i) if Participant is a party to a written employment or severance agreement with the Company or any of its Subsidiaries in which the term "cause" is defined (a "Relevant Agreement"), "Cause" as defined in the Relevant Agreement and (ii) if no Relevant Agreement exists, (A) Participant's failure to (x) substantially perform his or her duties with the Company (other than any such failure resulting from Participant's disability) or (y) comply with, in any material respect, any of the Company's policies; (B) the Company's determination that Participant failed in any material respect to carry out or comply with any lawful and reasonable directive of the Board; (C) Participant's breach of a material provision of this Agreement or any Relevant Agreement; (D) Participant's conviction, plea of no contest, plea of nolo contendere, or imposition of unadjudicated probation for any felony or crime involving moral turpitude; (E) Participant's unlawful use (including being under the influence) or possession of illegal drugs on the Company's (or any of its affiliate's) premises or while performing Participant's duties and responsibilities for the Company; or (F) Participant's commission of an act of fraud, embezzlement, misappropriation, willful misconduct, or breach of fiduciary duty against the Company or any of its affiliates. Notwithstanding

the foregoing, in the case of clauses (A), (B) and (C) above, no Cause will have occurred unless and until the Company has: (a) provided Participant written notice describing the applicable facts and circumstances underlying such finding of Cause; and (b) provided Participant with an opportunity to cure the same within 30 days after the receipt of such notice; provided, however, that Participant shall be provided only one cure opportunity per category of Cause event in any rolling six (6) month period. If Participant fails to cure the same within such 30 days, then "Cause" shall be deemed to have occurred as of the expiration of the 30-day cure period.

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

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

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

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

(d) "Determination Date" means the date the Administrator determines the number of PSUs that shall vest pursuant to Section 2.2(a), which date shall be no later than February 28, 2022.

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

(f) "Performance Period" means the period beginning on January 1, 2019 and ending on December 31, 2021.

3.19 No Acquired Right. Participant acknowledges and agrees that:

(a) The Plan is established voluntarily by the Company, the grant of PSUs under the Plan is made at the discretion of the Administrator and the Plan may be modified, amended, suspended or terminated by the Company at any time. All decisions with respect to future awards, if any, will be at the sole discretion of the Administrator.

(b) The PSUs (and any similar awards the Company may in the future grant to Participant, even if such awards are made repeatedly or regularly, and regardless of their amount) and Shares acquired under the Plan, (A) are wholly discretionary and occasional, are not a term or condition of

employment and do not form part of a contract of employment, or any other working arrangement, between Participant and the Company or any Subsidiary; (B) do not create any contractual entitlement to receive future awards or benefits in lieu thereof; and (C) do not form part of regular or expected salary or remuneration for purposes of determining pension payments or any other purposes, including without limitation termination indemnities, severance, resignation, payment in lieu of notice, redundancy, end of service payments, bonuses, long-term service awards, pension or retirement benefits, welfare benefits or similar payments, except as otherwise required by the applicable law of any governmental entity to whose jurisdiction the award is subject.

(c) The PSUs and the Shares acquired under the Plan are not intended to replace any pension rights or compensation.

(d) Participant is voluntarily participating in the Plan.

(e) In the event that Participant's employer is not the Company, the grant of the PSUs and any similar awards the Company may grant in the future to Participant will not be interpreted to form an employment contract or relationship with the Company and, furthermore, the grant of this Award and any similar awards the Company may grant in the future to Participant will not be interpreted to form an employment contract with Participant's employer or any Subsidiary.

(f) The future value of the underlying Shares is unknown and cannot be predicted with certainty. Neither the Company nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the PSUs or the Shares.

(g) Participant shall have no rights, claim or entitlement to compensation or damages as a result of Participant's Termination of Service for any reason whatsoever, whether or not later found to be invalid or in breach of contract or local labor law, insofar as these rights, claim or entitlement arise or may arise from Participant's ceasing to have rights under the PSUs as a result of such cessation or loss or diminution in value of the PSUs or any of the Shares issuable under the PSUs as a result of such cessation, and Participant irrevocably releases his or her employer, the Company and its Subsidiaries, as applicable, from any such rights, entitlement or claim that may arise. If, notwithstanding the foregoing, any such right or claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, Participant shall be deemed to have irrevocably waived his or her entitlement to pursue such rights or claim.

3.20 **Data Protection.**

(a) **In order to facilitate Participant's participation in the Plan and the administration of the PSUs, it will be necessary for the Company (or its Subsidiaries or payroll administrators) to collect, hold and process certain personal information and sensitive personal information about Participant (including, without limitation, Participant's name, home address, telephone number, date of birth, nationality, social insurance or other identification number and job title and details of the PSUs and other awards granted, cancelled, exercised, vested, unvested or outstanding and Shares held by Participant). Participant consents explicitly, willingly, and unambiguously to the Company (and its Subsidiaries and payroll administrators) collecting, holding and processing Participant's personal data and transferring this data (in electronic or other form) by and among, as applicable, Participant's employer, the Company and its Subsidiaries and other third parties (collectively, the "Data Recipients") insofar as is reasonably necessary to implement, administer and manage the Plan and the PSUs. Participant authorizes the Data Recipients to receive, possess, use, retain and transfer the data for the purposes of implementing, administering and managing the Plan and the PSUs. Participant understands that the data will be transferred to UBS Financial Services Inc., or such other broker or third party as may be selected by the Company in the future which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the Data Recipients may be located in the United States or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country.**

(b) **The Data Recipients will treat Participant's personal data as private and confidential and will not disclose such data for purposes other than the management and administration of the Plan and the PSUs and will take reasonable measures to keep Participant's personal data private, confidential, accurate and current. Participant understands that the data will be held only as long as is necessary to implement, administer and manage his or her participation in the Plan.**

(c) **Participant understands that Participant may, at any time, view his or her personal data, require any necessary corrections to it or withdraw the consents herein in writing by contacting the Company but acknowledges that without the use of such data it may not be practicable for the Company to administer Participant's involvement in the Plan in a timely fashion or at all and this may be detrimental to Participant and may result in the possible exclusion of Participant from continued participation with respect to the PSUs or any future awards under the Plan.**

3.21 **Additional Terms for Non-U.S. Participants.** Notwithstanding anything to the contrary herein, Participants residing and/or working outside the United States shall be subject to the Country-Specific Terms and Conditions attached hereto as Appendix 3. If Participant is a citizen or resident of a country (or is considered as such for local law purposes) other than the one in which Participant is currently residing or working or if Participant relocates to one of the countries included in the Country-Specific Terms and Conditions after the grant of the PSUs, the special terms and conditions for such country will apply to Participant to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Country-Specific Terms and Conditions constitute part of this Agreement and are incorporated herein by reference.

**APPENDIX 1
TO PERFORMANCE SHARE UNIT GRANT NOTICE**

VESTING

ADJUSTED EPS PSU BANKING

1. If the Company achieves an Adjusted EPS between the “Threshold” and “Target” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 3.5% and 14% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
2. If the Company achieves an Adjusted EPS between the “Target” and “Maximum” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 14% and 28% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
3. If the Company achieves an Adjusted EPS greater than the “Maximum” amount in the table below for any fiscal year during the Performance Period, a number of PSUs equal to 28% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
4. If the Company achieves an Adjusted EPS between the “Threshold” and “Target” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 7% and 28% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
5. If the Company achieves an Adjusted EPS between the “Target” and “Maximum” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 28% and 56% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
6. If the Company achieves an Adjusted EPS greater than the “Maximum” amount in the table below for the cumulative Performance Period, a number of PSUs equal to 56% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”

<i>ADJUSTED EPS</i>	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Performance Period (cumulative 3-year)
Metric Target	\$1.39	\$1.48	\$1.63	\$4.55
Threshold (% of metric target)	\$1.251 (90%)	\$1.258 (85%)	\$1.304 (80%)	\$3.8675 (85%)
Target (% or metric target)	\$1.39 (100%)	\$1.48 (100%)	\$1.63 (100%)	\$4.55 (100%)
Maximum (% of metric target)	\$1.529 (110%)	\$1.702 (115%)	\$1.956 (120%)	\$5.2325 (115%)

ROIC PSU BANKING

1. If the Company achieves an ROIC between the “Threshold” and “Target” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 1.5% and 6% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
2. If the Company achieves an ROIC between the “Target” and “Maximum” amounts in the table below for any fiscal year during the Performance Period, a number of PSUs equal to between 6% and 12% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
3. If the Company achieves an ROIC greater than the “Maximum” amount in the table below for any fiscal year during the Performance Period, a number of PSUs equal to 12% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
4. If the Company achieves an ROIC between the “Threshold” and “Target” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 3% and 12% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
5. If the Company achieves an ROIC between the “Target” and “Maximum” amounts in the table below for the cumulative Performance Period, a number of PSUs equal to between 12% and 24% of the Target PSUs, using straight-line interpolation (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”
6. If the Company achieves an ROIC greater than the “Maximum” amount in the table below for the cumulative Performance Period, a number of PSUs equal to 24% of the Target PSUs (rounded up to the nearest whole PSU), shall be designated “Banked PSUs.”

<i>ROIC</i>	Fiscal Year	Fiscal Year	Fiscal Year	Performance Period
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	2019	2020	2021	(cumulative 3-year)
Metric Target	13.5%	14.2%	15.3%	14.4%
Threshold (% of metric target)	12.15% (90%)	12.07% (85%)	12.24% (80%)	12.24% (85%)
Target (% or metric target)	13.5% (100%)	14.2% (100%)	15.3% (100%)	14.4% (100%)
Maximum (% of metric target)	14.85% (110%)	16.33% (115%)	18.36% (120%)	16.56% (115%)

TSR MODIFIER

1. If the Company achieves a TSR over the Performance Period that is at or below the 25th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 75% of the Banked PSUs shall vest.
2. If the Company achieves a TSR over the Performance Period that is between the 25th percentile and 75th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to 100% of the Banked PSUs shall vest.
3. If the Company achieves a TSR over the Performance Period that is at or above the 75th percentile of the TSRs of the component members of the Company's Peer Group over the Performance Period, a number of PSUs equal to the lesser of (i) 125% of the Banked PSUs or (ii) the Maximum PSUs, shall vest.

CHANGE IN CONTROL

In the event of a Change in Control prior to the end of the Performance Period, the number of PSUs determined to vest shall be equal to (A) the number of Banked PSUs, if any, plus (B) 100%, 80% or 60% of the Target PSUs if the Change in Control occurs during fiscal year 2019, 2020 or 2021, respectively.

DEFINITIONS

For purposes of this Appendix 1, the following definitions shall apply to capitalized terms not defined in the Performance Share Unit Grant Notice or the Performance Share Unit Agreement:

(a) "Adjusted EPS" means the diluted earnings per share of the Company, adjusted for (i) certain non-cash items included within net income, (ii) certain items not indicative of ongoing operating performance or (iii) certain nonrecurring, unusual or infrequent items that have not occurred within the last two years or are not reasonably likely to recur within the next two years, each as determined by the Committee and subject to certain other adjustments made in the Committee's discretion.

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

(c) "Beginning Average Market Value" means the Average Market Value as of December 31, 2018.

(d) "Ending Average Market Value" means the Average Market Value as of December 31, 2021; provided, that, in the event a Change in Control occurs during the Performance Period, "Ending Average Market Value" means the Average Market Value as of the Change in Control Determination Date.

(e) "Peer Group" shall consist of the companies included in the S&P 500 index as of January 1, 2019; *provided, however*, that if a member of the Peer Group ceases to be a Publicly Traded Company for any reason during the Performance Period or is acquired by another Publicly Traded Company (other than a transaction the principal purpose of which is to change the name, corporate form or jurisdiction of incorporation or formation of the Peer Group member), the member shall be automatically removed from and treated as never having been included in the Peer Group.

(f) "Performance Period" means the period beginning on January 1, 2019 and ending on December 31, 2021.

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

(h) "ROIC" means the return on invested capital of the Company, calculated as a fraction using (i) a numerator of adjusted earnings before interest and taxes (Adjusted EBIT) and (ii) a denominator of debt plus equity less cash (Invested Capital), each as determined by the Committee and subject to certain adjustments made in the Committee's discretion.

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

account unusual or nonrecurring events, including unusual and extraordinary corporate transactions, events or developments, events outside the scope of the Company's core business activities or any other items set forth in the performance criteria adjustment provisions of the Plan.

APPENDIX 2 TO PERFORMANCE SHARE UNIT AGREEMENT

CONFIDENTIALITY AND BUSINESS PROTECTION AGREEMENT

Capitalized terms used but not defined in this Appendix 2 shall have the respective meanings ascribed to such terms in the Agreement, the Grant Notice or the Plan, as applicable.

WHEREAS, the Company operates in a highly competitive business environment and has a legitimate interest in protecting its valuable assets, including its confidential information, trade secrets, and intellectual property; its goodwill and reputation; the business relationships it has developed with its clients and vendors; and the training and development of its employees;

WHEREAS, Participant's employment and responsibilities with the Company have permitted and will in the future permit Participant to have access to competitively sensitive and highly confidential business information and trade secrets of the Company and to derive and enjoy the benefit of the Company's relationships with its customers and business partners, which have been developed by the Company's employees and/or or as a result of the innovative products and technologies that the Company has brought or will bring to its customers ("Goodwill");

WHEREAS, the Company's customers are located across the United States and around the world; the market for the Company's products, processes, and services is national and international in scope; the Company sells and markets the same or similar products, processes, and services across state and national boundaries; and the Company's market expands or contracts over time based on the growth of the Company's business and the demand for the Company's products, processes, and services;

WHEREAS, the Company desires to ensure that its confidential information, trade secrets, intellectual property, goodwill, reputation, business relationships, and investment in training and developing employees are adequately protected and are not used or disclosed without proper authorization by the Company; and

WHEREAS, Participant's eligibility to receive the PSUs is conditioned upon Participant's timely acceptance of the obligations and other terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of Participant's eligibility for the PSUs, and as a condition of Participant's continued access to the Company's confidential information and trade secrets and the benefit of the Company's Goodwill and customer relationships, the Company and Participant agree as follows:

1. Access to Confidential Information. In the course of Participant's employment, the Company will provide Participant with access to certain Confidential Information, which is not in the public domain, is highly valuable and competitively sensitive and which, if acquired by the Company's competitors, would cause irreparable harm to the Company. As used in this Agreement, "Confidential Information" means all information that Participant acquires from the Company which is not publicly known outside of the Company, and which concerns any of the following: the methods, processes, or know-how used or developed by the Company to design, manufacture, distribute, market, or sell its products, processes, or services; the research, development, or design of the Company's products or processes; the Company's plans or strategies for sales, marketing, or distribution; the Company's supply and distribution processes or arrangements; research initiatives or projects; results of tests or experiments; information on financial performance, pricing, margins, or profits or production, labor, or other costs; market or sales data; existing or planned merger, acquisition, or divestiture activities; proposals or terms of contracts with customers, suppliers, distributors, or others; the identity and skills of other the Company employees; and information provided to the Company by its customers, suppliers, or third parties pursuant to a confidentiality obligation or an expectation of confidentiality.

2. Covenants to Protect Confidential Information. Participant covenants, promises, and agrees that she/he will not, directly or indirectly, use Confidential Information (or cause or permit it to be used) for any purpose other than the good-faith performance of her/his duties as a Company employee. In addition, subject to the Permitted Disclosures referenced below, Participant covenants, promises, and agrees that she/he will not, directly or indirectly, disclose Confidential Information (or cause or permit it to be disclosed) to any individual or person other than employees, consultants, contractors, suppliers, vendors, or teammates authorized by the Company to receive such information and having a need to know such information in connection with the good-faith support of the Company's business activities. Participant further covenants, promises, and agrees (a) not to remove from the Company's premises (including the Company's computer systems, servers, and networks) any Confidential Information in any form, except as required in the performance of his or her duties as an the Company employee, and (b) to return to the Company any and all records containing Confidential Information immediately upon termination of the employment relationship between Participant and the Company. Furthermore, Participant covenants, promises, and agrees not to accept employment with any employer that manufactures, markets, or sells products, processes, or services that are similar to or competitive with products, processes, or services manufactured, marketed, or sold by the Company, where such employment would involve duties the performance of which would inevitably cause Participant to use or disclose Confidential Information of the Company for the benefit of a third party in violation of this Agreement. The covenants and promises set forth in this section shall continue both during and after Participant's employment with the Company and, notwithstanding any other provision of this Agreement, in all cases shall be subject to the Permitted Disclosures referenced below.

3. Covenant to Protect Goodwill and Customer Relationships. Participant acknowledges that the Goodwill of the Company shall belong to the Company and not be used for the benefit of Participant, a future employer, or any other third party. In recognition of the value and importance of the Goodwill to the Company, Participant covenants, promises, and agrees that, during the Restricted Period (as defined below), Participant will refrain from directly or indirectly soliciting or attempting to solicit business from a Customer or a Prospective Customer, where a purpose of such solicitation is to induce the Customer

or Prospective Customer to reduce or alter its business relationship with the Company or to purchase or acquire from a third party any product, process, or service that is competitive with any product, process, or service that the Company offers to its customers. As used in this Agreement, the Restricted Period shall consist of the continuous period of twelve (12) consecutive months immediately following the Participant's separation from service with the Company, provided, however, that this twelve (12)-month period may be extended by any period of Participant's noncompliance with the covenants and promises set forth in this Agreement.

4. Covenant Not to Solicit Employees. In recognition of the Company's investment in recruiting, training, and developing its employees, Participant covenants, promises, and agrees that, during employment by the Company and during the Restricted Period, she/he shall not solicit or encourage any employee of the Company to resign from or cease employment with the Company, or to accept a position as an employee or consultant for any other entity or person that manufactures, sells, or markets products, processes, or services that are similar to or competitive with products, processes, or services manufactured, sold, or marketed by the Company. This Section 4 does not apply to the solicitation of any Company employee who is not employed by the Company until after the date on which Participant's Termination of Service occurs.

5. Covenants Not to Compete.

a. Establishment or Leadership of a Competitive Business. During Participant's employment with the Company, and during the Restricted Period, Participant covenants, promises, and agrees that she/he shall not, within the Geographic Territory, either (i) directly or indirectly own, establish, or control (other than through ownership of less than two percent (2%) of the shares of publicly traded stock) or (ii) serve as an officer, director, principal, or partner of a business that manufactures, develops, markets, or sells products, processes, or services that are similar to or competitive with the products, processes, or services that are manufactured, marketed, sold, or being developed by the Company during the final twenty-four (24) months of Participant's employment with the Company. As used herein, the "Geographic Territory" is defined to include all states of the United States in which the Company manufactures, distributes, sells, or markets its products, processes, or services during the twenty-four (24) months immediately preceding the start of the Restricted Period, and all countries in which the Company manufactures, distributes, sells, or markets its products, processes, or services during the twenty-four (24) months immediately preceding the start of the Restricted Period. The Geographic Territory does not include any state or country in which the Company does not maintain operations or commence sales or marketing until after the start of the Restricted Period.

b. Prohibited Positions with Competitors. During Participant's employment with the Company and during the Restricted Period, Participant covenants, promises, and agrees that she/he shall not directly or indirectly engage in, have any equity interest in, interview for a potential employment or consulting relationship with or manage, provide services to or operate any person, firm, corporation, partnership or business (whether as director, officer, employee, agent, representative, partner, security holder, consultant or otherwise) that engages in any business which competes with any portion of the Business (as defined below) of the Company. The term "Business" refers to the business of the Company and shall include the manufacturing and sale of automotive and industrial paints, coatings and related products, as such business may be expanded or altered by the Company during the term of the Participant's employment with the Company. This Agreement shall not be construed to bar any attorney from engaging in the practice of law as an attorney for any third party; provided that he or she otherwise complies with his or her obligations under this Agreement and under the applicable rules of professional conduct.

6. Nature and Timing of Separation. The obligations set forth in this Agreement shall apply regardless of the voluntary or involuntary nature of the termination of the employment relationship between the Company and Participant, the duration of that relationship, or any other circumstances under which the relationship terminates.

7. Injunctive Relief. Participant specifically acknowledges and agrees that Participant's violation of any obligation under the preceding sections of this Agreement will cause irreparable harm to the Company's legitimate business interests, and that such harm cannot be measured by any specific amount of money or adequately remedied by the award of any sum of monetary damages. Therefore, Participant specifically agrees and understands that the Company will be entitled to specific performance and injunctive and other equitable relief in case of any breach or attempted breach of the preceding sections and agrees not to assert as a defense that the Company has an adequate remedy at law. Any injunctive relief shall be in addition to, and not in lieu of, any other remedies available to the Company.

8. Conformance and Severability. It is the intent of the Parties that each of the covenants and promises set forth above is divisible and severable from the other covenants and promises in those sections. The Parties further intend that this Agreement be enforceable to the maximum extent possible and that, if a court of competent jurisdiction determines that any term or clause renders some or all of this Agreement invalid or unenforceable, then, such term or clause should be modified to the extent necessary to make the Agreement legal and enforceable while preserving as much as possible of the intent of such term or clause. Where a court of competent jurisdiction determines that any term or clause renders some or all of this Agreement invalid or unenforceable, and such modification is not feasible, it is the intent of the Parties that the offending term or clause should be substituted with another term or clause that is enforceable and most nearly achieves the same objectives. Where a court determines that neither modification nor substitution of such term or clause is feasible under the circumstances, only then shall the offending term or clause be severed and stricken from the Agreement, but only to the extent that the term or clause is invalid or unenforceable, and the remaining provisions of the Agreement shall be enforced in accordance with their terms and entitled to full force and effect.

9. Permitted Disclosures. Notwithstanding any other provision of this Agreement, Participant will not be held civilly or criminally liable under any federal or state trade secret law for disclosing a trade secret of the Company in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney representing or advising Participant concerning such disclosure, if the disclosure (a) is made solely for the purpose of reporting or investigating a suspected violation of law or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal. In addition, if Participant files a lawsuit against the Company for retaliation for reporting a suspected violation of law, Participant may disclose trade secrets of the Company to the attorney representing him/her and may use the trade secret information in the court proceeding, only if any document containing the trade secret is filed under seal, and Participant does not disclose the trade secret except as specifically directed or authorized by a court order. In addition, nothing in this Agreement should be construed (i) to impede or interfere with Participant's right to respond truthfully and completely to any request for information regarding the Company's activities where disclosure is required by legal process, or (ii) to prevent Participant from communicating directly with, responding to any inquiry from, or providing truthful testimony or information to, any regulatory or law enforcement agency of the United States, the U.S. Congress, an Inspector General, or a state government agency in the course of a lawful investigation or proceeding. Participant is not required to contact the Company as a precondition to any of the foregoing, provided, however, that Participant cannot, without the written approval of the Company's General

Counsel, disclose the substance of communications between the Company personnel and the Company's legal counsel which are protected by the Company's attorney-client privilege.

10. General.

a. With the exception of modification or substitution of terms by a court of competent jurisdiction under the Conformance and Severability section above, no modification or waiver of any provision of this Agreement shall be valid unless in writing signed by both Parties and specifically referring to this Agreement by name.

b. Participant acknowledges that the services to be rendered by Participant are personal and that Participant may not assign any of her/his duties or obligations under this Agreement. The Company may assign the Agreement to any successor or transferee. This Agreement shall be valid and binding upon all heirs, successors and assigns of the Parties.

c. No delay or omission in enforcing any provision of this Agreement or in exercising any right or remedy set forth in this Agreement shall operate as a waiver of any right or remedy or preclude enforcement or specific performance of such provision or the exercise of any right or remedy.

d. The Parties acknowledge that they have each read this Agreement in its entirety, understand it, agree to be bound by its terms and conditions, and intend that the Agreement be interpreted as if drafted equally by both Parties.

e. Participant agrees that the Company may, in its sole discretion, share all or part of this Agreement with any future or prospective employer to the extent reasonably necessary to ensure Participant's compliance. In addition, Participant agrees to provide the Company, upon its request, with the name, address, and contact information of any new employer or third party whose relationship with Participant may violate the provisions of this Agreement.

f. To the extent any financial compensation is required under Applicable Law to be paid to Participant to render any of the covenants set forth in this Appendix 2 enforceable, the Company shall have sole discretion to elect to enforce such covenants and make such payments, and nothing herein shall be deemed to require the Company to enforce such covenants or make any such payments.

**APPENDIX 3
TO PERFORMANCE SHARE UNIT AGREEMENT
COUNTRY-SPECIFIC TERMS AND CONDITIONS**

These Country-Specific Terms and Conditions include additional terms and conditions that govern the PSUs granted to Participant under the Plan if Participant resides or works in one of the countries listed below. Capitalized terms used but not defined in these Country-Specific Terms and Conditions are defined in the Plan or the Agreement and have the meanings set forth therein.

BRAZIL

Compliance with Law. By accepting the PSUs, Participant acknowledges and agrees to comply with applicable Brazilian laws and to pay any and all Taxes associated with the PSUs, and the sale of the Shares acquired under the Plan.

Labor Law Acknowledgment. By accepting the PSUs, Participant agrees that (i) Participant is making an investment decision, (ii) Participant will receive Shares under the PSUs only if the vesting conditions are met and (iii) the value of the underlying Shares is not fixed and may increase or decrease in value without compensation to Participant.

MEXICO

Labor Law Policy and Acknowledgment for Employees of Axalta Coating Systems Servicios Mexico, S. de R.L. de C.V. In accepting the grant of the PSUs, Participant expressly recognizes that Axalta Coating Systems Ltd., with registered offices at Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda, is solely responsible for the administration of the Plan and that Participant's participation in the Plan and acquisition of Shares do not constitute an employment relationship between Axalta Coating Systems Ltd. and Participant since Participant is participating in the Plan on a wholly commercial basis and Participant's sole employer is Axalta Coating Systems Servicios Mexico, S. de R.L. de C.V., located at Avenida Industria Eléctrica No. 10 Industrial Barrientos, Tlalnepantla Estado de México, Zip Code 54015, State of Mexico. Based on the foregoing, Participant expressly recognizes that the Plan and the benefits that Participant may derive from participating in the Plan do not establish any obligations by Participant's employer, Axalta Coating Systems Servicios Mexico, S. de R.L. de C.V. towards Participant, do not form part of the employment conditions and/or benefits provided by the employer, and any modification of the Plan or their termination shall have no effect on, nor constitute a change or impairment of, the terms and conditions of employment.

Participant further understands that Participant's participation in the Plan is as a result of a unilateral and discretionary decision of Axalta Coating Systems Ltd.; therefore, Axalta Coating Systems Ltd. reserves the absolute right to amend and/or discontinue Participant's participation at any time without any liability to Participant.

Finally, Participant hereby declares that Participant does not reserve to Participant any action or right to bring any claim against Axalta Coating Systems Ltd. for any compensation or damages regarding any provision of the Plan or the benefits derived under the Plan, and Participant therefore grants a full and broad release to Axalta Coating Systems Ltd., its affiliates, branches, representation offices, its shareholders, officers, agents, or legal representatives with respect to any claim that may arise.

Políticas bajo la Legislación Laboral y aceptación por parte de los empleados de Axalta Coating Systems Servicios Mexico, S. de R.L. de C.V. Al aceptar el otorgamiento de las PSUs, expresamente reconozco que Axalta Coating Systems Ltd., con oficinas ubicadas en Clarendon House, 2 Church Street, Hamilton,

HM 11, Bermuda es la única responsable de la administración del Plan y que mi participación en el Plan y la adquisición de acciones no genera una relación de trabajo entre Axalta Coating Systems Ltd. y el suscrito, toda vez que mi participación en el Plan es meramente comercial y mi único Patrón lo es Axalta Coating Systems Servicios Mexico, S. de R.L. de C.V., ubicado en Avenida Industria Eléctrica No. 10 Industrial Barrientos, Tlalnepantla Estado de México, Zip Code 54015, State of Mexico. Derivado de lo anterior, expresamente reconozco que el Plan y los beneficios que pudieran derivar de mi participación en el Plan no generan obligación alguna de mi Patrón Axalta Coating Systems Servicios Mexico, S. de R.L. de C.V. hacia el suscrito, no forman parte de las condiciones de trabajo y/o prestaciones otorgadas por mi Patrón y cualquier modificación del Plan o su terminación no constituirá un cambio o menoscabo de los términos y condiciones de mi relación de trabajo.

Adicionalmente, entiendo que mi participación en el Plane es resultado de una decisión unilateral y discrecional de Axalta Coating Systems Ltd.; por lo tanto, Axalta Coating Systems Ltd. se reserva el derecho absoluto de modificar y/o discontinuar mi participación en cualquier tiempo sin ninguna responsabilidad hacia mi.

Finalmente, por la presente expresamente declaro que no me reservo acción ni derecho alguno que ejercitar en contra de Axalta Coating Systems Ltd. por cualquier daño o perjuicio o para reclamar una compensación en relación con cualquier disposición del Plan o con los beneficios derivados bajo el Plan y por lo tanto otorgo el finiquito más amplio que en derecho proceda a Axalta Coating Systems Ltd., sus afiliadas, sucursales, oficinas de representación, sus accionistas, funcionarios, agentes o representantes legales, en relación a cualquier demanda que pudiera surgir.

SWITZERLAND

Securities Law Notice. The grant of the PSUs under the Plan is considered a private offering in Switzerland and is, therefore, not subject to registration in Switzerland.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Robert W. Bryant, certify that:

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

Date: April 25, 2019

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Sean M. Lannon, certify that:

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

Date: April 25, 2019

By: /s/ Sean M. Lannon
Name: Sean M. Lannon
Title: Senior Vice President and Chief Financial Officer

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

I, Robert W. Bryant, Chief Executive Officer and President 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 March 31, 2019 (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: April 25, 2019

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

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.

**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, Sean M. Lannon, Senior 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 March 31, 2019 (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: April 25, 2019

By: /s/ Sean M. Lannon
Name: Sean M. Lannon
Title: Senior 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.